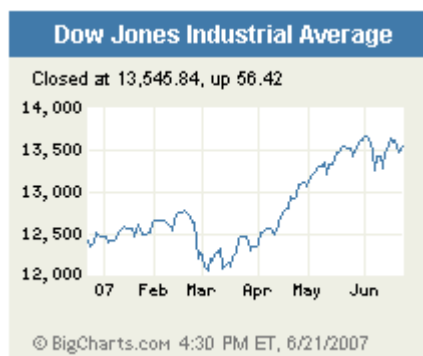


## **Kraft Rises; Starbucks, Sonic Slide**

By KAREN TALLEY  
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As stocks ultimately chose an upward path yesterday after considerable choppiness, [Kraft Foods](#) shot up on word an activist investor had produced a plan, [Oakley](#) advanced on news it would be acquired, and [Nvidia](#) stood out among surging semiconductor issues.

The Dow Jones Industrial Average rose 56.42, or 0.42%, to 13545.84. The Dow was down as much as 90.55 and up as much as 74.79, after falling 146 Wednesday. The Standard & Poor's 500 index gained 9.35, or 0.62%, to 1522.19. The Nasdaq Composite Index gained 17, or 0.65%, to 2616.96. The New York Stock Exchange Composite Index added 55.71, or 0.56%, to 9960.79.



The market was aided by a big intraday pullback in the price of oil, but did have to contend with higher bond yields and mixed economic data. "I consider it a victory stocks didn't continue their selloff" from Wednesday, said Michael Farr, president of Farr, Miller & Washington.

[Merrill Lynch](#)'s successful sale of some of the worrisome assets from two [Bear Stearns](#) hedge funds involved with subprime mortgages was a factor, Mr. Farr said.

Kraft Foods gained 2.28, or 6.6%, to 36.74, a 4½-year closing high. Investor Nelson Peltz has acquired a 3% stake in the food giant and plans to call on it to sell its Post cereals and Maxwell House coffee businesses.

Oakley rose 3.22, or 13%, to 28.45. Upscale eyewear maker Luxottica SpA agreed to pay \$2.1 billion to buy the maker of specialist sports sunglasses. Luxottica's American depositary shares gained 3.18, or 9.1%, to 38.02.

As semiconductor stocks stormed ahead, Nvidia (Nasdaq) was among the leaders with a gain of 3.12, or 7.8%, to 42.98, a record closing high. The company unveiled new graphic chips for high-end computing applications and laptop computers.

[Advanced Micro Devices](#) rose 1.08, or 7.9%, to 14.72. Stifel Nicolaus upgraded shares to buy from neutral, seeing a "short-term" trading opportunity ahead of the PC chip maker's second-quarter earnings report due out in mid-July.

[Starbucks](#) (Nasdaq) lost 1.06, or 3.9%, to 26.26, a 20-month closing low. The coffee-store chain said it will be very challenging to reach the high end of its 2007 earnings guidance.

[H&R Block](#) dropped 74 cents, or 3.2%, to 22.04. The tax preparer and residential loan provider swung to a fiscal fourth-quarter loss amid big charges at its soon-to-be-sold subprime-mortgage unit. It also sees fiscal 2008 earnings below analysts' expectations.

[J.M. Smucker](#) rose 3.89, or 6.8%, to 60.69. The marketer of jellies and peanut butter posted fiscal fourth-quarter earnings of 75 cents a share, well ahead of analysts' expectations for 63 cents, and said it expects a rise in per-share earnings this year.



[Cheesecake Factory](#) (Nasdaq) fell 1.90, or 7.1%, to 24.85. The casual-dining chain's management said second-quarter sales growth won't meet Wall Street's expectations and margins are being pressured by rising food costs.

[Sonic](#) (Nasdaq) fell 2.11, or 8.8%, to 21.72. The hamburger drive-through operator reported a 13% decline in fiscal third-quarter net earnings. There were 67.4 million shares outstanding in the quarter ended May 31, versus 89 million last year.

[Sybase](#) rose 1.45, or 6.3%, to 24.43. Banc of America Securities boosted shares of the enterprise software maker to buy from neutral, saying the recent pullback has created an opportunity for investors with "some patience."

[Dow Jones](#), publisher of The Wall Street Journal, dropped 94 cents, or 1.5%, to 59.71. [General Electric](#) confirmed that it wasn't pursuing a joint bid with Pearson PLC for the media company at this time.