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Business Briefs

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TECHNOLOGY

Adtran tops, sees Q3 revenue up

The network and communications gear maker said its Q2 EPS fell 11.8% to 30 cents, 7% over views. Sales fell 7.4% to \$121.5 mil. Adtran (ADTN) said its broadband access, optical access and internetworking units helped. It expects Q3 sales to grow 3%-5% sequentially. Shares edged up.

Cisco, Juniper up on ratings

Network equipment makers Cisco Systems (CSCO) and Juniper Networks (JNPR) jumped after Citigroup initiated coverage of the firms with buy ratings, citing the rapid growth in Internet traffic. Data center consolidation and cloud computing will be key catalysts of IT spending in the next upturn, Citi said. AT&T (T) has reached a tentative labor agreement with the Communications Workers of America, covering 18,500 workers in the telecom's Midwest region. AT&T is still talking with unions in its other regions. Shares rose 2%.

Palm's (PALM) Pre smart phone has been cut off from the latest version of Apple's (AAPL) iTunes music and video software. Apple said the software, designed for its own iPod and iPhone, now blocks devices pretending to be iPods. Still, Palm shares rose 2% amid a tech-stock surge. Digital River (DRIV) said it sees Q2 EPS at the high end of its target of 39-42 cents. The e-commerce services firm also said it'll cut about 120 jobs as it outsources most of its global customer service operations. But it plans to add jobs in sales and product development. It rose 7%. ENERGY

Yingli opens U.S. offices, climbs

Shares of the China-based solar panel maker jumped 9% after it unveiled plans to open regional headquarters in New York and San Francisco, its latest bid to expand its business in North America. Yingli Green Energy (YGE) said having a strong presence on both U.S. coasts is imperative, given the rapid growth of the U.S. solar market. MEDICAL

Abbott Labs' outlook disappoints

The drug developer and medical device maker said its Q2 EPS rose 6% to 89 cents ex items, meeting views. Sales grew 2.5% to \$7.5 bil, below estimates. Abbott Labs (ABT) was hurt by generic competition for its Depakote anti-seizure drug, but was helped by strong sales of its Humira arthritis drug and its Xience heart stent. It sees Q3 EPS of 88-90 cents vs. views of 90 cents. Abbott backed its '09 EPS target of \$3.65-\$3.70, the midpoint below views of \$3.69. Shares fell 3%.

Drugmakers Merck (MRK) and Schering-Plough (SGP), which plan to merge this year, agreed to pay \$5.4 mil to 35 states to settle allegations that they delayed releasing negative findings from a study of their cholesterol fighter Vytorin. They aren't required under the settlement to admit any misconduct. TRANSPORTATION

American Air posts loss, but tops

The parent of American Airlines said its Q2 loss increased to \$1.14 ex items, 11% better than expected. Sales dropped 20.9% to \$4.89 bil. AMR (AMR) said lower demand for business travel, especially on lucrative int'l routes, hurt. But capacity cuts and revenue from new fees for in-flight perks helped the result. Its Q2 traffic fell 16%.

MEDIA

Gannett's profit tops, shares rise

The No. 1 U.S. newspaper publisher's Q2 EPS fell 55% to 46 cents ex items, 28% over views. Sales slid 18% to \$1.41 bil, missing forecasts. Gannett (GCI) reported a 32% drop in ad revenue at its publishing unit, slightly better than the 34% decline in Q1. It said demand from advertisers is "firming up a bit" in some categories and in some geographic locations. Shares jumped 29%.

FINANCE

No gov't rescue for ailing CIT

The troubled lender's trading was halted midafternoon amid talk that the U.S. gov't planned to save the company from liquidity crisis. But CIT (CIT) -- which some hoped would get a temporary gov't loan from the Treasury Dept. along with discount window and asset transfers from the Federal Reserve -- said gov't talks ended with "no appreciable likelihood" of help. CIT clients withdrew some \$750 mil over two days, according to a published report.

Fund managers turn skittish

Managers responded to the global market slide by swapping riskier stocks for more defensive ones, Merrill Lynch's monthly survey found. Average cash balances rose to 4.7% from 4.2% in June. Managers bulked up on pharmas, consumer staples and telecoms. Those overweight in cyclical materials plunged to a net 1% from 15% the prior month. Still, a net 79% are confident about global growth, up from June's 78% and the most since Feb. '04. A net 51% vs. 49% last month expected earnings to rise in the next 12 months.

Calpers sues 3 rating agencies

The biggest U.S. public pension fund sued 3 credit rating agencies for giving triple-A ratings to securities that later suffered big subprime mortgage losses. The Calif. Public Employees' Retirement System sued Fitch, Moody's (MCO) and S&P, a McGraw-Hill (MHP) unit, saying it may lose more than \$1 bil from top-rated structured investment vehicles.

Citigroup (C) will outsource the core processing elements of a U.S. receivables management business to First Data to save money and cut about 500 jobs. First Data will offer jobs to Citi employees. LEISURE

Cuba hopes lift Carnival, rivals

Cruise operators rose amid a broad upswing in consumer discretionary stocks and on news of U.S. and Cuban officials discussing Cuban migration. The talks have raised hopes for unrestricted travel to Cuban ports, which might invigorate the Caribbean market. But analysts warned Cuban ports may take years to build. Carnival (CCL) rose 7%. Royal Caribbean (RCL) gained 9%.

APPAREL

Wolverine trims '09 sales target

The shoemaker's Q2 EPS fell 18% to 27 cents, meeting views. Sales dropped 8% to \$246 mil, above estimates. Wolverine World Wide (WWW) said it was helped by double-digit sales growth in the U.S. for its Merrell unit. But it warned that tough conditions will continue into '10 and that fall orders are murky. Still, it hiked its full-year EPS target to \$1.55-\$1.73 vs. views of \$1.66, even while cutting its revenue target to \$1.07 bil-\$1.12 bil vs. estimates of \$1.12 bil. Shares rose 2%.

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