

THE WALL STREET JOURNAL.

October 7, 2009

US HOT STOCKS: Hot Topic, Alcoa, Scan Source Active After hours

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U.S. stocks finished mixed Wednesday, with the Dow Jones Industrial Average falling 5.6 points to 9725. However, the Standard & Poor's 500 rose 2.8 points to 1057 and the Nasdaq Composite added 6.7 points to 2110. Among the companies whose shares are actively trading in the after-hour session are Hot Topic Inc. (HOTT), Alcoa Inc. (AA) and Savient Pharmaceuticals Inc. (SVNT).

Hot Topic and Zumiez Inc. (ZUMZ) posted lower same-store sales in September as teen retailers continue to be hard hit by the economic slowdown, but the figures both topped Wall Street's expectations. Following the results, Hot Topic's shares jumped 9% to \$8.40. Zumiez's shares were up 0.2% to \$15.97 in after-hours trading.

Alcoa posted a third-quarter profit - after three quarterly losses in a row - surprising Wall Street, which had expected another loss, and getting the third-quarter earnings season off to a good start. Chief Executive Klaus Kleinfeld said cost-cutting and other steps the company took earlier this year had a strong effect on the cash position and profit. Shares rose 5.7% to \$15.02 after hours.

Savient Pharmaceuticals announced plans to offer four million shares of its common stock, with proceeds planned to help its effort to win Food and Drug Administration approval for a chronic gout treatment. Following the news, shares fell 6.4% to \$14.10 in after-hours trading, as the offering would dilute shares by 6.5%.

Shares of ScanSource Inc. (SCSC) rose 7.3% to \$31.70 after the distributor of security devices forecast first-quarter sales of \$480 million to \$488 million, well above Wall Street's last estimates.

Regular Session Movers:

AirTran Holdings Inc. (AAI, \$5.08, -\$1.06, -17.26%) plans to sell \$75 million in convertible senior notes and 9 million shares, saying it plans to use proceeds for "general corporate purposes." The airline said the notes would be due in 2016, but it has yet to nail down an interest rate, conversion rate or other terms. The carrier has about 120 million outstanding shares.

Avis Budget Group Inc. (CAR, \$12.50, -\$0.78, -5.87%) plans to sell \$250 million in debt, due in 2014, and at the same time enter into a warrant transaction to purchase a hedge against the convertible notes. The rest of the funds will be for general use and repaying debt.

Helen of Troy Corp. (HELE, \$22.50, +\$2.50, +12.50%) fiscal second-quarter earnings rose 50% on lower overhead and interest costs as results exceeded analysts' expectations. The personal-care products and household-products maker said it believes it is well-positioned heading into the holiday season but will continue to work on cutting costs.

Acuity Brands Inc.'s (AYI, \$34.99, +\$2.50, +7.69%) fiscal fourth-quarter earnings fell 31% as the light-fixture maker's sales continued to slump. But results beat analysts' estimates.

Morgan Stanley boosted its rating on Abercrombie & Fitch Co. (ANF, \$32.66, +\$1.10, +3.49%) to equal-weight from underweight, saying the retailer's risk/reward profile has grown more balanced. "Expense pressures are beginning to ease, more international stores will start to open, and perhaps most importantly, our survey suggests [the company's] brand equity domestically, while weak, still has relevancy," the firm noted.

Shares of Labopharm Inc. (DDSS, \$1.88, +\$0.52, +38.24%) are higher after the company said manufacturing issues for its once-daily Trazodone drug have been settled, paving the way for U.S. approval early next year. As reported, Labopharm said the maker of the active pharmaceutical ingredient, Angelini of Italy, received a letter from the U.S. Food and Drug Administration stating that deficiencies found during inspections earlier this year have been "appropriately addressed" and the facility is "acceptable."

Wedbush Morgan upgraded ACI Worldwide Inc. (ACIW, \$15.66, +\$0.89, +6.03%) to outperform, saying it believes the maker of software used to process credit- and debit-card transactions is a market leader with pent-up demand and continues to move toward a doubling of its market. The firm said ACI's ability to post better-than-expected operating profit this year despite revenue headwinds points to management's improved financial controls.

AngioDynamics Inc.'s (ANGO, \$14.31, +\$0.46, +3.32%) fiscal first-quarter profit dropped 4.5% on increased marketing and development costs despite a double-digit increase in sales. However, the medical-devices maker topped Wall Street expectations and raised the low end of its full-year targets.

AspenBio Pharma Inc. (APPY, \$1.90, -\$0.26, -12.04%) announced plans to sell at least 4.5 million shares, and the biotechnology company priced them at a steep 21% discount.

AT&T Inc. (T, \$26.18, -\$0.97, -3.57%) reversed course and said it will allow Internet phone software applications on Apple Inc.'s (AAPL, \$190.25, +\$0.24, +0.13%) iPhone to run on its 3G network. AT&T previously prevented iPhone Internet phone apps from using its wireless network, although subscribers could use the software to make calls over Internet hot spots and wi-fi networks.

BioSphere Medical Inc. (BSMD, \$3.37, +\$0.32, +10.49%) noted publication of a study in which the authors conclude its effort to treat uterine problems is better than laparoscopy when hysterectomies or myomectomies aren't options.

Ciena Corp. (CIEN, \$13.44, +\$0.39, +2.99%) made a \$521 million "stalking horse bid" for Nortel Networks Corp.'s (NRTLQ, \$0.08, +\$0.00, +1.28%) optical networking and carrier ethernet assets, putting yet another one of the bankrupt telecommunications vendor's units in play for potential bidders.

ConocoPhillips (COP, \$49.70, +\$1.29, +2.66%) trimmed its 2010 capital budget and will sell about \$10 billion of assets over the next two years to strengthen its balance sheet, continuing the belt-tightening for one of the hardest hit of the oil majors.

Electronic Arts Inc. (ERTS, \$20.00, +\$0.78, +4.06%) shares rose after the company reported record sales from the launch of FIFA 10 in Europe. The company sold 1.7 million copies of the soccer game in the first week, calling it the fastest selling sports game ever. The strong sales are a positive for a company facing a very tough year, said analyst Eric Handler of MKM Partners. And the one week of sales is the sort of percentage expected for a year, Hudson Square Research analyst Daniel Ernst said. The game launches in North America on Oct. 20.

Estee Lauder Cos. (EL, \$38.56, +\$1.64, +4.44%) was upgraded to overweight by Piper Jaffray, saying it has been "warming" up to the maker and seller of skin care and makeup products. The firm in a note to clients said it is seeing an improving mall traffic environment coupled with brand stability and cost savings initiatives that will likely lead Estee Lauder to an upward earnings revision cycle beginning with the fiscal second quarter.

Group 1 Automotive Inc. (GPI, \$27.81, +\$1.81, +6.96%) is the cleanest story in the auto-retailing sector, says Well Fargo in giving the dealer an outperform rating. Group 1 is in an ideal geographic footprint because it doesn't rely too heavily on the worst hit regions of the country and it has a solid balance sheet, the firm said.

Shares of independent natural-gas explorer Linn Energy LLC (LINE, \$22.75, -\$0.39, -1.69%) dropped after it announced plans to sell 6 million units to raise funds to help pay down debt. The company has about 121.3 million shares outstanding.

Liz Claiborne Inc. (LIZ, \$5.20, +\$0.27, +5.48%) extended Tuesday's gains as Wall Street Strategies raised the stock to buy, saying the sale of one of its high-profile brands would help clear Liz Claiborne's heavy debt position. Firm suggests Mexx would be first on the block though Juicy Couture "would certainly IPO high enough to wipe out [LIZ's] debt load," leaving Lucky Brand, Mexx, Kate Spade and wholesale as future earnings drivers." The firm also said Juicy's annual revenue is approaching \$700 million and is expanding in high-profile locations. The company declined to comment.

Shares of MasterCard Inc. (MA, \$210.90, +\$10.15, +5.06%) and Visa Inc. (V, \$70.86, +\$2.60, +3.81%) rose on heavy volume Wednesday despite the broader market's decline, a move analysts attributed to several factors, including a bit more optimism about possible interchange-fee legislation.

Merix Corp. (MERX, \$1.92, -\$0.84, -30.43%) said it agreed to merge with Viasystems Group Inc. (VSGP), as the circuit-board maker reported its fiscal first-quarter loss widened on falling revenue and slumping margins. Each Merix share will be converted into about 0.11 newly issued shares of Viasystems and Viasystems holders will own about 80.5% of the combined companies.

Orion Marine Group Inc.'s (ORN, \$20.97, +\$1.29, +6.55%) recent stock offering could drive Ebitda estimates higher over time, BB&T said in boosting the stock to buy. The offering allows Orion to pay down most of its debt and gives it flexibility to invest in equipment and build out its fleet to take on a wider array of projects and pursue an acquisition, the firm noted. It added the industry environment is robust and new equipment and a possible acquisition could add to earnings.

Shares of Polycom Inc. (PLCM, \$27.48, +\$0.70, +2.61%) jumped 3.3% Wednesday amid speculation the videoconferencing tech company may be a buyout target, potentially continuing a string of acquisitions in the tech sector as larger players look to boost their services as the economy recovers.

Shares of Repros Therapeutics Inc. (RPRX, \$1.86, +\$0.97, +108.99%) more than doubled after the pharmaceuticals company said data evaluating its Androxal drug were promising in men with below-normal testosterone levels.

Sangamo BioSciences Inc. (SGMO, \$7.22, -\$0.78, -9.75%) announced plans to sell at least three million shares, looking to take advantage of the stock's standout performance in 2009.

UBS downgraded Smith & Nephew PLC (SNN, \$43.28, -\$0.87, -1.97%) to neutral from buy. The brokerage said it has a more cautious view on orthopaedic market growth, as weaker unit growth takes longer to recover than anticipated. It sees "the potential for some adverse mix impacts in the U.S. both public and private sector going forward, and the potential for increased price transparency in the U.S." The firm expects growth in the third quarter to be similar to the second quarter, with markets stabilizing but not improving.

Sunoco Inc. (SUN, \$28.49, +\$0.60, +2.15%) became the first major oil refiner to announce the shutdown of a big U.S. refinery during the sector's most recent downturn - and it isn't expected to be the last. Sunoco, the second-largest U.S. independent oil refiner by volume after Valero Energy Corp. (VLO, \$19.31, +\$0.15, +0.78%), also cut its dividend in half. Both actions, taken because "the operating environment continues to be very poor," are expected to save the big oil refiner a total of \$320 million a year.

Talbots Inc. (TLB, \$11.14, +\$1.58, +16.53%) shares jumped on heavy volume after analysts at FBR Capital Markets raised their price target on the stock, saying the women's retailer is on the right path to recovery.

Shares of Tessera Technologies Inc. (TSRA, \$29.33, +\$1.38, +4.94%) gain after CNBC's Jim Cramer said the semiconductor packaging technology company is the next potential winner in the tech sector. In a CNBC report, Cramer said he believes demand for Tessera's business, basically making chips smaller so companies like Apple Inc. (AAPL, \$190.25, +\$0.24, +0.13%) and Research in Motion Ltd. (RIMM, \$67.32, +\$0.89, +1.34%) and others can make smaller handsets, will push this stock even higher than current levels.

Bank of America-Merrill Lynch boosted its rating on Vail Resorts Inc. (MTN, \$34.39, +\$1.63, +4.98%) to buy from underperform, citing improving leisure trends. Also, the ski resort operator's international destination business could surprise, and there is plenty of recovery potential.

The largest solo U.S.-listed IPO of the year, of insurance risk-analysis company Verisk Analytics Inc. (VRSK, \$27.22, +\$5.22, +23.73%), rose in early trading on Nasdaq. The company's stock opened at \$27 a share on Nasdaq, up 23% from its initial public offering price of \$22. A total of 85.25 million shares were sold at a price above its expected range of \$19 to \$21 a share.

Piper Jaffray cut Wet Seal Inc. (WTSLA, \$3.53, -\$0.24, -6.37%) to neutral after results from the firm's teen survey raised concerns about how much market share Wet Seal has been able to grab amid increased competition and says it's

less confident in Wet Seal's ability to improve same-store sales rates enough to reach its prior range.

Wolverine World Wide Inc.'s (WWW, \$26.41, +\$1.21, +4.80%) fiscal third-quarter profit fell 14% on restructuring charges, but earnings excluding the charges didn't fall as analysts expected. The shoe maker raised the low end of its fiscal-year earnings view by 10 cents.

Goldman Sachs raised its rating on Wyndham Worldwide Corp. (WYN, \$17.47, +\$1.21, +7.44%) to buy, saying the hotelier seems to be focusing on shifting to a recurring and high-margin business model, selling off existing timeshare inventory and managing selling process for distressed timeshare, condos and apartments. The firm expects Wyndham to continue to push toward becoming a fee-for-service company in next few quarters while generating cash flow. Goldman added its analysis on the timeshare segment suggests "significant 'hidden' value exists."

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