

Prepping for Oracle, Sun predicts weak results

July 14 2009, By ANDREW VANACORE , AP Business Writer

(AP) -- Sun Microsystems Inc. projected quarterly results below Wall Street estimates Tuesday, signaling it will clear some charges off its books ahead of its \$7.4 billion acquisition by Oracle Corp.

Sun said it expects one-time items to widen its loss to between 24 cents and 34 cents per share. The results will take into account charges for stock-based compensation, restructuring and the reduced value of long-held assets, among other factors.

Charges just ahead of [acquisitions](#) are fairly typical as companies look to get costs off their books that could affect the acquirer's [earnings](#) after a deal closes, analysts said.

Cross Research analyst Richard Williams called it a "kitchen sink" quarter. Williams said he sees no obstacles for Oracle's acquisition, which is set to close this summer.

Excluding items, Sun expects a loss of 6 cents to 16 cents per share. Sales for the [computer server](#) and [software maker](#) are expected to be between \$2.58 billion and \$2.68 billion, down from \$3.78 billion a year ago.

The forecast, offered almost two weeks ahead of Sun's scheduled earnings release, fell below expectations. Analysts polled by Thomson Reuters, who typically exclude special items from their estimates, forecast a loss of a penny per share on sales of \$3.03 billion.

Curtis Shauger, an analyst with Caris & Co., said the shortfall was not a surprise given that sales usually suffer before a planned acquisition. "Buyers get cold feet ahead of these things," Shauger said.

In a statement, [Oracle](#) said it has reviewed Sun's preliminary results and reaffirmed that it expects Sun to add at least 15 cents per share to its adjusted earnings in the first year after its acquisition closes. It expects Sun to contribute more than \$1.5 billion to adjusted profit over the first year and more than \$2 billion the next.

Oracle shares fell 15 cents to \$20.57 in morning trading. Sun shares were unchanged at \$9.16.

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