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Markets 4 p.m. ET

MARKET	CLOSE	NET CHG	PCT CHG
DJIA	8761.42	+70.09	+0.81
Nasdaq	1565.48	+18.14	+1.17
DJ Stoxx 600	205.37	+0.04	+0.02
FTSE 100	4367.28	-13.98	-0.32
DAX	4804.88	+25.77	+0.54
CAC 40	3320.31	+22.51	+0.68
Euro	$1.2988	+0.0086	+0.67
Nymex crude	$43.52	+1.45	+3.45

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World-Wide

Steep declines in China's imports and exports show the country's economic slowdown is entering a new and more serious phase, exacerbating the global slump and stunning a generation of Chinese companies and workers used to steady double-digit gains in sales and salaries. The data feed concern over the outlook for one of the world's few expanding economies. Page 1

■ **U.S. President-elect** Barack Obama is entering the White House with an enormous reservoir of goodwill from Americans, a new Wall Street Journal/NBC News poll finds. Page 1

■ **Pakistan is weighing** banning Jamaat-u-Dawa after India called on the U.N. to impose sanctions against the parent organization of the militant group Lashkar-e-Taiba, which India blames for the Mumbai siege. Page 13

■ **U.S. forces killed** six Afghan police and wounded 13 in a case of mistaken identity after the police fired on the Americans during an operation against an insurgent leaders, officials said.

■ **Britain said** it will withdraw all but a few hundred of its 4,000 soldiers from Iraq next year, ending a mission that was very unpopular at home.

■ **A Greek court ordered** two policemen be held in jail pending trial for a teenage boy's shooting, a death that has sparked five days of intensive riots. One officer was charged with murder.

■ **Romania's president** named ex-World Bank senior economist Theodor Stolojan as prime minister of a coalition government.

The EU's environment chief said the bloc would resolve disputes and agree on a climate package at a summit in Poland. EU leaders meet in Brussels Thursday to set "green" goals.

■ **A U.S. envoy said** talks centered on how North Korea will give an accounting of its past atomic activities have stalled.

■ **The death toll** from Zimbabwe's cholera outbreak has risen sharply, the U.N. said, reporting at least 746 deaths and 15,572 cases of the disease.

■ **Trade unions** at Hungary's main airport went on strike, leading to the delay or cancellation of dozens of flights.

EDITORIAL & OPINION

The end of spin

The role of PR in presenting industry's "new nastiness." Business Europe. Page 16

China's economy slows, adding to global slump

Declines in imports and exports pose challenge for regime

By **Andrew Batson** *in Beijing and* **Gordon Fairclough** *in Shanghai*

Sudden, sharp declines in China's imports and exports show the country's economic slowdown is entering a new and more serious phase, exacerbating the global slump and stunning a generation of Chinese companies and workers used to steady double-digit gains in sales and salaries.

The surprising data—including China's first fall in exports in seven years—add to concern over the outlook of one of the few major economies in the world that's still expanding, and make it even less likely China can offer significant support to growth elsewhere in the world.

China's Customs agency said Wednesday that November's ex-

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Slump at the pump

Democrats claim accord on auto rescue

By Greg Hitt

WASHINGTON—Congressional Democratic leaders and the White House have finalized a deal to spend $14 billion on emergency loans for struggling U.S. auto makers, congressional officials said Wednesday.

The measure could see a House vote as soon as late Wednesday. Then the battle will turn to the Senate, where the legislation faces opposition from Republicans.

The bill would create a government "car czar" to dole out the loans. This official would have the power to force the car makers into bankruptcy reorganization if they didn't cut quick deals with labor unions, creditors and others to restructure their businesses and become viable.

Congressional Republicans, left out of negotiations on the package, are expressing grave reservations and may seek to block it. Sen. David Vitter (R., La.), promised to filibuster the measure, which could delay a final vote for days. He said the package has a backward approach to curing what ails the U.S. auto industry.

"Republicans will not allow taxpayers to subsidize failure," said

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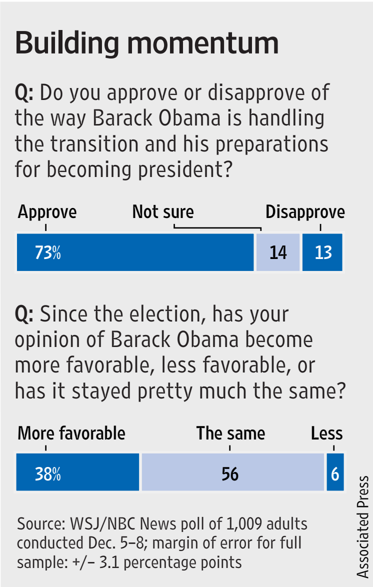

Associated Press

Upbeat Americans say Obama is on right track

By Laura Meckler

WASHINGTON—U.S. President-elect Barack Obama is entering the White House with an enormous reservoir of goodwill from an American public that is rooting for his success in the face of woefully bad economic times, a new Wall Street Journal/NBC News poll finds.

The mood presents big opportunities as well as perils for Mr. Obama, who faces a series of difficult challenges amid expectations he will handle them well. Overall, a majority of Americans are confident in Mr. Obama's ability to govern and unify the country, with many who didn't vote for him now seeing him in a positive light.

"So far so good," said Kathleen Broussard, a 25-year-old massage therapist from Dallas. She voted for Republican John McCain, but the day after the election she felt a sense of joy about Mr. Obama's election that hasn't gone away. "I respect him. And we're all praying for the best. We definitely needed a change, and he's definitely that change."

Polling indicates that Mr. Obama will take office with the nation more unified around him than it was for either Bill Clinton in 1992 or George W. Bush in 2000. Americans say the challenges, too, are greater, with 77% of those surveyed predicting Mr. Obama will face bigger challenges than most recent presidents have.

Large majorities approve of the way Mr. Obama is handling the transition process, with three out of four people saying he has struck the right balance over how involved to be in making policy before

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THE WALL STREET JOURNAL.

LEADING THE NEWS

China milk payouts loom

Government prepares compensation plan over tainted powder

Associated Press

BEIJING—Some Chinese dairy companies will likely have to pay for a compensation plan being prepared by the government for families of hundreds of thousands of children sickened by tainted milk powder, the Health Ministry said Wednesday.

The ministry said last week that six babies died and 294,000 infants suffered urinary problems likely from drinking milk powder tainted with the industrial chemical melamine.

"I think that the likelihood is high that the compensation will come from the companies, because the government is now paying for the screening of the children and other related treatments," ministry spokesman Mao Qun'an said.

"Future payments should be made by the companies responsible for this," he said when asked if he believed the dairy companies that sold the contaminated milk would foot the bill for the compensation.

Mr. Mao said details on the compensation were still being worked out. "From what I understand, the relevant department is holding final discussions on the plan," he said.

The scandal has been met with public anger, particularly among parents who feel the government breached their trust after their children were sickened from drinking infant formula authorities had certified as safe.

The scandal has been met with public anger, particularly among parents.

The government has promised free medical treatment to the children who were sickened, plus unspecified compensation to them and families of the children who died.

Mr. Mao said he wasn't authorized to discuss the details of the plan and couldn't give a timeframe for when it will be announced, but said it should be soon.

At least a dozen individual lawsuits have been filed against state-owned **Sanlu Group** Co., the Chinese dairy at the center of the scandal, but are caught in a legal limbo as courts have neither accepted nor refused the cases—a sign of the scandal's political sensitivity.

Earlier this week, dozens of families who say their children were sickened after drinking tainted milk filed a group lawsuit against Sanlu to seek nearly 14 million yuan ($2 million) in compensation. But the court in Hebei province rejected the suit, saying government departments were still investigating.

CORRECTIONS & AMPLIFICATIONS

The International Council on Security and Development said provinces in Afghanistan that average one Taliban attack per week have a "permanent Taliban presence." An Economy & Politics article Tuesday about the growing strength of the Taliban incorrectly said that an average of one attack per month would meet that definition.

Americans upbeat on Obama

Continued from first page

fore taking office. Two-thirds of Americans say they are generally pleased with the people he has appointed.

Mr. Obama's popularity is at a record high, and three of four Americans say they can relate to him as their president.

Much of the warmth toward Mr. Obama stems from American frustration with the status quo, the poll suggests. Nearly half of those surveyed said 2008 will go down as one of the worst years in U.S. history—a full 20 percentage points higher than the poll has found in past years. And a whopping 90% of Americans say that the economy has gotten worse in the past 12 months.

Only one in five Americans approve of the job the federal government is doing in handling the financial crisis, with 71% disapproving.

With that backdrop, people are rooting for Mr. Obama, said Bill McInturff, a Republican pollster who conducts the survey with Democrat Peter D. Hart. Mr. McInturff compared it with the goodwill that surrounded Mr. Bush after the 2001 terrorist attacks, this time, with an economic emergency.

"During this moment of national psychological meltdown, people want the new president to be successful," he said. "We're seeing a president who is going to operate with a reservoir of goodwill."

The poll, conducted Dec. 5-8, had a margin of error of plus or minus 3.1 percentage points for the full sample.

The survey finds that Americans expect Mr. Obama will succeed on a wide spectrum of issues: improving America's standing in the world, improving the economy, repairing infrastructure and pulling out of Iraq, to name just a few.

The Obama team knows there is a danger in setting expectations too high and has repeatedly stressed that it will take time to fix the nation's problems. Mr. Obama himself has said the economy will get worse before it gets better.

"It's gratifying and important to go in to meet these challenges with the support and goodwill of the American people, but we should never lose sight of the challenges, and it's going to take some time to deal with it," said David Axelrod, a senior Obama adviser.

At this point, Mr. Obama is viewed favorably by two-thirds of the public, up from 56% in mid-October. The portion of Americans who see him in a negative light has fallen to a miniscule 16%. Even 29% of McCain voters now see Mr. Obama positively, compared with 9% who did in October. Republicans, small-town voters and conservatives have all warmed up to the president-elect since Election Day.

Americans expect Mr. Obama will succeed on a wide spectrum of issues.

Nearly four in 10 people say they view Mr. Obama more favorably than they did on Election Day, with hardly anyone saying their view has gotten less favorable.

"I'm willing to give the guy a chance to show me," said Ron Woods, 66, who owns a construction consulting business in Marietta, Ga., and voted for Mr. McCain. "I like his bipartisan [cabinet] picks, and if they can work together, we may see some real change."

The survey also offers a final report card on Mr. Bush, who leaves office with near-record-low popularity. A mere 18% say they are going to miss him when he is gone, half the number Mr. Clinton recorded on his way out of office. Asked to compare Mr. Bush with the past several presidents, half of those surveyed said he will go down as worse than most.

Asked what Mr. Bush's greatest achievement was, a plurality, 35%, cited keeping America safe from further terrorist attacks and 25% said removing Saddam Hussein from power. At the same time, the war in Iraq was judged his greatest failure by 35%, the most popular answer to that question.

—*Brad Haynes contributed to this article.*

INDEX TO PEOPLE

This index lists the names of businesspeople and government regulators who receive significant mention in today's Journal.

For more people in the news, visit CareerJournal.com/WhosNews

INDEX TO BUSINESSES

This index of businesses mentioned in today's issue of The Wall Street Journal Europe is intended to include all significant references to companies. First reference to these companies appear in boldface type in all articles except those on page one and the editorial pages.

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LEADING THE NEWS

Associated Press

A policeman tries to control protesters in Athens Wednesday as Greece endured a fifth day of rioting.

Greek protests hit Day 5

Schools, joblessness, fear of future feed angst across Europe

*By **David Gauthier-Villars** in Paris and **Philip Pangalos** in Athens*

Thousands of students were joined by striking workers in a fifth day of protests in Greece, an uprising that mirrors growing discontent among youths in many European countries over outdated education systems, lack of jobs and a general fear of the future.

The backdrop for Wednesday's protests was a general strike—planned by unions before rioting started Saturday—to protest the conservative government's economic policies, including changes to pension laws and privatizations.

Thousands of disgruntled high-school and university students walked out of class and joined the demonstrations to protest their discontent with government policies over higher education and employment. As youths marched across Athens and other cities such as Thessaloniki and Patras, some clashed with police as they threw rocks and smashed store windows.

"For decades, Greeks have been pursuing the American dream: plenty of money, nice cars," said Eleanna Horiti, 42 years old, an architect in Athens. "But for Greek teenagers, the American dream has now vanished."

The Greek economy has enjoyed a decade of rapid expansion and is expected to grow about 2% next year—more than most of its European peers. But one lingering dark spot is unemployment among young people.

Some 25% of Greeks between 15 and 24 years of age are unemployed, meaning the benefits of the country's economic expansion haven't been equally distributed, said Claude Giorno, an economist at the Organization for Economic Cooperation and Development.

At the same time, many Greek students can't get into the country's highly selective state universities and so are forced to go abroad or to local branches of foreign universities, said Achilles Kanellopoulos, dean and CEO of the American University of Athens.

The problem, he said, is that in most instances the Greek state recognizes only state universities. "It's unfair," he said.

Alexander Kitroeff, associate professor in history at Haverford College in the U.S., said the length of protests among high-school and college students is particularly striking because it is an age group that hasn't been politically active since the early 1980s. But now, he said, "they feel that they're not getting jobs and that they don't have the same opportunities" of earlier generations.

Greek Prime Minister Costas Karamanlis's center-right government—which has a one-seat majority in parliament—was already trailing in public opinion polls before the riots. George Papandreou, the leader of the main opposition Panhellenic Socialist Movement has called for early elections.

Rio Tinto will shed 14,000 jobs

By Clare Ansberry

Mining giant **Rio Tinto** accelerated cost-cutting efforts by slashing 14,000 jobs, halving its capital spending and putting more assets on the block in an effort to conserve cash and pay down debt amid a deteriorating market for iron ore and other metals.

The moves represent the next step by the mining industry—which has already greatly reduced production—to cope with plummeting demand for raw materials that go into building bridges, ships, cars, planes and appliances.

They also underscore the great uncertainty about when the commodity market may bounce back, and the industry's the need to maintain liquidity. "Given the difficult and uncertain economic conditions, and the unprecedented rate of deterioration of our markets, our imperative is to maximize cash generation and pay down debt," Chief Executive Tom Albanese said in Rio Tinto's statement. "By taking these tough decisions now, we will be well-positioned when the recovery comes."

Capital spending for next year will be reduced to $4 billion from $9 billion. The job cuts will affect nearly 13% of Rio Tinto's work force, which currently comprises 97,000 employees and 15,000 contractors. Well over half of its contractors will be dropped, the London-based company said.

Shares of Rio Tinto rose on the news, indicating relief by investors that the company's dividend looked more secure and that management was working to reduce a hefty debt load. Rio Tinto said the cuts should reduce debt by $10 billion by the end of 2009. Investors are increasingly leery of companies carrying high levels of debt. Much of Rio Tinto's $38.9 billion in debt was amassed when it bought Canadian aluminum maker Alcan in 2007. The company's debt was one reason that rival **BHP Billiton** backed out of its hostile takeover offer last month.

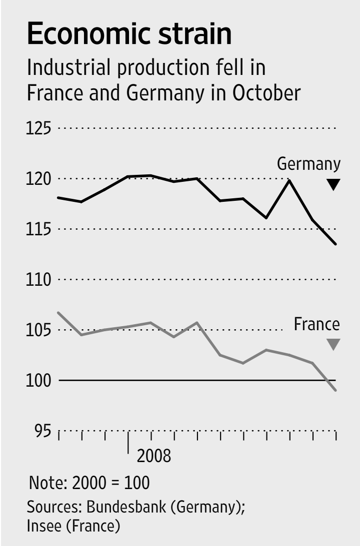
Rio Tinto's American depositary shares were ahead 29% at $94.50 late Wednesday on the New York Stock Exchange.

Although many mining companies have built huge cash reserves in the last few years, when strong demand from China and other developing countries boosted prices to historic levels, shedding assets in the current economic and credit environment may be difficult. Rio Tinto already abandoned its goal of $10 billion of divestments by year-end, but the company remains confident buyers will come through. It could also raise cash by selling stakes in projects to joint-venture partners.

Rio Tinto, the world's third largest mining company by production, and other mining companies have slashed production in recent months with demand from steelmakers and other industrial producers evaporating. Steelmakers around the world are idling operations and trying to delay purchases of iron ore. On Wednesday **ArcelorMittal**, which earlier announced fourth-quarter production cuts of 35%, unveiled plans to close two steel-processing plants in the U.S. It is also pursuing job cuts in Spain and Germany.

France, Italy post drops in industrial production

By Gabriele Parussini



PARIS—Industrial production in France and Italy fell faster than expected in October, indicating the euro zone's economic slump is broadening and deepening in the fourth quarter. Industry output fell 7.2% from October 2007 in France, and 6.9% in Italy, statistics offices for the two countries said.

Germany, the euro zone's largest economy, said November wholesale prices fell 3.3% from October, the sharpest fall since 1968, when data were first compiled.

Output declines were recorded through the industrial base. In France and Italy, the car industry was hardest hit. **PSA-Peugeot Citroën** SA and **Renault** SA, both based in France, have been forced to shut plants temporarily and cut jobs.

Italy's **Fiat** SpA this week acknowledged it would be unlikely to remain independent, even as the Italian government on Wednesday assured its auto industry it was trying to devise incentives to buy cars to support demand.

"In recessions, durable goods are always hit most," said Holger Schmieding, head of economic research at Bank of America in London. "You can't postpone buying groceries or going to the doctor, but putting off a car purchase is fairly easy."

The 15-country euro-zone economy contracted in both the second and the third quarters, and economists warn that worse could be ahead, with most market forecasts seeing more contractions through the first quarter of 2009.

The accelerating decline in the euro-zone manufacturing and services sectors puts pressure on the European Central Bank to continue cutting rates. The ECB is seen likely to cut all of its policy rates again.

The problems in Spain highlight calls for lower interest rates to restart mortgage markets. The Asprima home-builder industry association said new housing starts this year will be only half of the 2007 level of 615,976. For next year, the group predicts a roughly 50% fall to 150,000 housing starts.

The International Monetary Fund said Spain's economy is likely to contract by "at least" 1% in 2009, and called on the government to improve flexibility in the labor market to prevent a longer recession.

The IMF described the Spanish government's fiscal response to the crisis as "swift and large." Spain has approved a series of tax cuts and spending measures of about 2% of GDP in 2008 and 2% in 2009.

Still, the IMF urged Spanish authorities to link any future support measures to structural reforms that boost low Spanish productivity levels and make the economy more flexible.

Ghana presidential runoff is scheduled for Dec. 28

By Sarah Childress

ACCRA, Ghana—None of the candidates managed to win a majority of votes in Sunday's presidential election here, forcing a second round of balloting and adding some uncertainty to an otherwise smooth process.

The runoff between the top two candidates, Nana Akufo-Addo and John Atta Mills, is scheduled for Dec. 28.

The peaceful vote in this democratic model of West Africa was a relief to many Africans, who watched the voting anxiously after elections in Kenya and Zimbabwe this year dissolved into violence. Eight candidates filled the ballot, but the contest was fought largely between Mr. Addo, from the ruling party, and Mr. Mills. The current president, John Kufuor, is stepping down after two elected terms.

The country has enjoyed strong economic growth amid high demand for its minerals and cocoa over the past six years, and anticipates an influx of cash from newly discovered oil by 2010. But the global downturn could jeopardize the country's growth.

The results were announced by the electoral commission on Wednesday afternoon, in a cramped room sparsely decorated with balloons and ribbons in the colors of the Ghanaian flag: red, yellow and green.

Independent observers, including a team from the European Union, declared the vote relatively free of any irregularities.

But there was plenty of fear that the vote might turn out otherwise. Tension mounted as Ghanaians waited to hear results. Police surrounded the offices of the electoral commission. Local television played a music video that interspersed pictures of singing Ghanaian children with images of violence in Liberia, Ivory Coast and, more recently, Kenya.

A coalition of Ghanaians took extra precautions to ensure their vote was fair. They used a method known as parallel-vote tabulation to do an independent count. Volunteers were dispatched to more than 1,000 polling stations to take random samples, sending their tallies via text message to a central computer database. The computer program then estimated the election results. On Wednesday, the group confirmed in a statement that the official result was an "accurate reflection of how Ghanaians voted."

CORPORATE NEWS

Email campaign supports GM's chief

Engineer at auto maker urges fellow employees to rally behind Wagoner and sign on to a letter to Congress

By John D. Stoll
And Sharon Terlep

A **General Motors** Corp. engineer started an email campaign Tuesday calling on fellow employees to contact the U.S. Congress in support of Chief Executive Rick Wagoner.

It was the latest effort in a broader bid by people connected to the auto maker to counter calls for a change at the top. In the past several days, several GM board members, who normally shy away from commenting on the company in public, have given interviews lauding Mr. Wagoner.

On Monday, GM Vice Chairman Robert Lutz did a number of interviews, including one with The Wall Street Journal, in which he laid out the case that Mr. Wagoner should stay. Former Chrysler CEO Lee Iacocca issued a statement Tuesday saying none of the top managers in Detroit should be forced out.

"This isn't the first time that a bunch of quote outsiders have called for Rick Wagoner's head," Mr. Lutz said during an interview Monday, insisting Mr. Wagoner's position is secure. "The shareholders, via the board of directors, are convinced he is the right person."

The effort comes in response to comments by some key members of Congress suggesting Mr. Wagoner should resign as part of any federal bailout of GM. On the CBS Sunday news program "Face The Nation," Sen. Christopher Dodd (D., Conn.), a supporter of a bailout, said Mr. Wagoner "should go."

On Tuesday, Sen. Richard Shelby, an opponent of the bailout, suggested during a PBS interview that the management of all three auto makers needs to change. "These companies can be saved, but they won't be saved with this business model, by this management group, and without a lot of concessions," Sen. Shelby said.

Mr. Wagoner, 55 years old, has been chief executive of GM since 2000, a period in which its U.S. market share has fallen by half and its stock price has plunged. GM has had losses of more than $70 billion since 2005. Mr. Wagoner told Congress last week that GM needs $4 billion this month or it may not be able to stay in business.

In an email sent early Tuesday morning by a GM engineer in Warren, Mich., salaried employees were encouraged to sign on to a letter to be sent later in the day to Sen. Dodd, chairman of the Senate Banking Committee. The Senate was expected to vote as early as Wednesday on a $15 billion bailout package for GM, **Ford Motor** Co. and **Chrysler** LLC.

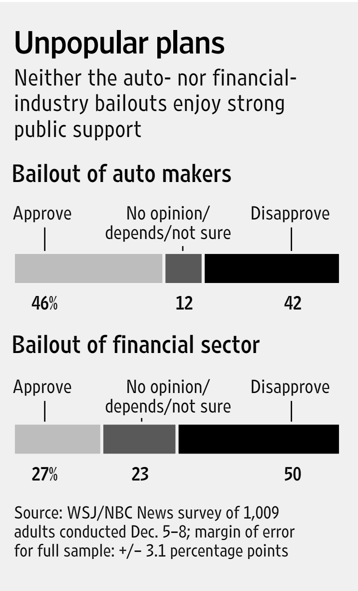
"Rick Wagoner's commitment to GM, workers, engineers, and family has been exemplary. And we feel in this difficult moment we must give him and want to assure him of our support," the letter said.

The letter, which was attached to the email and addressed to Sen. Dodd and the Senate Banking Committee, thanked Congress for considering giving GM a loan but discredited the idea of removing Mr. Wagoner as a condition.

"As much as we celebrate and hope for congressional help, we are concerned about the call for Rick Wagoner to step down," the letter said. "We believe that GM has a good plan and Mr. Wagoner and his leadership team are the right people to enact this plan."

"What is seen by some outside of our company and industry as failure on the part of Mr. Wagoner and the GM leadership team is seen by many of us who have been on the 'inside' for many years as an excellent job of steering the company through unprecedented internal and external challenges which might have otherwise already spelled the demise of GM."

"There is generally a lot of support for Rick among employees at GM," company spokesman Tom Wilkinson said. Mr. Wilkinson added that the effort is a grassroots employee campaign.



Associated Press

Auto dealership workers show their support for an auto-aid package

Cerberus takes heat over Chrysler

By Peter Lattman

If Chrysler LLC's private-equity owners won't bail out the auto maker, why should the U.S. government?

That question has become a rallying cry on Capitol Hill, and how it is answered could affect the auto industry's bailout package, even as the White House and congressional Democrats neared an agreement to provide $15 billion in loans to the auto makers.

Over the past week, Washington lawmakers have lashed out at Chrysler's majority owner, **Cerberus Capital Management** LP, for not explaining why it can't infuse more of its own cash into Chrysler, rather than take federal assistance. Sen. Chuck Grassley (R., Iowa) said he would oppose a Chrysler rescue until Cerberus could explain why it couldn't provide the $8 billion necessary to keep Chrysler afloat.

"Congress should demand an accounting of Cerberus's assets and why those assets cannot be used to bail out Chrysler," wrote Sen. Grassley in a letter sent to congressional leaders. "If Congress does award taxpayer funds to Chrysler, it must ensure that Cerberus and its other investors are not able to access those funds."

On Monday, the collisions between politics and business already were on display. Rep. Steve Kagen (D., Wis.) told The Wall Street Journal he opposed a Chrysler bailout because Cerberus owns NewPage Corp., a paper company that closed two mills in Wisconsin.

"I'm dead set against any proposal that would attempt to ask the hardworking taxpayers of Kimberly and Niagara who've just lost their jobs to pay the hangmen," Mr. Kagen said, referring to the two towns that were home to factories.

Cerberus said it "deeply regrets the impact" of the closings but believes the company dealt with "this tough decision with compassion for the displaced employees."

Lawmakers last week questioned Chrysler Chief Executive Robert Nardelli on Cerberus's commitment to the company. In one exchange with Mr. Nardelli, Sen. Robert Corker (R., Tenn.) criticized the firm. "Cerberus has cash, lots of cash, that it is unwilling to put into this company," Sen. Corker said.

The pressure from Washington lawmakers has put Cerberus in an uncomfortable spotlight. The New York firm, started in 1992, earned its stripes as a distressed-bond investor but expanded into a buyer of entire companies.

"Cerberus has indeed 'stepped up to the plate' to support the American auto industry, and Chrysler in particular," Chrysler said in a recent statement.

But whether the company can pump money into Chrysler is more than a political calculation. Cerberus, which manages $27 billion across numerous funds, has contractual limits with investors about how much capital it can allocate to one deal—less than 5%. And if Cerberus decided to exceed its position limits and invest more money in Chrysler, it could be viewed by the firm's investors as throwing good money after bad.

Though it controls Chrysler, the firm has limited financial exposure to the auto maker. When Cerberus led a $7.4 billion investment for an 80.1% stake in the auto maker in 2007, it sold off at least $6 billion of that to co-investors, including Citigroup Inc., hedge fund Third Point LLC and private-equity shop Sun Capital Partners Inc. This past July, Cerberus and its co-investors also lent $2 billion to Chrysler.

Others point out that for political purposes, Cerberus still might be better off kicking in additional capital.

"I think if Cerberus was willing to put money in alongside government funds, that may come across better than Cerberus indicating it's not willing to put any funds in at all," said Charles Moore, senior managing director at Conway MacKenzie & Dunleavy, a Detroit restructuring firm.

—Jeffrey McCracken, Alex Kellogg and Mike Spector contributed to this article.

Associated Press

Pressure from Washington lawmakers over funding for Chrysler has put Cerberus, its private-equity owner, in an uncomfortable position.

Indian car sales drop 19%, the most in eight years

By Nitin Luthra

NEW DELHI—Car sales in India fell 19% in November, their sharpest drop in eight years, as tighter credit norms coupled with higher fuel costs hit demand for vehicles in one of Asia's fastest-growing economies.

Passenger-car sales in India, the world's ninth-largest car market, declined to 83,059 vehicles in November from 103,031 a year earlier, according to data issued Wednesday by the Society of Indian Automobile Manufacturers.

"The worst fall in car sales was in November 2000 at 22%," SIAM Director-General Dilip Chenoy told reporters. "In our history, all segments have never been down so badly together in a month."

The slide in car sales is the fourth fall and the second straight decline in the fiscal year ending March 31. Sales in October fell 6.6% to 98,900 vehicles from 105,877 a year earlier.

However, analysts said the slide in car sales in November is also because of a high-base effect, reflecting higher sales during a festive season that fell in November 2007. Car sales rose more than 16% from a year earlier in November 2007.

Discounts to lure buyers are under way, and automobile makers lowered prices after the government cut value-added taxes by four percentage points as part of a package Sunday to help boost the economy.

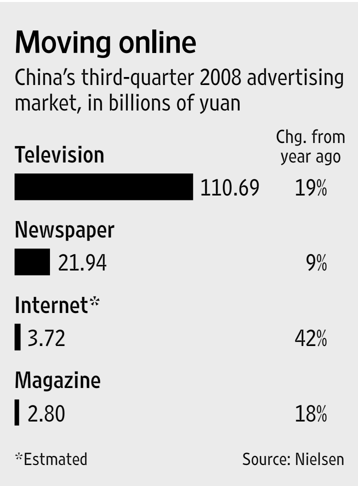
"There is the macro-economic sentiment also which has not helped sales," said Vaishali Jajoo, a Mumbai-based automobile analyst at **Angel Broking** Ltd. "The price cuts may help but only after January and not in December as most buyers want to buy a new-year model car."

Sales of medium and heavy trucks and buses sank 63% to 8,325 from 22,453 in November last year as tighter lending standards for retail finance continued to hurt sales.

Sales of motorcycles in India, the world's second-largest two-wheeler market after China, fell 20% to 431,171 units from 540,553 a year earlier, according to SIAM's data.

—Rakesh Sharma contributed to this article.

CORPORATE NEWS



Ling Xiao Tong, center, one of three winners of the 'Be Bond for a Day' contest to promote Coke Zero

Digital boost for China

Online media stand to gain as marketers seek to cut ad costs

By Loretta Chao

BEIJING—Online advertising, which has gained traction in China in recent years, may be one of the few sectors to benefit from the country's sharp economic slowdown, as companies here look for more cost-effective ways to plug their products.

Ad-industry executives and analysts say the need to trim costs, while still trying to woo customers, could cause the online, or digital, portions of companies' ad budgets to grow, giving a boost to a market that has grown rapidly but remains puny compared with its size in the U.S.

ADVERTISING

"The economic crisis is…prompting a lot of our clients to rethink their marketing spending," says Karl Cluck, a Shanghai partner at Mindshare, a media-buying unit of **WPP** PLC, which has worked with clients including **Nike** Inc. and **Motorola** Inc. in China. There is "a lot more interest" in digital advertising, he says, especially for marketers of youth-oriented products.

China already boasts the world's largest population of Internet users, not to mention the most mobile-phone subscribers. But companies in China allocate 5% or less of their ad budgets to the Internet, depending on the estimate, compared with more than twice that share for companies in the U.S.

That has been changing, as young Chinese consumers gain more market clout and companies become more comfortable with the Internet in China. Nielsen Co. estimates that online ad revenue in China in the third quarter grew 42% from a year earlier to 3.72 billion yuan ($541 million). That rate was more than double the growth in spending on television, newspaper or magazine advertising.

Online video sites like Youku.com and Tudou.com are getting big advertising clients, including **Samsung Electronics** Co., **Mazda Motor** Corp. and Nike's Converse Inc. Marketing collaborations between brands and Chinese Web platforms also are becoming more common.

Last month, **Coca-Cola** Co. did an Internet campaign for its Coke Zero line, asking users of Xiaonei.com, a social-networking site owned by Beijing-based **Oak Pacific Interactive**, to submit photos to show why they deserved to be the next James Bond. Winners received a "day of James Bond," including a ride in a helicopter and an Aston Martin sports car.

The near-term outlook for online ads in China isn't entirely positive. Big advertisers in the auto and real-estate sectors are already feeling the effects of the slowing economy, and if overall spending falls sharply, online media will feel a hit.

Jason Brueschke, a Citigroup analyst in Hong Kong who covers China's Internet market, says the impact of China's slowing growth over the next three quarters may be greater than people realize. Even if marketing budgets being drawn up now are strong, "it doesn't mean the budgets will actually get spent," he says.

In a deep downturn, Mr. Brueschke says, marketers will need to choose the most valuable advertising, which is still television. Indeed, China Central Television, the monopoly state broadcaster, last month took in $1.4 billion for 2009 in its annual auction of prime-time commercial spots, a year-to-year increase of 15%.

Shaun Rein, founder of Shanghai-based consulting firm China Market Research, sees the CCTV auction as a positive sign of advertiser sentiment. The auction shows "ad prices are still going up in China," he says. "With most companies that we've worked with in China, they're keeping their marketing budgets kind of stable," but looking for ways to get more bang for their ad dollars through channels like the Internet.

Mr. Cluck projects that the Internet's share of some companies' ad budgets in China could increase by a percentage point over the next year. "That's where customers are going to be," he says. That means that even if the overall ad pie shrinks, Internet media will have a greater share of the total, and be well-positioned for any rebound.

Citigroup's Mr. Brueschke says money being spent for online advertising will more likely be allocated to bigger established Internet companies like **Sohu.com** Inc. or **Sina** Corp., rather than edgier sites like the video-sharing Web sites that have gained popularity in recent years. This happened during the Olympics; after the Games, China's top two Web portals posted much stronger growth while other large Chinese Internet companies, including **Tencent Holdings** Ltd. and **Netease.com** Inc., underperformed relative to expectations.

AOL unveils changes to Bebo social-media site

By Emily Steel

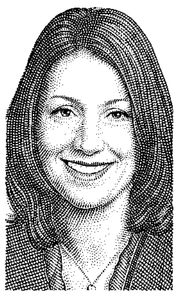
In the world of social networking, it's time for AOL's big debut, and there's a lot of money riding on the outcome.

In March, the **Time Warner** unit said it would plunk down $850 million for Bebo, the No. 3 social-media Web site by unique visitors, which has yet to gain a foothold in the U.S. and has lost share in Britain, its strongest market, to rival Facebook.

Though such sites are exploding in popularity, questions remain about their value as advertising vehicles, leading several analysts to ask whether AOL overpaid for Bebo. Time Warner Chief Executive Jeff Bewkes has called Bebo the "riskiest acquisition" his company has made this year.

Bebo Chief Executive Joanna Shields has been working with her team on the relaunch of the site since the acquisition closed in May. On Wednesday, Bebo (pronounced BEE-bo) unveiled the first of a series of changes.

One is a new tool Ms. Shields calls the "command-and-control center for your online life." Dubbed the Social Inbox, the system provides users one-stop access to email from a number of partners, including **Yahoo**, **Google** and, of course, AOL. AOL's instant-messaging services are integrated into the site as well.


Joanna Shields

AOL recently created technologies that make it possible for consumers who already have profiles with AOL's other properties, including its mail and instant-messaging services, to use those same credentials on Bebo. As the site continues to unveil new social-networking features, AOL plans to promote Bebo more widely to users of its other services.

Among the new features, Bebo members will be able to receive their feeds from outside Web sites, such as social-messaging site Twitter and Google's YouTube video site. Meanwhile, a media-recommendation tool will suggest TV shows, online videos or music accessible on the site, based both on users' expressed preferences and other data, such as what their online friends are watching or listening to. AOL is putting the finishing touches on a slew of other features.

The company is betting that consumers will start using social-networking sites as their entry point to the Web, and to manage their online identities. MySpace, the No. 1 site by unique visitors, Facebook, which is No. 2, and others recently have announced similar plans to boost growth and revenue by connecting social networking with a wider range of sites. MySpace is owned by **News Corp.**, publisher of The Wall Street Journal.

AOL's first major challenge will be to secure Bebo's audience. Founded in 2005 by husband-and-wife team Michael and Xochi Birch, Bebo says it now has 50 million registered members around the world. Bebo and AOL's own instant-messaging programs combined give it the potential to reach a total of 124 million unique visitors world-wide, according to Web-measurement firm comScore. That rivals the global presence of both MySpace and Facebook.

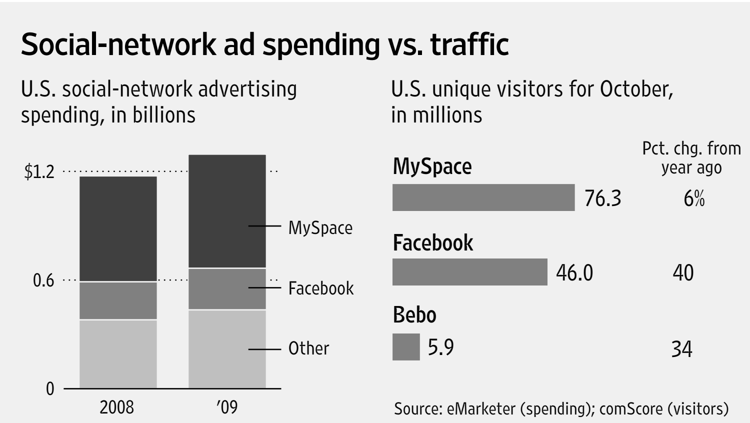
Yet Bebo remains far behind its competitors in traffic. There were 5.9 million unique U.S. visitors to the site in October, up 34% from a year earlier, according to comScore. MySpace reached 76.3 million unique U.S. visitors in October, while Facebook reached 46 million.

Even if AOL is able to generate significant growth on its community sites, ad spending on social-networking sites remains small, as marketers remain skeptical about their value. Consumers typically use the sites to connect with friends and don't pay much attention to the ads bordering the screen, digital-marketing executives say.

Ms. Shields, 46 years old, is a rarity in the tech world, as a woman with wide, senior-level experience at Silicon Valley start-ups. She worked at Google, where she was director of syndication and partnerships for Europe, the Middle East and Africa, before joining Bebo in 2007.

Time Warner's Mr. Bewkes said in an interview that every acquisition has an element of risk, but that he likes the work that Ms. Shields and her team are doing. He stressed the amount of time Bebo users spend with entertainment on the site, and said that could help set Bebo apart from other social networks in the ad market. "It is a more natural place for you to see an advertisement," he said. "You are used to seeing media with relevant advertising."

Bebo has tried to be more than a standard social-networking site by allowing third-party developers to create games, news and other entertainment services for its users. It has formed a variety of partnerships with media companies to bring TV shows, music and other high-quality video to the site. And it has developed a reputation in Britain for making the site advertising-friendly by letting brands weave their messages into entertainment content.



CORPORATE NEWS

Sanofi shuffles top posts

Finance chief leaves position, company splits his duties

BY ELENA BERTON

Sanofi-Aventis SA further reshuffled its top management Wednesday, saying that Chief Financial Officer Jean-Claude Leroy is leaving his post, 10 days after the arrival of a new chief executive.

The French company, the world's third-biggest drug maker by sales after Pfizer Inc. and GlaxoSmithKline PLC, gave no reason for the move. A spokesman declined to comment on whether Mr. Leroy will remain with Sanofi-Aventis or what his next position would be.

Mr. Leroy, 57 years old, couldn't be reached for a comment. He was named senior vice president and finance chief of Sanofi-Aventis in August 2004, and was appointed to his latest position, executive vice president for finance and legal matters, in March 2007.

More changes are expected as the new CEO reshapes the drug maker.

Sanofi said Laurence Debroux will take over as chief financial officer Wednesday, while Karen Linehan has been appointed senior vice president for legal matters and general counsel, effectively splitting Mr. Leroy's former role. They will report directly to CEO Chris Viehbacher.

Ms. Debroux had served as deputy chief financial officer. Ms. Linehan was vice president, deputy head of legal operations.

Further management changes are expected in the coming weeks and months as Mr. Viehbacher, a former senior Glaxo executive, moves to reshape Sanofi-Aventis's operations.

Mr. Viehbacher's appointment in September marked a change for Sanofi-Aventis, which until then had been run by a tight group of managers. The new CEO was brought in to succeed Gerard LeFur after large shareholders became increasingly frustrated with the company's declining share price. Mr. LeFur had led drug research before becoming chief executive in January 2007.

Both Messrs. LeFur and Leroy were close allies of Chairman Jean-François Dehecq, who has been involved with the company for more than three decades. Mr. Dehecq is expected to step down from Sanofi-Aventis's board in 2011.

Reuters

Jean-Claude Leroy is out as Sanofi CFO.

—David Pearson contributed to this article.

Europe proposes to ease limits on drug ads

BY JEANNE WHALEN

LONDON—European officials moved one step closer to allowing drug companies to publish information about prescription medicines in magazines and on Web sites, in a development that some critics are calling a loosening of Europe's strict ban on drug advertising.

The European Commission proposed legislation Wednesday that would let drug companies give consumers "objective and nonpromotional" information about their medicines in print and online. Currently, drug companies can't provide any information to European consumers, except on leaflets found inside drug packaging. The legislative proposals must be approved by the European Parliament and Council of Ministers before becoming law, a process that could take years.

In proposing the change, the European Commission, the executive arm of the European Union, said the current rules are outmoded. Modern consumers are becoming more involved in their medical treatment and are increasingly looking for information about drugs and other treatments online, Günter Verheugen, vice president of enterprise and industry at the Commission, said at a news conference. Drug companies should be allowed to provide basic, factual information to meet this demand, he said.

He stressed that the EU will continue to ban advertising, in a sign that Europe is concerned about protecting consumers from biased, promotional information. "There will be strict rules regarding content and these will be tightly monitored," he said.

Consumer-protection groups have long opposed the measures, saying that companies can't be trusted to provide unbiased information. The proposal "is just a disguised way of giving pharmaceutical companies greater flexibility to provide the information they want on prescription medicines," said Monique Goyens, director of the European Consumers' Organization. The companies' goal will be "to boost sales," she said.

The draft legislation would allow companies to provide "medicinal, product-related information" that "does not go beyond the elements" of the packaging leaflet. That could include information on prices, side effects, scientific studies and anything "which presents the medicinal product in the context of the condition to be prevented or treated." Under the legislation, the information may be published on Internet sites "on medicinal products" and in "health-related" publications, as defined by each EU member state.

CORPORATE NEWS

Yahoo shareholder adds pressure

Hedge fund urges Internet firm to sell search to Microsoft

By Jerry A. DiColo And Jessica E. Vascellaro

A **Yahoo** Inc. shareholder urged the board to salvage a deal with **Microsoft** Corp., a sign that investors are growing more impatient as they push for a sale of the Internet giant's search business.

In a letter to Yahoo's board, hedge fund Ivory Investment Management, which owns a 1.5% stake in the company, said selling its search business to Microsoft could result in a deal worth twice as much as Yahoo's current stock price.

Investors have pushed for a search deal with Microsoft since earlier this year, after Microsoft withdrew its offer to buy all of Yahoo . Yahoo rejected a Microsoft offer to buy its search business this summer.

Recently, some Yahoo investors have been encouraged by Microsoft Chief Executive Steve Ballmer's public statements that he is still interested in a search deal and Yahoo's decision to replace Jerry Yang. At the same time, some large shareholders say the search for a new CEO could delay any deal.

But while the Yahoo board may conclude its search for a CEO as soon as the end of the year, the Yahoo board has yet to commit to the idea of doing a search deal, say people familiar with the matter.

"Pressure is mounting," said Jefferies & Co. analyst Youssef Squali. "The board is in a very difficult situation now where they are in the process of picking a successor to Yang while at the same time having to fend off all these calls to do something sooner rather than later."

Billionaire investor and Yahoo director Carl Icahn has also pushed for a Yahoo-Microsoft search deal.

A spokesman for Yahoo declined to comment. Additionally, Yahoo began laying off about 1,500, or 10%, of its workers Wednesday as part of a previously announced plan to turn around the company.

"We believe a search deal with Microsoft could deliver value to Yahoo shareholders of $24-$29 per share, or more than double yesterday's closing price of $12.19," Ivory said Wednesday in a letter to Yahoo's board.

Some analysts said Ivory's estimates looked aggressive. Needham analyst Mark May questioned whether Yahoo would be able to achieve $800 million in cost savings through a deal.

DAILY SHARE PRICE

Yahoo Inc.

On Nasdaq Stock Market

Wednesday's midafternoon price: **$13.02, up 6.8%**

Year-to-date change: **down 44%**

Source: Thomson Reuters Datastream

Reed Elsevier halts plans to sell magazine unit

By Kathy Sandler

LONDON—**Reed Elsevier** PLC stopped efforts to sell its business-information unit, which publishes such magazines as New Scientist and the Hollywood trade publication Variety, because it couldn't get a high enough price in the market downturn.

Reed since February has been trying to sell Reed Business Information to reduce the company's reliance on advertiser-funded media.

But tight credit markets and falling valuations have decreased the expected price tag by more than half. The unit had initially been valued at £1.25 billion ($1.84 billion), but that had fallen to £600 million in November. And from dozens of expressions of interest in June, the bidding field by last month had shrunk to two private-equity players, **TPG** Inc. and **Bain Capital** LLC. TPG pulled out last week. Bain declined to comment on Reed's announcement.

The sale's collapse means Reed loses the opportunity to get proceeds to pay down part of the debt the company racked up with the acquisition of Choicepoint earlier this year. That acquisition cost $4.1 billion, about half of which will come due in 2010. A person familiar with the matter said that the company plans to issue bonds, most likely in January, to refinance its Choicepoint debt. The company has said the Choicepoint refinancing wasn't dependent on a sale of the business-information unit. UBS said in a note to clients that a number of companies, such as British Sky Broadcasting Group PLC and British American Tobacco PLC, have tapped the bond markets recently, and while financing costs are likely to rise, Reed is confident about refinancing.

The Reed sale was the second major private-equity media deal to fall through in recent months, following a failed bid for Informa PLC by Providence Equity Partners Ltd., Carlyle Group and Blackstone Group LP in September. That deal also was hampered by tight credit and a decreased valuation amid the global financial crisis.

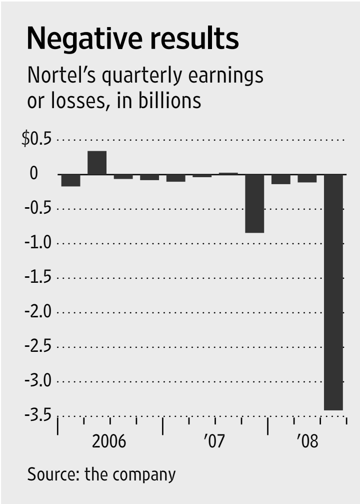
Reed shares fell 3.4% to 478 pence ($7.05) Wednesday in London.

CORPORATE NEWS

Nortel seeks legal advice on exploring bankruptcy

Telecom-gear maker weighs options amid credit crisis

By Sara Silver
And Joann S. Lublin

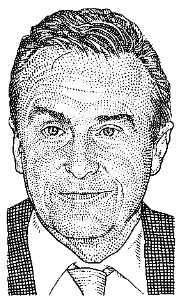


Nortel Networks Corp. has sought legal counsel to explore bankruptcy-court protection from creditors in the event that its restructuring plan fails, according to people familiar with the situation. The move comes as the Toronto-based company grapples with plummeting sales for its wireless gear and as the credit crunch hobbles the sale of key assets.

Ronald Alepian, a spokesman for Nortel, said that "no bankruptcy filing is imminent" but added that the company has engaged several advisers to help it chart a way forward. "We remain focused on carrying out the restructuring we outlined on Nov. 10 to cut costs," he said.

Mr. Alepian said Standard & Poor's in November reaffirmed Nortel's ratings, saying the company "should be able to sustain adequate levels of liquidity in the next 12-18 months" despite difficult market conditions.

Nortel also has been exploring potential assistance from the Canadian government, according to a person familiar with the matter. But the disarray within the government is clouding those prospects. Last week, Prime Minister Stephen Harper shut down Parliament until late January to avoid attempts by opposition legislators to topple his Conservative government.


Mike Zafirovski

The telecommunications-equipment maker was once Canada's largest company. Nortel's market value topped $250 billion in 2000 amid the telecom boom, but has since shriveled to $275 million. The company's stock has been trading below the $1 minimum on the New York Stock Exchange for a month.

Chief Executive Mike Zafirovski joined Nortel three years ago after helping to revive the cellphone division of Motorola Inc. He swelled profits from selling Nortel's voice-only wireless equipment to U.S. carriers and used the money to fund new businesses. But a sudden drop in contracts by U.S. carriers, themselves seeking to rein in spending, choked off cash. Nortel burned through $478 million in cash during the first nine months of this year, as sales of the company's CDMA technology atrophied.

In September, Mr. Zafirovski decided Nortel should sell assets to cut expenses and raise cash. On Sept. 17, the company said it would sell an unprofitable new business called Metro Ethernet, which makes gear to transmit Internet and video feeds.

Until the announcement, many Wall Street analysts believed that Nortel still had time: It had an estimated $2.6 billion in cash and no payment on its $4.5 billion in debt until July 2011. But $500 million of Nortel's cash was tied up in overseas joint ventures and it needed $1 billion cash for daily working capital.

Nearly a dozen companies and investment firms looked at the Metro Ethernet business, according to people familiar with the matter, and bankers encouraged suitors to consider buying the entire company. But no deal to sell the business has emerged because of a lack of "buyers at the right price," said a person familiar with the situation.

In hopes of finding better prices, Nortel recently began using **J.P. Morgan Chase** & Co. as well as **Credit Suisse Group** AG as investment bankers. Suitors for all of Nortel have been waiting on the sidelines, betting that its assets can be picked up without at least $6 billion in liabilities if the company seeks protection from creditors.

—Matthew Karnitschnig, Jeff McCracken, Dana Cimilluca and Dennis Berman contributed to this article.

Woolworths to hold closure sale as search for a buyer continues

By Victoria Howley

LONDON—**Woolworths Group** PLC said it will launch a closure sale at its stores starting Thursday, in a move that could precede the demise of the 99-year-old British retail icon.

Woolworths filed for administration Nov. 27, appointing Deloitte & Touche to manage the process. The chain is the latest casualty of the credit crunch and consumer pessimism. But the administrators said in a statement that they are continuing to actively seek buyers for Woolworths' assets, and that negotiations with a number of interested parties are continuing.

Deloitte declined to name the parties that it is still talking to. Woolworths isn't related to the U.S. and Australian companies with similar names.

"We continue to make every effort to convert interest in the Woolworths assets into firm offers. While we are still seeking bids from interested parties, Christmas is clearly the busiest time of the year for retailers, and it is prudent to do all we can to sell existing stock," said Neville Kahn, reorganization services partner at Deloitte.

GLOBAL BUSINESS BRIEFS

Continental AG

Earnings-margin goal falls as auto demand weakens

Auto supplier and tire maker **Continental** AG Wednesday again lowered its earnings-margin target for the full year amid a sharp downturn in demand for new cars world-wide and said it may scrap its dividend payment. The company based in Hannover, Germany, said it now considers a margin on earnings before interest and tax, or Ebit, of between 7.5% and 8% "attainable" for 2008. In September, Continental had cut its margin target to 8.5% from more than 9.3%. Continental said it may not pay a dividend and instead focus on reducing its debt. It also warned that it may book a goodwill impairment of as much as €1 billion ($1.29 billion) at its automotive group this year as car sales are predicted to drop sharply in 2009.

SKF AB

Swedish bearings maker **SKF** AB said Wednesday it is slashing 2,500 jobs, or nearly 6% of its work force, to adapt to lower demand from the auto sector. More than half of the cuts, which will focus on Europe and the U.S., will affect temporary workers. SKF said it expects "much lower demand" in the fourth quarter, as the global financial crisis takes a toll on industrial sectors. The company said it expects its sales volume to drop 15% from the year-earlier quarter. SKF will also cut overtime, Chief Executive Tom Johnstone said. The moves are expected to cost about 470 million kronor ($57.4 million), most of which will be booked in the fourth quarter. Once fully implemented in early 2010, they will save the company an estimated 250 million kronor a year, SKF said.

ArcelorMittal

ArcelorMittal, the world's largest steelmaker, plans to cut its German work force by 750 employees via voluntary layoffs in response to the global economic downturn, a company spokesman said Wednesday. Most of the job cuts concern employees in the administration or the nonproduction sides of the business. The company also said it is shutting down its Hennepin finish steel processing plant in Illinois because of weakening steel demand, affecting 285 jobs. ArcelorMittal also announced plans to close its Lackawanna, N.Y., finished steel processing plant because of the economic downturn.

OAO Lukoil

Russian oil producer OAO **Lukoil** said Wednesday that it signed a memorandum of understanding with two Argentine energy companies. Under the three-year arrangement, Lukoil would supply fuel oil and diesel to state-controlled **Energía Argentina** SA and use storage belonging to **Povater** SA. Lukoil, 20%-owned by U.S. oil major ConocoPhillips, is seeking to bolster its role in market distribution in the downstream segment both domestically and internationally. Also on Wednesday, Russia's energy minister, Sergei Shmatko, said Russia would give political backing to Lukoil's bid for a stake in Spanish oil company **Repsol YPF** SA. A person familiar with the matter said last month that Lukoil is interested in buying as much as 30% of Repsol, which has three refineries in Argentina.

Sony Ericsson

Sony Ericsson on Wednesday said it isn't affected by the cost-cutting plan announced by parent company **Sony** Corp. and that it is working to implement its own restructuring program. The handset joint venture between Sweden's **Telefon AB L.M. Ericsson** and Japan's Sony has struggled along with its rivals as global sales of mobile phones have slumped because of weak consumer demand. It aims to cut operating costs by €300 million ($388 million) annually, including eliminating about 2,000 jobs world-wide. Sony said Tuesday that it plans to cut 5% of its global electronics work force and close as many as six factories as slower spending hits sales.

Swatch Group Ltd.

Shares in **Swatch Group** Ltd. fell 3.6% after Morgan Stanley slashed its price target for the large watchmaker and Cheuvreux removed the group from its sector best-picks list. Morgan Stanley cut its price target to 84.70 Swiss francs ($70.33) from 200 francs, citing Swatch's dependence on wholesalers. "It is also the world's largest supplier of mechanical watch movements to third party brands, increasing its exposure to a global slowdown in the demand for watches," Morgan Stanley analyst Louise Singlehurst said in a note. Shares in Swatch closed Wednesday at 29.50 Swiss francs. Morgan Stanley also lowered its price target for Swatch's Swiss peer **Cie. Financiere Richèmont** SA to 14.20 francs from 29.90 francs. The company's stock rose 0.2% to 21.72 francs.

EADS

European commercial-aircraft builder Airbus said Wednesday it hasn't received any requests from Chinese airlines to cancel or delay aircraft deliveries. At the end of November, Airbus had more than 430 unfilled aircraft orders from Chinese carriers, said a spokesman for the unit of **European Aeronautic Defence & Space** Co. More than 450 Airbus aircraft are in service in China, he added. On Tuesday, China's Civil Aviation Administration had urged Chinese airlines to delay or cancel deliveries planned for 2009 in order to avoid overcapacity.

BAE Systems PLC

Britain's **BAE Systems** PLC said Wednesday that it filed a new application seeking the Indian government's approval to take a 26% stake in a joint venture with Mahindra & Mahindra Ltd. to manufacture defense equipment. BAE Systems said Mahindra will hold a 74% stake in the joint venture. India's foreign investment regulator, the Foreign Investment Promotion Board, in October rejected an earlier request from BAE Systems to take a 49% stake in the venture as foreign companies can hold only as much as 26% in a defense joint venture with an Indian company under current rules.

JSE Ltd.

The operator of the Johannesburg stock exchange, **JSE** Ltd., said Wednesday it has raised its offer for the **Bond Exchange of South Africa** Ltd. by 39%, winning the support of its target's board and a majority of its shareholders. JSE's offer now values BESA at 240.5 million rand ($23.6 million), or 125 rand a share. It said its bid represents a control premium of 31% to BESA's net asset value. "At these levels, the board can recommend the transaction to shareholders based on value," said Garth Greubel, chief executive of BESA. JSE said it has received irrevocable letters of commitment from about 63% of BESA's shareholders.The deal needs the approval of 75% of shareholders at a meeting scheduled for Jan. 8.

Bank of America Corp.

Bank of America Corp. sought a solution Tuesday to labor protests at a Chicago window-and-door factory, offering a "limited amount" of loans so employees who lost their jobs last week could collect severance, vacation and sick time. Bank of America found itself the target of sit-in protesters and reproaches from local politicians after **Republic Windows & Doors** told employees it had to shut down because Bank of America cut off all financing. The bank said it was "prepared to provide a limited amount of additional loans," without specifying the amount. The bank said it either would offer the financing or make additional loans to Republic." A Republic Windows & Doors spokesman called the gesture "positive and productive."

Wachovia Corp.

Wachovia Corp. Chief Executive Robert Steel won't receive a bonus this year, the latest banking executive to forgo one amid the financial crisis. A spokeswoman for the bank confirmed Mr. Steel won't be paid a bonus but declined to elaborate on whether he had been offered one. The other executives on Wachovia's operating committee also won't receive 2008 bonuses, the spokeswoman added. The issue of banker bonuses has stoked ire because of the market downturn and billions in federal aid for U.S. financial institutions. Mr. Steel joined Wachovia last July following the ouster of former CEO G. Kennedy Thompson. Wachovia had a third-quarter loss of $23.88 billion.

J.P. Morgan Chase & Co.

J.P. Morgan Chase & Co. signed a $400 million pact with **Reliance Industries** Ltd.—India's largest private-sector company by market value—to support its investments in India. The pact involves an 11-year financing facility for Reliance Industries, which will use the funds for equipment purchases from 17 U.S. suppliers, J.P. Morgan said. During the past four months, RIL has raised more than $2.5 billion, including this new facility. "We expect to see a rapid growth in the demand for U.S. export programs in the near future, especially for clients seeking long-term financing solutions," said Simon Jones, head of J.P. Morgan's Treasury Services in Asia Pacific.

Fortress Investment Group LLC

Fortress Investment Group LLC and a joint venture of **DKR Capital** Inc. are laying off staff in Tokyo, becoming the latest hedge funds to reduce head count as the industry reels. The size of the cuts at Fortress and DKR Oasis weren't clear. People familiar with the matter said Wednesday that neither firm is closing its Tokyo office outright. DKR Oasis is a joint venture between DKR Capital and Oasis Management Holdings LLC. Other hedge funds are cutting back on their Asian operations. Many managers are facing their worst year on record. Fortress's $7.2 billion Drawbridge Global Macro Fund shed 2.3% in November and was down about 23% for the year, according to investors.

—Compiled from staff and wire service reports.