

BRIEFS
NATION

BAY ST. LOUIS, Miss.

Bush makes first visit to Gulf in three months

President Bush traveled to a still-ravaged Gulf Coast Thursday after three months away, promising that a building boom is on its way and encouraging other Americans to visit, too.



BUSH

Bush's visit to New Orleans and Mississippi was part of a series of events to showcase his priorities leading up to the State of the Union address. He said he was committed to rebuilding communities devastated from Hurricane Katrina.

"People in far away places like Washington, D.C., still hear you and care about you," Bush told survivors gathered at St. Stanislaus College, just a couple of blocks from where Katrina blew ashore. "There's no homes to repair," Bush said. "It's just been flattened. That's what the people of America have got to understand."

Unlike in New Orleans, where most of the population has not returned, the road was lined with dozens of onlookers. Many held signs pleading for help and pledging their determination to rebuild their communities.

WASHINGTON

Surplus helps make up for record-high spending

The federal government posted the first budget surplus for December in three years as corporate tax payments hit an all-time high, helping offset a record level for spending, the Treasury Department reported Thursday.

The department said in its monthly budget report that government receipts surpassed spending by \$10.98 billion last month. A year ago, the government ran a deficit of \$2.85 billion in December.

The improvement reflected the fact that government receipts were up 12.1 percent from a year ago to \$241.88 billion while government spending rose by a slower 5.6 percent to \$230.9 billion. The figure for outlays still represented an all-time high for spending for any month.

WASHINGTON

Trade deficit narrows slightly in November

The U.S. trade deficit narrowed slightly in November as the price of foreign oil fell and U.S. exports hit an all-time high. Some economists predicted the country may soon start to see sustained improvements in its trade performance.

The Commerce Department reported Thursday that November's deficit declined by 5.7 percent to \$64.2 billion.

That was a bigger improvement than analysts had been forecasting, although the imbalance was still the third highest after the all-time record of \$68.1 billion set in October, which had surpassed the previous record of \$66 billion in September.

The November improvement reflected a 1.8 percent rise in exports, which climbed to an all-time high of \$109.3 billion, led by a 27.4 percent surge in shipments of commercial aircraft, reflecting strong sales by Boeing Co.

Imports fell by 1.1 percent to \$173.5 billion as the price of foreign petroleum retreated further from record levels that had been hit following hurricane-related shutdowns of Gulf Coast production.

Torn between two bidders

Guidant entertaining competing offers from Boston Scientific, J&J

By Ashley M. Heher
THE ASSOCIATED PRESS

INDIANAPOLIS

Medical device maker Guidant Corp., which experts once thought could face long-term damage from a slew of regulatory and product safety problems, now finds itself at the center of a high-profile bidding war from two industry rivals.

Following Johnson & Johnson's sweetened \$23.2 billion bid Wednesday, Guidant invited Boston Scientific Corp. to talk about a possible counteroffer, an adviser in the talks said Thursday. The adviser asked not to be identified because of the negotiations' sensitivity.

Spokesmen for all three companies declined to comment Thursday.

On Jan. 31, Guidant shareholders will vote on Johnson & Johnson's new offer, \$1.7 billion higher than its second offer in November but \$2.2 billion less than its initial bid in December 2004.

Guidant's board of directors unanimously endorsed the new deal, which calls for J&J to



AP PHOTO

Indianapolis-based medical device maker Guidant Corp., which once was in trouble because of recalls, now is caught between two bidders.

pay \$37.25 in cash and 0.493 shares of its common stock for each outstanding Guidant share. Boston Scientific's unsolicited \$25 billion cash-and-stock offer includes \$36 in cash.

But at least one major shareholder on Thursday said it plans to vote against the J&J offer,

even at its revised price.

Elliott Associates, a New York hedge fund with about 3 million Guidant shares, or just under 1 percent, wrote a letter to the company's board of directors, accusing J&J of using heavy-handed and aggressive tactics.

"Elliott is extremely disap-

pointed in your decision to accept a revised Johnson & Johnson offer that clearly fails to maximize shareholder value and is appalled at the board's failure to stand up for the shareholders you are charged to represent," senior portfolio manager Ivan Krsticevic wrote in the letter, which was released to the public.

J&J's revised offer is the latest twist in the health products company's 13-month quest to acquire Guidant. The deal nearly derailed last fall, when New Brunswick, N.J.-based J&J threatened to walk away because of Guidant's recall issues. Guidant sued to force J&J to complete the acquisition.

Since June, Guidant has recalled or issued warnings for about 88,000 heart defibrillators — including its top seller, the Contak Renewal 3 — and almost 200,000 pacemakers because of reported malfunctions. The company also faces about four dozen product liability class action lawsuits, 50 individual lawsuits, as many as a dozen securities fraud lawsuits and regulatory investigations.

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Oh No!
Look who's 39 - Again!
Jennifer Mattox-Hicks

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Abortion rights center of Alito fight

By David Esposito
THE ASSOCIATED PRESS

WASHINGTON

Abortion rights are at the core of the controversy surrounding Samuel Alito's appointment to the Supreme Court and the confirmation struggle it spawned.



ALITO

"I would approach the question with an open mind," Alito said early in his testimony, when first asked how he would view legal challenges to the 1973 Roe v. Wade high court ruling establishing abortion rights.

It was a pledge he repeated numerous times, in one form or

ANALYSIS

another, as Democrats poked, prodded and probed for his views on an issue that divides the country as it does the Congress and the court.

Alito's carefully couched answers were no surprise. The 55-year-old appeals court judge would replace Justice Sandra Day O'Connor, who cast the deciding fifth vote in a 1992 ruling that reaffirmed the basis of Roe v. Wade.

His confirmation, which appears a virtual certainty, may not lead to reversal of the right to an abortion. But numerous cases are pending in the courts that would sanction state laws that significantly narrow the right, if a majority of the post-

O'Connor court agrees.

The Supreme Court could hear arguments next fall in the Bush administration's attempt to ban a type of late-term abortion that critics call partial birth abortion.

There also are state court challenges to bans on the procedures, restrictions on pregnant minors who want to end pregnancies and the rights of inmates to assistance in obtaining abortions.

Sen. Dianne Feinstein of California, one of several Democrats to ask Alito about abortion, summed up the situation Alito confronted:

"If you say one thing, you upset my friends and colleagues on that side," she said, referring to Republicans on the Senate Judiciary Committee and elsewhere who oppose abortion rights.

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Padilla says he's not tied to terrorists

The Associated Press

MIAMI

Jose Padilla, a U.S. citizen who was held for more than three years as an enemy combatant, pleaded not guilty Thursday to criminal charges alleging he was part of a secret network that supported Muslim terrorists.

The plea, followed by a judge's refusal to set bail for Padilla, came one week after he was transferred from military to civilian custody. His trial was set for Sept. 9.

"Absolutely not guilty," said Michael Caruso, one of Padilla's lawyers.

In denying bail, U.S. Magistrate Judge Barry Garber sided with prosecutors who said Padilla likely would flee and that the charges, including allegations that he attended an al-Qaida training camp in Afghanistan, made him dangerous.

"How much more dangerous can someone be than someone who attended a terrorist training camp?" prosecutor Stephanie Pell asked.

FINAL DAYS

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FINAL DAYS

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