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Good Morning ... European Markets up 15-55 bps (Greece -7 bps) ... Nikkei Closed -14 bps (China -4 bps)

EUR 1.4265 (-0.33%) JPY 81.53 (+0.09%) NZD .7954 (+0.58%) Corn +1.1% Copper +0.93%
Silver +0.14% 10yr 3.16%

Futures: Dow -20, Nasdaq -2, S&P -1 DXY 75.20 (+0.14%) Crude \$98.97 (+53c) Gold \$1500.80 (+\$8.30)

Options Expiration Today, ANN reports pre-open

* Barnes & Noble gets proposal from Liberty Media to buy company for \$17/share cash (20.1% premium)

* Gap Q1 profit slides 23% on lower comps and margins (cuts full year forecast) (trading -15%)

* Aeropostale Q1 profit drops 64% on weak growth in sales/margins & guides lower (trading -12%)

* Foot Locker Q1 profit easily tops analyst estimates on higher comps and margins (trading +9.1%)

* Goldman Sachs expects to soon receive subpoenas from U.S. seeking mortgage-related docs (WSJ<http://online.wsj.com/article/SB10001424052748704083904576333730704803292.html?mod=WSJ_hp_LEFTTopStories>)

* Intuit Q3 earnings beat estimates but its revenue outlook for Q4 comes in shy of street (trading -3.4%)

* Salesforce.com beats analyst estimates and guides higher on new customer gains (trading +6.8%)

* Brocade beats #'s as gross margins grew & product revenue increased (guidance ~ inline) (trading +4c)

* Autodesk Q1 earnings surged 89% thanks to strong revenue gains and cost management (trading +10c)

* Popular Inc. (BPOP) announces termination of negotiations to sell portfolio of NPL's (trading -8%)

* Red Robin Gourmet earnings jump 76% (blowing away estimates) (trading +8.3% = new 52 week high)

* Verifone purchase agreement with Ingenico terminated (merger agreement with HYC remains in full force)

* NHL's Atlanta Thrashers moving to Winnipeg (Bettman expected to announce today) (Globe and Mail<<http://www.theglobeandmail.com/sports/hockey/atlanta-thrashers-moving-to-winnipeg/article2029179/>>)

* Glencore (GLEN LN) trading at deal price 530p (opened lower ~ 525p) (volume = 79 million shares so far)

* Prada wins approval from Hong Kong stock exchange for a \$2 billion IPO (listing

date ~ June 24)

* Israeli PM Benjamin Netanyahu says Obama endangering Israel (meeting in Oval Office today @ 11:15am)

* French FinMin Christine Lagarde is favored to replace Dominique Strauss-Kahn at IMF (Bloomberg)

* Tepco president forced to resign as the Fukushima nuclear crisis triggered a loss of \$15 billion

* Bank of Japan unanimously keeps overnight call target rate unchanged at 0.0%-0.1% (as expected)

Leading European Sectors: Oil & Gas +1.37%, Media +0.98%, Insurance +0.95%

Lagging European Sectors: Autos/Parts -0.45%, Healthcare +0.10%, Travel/Leisure +0.10%

SYMC \$390M acquisition - CCL new credit facility - SMSC acquisition
SWY boosts dividend - ARUN beats, outlook disappoints - WTSLA net doubles
SCVL 7% higher q1 earnings - CPWM q2 guidance light - ZUMZ posts profit beats view
WU raises dividend - VLY announces cash dividend - SNI boosts dividend
NDSN doubles profit, outlook lower - ITC credit agreement - PLUG reverse split
BPOP ends negotiations to sell loans - KNX 10M share buyback - CEDC positive Stansberry letter
VALE appoints ceo - YGE earnings light - DCI boosts FY11 eps guidance
BP, MOEX agree to \$1B settlement - HWD biz relationship DAA - VTR registers shares

Secondaries (announced/priced): OFC, IMGX, TGI, MOS, YOKU

IPO's (filed/priced): New Mountain Finance 7.273M shares priced at \$13.75

Key Research: Macquarie initiates MMI (op), Stifel initiates JPM (hold) & downgrades ARO, Wells downgrades KNX

Key Research: Citadel upgrades UTHR & downgrades SVNT, Piper assumes AHII (ow) & TOMO (neutral)

Key Research: Piper initiates LH/MWIV/INMD (ow's) & DVA/AMSG/WOOF/DGX (neuts) & PETS (uw), UBS downgrades PDCO

Key Research: Baird lowers target GPS, DB upgrades CS (buy), Citi upgrades AES (buy), KBW initiates APO/PCBK (op's)

Key Research: GS upgrades WBMD (buy) & downgrades AIV/LRY, RBC initiates BP.LN (op) & RDSA.LN (top pick)

Key Research: Canaccord downgrades INTU & upgrades YELL.LN, Bernstein upgrades GILD

Reporting Pre-Open: ANN, CIS, DANG, DCI, HIBB, KIRK, YGE

Reporting Post-Close: BH

Economic Data: no major releases

Fed's Dudley speaks on economic conditions and outlook @ 8am (Fishkill, NY)

Conferences: Bofa Global Transportation (Boston), GS Euro Oil Services Symposium (London), GS Insurance Symposium (NYC)

Analyst/Investor Days: BGCP

Non-Deal Roadshows: ATE, ATRO, AVNW, CDE, CY, DLA, ECA, ENTR, EW, FSUMY, IEMMF, PAL, PEGA, SWC, TICC, XEC, ZOLL

Shareholder Meetings: ICE, CMS, CPRX, IPHS, TGX, AET, AON, FONR, HRT, IVD, MDRX, NEE, POM, SAFT, SPN, TWX, AMGN, NETL, NMRX, SGY, IRIS, WCN, SLW, SPU, GVA, SGEN

Equity/Mixed Shelves: PDII (\$75M)

Other Newspaper Articles & Stories

Barron's positive: UnitedHealth Group (UNH), Coventry Health Care (CVH), and Humana (HUM)
Barron's<http://online.barrons.com/article/SB50001424052970204532604576333580542237982.html?mod=BOL_da_wt>

WSJ positive: Smart Grid Tech Companies WSJ Heard on the Street<<http://online.wsj.com/article/SB10001424052748704083904576333310017201714.html>>

* New York AG looking into business practices of for-profit schools
Bloomberg<<http://www.bloomberg.com/news/2011-05-19/trump-for-profit-school-s-business-practices-said-to-be-probed-by-new-york.html>>

* Apple has reached cloud-music agreement with Sony Music (6758.JP)
Bloomberg<<http://www.bloomberg.com/news/2011-05-20/apple-is-said-to-secure-music-accords-with-labels-for-itunes-cloud-service.html>>

* JP Morgan's Dimon: "moral disaster" if US defaults on debts
AP<http://hosted.ap.org/dynamic/stories/U/US_JP_MORGAN_CEO?SITE=SCFLO&SECTION=HOME&TEMPLATE=DEFAULT>

* Is Sears chained to bad news?
Barron's<http://online.barrons.com/article/barrons_take.html?mod=BOL_other_tnav_analysis>

* Fed Sells Out Latest AIG Bond Offering
WSJ<<http://online.wsj.com/article/SB10001424052748704904604576333723819832248.html>>

* Going All-In on LinkedIn WSJ Heard on the Street<<http://online.wsj.com/article/SB10001424052748704083904576333562179619454.html>>

* Rosneft's Disappointing Dating Scene WSJ Heard on the Street<<http://online.wsj.com/article/SB10001424052748704083904576333562787369934.html>>

* Glencore's Xstrata Dream Still Faces Hurdles WSJ Heard on the Street<<http://online.wsj.com/article/SB10001424052748704904604576333071070025228.html>>

* Chrysler Nears \$7.5 Billion Capital Raising to Repay Bailout
WSJ<http://online.wsj.com/article/SB10001424052748704904604576333390922975566.html?mod=ITP_moneyandinvesting_4>

* Tech Giants Defend Privacy Practices
WSJ<http://online.wsj.com/article/SB10001424052748704816604576333512798714304.html?mod=ITP_marketplace_1>

* NJ's Christie Seeks Tighter Limits on Medicaid
WSJ<http://online.wsj.com/article/SB10001424052748704816604576333762750848954.html?mod=ITP_newyork_0>

* No pink slip for Ronald McDonald
WSJ<http://online.wsj.com/article/SB10001424052748704083904576333213631846174.html?mod=ITP_marketplace_0>

* Contrarian Investor Shuns Hot Idea for Bigger Picture
NYT<<http://dealbook.nytimes.com/2011/05/19/contrarian-investor-shuns-hot-idea-for-bigger-picture/?ref=todayspaper>>

* E-Books Outsell Print Books at Amazon
NYT<<http://www.nytimes.com/2011/05/20/technology/20amazon.html?ref=todayspaper&gwh=7DC94C5D0E59B1BADE688485C950A0C7>>

* Capitalists Who Fear Free Markets
NYT<<http://www.nytimes.com/2011/05/20/business/20norris.html?ref=todayspaper&gwh=954ABFC102DFEDB20596AEDDAE083A6C>>

* Making Things in America NYT Op-Ed Paul
Krugman<<http://www.nytimes.com/2011/05/20/opinion/20krugman.html>>

_r=1&ref=todayspaper&gwh=59AC712C1ABD54DAF374885D7802A03E>

- * Mobile operators in charge challenge to Ofcom
FT<<http://www.ft.com/intl/cms/s/0/72e9cb3e-824e-11e0-961e-00144feabdc0.html#axzz1MTNYSSDK>>
- * Investec looks to shift operations from UK
FT<<http://www.ft.com/intl/cms/s/0/3f792a60-823f-11e0-961e-00144feabdc0.html#axzz1MTNYSSDK>>
- * Hunt admits delays on B SkyB bid ruling FT<<http://www.ft.com/intl/cms/s/0/663ec1de-8265-11e0-8c49-00144feabdc0.html#axzz1MTNYSSDK>>
- * Activist holder rips Syms' management NY
Post<http://www.nypost.com/p/news/business/apart_at_the_syms_sWy4RyBYnuJJLeChvQ9PSN>
- * No takers for Barclays credit card biz Economic
Times<<http://economictimes.indiatimes.com/articleshow/8456885.cms>>
- * RIL, AmEx in talks to form JV for payment gateway Economic
Times<<http://economictimes.indiatimes.com/news/news-by-industry/banking/finance/ril-amex-in-talks-to-form-jv-for-payment-gateway/articleshow/8453391.cms>>
- * Disney's bet on games not yet paying off LA
Times<<http://www.latimes.com/business/la-fi-ct-disney-20110520,0,3723877.story>>
- * Dick Ebersol abruptly quits as head of NBC Sports LA
Times<<http://www.latimes.com/business/la-fi-ct-ebersol-20110520,0,5356746,full.story>>
- * Flextronics hints at withdrawal from OEM notebook market
DigiTimes<<http://www.digitimes.com/news/a20110519PD215.html>>
- * Nissan Motor and Mitsubishi Motors sign agreement to set up 50-50 JV for mini
vehicles in Japan - Dow Jones
- * Sanofi's Multaq to be re-examined by French authorities -- La Tribune
- * Altadis to cut prices to match move by Philip Morris earlier this week - Cinco Dias

Key Events Next Week

Monday: Chicago Fed Index, Janney Consumer Conference (Boston), Earnings (CPB, SOLR)

Tuesday: New Home Sales, Richmond Fed Manufacturing Index, MS Cloud Computing Symposium, Wells Fargo Consumer/Gaming/Lodging Conference (NYC), Earnings (AZO, MDT, AMAT, CPWR, TIVO)

Wednesday: Durable Goods Orders, FHFA House Price Index, UK GDP, MS Retail Conference (Boston), Earnings (COST, RL, AEO, CSC, NTAP, TOL, STP)

Thursday: GDP, G8 heads of state and government summit (Deauville, France), Sterne Agee Consumer Conference (NYC), Earnings (BIG, HNZ, PDCO, TIF, MRVL)

Friday: Personal Income & Consumption, Pending Home Sales, Earnings (SDRL, MENT, RY)

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