

Market Action

Accord with ADS boosts PCS Wireless

PCS Wireless Inc. (PCS/VSE), up 15¢ to \$1.65, on volume of 1.9 million shares.

PCS Wireless has signed a letter of intent to form a strategic alliance with ADC Telecommunications Inc. of Minneapolis. As part of the agreement, ADC will buy five million shares of the Vancouver wireless-telephone company at market value. The first one-third of the shares will be bought for US\$1.26 after the agreement is formally signed, expected to be by the end of January.

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Aur Resources Inc. (AUR/TSE), down ¼ to \$6½, on volume of two million shares.

Val d'Or, Que.-based Aur announced yesterday it had sold Research Capital Corp. its right to repurchase 3.1 million of its common shares held by Teck Corp. and Cominco Ltd. Aur said the Toronto investment dealer planned to exercise the rights immediately and sell the shares to institutional clients.

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Federal Express Corp.

(FDX/NYSE), down US\$5¼ to US\$76⅜, on volume of 604,400 shares.

FedEx didn't deliver what analysts expected yesterday, and saw its stock fall as a result. The Memphis-based courier company reported lower than expected second-quarter earning thanks to a work-to-rule action by its pilots and poor international income. Net income for the quarter ended Nov. 30 was US\$1.57 a share. While that was higher than last year's US\$1.53, analysts had expected US\$1.70.

Failing to meet expectations cost FedEx a rating downgrade from several U.S. investment dealers. At Morgan Stanley FedEx shares went to "outperform" from "strong buy," while PaineWebber Group took it to "neutral" from "attractive. A few other analysts cut their earnings outlook for FedEx but left its rating alone.

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Extended Stay America Inc. (STAY/NASDAQ), up US\$14½ to US\$27½, on volume of 5.5 million shares.

Extended Stay's initial public offering received a warm welcome from investors yesterday, rising sharply from its US\$13 asking price. The company has one hotel and plans add 46 more by the end of the year.

Although the company doesn't have much of a business at the moment, it appears that investors are betting the company's management can turn it into a thriving concern. Wayne Huizenga, ESA's chairman, is the chief executive officer at Republic Industries Inc. and the man who built Blockbuster Entertainment Group into a billion-dollar company.

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Sensormatic Electronics Corp. (SRM/NYSE), down US\$2 to US\$18½, on volume of 1.1 million shares.

The Boca Raton, Fla.-based electronics company said it is planning to restructure and will include the expected costs in its results for the second quarter ending Dec. 31. However, the company didn't reveal how much it expected the action to cost.

— *The Financial Post*, with wire services