



The Mumbai attacks shine a spotlight on the police

ECONOMY & POLITICS | PAGE 12

India's ONGC struggles to maintain oil, gas growth

LEADING THE NEWS | PAGE 3

What's News —

Business & Finance

World-Wide

Swiss private bank UBP is scrambling to explain its ties to Madoff. Half of the influential bank's 22 funds of funds put some money into Madoff-related vehicles, with the investments totaling \$700 million. **Page 1**

■ **Dow Chemical shares** plunged on fears over the company's debt load, credit rating and dividend after a Kuwait joint venture was canceled. **Page 2**

■ **Germany's retail sales** rose about 1% in December, in sharp contrast to grim holiday-shopping results from other major economies. **Page 2**

■ **Italian business confidence** fell to its lowest level since the index began in 1991. **Page 3**

■ **U.S. banks** and savings institutions appear to be headed for their first overall quarterly loss since 1990. **Page 19**

■ **The IMF endorsed** Obama's approach to economic stimulus, while urging countries to consider offering a kind of 'recession insurance.' **Page 10**

■ **U.S. stocks slipped** on concern that Dow Chemical and Rohm & Haas may not merge. Major European stock indexes rose in thin trading. **Page 20**

■ **Crude-oil futures rose** to \$40.02 a barrel, buoyed by evidence of OPEC production cuts and sustained by the specter of wider Mideast conflict. **Page 20**

■ **LG Electronics hopes** to get a boost from sponsoring London's New Year's Eve fireworks, the city's first sale of sponsorship rights to the event. **Page 3**

■ **Telenor won** dismissal of a \$2.8 billion fine the Norwegian firm had been ordered to pay Russia's VimpelCom. **Page 6**

■ **Taiwan expects talks** with Beijing to enable up to a dozen Taiwanese banks to begin operating in China next year. **Page 23**

■ **Russia allowed the ruble** to fall further, bringing its losses to more than 18% since August as the economy faces growing risks of recession. **Page 21**

Markets 4 p.m. ET

MARKET	CLOSE	NET CHG	PCT CHG
DJIA	8483.93	-31.62	-0.37
Nasdaq	1510.32	-19.92	-1.30
DJ Stoxx 600	193.46	+1.04	+0.54
FTSE 100	4319.35	+102.76	+2.44
DAX	4704.86	+75.48	+1.63
CAC 40	3130.72	+14.51	+0.47
Euro	\$1.4234	+0.0180	+1.28
Nymex crude	\$40.02	+2.31	+6.13

Money & Investing > **Page 19**

Israel sent fighter jets to pound Gaza for a third day, raising the death toll among Palestinian militants and civilians but failing so far to halt the militants' ability to retaliate. Hamas managed to fire at least 60 rockets into Israel. The death toll from Israeli bombs, meanwhile, rose past 300, including dozens of civilians, U.N. officials said. **Page 1**

■ **Protesters in the Mideast** broadened their rage toward Israel and its ally the U.S. to include Arab rulers accused of not acting forcefully enough to stop the violence. **Page 31**

■ **Roadside bombs**, long the biggest danger facing Western forces in Iraq, have also become the primary threat to American and other NATO forces in Afghanistan. **Page 10**

■ **The president of Somalia** resigned, saying he had lost control of the country to Islamic insurgents and could no longer fulfill his duties. **Page 12**

■ **Blagojevich's attorney** said a report from Obama should support the Illinois governor's claim that he did nothing wrong in his handling of a Senate seat. **Page 11**

■ **Demonstrators allied** with ex-leader Thaksin blockaded Thailand's parliament building, keeping the new prime minister from making a policy speech. **Page 12**

■ **Serbia's top court** confirmed the sentences for most of the convicted killers of ex-Prime Minister Zoran Djindjic in 2003.

■ **Attackers hacked to death** dozens of people at a church in eastern Congo, and the Ugandan army and a rebel group blamed each other for the massacre.

■ **The African Union** suspended Guinea from the bloc following last week's coup.

■ **The number of deaths** in Zimbabwe's cholera outbreak has risen to 1,564, the U.N. said, with 29,131 people infected since the start of the outbreak in August.

■ **Bangladeshis voted** in a parliamentary election to end two years of military-backed rule that saw two leading prime ministerial candidates jailed on corruption charges.

■ **Nine people went on trial** in connection with the tainted-milk scandal in China. **Page 11**

EDITORIAL & OPINION

The divorce anniversary Sixteen years after going their separate ways, Czechs and Slovaks are looking strong. **Page 15**

Israeli bombs fail to stop Hamas's rain of rockets

Palestinian deaths exceed 300 as calls for cease-fire grow

BY MARGARET COKER

TEL AVIV—Declaring "all-out war" against Hamas, Israel sent fighter jets to pound the Gaza Strip for a third day, raising the death toll among Palestinian militants and civilians but failing so far to halt the group's ability to retaliate.

Gaza's skies Monday were clogged with unmanned Israeli drones and buzzed with jets, but Gazan militants managed to place, aim and fire at least 60 rockets, some as deep as 24 kilometers into Israel. The Monday barrage against southern Israel appeared to be the largest since the start of Israel's aerial attack Saturday, and it raised the total number of Gaza-launched rocket attacks to 120 in the three-day battle, according to Israeli officials.

The death toll from Israeli bombs, *Please turn to page 31*



Palestinian women cross a street Monday in a refugee camp near Jerusalem during clashes with Israeli troops at a protest against Israel's Gaza military operation.

Unraveled ties marked death of Wall Street

With his investment bank facing a near-certain failure, Lehman Brothers Holdings Inc.'s chief executive officer, Richard Fuld Jr., placed yet another phone call to the man he thought could save him.

Mr. Fuld was already effectively out of options by the afternoon of Sun-

By *Susanne Craig, Jeffrey McCracken, Aaron Lucchetti and Kate Kelly*

day, Sept. 14. The U.S. government said it wouldn't fund a bailout for Lehman, the country's oldest investment bank. Britain's Barclays PLC had agreed in principle to buy the loss-racked firm, but the deal fell apart. Bank of America Corp., initially seen as Lehman's most likely buyer, had said two days earlier that it couldn't do a deal without U.S. government aid—and by Sunday was deep in secret negotiations to take over Lehman rival Merrill Lynch & Co.

Desperate to avoid steering his 25,000-person company into bankruptcy proceedings, Mr. Fuld dialed the Charlotte, N.C., home of Bank of America Chairman Kenneth D. Lewis. His calls so far that weekend had gone unreturned. This time, Mr. Lewis's wife, Donna, again picked up, and told the boss of Lehman Brothers: If Mr. Lewis wanted to call back, he would call back.

Mr. Fuld paused, then apologized for bothering her. "I am so sorry," he said.

His lament could also have been for the investment-banking model *Please turn to page 16*

A Swiss bank struggles to explain Madoff links

BY CASSELL BRYAN-LOW AND CARRICK MOLLENKAMP

LONDON—As investors around the world size up losses on Bernard Madoff's alleged Ponzi scheme, one purveyor of investment services to the world's wealthy—Swiss private bank Union Bancaire Privée—is scrambling to explain its ties to the New York financier.

Half of UBP's 22 funds of funds, which channeled clients' money into other hedge funds, put at least some of that money into Madoff-related investment vehicles, including one run by J. Ezra Merkin, chairman of car-loan company GMAC LLC, according to a recent letter from the bank to investors. At the same time,

UBP provided an array of services such as investment advice and loans to a division of Fairfield Greenwich Group, a New York firm that funneled investors' money into Madoff funds. Some outside fund managers also looked to UBP, which said it had about \$700 million in Madoff-related funds through its funds of funds and client portfolios, in making their own investments.

The potential losses to clients of the Geneva bank shed light on the discreet world of Swiss private banking. In return for hefty fees, private banks provided wealthy individuals with what were supposed to be superior investment advice and services. Now, the extent of the banks' invest- *Please turn to page 31*

INVESTING IN EDUCATION IS OUR BRIGHTEST IDEA.



INTEL MAKES SINGLE LARGEST COMMITMENT TO EDUCATION.

We are committing \$120 million toward science competitions, youth outreach and mentoring programs. Intel believes more than ever that continued investment in education is key to solving the global challenges of tomorrow. Learn more at intel.com/inside

OPPORTUNITY STARTS WITH INTEL INSIDE.

©2008 Intel Corporation. All rights reserved. Intel and the Intel logo are trademarks of Intel Corporation in the United States and other countries.

THE WALL STREET JOURNAL

For information or to subscribe, visit www.wsj.com or call +44 (0) 207 309 7799 — Albania LK 370.00 — Austria €3 — Belgium €2.90 — Czech Republic Kč 110 — Denmark Dkr 22 — Finland €3.20 — France €2.90 — Germany €3 — Greece €2.90 — Hungary Ft 530 — Ireland (Rep.) €2.90 — Italy €2.90 — Lebanon LE 4000 — Luxembourg €2.90 — Monaco M€ 24 — Netherlands €2.90 — Norway Nkr 27 — Poland Zl 10.50 — Portugal €3 — Slovakia Sk 100/€3.32 — Slovenia €2.70 — Spain €2.90 — Sweden kr 27 — Switzerland SF 4.80 — Syria S£ 210 — Turkey Ytl 4.25 — U.S. Military (Eur) \$2 — United Kingdom £1.40

LEADING THE NEWS

Dow Chemical shares fall

Investors worry over debt, dividend as Kuwait deal dies

BY KEITH JOHNSON

Investors pummeled Dow Chemical Co., fearing that the company's debt load could increase and its credit rating and dividend could be jeopardized after the Kuwaiti government canceled a \$17.4 billion joint venture.

That deal would have given Dow cash it planned to use to acquire specialty-chemical maker Rohm & Haas Co., which is a big part of Dow's effort to overhaul operations and increase profit. Dow shares fell 19% to \$53.32, and Rohm & Haas shares tumbled 16% to \$53.34 in 4 p.m. trading Monday on the New York Stock Exchange.

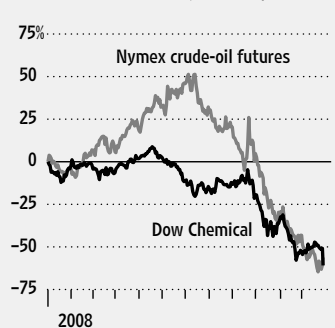
The \$15.3 billion Rohm & Haas acquisition wasn't contingent on the Kuwaiti joint venture going through, but Dow had earmarked about \$9 billion from the venture, known as K-Dow, to finance the takeover. Dow had secured a \$13 billion bridge loan and \$4 billion in other financing to fund the acquisition.

Dow executives had said they planned to use only \$4 billion to \$6 billion of the bridge financing, with the Kuwaiti deal covering the bulk of the Rohm & Haas price. The 12-month bridge loan, from a consortium of 19 banks, appears firm. But if the Rohm & Haas acquisition proceeds without the money from the Kuwait venture, analysts said, Dow would greatly increase its debt, possibly jeopardizing its credit rating.

Without the Kuwaiti cash, Dow would see its borrowing costs soar in the tight credit market—to \$2 billion by one reckoning from \$500 million. That could threaten the company's

Price slide

Crude-oil futures compared with Dow Chemical's daily share price



Sources: WSJ Market Data Group; Thomson Reuters

stock dividend, which Dow has paid uninterrupted for 97 years.

"If this scenario were to play out, we believe the dividend would likely be a goner, and so could Dow," Frank Mitsch, managing director of BB&T Capital Markets in New York, wrote in a research note Monday. Even if the dividend isn't suspended, its size could be reduced. Dow Chief Executive Andrew Liveris said recently that Dow wouldn't reduce its dividend on his watch.

Another option is for the Midland, Mich., company to try to renegotiate the \$78-a-share price tag or try to reach a settlement with Rohm & Haas to kill the deal. But if Dow walks away, it would mark a retreat from Mr. Liveris's plans to transform the company from a commodity-chemical producer into a high-technology, high-margin specialty-chemical company.

"An overly aggressive management team can essentially undermine the financial stability of a great company like Dow," said Michael Judd, an analyst with Greenwich Consultants LLC. "I am concerned that manage-

ment has put Dow in a very precarious situation."

Dow had announced it would lay off thousands of employees to cope with a world-wide economic downturn that has slashed demand for its products, which are used in a variety of consumer and industrial goods.

Dow Chemical spokesmen declined to comment on Rohm & Haas. Some investors and analysts said Dow investor-relations executives said nothing has changed regarding the proposed takeover. A spokeswoman for Philadelphia-based Rohm & Haas said its takeover by Dow isn't affected by K-Dow's demise.

The agreement between Dow and Rohm & Haas calls for the acquisition to be completed Jan. 10. Dow Chemical could walk away by paying a \$750 million breakup fee if the deal falls apart for regulatory reasons. But if Dow killed the deal for other reasons, it could face a lawsuit from Rohm & Haas. Dow would also see the \$78-a-share price rise if the deal isn't completed on time.

Oppenheimer Co. analyst Edward Yang said the July deal was signed "a lifetime ago," when crude oil was trading at nearly \$150 a barrel and developing economies were still growing rapidly. "From a pragmatic standpoint, \$9 billion is a big hole to fill" and sharply increasing the combined company's debt load could make the acquisition "a nonstarter," Mr. Yang said. Crude settled at \$40.02 on the New York Mercantile Exchange Monday.

Earlier this month, Dow renegotiated the terms of the Kuwaiti joint venture to reflect lower values for the plastics-manufacturing assets at the heart of the project. But Kuwait pulled the plug on K-Dow after the Kuwaiti Parliament questioned the government's multibillion dollar investment. It is unclear whether Dow will get a breakup fee.

In rare bright spot, German retail sales rise

BY DAVID CRAWFORD

BERLIN—Retail sales rose in Germany this Christmas, the German Retailers Association said Monday, offering a welcome contrast to grim news from shopping malls in other major economies such as the U.S. and Britain.

December retail sales in Germany are expected to exceed 2007 levels for the same period by about 1%, according to Ulrike Hörchens, spokeswoman for the association, known by its German acronym HDE.

The Saturday after Christmas was one of the strongest retail days of the year and followed a solid pre-Christmas season, Ms. Hörchens said. She added that German retailers also expect to end the year with strong post-Christmas sales.

The news from Germany, where layoffs have so far been limited and where consumers have traditionally been credit averse, contrasts sharply with negative sales data in the U.S., where pre-Christmas retail sales fell by 5.5% in November and by 8% in December, compared with the year-earlier periods, according to data released by MasterCard Inc.

Retail sales in Britain are also sharply down by between 6% and 9% from previous years, according to data released last week by analysts at London-based investment bank Seymour Pierce Ltd. In November, Woolworths Group PLC filed for administration, the British equivalent of bankruptcy.

Numbers for retail sales in France over the Christmas period aren't yet available, but early indications aren't encouraging. Toy sales likely fell by 3%-4% this Christmas season compared with 2007, according to an official at the Fédération Française des Industries Jouet-Puériculture, a French toy-industry group.

Bernd Weidensteiner, an economist at Commerzbank AG in Frankfurt, said consumer confidence has held up relatively well in Germany because mass layoffs on the scale be-

ing seen in Britain and the U.S. aren't yet happening here. U.S. unemployment rose by over half a million in November. With many workers fearing they could be next, "U.S. consumer confidence is gone," Mr. Weidensteiner said.

German consumers also went into the shopping season with cash in hand, backed by the strong savings traditional in this nation, as well as the annual one-month bonus that most German companies hand out to employees in December. German families were also helped by the fact they haven't been hit by the steep drop in real-estate prices prevalent in the U.S. and many other European economies.

U.S. consumers, by contrast, entered the Christmas season with little cash on hand at a time when access to credit is greatly reduced, Mr. Weidensteiner said.

The HDE expects German retail sales for all of 2008 to fall slightly after adjustment for inflation, by about 1%, a respectable outcome after two quarters of negative economic growth. But the association warns of a harder landing for the retail sector in 2009, when German unemployment is expected to rise. "The financial crisis hasn't hit German retailers yet," Ms. Hörchens said.

Meanwhile, preliminary December consumer-price data for the German state of Saxony showed annual inflation slowing to its lowest level in more than three and a half years, Saxony's statistics agency said.

That news should be good for price trends elsewhere in Germany and the rest of the euro zone. Pan-German data will be released Tuesday after all of the six states that report preliminary data do so. Eurozone inflation data will be released Jan. 6.

December annual inflation in Saxony was 1.3%, down from November's rate of 1.7%. That was the lowest level since May 2005.

—Andrea Thomas in Berlin and Sebastian Moffett in Paris contributed to this article.

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.

A123 Systems4	Bank of America1,24	China Petroleum & Chemical3	KBC Group21	Reliance Industries3
ACE22	Barclays1	CITIC Group3	Keppel Land23	Repsol YPF9
Africa Israel Investments22	Best Buy Co.6	Citigroup9	Kinder Morgan Energy Partners9	Rohm & Haas2,20,32
Aioi Insurance23,24	BlackRock16	Cnooc23	Korea National Oil3	Royal Dutch Shell3
Alfa Group6	BP20,32	Coviden22	La Caixa9	Sacyr Vallehermoso9
Amazon.com6	Cairn India3	Dow Chemical2,20,32	Lehman Brothers Holdings1,19	Sanlu Group11
AMB Property22	Cal-Maine Foods20	DreamWorks6	LG Electronics3	Satyam Computer Services9,23
American Greetings6	CapitaLand23	DreamWorks Animation SKG6	Li & Fung23	Scania20
AMR8	CapitaMall Trust23	Dune Capital Management21	Lukoil Holdings9	Shanghai Automotive Industry9
Apple6	Cheung Kong Holdings23	eBags6	Man20	Shinsei Bank24
Aristocrat Leisure9	China National Offshore Oil3	eBay6	Marathon Oil3	Ssangyong Motor9
Banco Santander (Spain)19	China Network Communications Group9	El Paso9	Marvel Entertainment6	Standard Pacific20
		Électricité de France9,32	MasterCard22	Sun Hung Kai Properties23
		Energy Transfer Partners9	Mattel29	Swire Pacific23
		Enterprise Products Partners9	Metro-Goldwyn-Mayer Studios6	Target6
		Enterprise Rent-A-Car30	MGA Entertainment29	Tata Group12
		Equitable Resources22	Mitsubishi Corp.23	Telenor6
		Equity Residential22	Mitsubishi UFJ Financial Group17	Temasek Holdings16
		Fairfield Greenwich Group19	Mitsui Sumitomo Insurance Group23	3Prong Power4
		Fifth Third Bancorp19	Mitsui Sumitomo Insurance Group Holdings24	Tokio Marine Holdings24
		Ford Motor20	Morgan Stanley16	Toyota Motor4,24
		Forrester Research22	News Corp.6	Transocean22
		Foster Wheeler22	NexCen Brands20	Tyco International22
		GDF Suez32	Nippon Life Insurance24	Unilever4
		General Motors4,20	Nissay Dowa General Insurance23,24	Union Bancaire Privée1
		Gentex30	Noble22	USC9
		Goldman Sachs Group24	NYSE Euronext24	UTI Mutual Fund24
		HoldCo21	Oil and Natural Gas3	Vanguard Group22,24
		Hong Kong Exchanges & Clearing23	Pacific Century Regional Developments9	Ventas22
		Hutchison Telecommunications International23	PCCW9	Veolia Environnement32
		Hutchison Whampoa23	Procter & Gamble4	Viacom6
		Imperial Energy3	ProShares Ultra Real Estate22	Vimpel Communications6
		Impex23	Publicis Groupe3	Volkswagen20
		Intel4	Regency Energy Partners9	Wal-Mart Stores6
		Jakks Pacific29		Walt Disney6,29
		J.P. Morgan Chase16,19		Waterford Wedgwood3
				Weatherford International22
				West Coast Capital9
				Woodside Petroleum23
				Woodward Governor22
				Woolworths Group2
				WPP Group4

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

Ader, David20	Grieder, Thomas3	Mnuchin, Steve21
Aiken, John6	Grove, Andy4	Moghadam, Hamid22
Akino, Mitsushige24	Guzyk, Paul4	Moore, Dave4
Anmuth, Doug6	Haegler, Bianca19	Moore, Rob6
Berman, Craig6	Jauhar, Gauri3	Mushin, Don4
Bhattacharya, Jaideep24	Jobs, Steve4	Nagano, Yoshinori24
Black, Leon32	Johnston, Ian9	Neidich, Dan21
Bliss, Keith24	Judd, Michael2	Neithercut, David22
Blitzer, David22	Kabat, Kevin19	Noel, Walter19
Blum, Michael9	Kerkorian, Kirk20	Obama, Barack4
Boyd, Mark3	Klock, Brian20	Odell, Jamie9
Bulavin, Rudolf21	Kraus, Peter17	Oneile, Paul9
Cafaro, Debra22	Kunishige, Nozomu24	Paulson, John21
Campbell, Jim32	Lathouders, Ivan21	Pettersson, Anders21
Cardillo, Peter20	Leviev, Lev22	Piedrahita, Andrés19
Chen, Sean23	Lewis, Kenneth D.1	Rogers, Dan9
Chernyshev, Grigory6	Li Ka-shing23	Sapir, Michael22
Chim Pui-chung23	Li, Richard9	Shaper, C. Park9
Cobb, Peter6	Lipsman, Andrew6	Sharma, R.S.3
Cool, Luc21	Liveris, Andrew2,32	Shen, Jamie K.22
Coquillet, Carolyn4	Lohrey, Paul22	Sherwood, Daniel4
Culbertson, Rob22	Lomis, Erik6	Speranza, Luigi3
de Vasconcelos, José32	Mack, John16	Steingut, Theodore22
Easterbrook, Mark9	Madoff, Bernard1,19	Tabakh, Anton21
Ewert, Chris4	Mann, Maurice22	Tata, Ratan12
Finnegan, John16	Marsa, Bryan19	Thain, John16
Fleming, Gregory16	McCambridge, Shawn21	Tierney, Bill21
Flowers, Christopher21	McDade, Bart16	Warner, Andrew3
Ford, Gerald21	McDonald, Harriet3	Warren, Kelcy9
Fuld, Richard1	Merkin, J. Ezra1	Webb, David23
Goulart, Mary4	Mitsch, Frank2	Weidensteiner, Bernd2
		Wozniak, Steve4
		Yang, Edward2

FREE daily access to WSJ.com

If you bought today's paper from a retail outlet, simply register at: wsj.com/reg/coupon or renew at: wsj.com

Today's code is: **EUROPE-A-666**

THE WALL STREET JOURNAL EUROPE (ISSN 0921-99)
 Boulevard Brand Whitlock 87, 1200 Brussels, Belgium

Telephone: 32 2 741 1211 Fax: 32 2 741 2600

SUBSCRIPTIONS, inquiries and address changes to:
 Telephone: +44 (0) 207 309 7799

Calling time from 8am to 5.30pm GMT
 Website: www.services.wsje.com

Advertising Sales worldwide through Dow Jones International. Frankfurt: 49 69 971428 0; London: 44 207 842 9600; Paris: 33 1 40 17 17 01

Printed in Belgium by Concentra Media N.V. Printed in Germany by Dogan Media Group / Hürriyet A.S. Branch Germany. Printed in Switzerland by Zehnder Print AG Wil. Printed in the United Kingdom by Newsfax International Ltd., London. Printed in Italy by Telesampa Centro Italia s.r.l. Printed in Spain by Belmont S.A. Printed in Ireland by Midland Web Printing Ltd. Printed in Israel by The Jerusalem Post Group. Printed in Turkey by GLOBUS Dünya Basinevi.

Registered as a newspaper at the Post Office.
 Trademarks appearing herein are used under license from Dow Jones & Co. © 2008 Dow Jones & Company All rights reserved.
 Editeur responsable: Daniel Hertzberg M-17936-2003

LEADING THE NEWS

India's ONGC battles to expand production

Oil-and-gas giant misses opportunities for big output gains

BY JACKIE RANGE

NEW DELHI—As India strives to remain one of the world's fastest-growing economies, its biggest oil-and-gas producer is struggling to keep up.

Oil and Natural Gas Corp. provides about a quarter of India's oil and gas needs and its increased output is important to the nation's growth. Yet ONGC's production of oil, gas and natural-gas liquids in the fiscal year ended March 31 is up just 6.7% from fiscal 2004, far behind the pace of state-run energy companies in Brazil and China.

To increase output and its global footprint, largely government-owned ONGC has been on an acquisition spree. It is expected Tuesday to close its £1.31 billion (\$1.92 billion) purchase of Imperial Energy Corp. and its oil fields in Siberia. In the past seven years, ONGC has increased its number of projects outside India to 39 in 17 countries, from just a single project in Vietnam.

"The company has really become a global company," Chairman R.S. Sharma says in an interview.

But while ONGC has expanded its international presence, it hasn't sealed deals that could supercharge output. In the past few years, ONGC has lost out to China's state-owned CITIC Group for assets in Kazakhstan



ONGC Chairman R.S. Sharma says the company is overregulated. 'We are taking a longer time in taking the decisions and implementing the decisions,' he says.

and to Korea National Oil Corp. in Nigeria. ONGC is expected to be outbid by China Petroleum & Chemical Corp. and China National Offshore Oil Corp. for a stake in an Angola block held by Marathon Oil Co.

"They have missed out on some material opportunities," says Gauri Jauhar, a senior consultant at PFC Energy.

For a country that imports more than 70% of its oil needs, those lost opportunities mean more than market share. ONGC's failure to increase production sharply has helped saddle In-

dia with higher costs for imported energy. Company watchers pin much of the blame on a government that, as it tries to keep rein over key assets, instead has hobbled ONGC.

In addition to expanding overseas, ONGC is trying to boost its domestic output. The company is responsible for about 80% of India's domestic oil-and-gas production. ONGC recently reported a discovery off India's east coast, which the company says could reach peak production of about 150,000 barrels of oil equivalent a day by 2017. Its current daily production

is around 1.1 million barrels.

But in recent years, ONGC has lagged behind newer, private-sector rivals like Reliance Industries Ltd. and Cairn India Ltd. on big domestic discoveries, says Thomas Grieder, an analyst with the IHS Global Insight consulting firm. "ONGC has tended to go for quantity rather than quality in terms of acquiring exploration blocks, which has probably affected the amount of discoveries the company has made," he says.

While it trawls for new prospects, ONGC is investing to get more from fields that weren't commercially viable at lower prices, says Mr. Sharma, the company's chairman. ONGC has worked hard just to maintain roughly level domestic production over the past decade. "But for that, production would have been only going down," he says. ONGC expects to boost domestic production by 5% in 2009, but the gain could be offset by declines in overseas production, he says.

In many ways, ONGC is hamstrung by its history as the government's Oil and Natural Gas Commission. It became a corporation in 1994 and listed shares on the Bombay stock exchange in 1998. Today its market value is about \$29 billion, making ONGC India's third-largest listed company, after Reliance Industries and power generator NTPC Ltd.

But the government still holds a 74.13% stake and has considerable sway. At least 10 government entities have influence over ONGC, including the Planning Commission and the Central Vigilance Commission, a government body tasked with fighting corruption, says Ms. Jauhar, of PFC Energy.

"As a government company, I would say we are overregulated," Mr. Sharma says. "We are taking a longer time in taking the decisions and implementing the decisions."

Government control also has limited company salaries. An engineer can earn four times more in the private sector than at ONGC. Analysts say it has lost a significant number of important staff, though reliable figures aren't available. Mr. Sharma describes the departures as "a big problem."

An oil-ministry official says ONGC isn't overregulated and that it has more autonomy than many of India's public-sector companies. An ONGC spokesman says government intervention can provide diplomatic support for international deals.

But ONGC doesn't get some of the government assistance that other national energy companies do. In 2004, for example, China extended a \$2 billion loan to Angola to help build infrastructure. Around the same time, Angola rejected plans by Royal Dutch Shell PLC to sell its half of a project to ONGC, instead ordering Shell to sell to Chinese interests.

Four independent directors were appointed to ONGC's board this month, which IHS Global's Mr. Grieder says could signal that the government will reduce its control somewhat. Nevertheless, he believes the government still will keep "a firm grip."

—Vibhuti Agarwal, Krishna Pokharel and Gurdeep Singh in New Delhi and Benoit Faucon in London contributed to this article.

Business morale in Italy hits a low not seen since '91

BY SOFIA CELESTE

ROME—Italian business confidence fell in December to its lowest level since the index began in 1991, research center ISAE said Monday, indicating Europe's fourth-largest economy is likely to fall into a deep recession in 2009.

ISAE said business confidence plummeted to 66.6 from 71.6 in November, as the outlook for orders and production among companies turned significantly more pessimistic. The fall bolsters some economists' views that Italy's economy in 2009 will register the worst recession since World War II. Economist Luigi Speranza of BNP Paribas SA said he expects Italian gross domestic product to fall 2.4% in 2009.

ISAE said companies continue to cite difficulty in receiving loans from banks, as strain from the international financial crisis spreads throughout the European banking sector. Italy fell into a recession in the third quarter of this year. During the past few months, the Italian government and central bank have been calling for Italian banks to continue lending to each other and to businesses. Prime Minister Silvio Berlusconi's government will slash its 2009 GDP forecast to around -1%, from a September prediction of +0.5%, at one of its next cabinet meetings in January, a government official told Dow Jones Newswires last week.

—Luca Di Leo and Liam Moloney contributed to this article.

LG hopes for a spark from London fireworks

BY AARON O. PATRICK

London's fireworks this New Year's Eve will come with something extra: a promotional plug.

For the first time, London's municipal government has sold sponsorship rights to the end-of-year spectacle above the River Thames.

The buyer is South Korean consumer-goods manufacturer LG Electronics, which is using the event to send the message that its products make life fun. As part of the sponsorship, at midnight a 10-minute fireworks display will open with one minute of pyrotechnics in LG's colors—red and white.

Many cities' New Year's Eve celebrations attract sponsors. Waterford Wedgwood of Ireland supplies the crystal ball that drops in New York's Times Square. But advertising is seldom incorporated directly into major fireworks displays, even as subtly as London plans.

LG's name won't appear in the sky because the company doesn't want to be "crude or crass," says Mark Boyd, a creative director at LG's London-based ad agency, BBH, which is part of Publicis Groupe.

Instead, London officials have agreed that LG can place its logo, a robot-like face forming the letters LG, on hundreds of temporary signs directing people to the event. LG also will be allowed to beam its logo on to the side of a prominent building overlooking the Thames for most of the evening. And contractors will give away thousands of LG-branded hats.

LG executives hope that many



LG Electronics will be advertising at this year's New Year's Eve fireworks display over the River Thames in London. Above, a shot from last year's fireworks show.

revellers will see LG logos as they arrive and connect the red and white fireworks with LG's colors. "New Year's is a time of optimism," says Andrew Warner, LG's marketing director for the U.K. and Ireland. "It all flows back to LG's Life is Good [slogan]."

Mr. Warner and a spokeswoman for London's municipal administration, known as the Greater London Authority, declined to say how much LG is spending on the event.

The company, which makes cell-phones, TVs, washing machines, and other appliances, may struggle to get a big payback from the fireworks. One problem: there is room for only 180,000 people in viewing

areas set aside for the fireworks, according to the London mayor's Web site, limiting the audience to a small fraction of what LG could get through a TV ad.

The entire fireworks display will be shown on TV, but the broadcaster is the state-owned British Broadcasting Corp., which doesn't accept ads and doesn't plan to acknowledge LG's sponsorship, according to a BBC spokeswoman.

To reach more people, BBH plans to make a short film of the fireworks and post it on dozens of Web sites early on the morning of Jan. 1, including Google's YouTube.com, according to BBH's Mr. Boyd. It also will distribute video clips to media

outlets around the world, hoping they will include the LG component of the fireworks in news bulletins.

Since hiring BBH last year, LG has increasingly experimented with unconventional advertising to increase its profile. Earlier this year it invited 500 people to the launch in Hollywood of what it said was a new TV show. The event was actually a stunt to promote a new line of televisions.

London has been trying to find a New Year's Eve sponsor for three years, says Harriet McDonald, the head of sponsorship for the Greater London Authority. London officials wanted the advertising to be unobtrusive to avoid offending the public, while marketers were looking for as much prominence as possible.

Another problem: because city officials didn't want the crowds to get too big, they wouldn't allow a sponsor to market the event in advance. London has never sold sponsorship of the fireworks before, although advertisers have sponsored free train travel on the night in the past, a spokesman for the authority says.

This year, several potential sponsors from the finance industry pulled out because of the credit crunch, Ms. McDonald says, before LG signed up in October. London chose LG because the company had ideas to improve the evening, such as projecting welcome messages from celebrities, including actor Michael Caine on to the side of a building.

"It's not a great big logo jambo-ree," Ms. McDonald says. "They [LG] have not taken the stance: 'I want to see my logo in as many places as possible.'"

CORPORATE NEWS

Green-minded hackers take on hybrids

Auto insurgents modify Toyota's Prius, other models, converting them to plug-ins, to extend already high mileage

BY REBECCA SMITH
AND JOHN MURPHY

At the Detroit auto show next month, one of the most highly anticipated new vehicles will be Toyota Motor Corp.'s third-generation Prius hybrid. It features a roomier interior and better gas mileage than the current model, the best-selling hybrid in the world.

But even these advancements aren't good enough for Daniel Sherwood and Paul Guzyk. The two green-minded mechanics have been modifying Toyota's Prius hybrids, which get an impressive 50 miles per gallon, and converting them into plug-in electric vehicles, doubling the fuel efficiency of a car that many people already see as the be-all of fuel economy. They can't wait to do the same to Toyota's newest Prius model.

Messrs. Sherwood and Guzyk are at the forefront of a small but growing automotive insurgency. While Toyota promises to deliver a factory-built, plug-in electric car by late 2009, and General Motors Corp. says it will bring its Chevy Volt plug-in car to market in 2010, impatient mechanics already are making them with off-the-shelf parts.

"I don't know if Toyota meant to do it, but they gave us a car that's easy to hack into and easy to improve," says Mr. Sherwood, an electrical engineer and co-owner with Mr. Guzyk of 3Prong Power Inc., which has set up shop in a defunct Cadillac dealership building in Berkeley, Calif. It charges about \$7,000 for the conversions, one of several such shops in California doing such work.

An electric-powered car works essentially like a regular hybrid—it runs on batteries and has a gasoline engine as well. But the electric-powered cars include an extension cord, so the batteries can be recharged by



Toyota plans next year to offer factory-built plug-in electric cars, like the Prius hybrid displayed above at the Paris Auto Show in October.

plugging the car into a 120-volt outlet. In addition to the Prius, some shops are converting the Ford Escape hybrid into a plug-in car.

To convert a Prius, the mechanics add a heavy tray of wheelchair batteries to a tool-storage space beneath the cargo deck at the back of the Prius hatchback. They strengthen the suspension, tweak the electronics and software—and—voilà!—the car that emerges from the shop is a plug-in hybrid, able to run as a pure electric before tapping its gasoline engine. Conversions take a couple days for a well-equipped garage with knowledgeable mechanics.

For some conversions, they are able to add lithium ion batteries that have four times the energy density of lead acid batteries, meaning they'll go four times as long between recharging or, at moderate speeds, before tapping the gasoline engine. Getting those batteries is dif-

ficult and, since they're expensive, it can double the cost of a conversion.

To be sure, demand for plug-ins has dipped as gasoline prices have sunk in recent months, says Carolyn Coquillette, owner of Luscious Garage in San Francisco, another shop that does conversions. Low gas prices, along with car-conversion costs, mean it will take years for these Prius models to recoup the costs of the upgrades.

But price isn't the point, converters say.

"My carbon footprint concerned me more," said Mary Goulart, an acupuncturist who got her Prius converted at 3Prong Power in October. She works six miles from her home in Berkeley, Calif., and is able to run purely on electricity most days for her short commute.

Not all the converters are mechanics. Some are amateurs bewitched by the notion of electric transportation. Many people get

technical information from a non-profit advocacy group called The California Cars Initiative or "Cal-Cars," that evangelizes for electric vehicles and acts as a clearinghouse for news and information.

"We don't like what oil is doing to the world," says Chris Ewert, a 25-year-old resident of Wheaton, Ill., who did a home conversion with his brother, Andrew. "It makes some countries rich and other countries poor." The Ewert brothers converted a 2004 Prius in their parents' garage two years ago, then converted a second car for their father—who kept asking to borrow the keys—more recently.

President-elect Barack Obama has proposed using tax credits and other incentives for consumers to encourage electric vehicles, though current incentives only apply to factory-built cars. There are several hundred plug-in cars on the road today, more than half in California, according to experts. Utilities have been among the most enthusiastic supporters and have been helping test prototypes for car makers. They also are working on grid integration issues to make sure the right support exists, such as recharging stations and discounted electric rates.

Some people don't think the infrastructure is in place to support the widespread use of plug-ins. "For plug-ins to be all encompassing and to replace basic hybrid technology, the electric grid would need to morph into something we don't have yet," says Jaycie Chitwood, Toyota's senior strategic planner for advanced technologies.

For Toyota, the conversion movement creates a headache. Officially, the company says it is neither for nor against conversions. But there are fears that problems with aftermarket conversions could sully enthusiasm for the factory-made plug-in Priuses it will offer fleet buy-

ers in 2010. Toyota also frets about safety and liability issues, especially after a converted plug-in Prius caught fire in June. The incident is still under investigation, though the suspicion is that overheated lithium-ion batteries caused the fire. Whether the modifications void the warranty is unclear. Car makers like Toyota say they can void a warranty if the modifications are found to have done damage to the vehicle.

Caught in the middle are Toyota's dealerships. Hymotion 123 Systems Inc., a unit of battery-maker A123 Systems Inc. of Watertown, Mass., makes conversion kits and certified four Toyota dealerships nationwide to be installers. But at least one, Hollywood Toyota, withdrew last summer. Don Mushin, general manager, said he was told by Toyota executives that "it was probably not wise to go forward" due to liability concerns.

Many auto-industry experts and environmentalists see the plug-in car as a defining opportunity to reinvigorate the U.S. auto sector. Just this month, a group of U.S. technology companies formed a consortium to develop a U.S. manufacturing base for lithium ion batteries. The group intends to seek federal assistance to build a big manufacturing plant to make lithium ion battery cells for electric cars.

Andy Grove, retired chairman of Intel Corp. of Santa Clara, Calif., has emerged as a vocal advocate of dual-fuel vehicles and even has urged the computer-chip maker to branch into advanced battery manufacturing. Intel, through its venture-capital arm, says that it has made small investments, but that it had not committed to doing anything more at this time. Mr. Grove says he thinks the U.S. needs dual-fuel vehicles for many reasons, including energy security.

Mr. Grove likens the grassroots conversion movement to "Rick Wagner meets the Homebrew Computer Club"—a reference to GM's chairman and the legendary group of California computer enthusiasts—including Apple Computer Inc. founders Steve Jobs and Steve Wozniak, who got together in Silicon Valley in the late 1970s and helped launch the personal-computer revolution. In other words, he thinks the foment among enthusiasts is important to GM, Toyota and other auto makers working on their own factory plug-in cars.

"I have a strong belief that unless we really push, nothing significant is going to happen," he says.

For some people, the plug-in car concept is so attractive they sweep away other considerations.

Dave Moore, who is 53, started down the electric-car path when he became worried about climate change. On the waiting list for an \$85,000 Audi sports car, he decided to buy a Prius instead and got it converted to a plug-in car for about \$10,000. He figures he has a green car for less than half what the Audi would have cost.

Mr. Moore's commute from Snohomish, Wash., south down Interstate 5 to Seattle often has sizeable backups. At low speeds, he's able to run longer on electricity without using gasoline. When traffic slows, he says, "I'm the only happy guy on the road."

Unilever casts Dove in 'Ugly Wudi'

BY GEOFFREY A. FOWLER

HONG KONG—Unilever PLC is turning to a remake of the American TV show "Ugly Betty" to help solve its Chinese beauty problem.

Its Campaign for Real Beauty, which markets Dove-brand soap by attacking unattainable images of female beauty in ads, has built buzz for Unilever and won kudos from feminist and advertising groups in the U.S. and Europe since it launched in 2004. But in China, "real beauty" was a flop. Here, women aren't so bothered by the stunning models used in most beauty ads and aren't driven to buy products promoted with so-called real faces.

In China, "a model on billboards is something that women do aspire to, and feel is attainable," said Mike Bryce, Unilever's Asia regional brand development manager for Dove skin care.

Facing what Euromonitor International estimates is a less than 2% share for Dove in a \$1.7 billion market for bath and shower products dominated by Procter & Gamble Co., Unilever went back to the drawing board. Last year, it conducted re-

search on Chinese ideas about beauty, and homed in on the finding that many women believe they can reach the level of beauty they see in ads, if they work at it.

"We found a perception gap—you are your own worst enemy. We wanted to help people break through this barrier," said Mr. Bryce.

So Unilever dropped the ads with "real women" and put its money behind an imaginary one. It launched a Chinese version of "Ugly Betty," known in America from the ABC-TV comedy drawn from a Colombian telenovella.

In an unusual move, Unilever's ad-time-buying agency, WPP Group PLC's Mindshare, brokered a deal to bring the format to Chinese TV, giving Unilever the right to exclusive ads and product placements during the show, as well as a script built around the company's Chinese reformulation of the campaign for real beauty.

Unilever says it hopes "Ugly Wudi," as the show is called on China's Hunan Satellite Television, will help it expand Dove sales outside China's biggest cities to less wealthy parts of the country.

A survey conducted by WPP-owned

research firm Millward Brown for Unilever at the end of the show's first season found that unaided awareness of Dove rose 44% among target consumers generally and more than tripled among those who watched the show.

Unilever says data on how the show affected its market share aren't yet available, but internal shipment numbers for Dove Shower Cream in November—after the first "Ugly Wudi" season ended—were up 21% over the same month last year.

The company won't say how much it spent on the show, but Mindshare estimates the effort delivered four times the value that Unilever would have gotten out of spending the same amount on traditional ads.

On "Ugly Wudi," protagonist Lin Wudi, who works at an ad agency, learns to unveil her own beauty, using Dove products and working on an imaginary ad campaign for the brand. Unilever marketing staff worked with the show's writers to integrate some 3,300 seconds of the Dove brand into the show's first season.

In one episode, an actor playing the media director for Dove in China explains that an ad campaign that Wudi helped create epitomizes Dove's



Unilever launched 'Ugly Wudi' as a vehicle to pitch Dove products in China.

view on beauty. "There are so many kinds of women and so many kinds of beauty," he says. "This is exactly the message that Dove tries to put forth."

People are watching: The show ranked No. 1 in its time-slot across the country each time it aired during its first season. The company has signed up for more, and the second season of "Wudi" begins in January.

—Juliet Ye
contributed to this article.

WIENER PHILHARMONIKER

VIENNA, AUSTRIA



Hearing the Vienna Philharmonic perform, it's easy to understand why some of the greatest composers of all time were such ardent admirers. It's the only orchestra governed by the musicians themselves, most of whom remain with the Philharmonic for a lifetime, closely protecting its artistic integrity. Whether they're performing in the Musikverein's Great Golden Hall, belonging to the Society of Friends of Music, or abroad, the experience remains as much a wonder today as it was more than 160 years ago.

ROLEX. A CROWN FOR EVERY ACHIEVEMENT.



OYSTER PERPETUAL DATEJUST


ROLEX
 ROLEX.COM

CORPORATE NEWS

Online sales lose steam

Holiday spending, fueled by discounts, declines by 2%

BY BEN WORTHEN
AND JESSICA E. VASCELLARO

Online sales held up better than the rest of the retail market during the dismal holiday period, but the season is still likely to go down as one of the worst on record for the traditionally booming e-commerce sector.

While online spending was down just 2% from Nov. 1 through Christmas Eve compared with a drop of 5.5% to 8% for retail as a whole, e-commerce strength wasn't widespread. Instead, it was clustered around several big-name Web sites such as Amazon.com Inc., Apple Inc. and Wal-Mart Stores Inc. Online sales were also fueled by discounts that aren't likely to continue.

Overall, in a sector where sales have historically increased 20% annually, this is the first holiday season where online sales haven't grown. E-commerce sales were "not amazing by any stretch," says John Aiken, managing director and head of equity research for Majestic Research.

Many traditionally strong e-commerce sites also ended up losing visitors in what is typically their busiest period. Internet auction site eBay Inc.'s traffic dropped 16% between early November and mid-December, while Best Buy Co.'s site experienced a 17% decline in visitor traffic, according to comScore Inc., which tracks Internet activity. The number of visitors to e-commerce Web sites during the period grew less than 1%, compared with growth of about 5% typically.

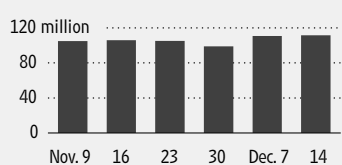
A spokeswoman for eBay declined to comment. Best Buy didn't return a call for comment.

What few winners there were online relied heavily on discounts and special promotions such as limited-time deals and targeted email offers to repeat customers this year, say analysts. Discounts were particularly heavy in areas such as consumer electronics, where consumers downgraded to cheaper models of items like flat-screen television sets, says Mr. Aiken.

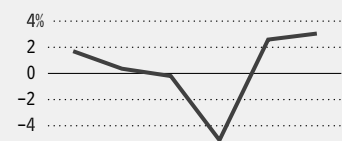
"Consumers are hyper-price sensitive in this environment," he says, adding it isn't clear whether they will keep spending as the pro-

Weak holiday season

Total weekly U.S. unique visitors to retail Web sites



Change from a year earlier



Source: comScore

motions taper off into next year. Mr. Aiken predicts that retailers will scale back their promotions after flushing out their fourth-quarter inventory and will instead become more cautious about stocking up on first-quarter inventory.

Those that played the discount and promotions game won big during the season. Amazon.com, for one, on Friday said sales for the holiday season were its "best ever" due in part to promotions. The tactic helped boost the number of visitors to the site between early November and mid-December by 6%, according to comScore.

"We were heads-down focused on providing customers low prices this year," says Craig Berman, a spokesman for Amazon. He declined to comment on how much sales grew or whether there was a corresponding jump in profit pending the Seattle company's quarterly earnings in January.

Peter Cobb, co-founder of eBags, says the Denver, Colo.-based company also rolled out shipping promotions and deeply discounted "Web busters" to buoy sales this season. Despite a strong increase in overall traffic, holiday sales for the online bag retailer were flat from last year as the size of the average order declined, he says. Mr. Cobb described the trend as "OK given all that is going on in the financial markets."

"The level of discounting we've seen is dramatic," says Andrew Lipsman, director of industry analysis at comScore. And with good reason: "We have seen spending roller coasters depending on whether there was discounting or not."

For example, online sales in mid-November were down from 2007 but shot up 15% on Dec. 1, Cyber

Monday—the first work day after Thanksgiving—thanks in part to promotions for free shipping and substantial price cuts. Sales in the two full weeks preceding Christmas were also down from last year before spiking again the weekend before the holiday thanks to another wave of promotions, says comScore.

Some online retailers are expected to continue slashing their prices next year to offset concerns that spending will dry up after the holidays. Target Corp., for example, is currently offering up to 75% off online on toys like a lifesize stuffed puppy and ping-pong tables and is offering free shipping on more than 30,000 items.

The continued discounting push online comes as the number of visitors to Target's Web site between early November and mid-December fell 9% from last year, according to comScore.

A Target spokeswoman says the Minneapolis company won't discuss holiday sales or other results until early January.

Doug Anmuth, an Internet analyst at Barclays Capital, says continued discounting is likely to cut into online retailers' profit margins, accelerating the squeeze they are already enduring as e-commerce matures and competition increases.

Apart from strong visitor growth at Amazon.com, Apple's Web site experienced an 8% increase in visitor traffic and Wal-Mart's Web site saw a 10% spike in traffic, according to comScore.

ComScore's Mr. Lipsman says each of the sites is known for separating themselves from the field—Amazon by offering some of the widest variety of goods, while Apple provides innovative products and Wal-Mart offers some of the lowest prices.

An Apple spokeswoman declined to comment. A Wal-Mart spokeswoman says the company will release holiday sales figures in early January.

Another Web site that saw a big increase in visitors was American Greetings Corp., which lets people send free online cards, among other services.

In a year when consumers opted to spend less on gifts, the site saw a 47% spike in visitors according to comScore.

An American Greetings spokesman declined to speculate on the reason for the increase.

—Bobby White
contributed to this article.



'The Curious Case of Benjamin Button,' with Taraji P. Henson and Brad Pitt, had an estimated \$39 million in U.S. sales over the four-day holiday weekend.

Hollywood celebrates big showing at box office

BY LAUREN A.E. SCHUKER

Strong holiday box-office results at the movies bucked the recession, giving a solid boost to two studios with a lot riding on expensive new films. The four-day weekend's top slot went to 20th Century Fox's "Marley & Me," with \$51.7 million in U.S. ticket sales.

The successful weekend wrapped up an otherwise mediocre year in ticket sales. Total grosses for the year stand at \$9.55 billion, down 0.9% from last year, according to Media By Numbers.

The scene would have been even more grim were it not for higher ticket prices; attendance is down by more than 5%. Meanwhile, Hollywood also is starting to feel a decline in DVD sales and is bracing for a possible strike by actors.

Two of the weekend's big releases—News Corp. unit Fox's "Marley & Me," based on the best-selling book of the same name, and "Bedtime Stories," a family-targeted Adam Sandler comedy from Walt Disney Co. that took in \$38.6 million—were seen as relatively safe bets for the studios that made them.

Two other studios, Paramount and MGM, had more at stake with their Christmas releases, however.

For effects-laden "The Curious Case of Benjamin Button," Viacom Inc.'s Paramount spent at least \$150 million, a lot for an adult drama, co-financed with Warner Brothers. "Valkyrie," from MGM's United Artists label, dramatizes the plot to assassinate Adolf Hitler and was seen as a test of the studio and star Tom Cruise, both of whom are trying to regain traction with moviegoers.

"Button" brought in an estimated \$39 million for the four-day weekend, higher than many in Hollywood expected for the nearly three-hour movie. "Valkyrie" grossed \$30 million for the weekend, far above early estimates. Nevertheless, both films remain financial risks for their studios, which mounted expensive marketing campaigns and will closely monitor performance throughout the coming weeks.

Metro-Goldwyn-Mayer Studios Inc.'s MGM has struggled to find financing for new films recently and is looking for partners. "Valkyrie" became an important test of the studio's ability to market and distribute a movie. That partly is why the studio spent more than \$60 million to market the \$75 million picture, hoping to

attract attention even during the crowded Christmas movie season.

"If you are going at Christmas, you have to spend like the big boys or you shouldn't spend at all," said Erik Lomis, head of world-wide distribution for MGM/UA.

The weekend's results gave MGM hope that its bet will pay off. "Valkyrie" came in fourth at the box office this weekend. "We knew opening at Christmas was a big, big gamble, but if estimates hold true, we will probably end up making money off the film," Mr. Lomis said. Overseas box office will likely be almost twice the film's final domestic figure, he said.

The debut of "Button" still puts it a long way from the approximately \$300 million in world-wide ticket sales that a person familiar with the matter estimated would be necessary for the film to break even. Paramount expects that as much as half that target could come from the U.S. The movie's strong start indicates that "Button" has a chance to pay off.

"Button" marks an important transition for Paramount. The studio's main success this year has come from collecting flat fees for distributing movies from other entities, such as Marvel Entertainment Inc.'s "Iron Man" and DreamWorks Animation SKG Inc.'s "Kung Fu Panda," rather than producing its own product. While that strategy carries less risk for the studio, it also curtails what the studio would derive from blockbusters.

"Button" is the first of a series of films that Paramount is producing and distributing, with a "Star Trek" movie and "G.I. Joe" to follow next summer. How those films perform will affect the studio's bottom line far more than the movies it merely distributed, especially as the studio for now is operating without a new so-called slate deal, in which an outside entity finances a majority of a studio's pictures.

Rob Moore, vice chairman of Paramount, said that the studio is shifting toward a new era during which it will develop its own films.

"It was certainly helpful to have product from DreamWorks Animation, Marvel, and DreamWorks to help in the transition toward developing our own product," he said. "Now, when you look to the next six months, we have 'Benjamin Button' with Brad Pitt, we have the re-launch of 'Star Trek' with J. J. Abrams, we have a sequel to 'Transformers' that came out of our relationship with DreamWorks."

Telenor fine to VimpelCom dismissed

A WSJ NEWS ROUNDUP

A Russian appeals court Monday dismissed a \$2.8 billion fine that Norwegian telecommunications company Telenor ASA had been ordered to pay Russian mobile operator OAO Vimpel Communications, Telenor said.

The court in Omsk, Siberia, also ordered a retrial of the case, which pits Telenor against little-known VimpelCom investor Farimex Products Ltd.

Although the appeals court didn't revoke the fine immediately, it broke with tradition by refusing to send the case back to the court that gave the original ruling.

"Of course we would have liked to have the entire court case dis-

missed, but this is surely a positive step forward," said a Telenor spokesman.

The ruling reduced the immediate risk of the Norwegian company losing control of its nearly 30% stake VimpelCom, even though prospects for a protracted legal battle remain in place.

During a conference call, Telenor lawyer Grigory Chernyshev said the ruling by the lower Khanti-Mansiisk court was cancelled "because of serious violations of the procedural law."

The case was brought by Farimex, which accused Telenor of obstructing the operator's acquisition of Ukrainian RadioSystems in 2005.

Telenor alleges that Farimex,

based in the British Virgin Islands, is acting on behalf of Altimo, the telecommunications unit of Alfa Group, which is the largest shareholder in VimpelCom and has strongly supported VimpelCom's acquisition of Ukrainian RadioSystems.

Altimo denies that it controls Farimex.

Mr. Chernyshev said the retrial, due to start on Feb. 19, might be postponed if Farimex appeals Monday's decision as the court will need time to consider it before starting the retrial.

Telenor and Altimo also jointly own Ukrainian operator Kyivstar, which is the focus of another suit between the two.

THE MART

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT, SOUTHERN DISTRICT OF NEW YORK	
In re	Lehman Brothers Holdings Inc., et al., Debtors. Chapter 11 Case No: 08-13555 (JMP) (Jointly Administered)
NOTICE OF CHAPTER 11 BANKRUPTCY CASES, MEETING OF CREDITORS, AND DEADLINES	
Chapter 11 bankruptcy cases concerning the debtor corporations listed below were filed on the dates listed below. You may be a creditor of one of the debtors. This notice lists important deadlines. You may want to consult an attorney to protect your rights. All documents filed with the Court, including lists of the debtors' properties and debts, are available for inspection at the office of the clerk of the Bankruptcy Court and the Court's website, www.nysb.uscourts.gov. Note that a PACER password is needed to access documents on the Court's website (a PACER password may be obtained by accessing the PACER website, http://pacer.psc.uscourts.gov). NOTE: The staff members of the Bankruptcy Clerk's Office and the Office of the United States Trustee cannot give legal advice.	
LIST OF DEBTORS (INCLUDING CASE NUMBER, DATE OF FILING AND TAX IDENTIFICATION NUMBER)	
Lehman Brothers Holdings Inc. (08-13555 (JMP), 9/15/2008, 13-3216325)	PAMI Statter Arms LLC (08-13664 (JMP), 9/23/2008, 20-4458408)
Lehman Brothers Finance SA (08-13887 (JMP), 10/3/2008, 22-3515005)	Lehman Brothers OTC Derivatives Inc. (08-13893 (JMP), 10/3/2008, 13-4184631)
Lehman Commercial Paper Inc. (08-13900 (JMP), 10/5/2008, 13-2501865)	Lehman Brothers Financial Products (08-13902 (JMP), 10/5/2008, 13-3749773)
Lehman Scottish Finance L.P. (08-13904 (JMP), 10/5/2008, 98-0531265)	CES Aviation V LLC (08-13906 (JMP), 10/5/2008, 20-0503490)
East Dover Limited (08-13908 (JMP), 10/5/2008, None)	Lehman Brothers Commodity Services Inc. (08-13885 (JMP), 10/3/2008, 20-3364079)
LB 745 LLC (08-13600 (JMP), 9/16/2008, 22-3835682)	Lehman Brothers Derivative Products Inc. (08-13899 (JMP), 10/5/2008, 13-4000849)
Lehman Brothers Special Financing Inc (08-13888 (JMP), 10/3/2008, 11-2751029)	Fundo de Investimento Multimercado Credito Privado Navigator Investimento No Exterior (08-13903 (JMP), 10/5/2008, None)
Lehman Brothers Commercial Corporation (08-13901 (JMP), 10/5/2008, 13-2927667)	CES Aviation IX LLC (08-13907 (JMP), 10/5/2008, 20-5321844)
CES Aviation LLC (08-13905 (JMP), 10/5/2008, 22-3820734)	
OTHER NAMES USED BY THE DEBTORS IN THE PAST 8 YEARS: N/A	
Attorneys for Debtors Harvey R. Miller, Richard P. Krasnow, Lori R. Fife, Shai Y. Weisman, Jacqueline Marcus Weil, Gotshal & Manges LLP 767 Fifth Avenue, New York, New York 10153-0119 Telephone: 212-310-8000 Facsimile: 212-310-8007	DATE, TIME, AND LOCATION OF MEETING OF CREDITORS PURSUANT TO BANKRUPTCY CODE SECTION 341(a): January 29, 2009 at 10:00 a.m. (prevailing Eastern Time) Hilton New York, Mercury Ballroom, 1335 Avenue of the Americas, New York, NY 10019
	DEADLINE TO FILE A PROOF OF CLAIM None at this time. When the Court sets a claims deadline, you will be notified and provided a proof of claim form by mail.
DEADLINE TO FILE A COMPLAINT TO DETERMINE DISCHARGEABILITY OF CERTAIN DEBTS: Not applicable.	
CREDITORS MAY NOT TAKE CERTAIN ACTIONS	
IN MOST INSTANCES, THE FILING OF THE BANKRUPTCY CASE AUTOMATICALLY STAYS CERTAIN COLLECTION AND OTHER ACTIONS AGAINST THE DEBTORS AND THE DEBTORS' PROPERTY. UNDER CERTAIN CIRCUMSTANCES, THE STAY MAY BE LIMITED TO 30 DAYS OR NOT EXIST AT ALL, ALTHOUGH THE DEBTORS CAN REQUEST THE COURT TO EXTEND OR IMPOSE A STAY. IF YOU ATTEMPT TO COLLECT A DEBT OR TAKE OTHER ACTION IN VIOLATION OF THE BANKRUPTCY CODE, YOU MAY BE PENALIZED. COMMON EXAMPLES OF PROHIBITED ACTIONS BY CREDITORS ARE CONTACTING THE DEBTORS TO DEMAND REPAYMENT, TAKING ACTION AGAINST THE DEBTORS TO COLLECT MONEY OWED TO CREDITORS OR TO TAKE PROPERTY OF THE DEBTORS, AND STARTING OR CONTINUING COLLECTION ACTIONS, FORECLOSURE ACTIONS, OR REPOSSESSIONS.	
Address of the Clerk of the Bankruptcy Court	Clerk of the United States Bankruptcy Court, S.D.N.Y. One Bowling Green, New York, New York 10004 Hours Open: 9:00 a.m. - 4:30 p.m.
For the Court:	Vito Genna Acting Clerk of the Bankruptcy Court Date: December 16, 2008
Filing of Chapter 11 Bankruptcy Case	A bankruptcy case under chapter 11 of the Bankruptcy Code (title 11, United States Code) has been filed in this Court by each of the debtors named above, and an order for relief has been entered. Chapter 11 allows a debtor to reorganize or liquidate pursuant to a plan. A plan is not effective unless confirmed by the court. You may be sent a copy of the plan and disclosure statement telling you about the plan, and you might have an opportunity to vote on the plan. You will be sent a notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtors will remain in possession of the debtors' property and may continue to operate their business.
Legal Advice	The staff of the bankruptcy clerk's office cannot give legal advice. Consult a lawyer to determine your rights in this case.
Creditors Generally May Not Take Certain Actions	Prohibited collection actions are listed in Bankruptcy Code § 362. Common examples of prohibited actions include contacting the debtors by telephone, mail, or otherwise to demand repayment; taking actions to collect money or obtain property from the debtors; repossessing the debtors' property; and starting or continuing lawsuits or foreclosures. Under certain circumstances, the stay may be limited to 30 days or not exist at all, although the debtors can request the court to extend or impose a stay.
Meeting of Creditors	A meeting of creditors is scheduled for the date, time, and location listed above. The debtors' representative must be present at the meeting to be questioned under oath by the trustee and by creditors. Creditors are welcome to attend, but are not required to do so. The meeting may be continued and concluded at a later date without further notice. The court, after notice and a hearing, may order that the United States trustee not convene the meeting if the debtor has filed a plan for which the debtor solicited acceptances before filing the case.
Notice	You will not receive notice of all documents filed in these chapter 11 cases. On September 22, 2008, the Court entered its Order Implementing Certain Notice and Case Management Procedures (the "Notice Procedures Order"). The Notice Procedures Order describes the notice procedures that apply in these chapter 11 cases. All parties who desire to participate in these chapter 11 cases must follow the procedures set forth in the Notice Procedures Order. Parties can obtain a copy of the Notice Procedures Order and all other documents filed electronically with the Court in these cases, including lists of the Debtors' property and debts, by: (i) visiting the Clerk of the Court at One Bowling Green, New York, New York 10004-1408, during normal business hours (9:00 a.m. to 4:30 p.m.) (copying fees will apply), (ii) accessing the Court's website at www.nysb.uscourts.gov (note that a PACER (http://www.pacer.psc.uscourts.gov) password and login are needed to access documents on the Court's website); and (iii) accessing the website maintained by the Debtors in connection with these chapter 11 cases at http://www.lehman-docket.com.
Claims	Schedules of liabilities will be filed pursuant to Bankruptcy Rule 1007. Any creditor holding a scheduled claim which is not identified as disputed, contingent, or unliquidated as to amount may, but is not required to, file a proof of claim in these cases. Creditors whose claims are not scheduled or whose claims are scheduled as disputed, contingent, or unliquidated as to amount and who desire to participate in these cases or share in any distribution must file a proof of claim. A creditor who relies on the schedule of liabilities has the responsibility for determining that the claim is listed accurately. A form of proof of claim and notice of the deadline for filing such proof of claim will be sent to you later. A deadline for the last day for filing proofs of claim has not yet been established.
Discharge of Debts	Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See Bankruptcy Code § 1141(d). A discharge means that you may never try to collect the debt from the debtors, except as provided in the plan. If you believe that a debt owed to you is not dischargeable under Bankruptcy Code § 1141(d)(6)(A), you must start a lawsuit by filing a complaint in the bankruptcy clerk's office by the "Deadline to File a Complaint to Determine Dischargeability of Certain Debts" listed above. The bankruptcy clerk's office must receive the objection by the "Deadline to File a Complaint to Determine Dischargeability of Certain Debts" listed above.
Bankruptcy Clerk's Office	Any paper that you file in these bankruptcy cases should be filed at the bankruptcy clerk's office at the address listed above. You may inspect all papers filed, including the list of the debtors' property and debts and the list of property claimed as exempt, at the bankruptcy clerk's office.
Foreign Creditors	Consult a lawyer familiar with United States bankruptcy law if you have any questions regarding your rights in these cases.

PUBLIC NOTICES

IN THE SUPREME COURT OF BERMUDA CIVIL JURISDICTION COMMERCIAL COURT 2008 : No. 306

IN THE MATTER OF FOSTER WHEELER LTD.
AND IN THE MATTER OF THE COMPANIES ACT 1981, SECTION 99

ADVERTISEMENT

NOTICE IS HEREBY GIVEN that by Order dated 15th December 2008 the Supreme Court of Bermuda has directed a meeting (the "Scheme Meeting") of the common shareholders ("Scheme Shareholders") (as defined in the scheme of arrangement referred to below) of FOSTER WHEELER LTD. (the "Company") to be convened for the purpose of considering and if thought fit approving (with or without modification) a scheme of arrangement (the "Scheme") proposed to be made between the Company and its Scheme Shareholders and that such Scheme Meeting will be held at Perryville Corporate Park, Clinton, New Jersey 08809-4000 on 27 January 2009 at 9.00am EST at which place and time all Scheme Shareholders are requested to attend. Registration will commence at 8.00am.

Any person entitled to attend the Scheme Meeting can obtain copies of the Scheme, forms of proxy and copies of the Explanatory Statement required to be furnished pursuant to Section 100 of the Companies Act 1981 of Bermuda from the Company's Proxy solicitor Morrow & Co., LLC (telephone (877) 366-1578 (or for banks and brokers (203) 658-9400) during usual business hours on any day (other than a Saturday or Sunday or public holiday) prior to the day appointed for the said Scheme Meeting. Copies of the Scheme, forms of proxy and copies of the Explanatory Statement are also available on the SEC's EDGAR system and at <http://www.fwc.com/2009SMmaterials>.

Scheme Shareholders may vote in person at the said Scheme Meeting or they may appoint another person, whether a Scheme Shareholder or not, as their proxy to attend and vote in their stead.

It is requested that completed forms of proxy be lodged at the offices of the Company, Perryville Corporate Park, Clinton, New Jersey 08809-4000, by internet at <http://www.proxyvoting.com/fwlt> or communicated by telephone to (866) 540-5760 not later than 11.59pm EST on 26 January 2009. If forms of proxy are not so lodged they may be handed to the Chairman at the place of the Scheme Meeting between 8 am 9am on the day of the Scheme Meeting.

By the said Order the Court has directed that the Chairman of the Scheme Meetings shall be Peter J. Ganz or in his absence Raymond J. Milchovich, or in his absence any director of the Company and has directed the Chairman to report the results of the said Scheme Meeting to the Court.

The said Scheme will be subject to the subsequent approval of the Supreme Court of Bermuda. The hearing before the Supreme Court of Bermuda to approve the Scheme of Arrangement is scheduled to take place on Friday 30 January 2009 and any shareholder of the Company who wishes to object to the approval of the Scheme of Arrangement may attend the hearing by counsel or otherwise.

DATED this 30th day of December 2008.

CAPITAL WANTED

\$50 Mil J.V. to Build an
Energy Tech Institute in Colorado
that grows a "Brain Trust" of one
million desktops for R&D.
[www.Energyparkone.com/\\$50mil](http://www.Energyparkone.com/$50mil)
or call Lloyd (303) 671-5340

TRAVEL

Save 60% First/Business
Major Airlines. Corp. Travel
www.cookamerican.travel
(212) 201-1824
WE WILL NOT BE UNDERSOLD
COOK
An American Express Rep. Travel Representative

BUSINESS OPPORTUNITIES

ACCOUNTANTS CFO'S, CONTROLLERS

WORRIED ABOUT YOUR FUTURE?

Build a recession proof, profitable business,
your own accounting & tax practice. This is not
a franchise. **INCI** provides marketing training,
processing and software.

**Plus we guarantee \$300,000 in annualized
billings in 24 months.**

1-888-New Clients

1-888-639-2543

300kguarantee.com

♦ As with all investments,
appropriate advice should be obtained prior
to entering into any binding contract. ♦

MACHINERY & EQUIPMENT

HIGH SPEED OFFICE COPIER

Brand New \$30K.
Several units left from
never opened Copy center.
\$3,995/delivered

352-257-3600

TOLL FREE 877-736-5091

www.copierinfo.biz

MAKE GREAT CONNECTIONS IN EUROPE. THE WALL STREET JOURNAL EUROPE.

To advertise

Emma Balogun

Advertising Sales Executive

The Wall Street Journal Europe

+44 20 7842 9608 (direct)

+44 20 7842 9650 (fax)

emma.balogun@dowjones.com

THE WALL STREET JOURNAL.
EUROPE

FOCUS ON TRANSPORTATION

Take a trip to the Web before you travel

Online tools offer lots of hints and perks; tracking the weather

BY SCOTT MCCARTNEY

They won't stop snow storms that disrupt travel for holiday travelers, but there are some new travel tools available that can make it easier for you to snag frequent-flier award seats, find cheap fares, book some perks for yourself and make your cruise a lot more enjoyable. There are even ways to try to avoid getting stranded by bad weather.

The end of a year is a good time to repack your travel essentials and revamp how you go about planning trips and buying tickets. Here are some favorites worth considering to improve your trips and ticket-buying.

Yapta.com, a Web site that can track fares on specific routes and dates for you, added a new feature this fall that can alert you when airlines make new seats available at the lowest-price frequent-flier award levels. Even though you may find a certain flight unavailable for the cheapest frequent-flier awards, the inventory can change and if the flight sells slowly and empty seats are available, airlines often open up frequent-flier seat inventory. Unless you constantly check, you would never know. But now Yapta can check for you.

The service is in beta testing but available on Yapta's free Web site, and so far it only works with United, Delta, Continental, US Airways and Alaska airlines. Use Yapta's regular "Plan a Trip" function and the Web site finds prices and recommends flights to you, based

on your preferences. If you "tag" flights that interest you, Yapta will track pricing changes, sending email alerts. With itineraries on those five major airlines, Yapta offers a box to check to include airline award tickets in those email alerts for price changes. Any time seats open up at the minimum mileage possible, you get an email alert.

ExpertFlyer.com, a subscription Web site favored by hard-core road warriors who mine the intricacies of airline fare codes and upgrade rules, has a more sophisticated "Award and Upgrade Availability" search function. You can search for coach, business-class or first-class awards at different price levels on different airlines, and search for upgrade opportunities as well.

AMR Corp.'s American, for example, has at least four different first-class awards: first-class tickets at full and discounted mileage levels, plus upgrades using 500-mile electronic stickers issued to frequent fliers and upgrades using miles and co-payments. American's Web site won't tell you how many seats are available at different mileage levels or whether upgrades are available to you using miles or stickers. But ExpertFlyer can deliver that kind of information.

ExpertFlyer, which costs \$9.99 a month for full access or \$99.99 a year, can search the available inventory of 21 different carriers worldwide, including Alaska, American, Delta, Frontier, Northwest and United airlines. The Web site also has an alert feature that will email you when seats become available on a specific flight at a specific award or price level you want.

With all the weather-related travel disruptions around Christmas, when more than 8,800 airline flights were canceled, disrupting travel for about one million travelers between Dec. 19 and Dec. 28, it is worth reviewing some basic



Dave Klug

smart-travel practices.

Always check the weather at your destination and any connecting cities, and see if your airline can re-route you away from trouble before you get caught sleeping on a cot at Chicago O'Hare for two days. Fly.faa.gov offers a handy map with current information about the status of major airports, such as ground-delay programs in force that will delay your takeoff.

Always sign up for flight alerts from your airline or Flightstats.com so you get early notice of cancellations, gate changes or delays. Flight alerts are also helpful when picking people up at airports, too.

When buying tickets, Kayak.com, a useful fare-search site that checks lots of vendors, from airlines themselves to online travel agencies like Orbitz.com and Travelocity.com, offers some handy tools to refine your flight searches. If you don't want to consider turboprop aircraft or regional jets, for example, Kayak lets you exclude those flights from your searches. Kayak breaks down available itineraries by airline, time of day, number of stops and how long layovers might be. And Kayak has a one-click feature that opens a chart showing you airline fees—now a crucial element when comparing prices between airlines.

Kayak doesn't sell tickets itself; it sends you to the airline Web site or online travel agency where it found the price you want. It is a free service, and a handy place to start your fare searches.

FareCompare.com has a couple of useful tools to help make smarter ticket-buying decisions. One option shows historical graphs of the lowest prices offered on a route, looking back at what airlines offered over the past seven days all the way out to the past two years. If you can see that the price hasn't been below \$200 over the past two years, you may be foolish to hope for a \$150 ticket on a particular route. (Then again, with traffic sagging, airlines have been slashing prices lately.)

Another useful FareCompare function: A search for discounted first-class seats. Just enter your departure city and FareCompare can show you discounted first-class

seats to hundreds of different destinations. Some are coach prices that include instant upgrades, called "Y-Up" fares, and some are just advance-purchase discounted first-class tickets.

These days, there can be first-class deals almost as cheap as coach: Delta and Continental both have round-trip first-class fares between New York and San Jose, Calif., for example, for under \$1,200 in January; Northwest has New York-Detroit first-class tickets for only \$519 round-trip. The prices on international trips, when first-class comfort is even more appealing for overnight journeys, can be enticing: Icelandair has round-trip

Now is a good time to repack travel essentials and add trip-planning tricks.

New York-London tickets through March for \$591, compared with the cheapest coach price on Continental of \$502. (Of course, with Icelandair you have to make a stop in Iceland.)

If you are after the cheapest possible coach ticket, consider buying from a "consolidator." You can find offerings through airline consolidators.com and usaca.com. Consolidators take seats that airlines don't think they can sell and offer them at very steep discounts. Moving the seats out of regular inventory means airlines don't have to slash their posted prices and trigger fare wars with competitors. But the distressed inventory gets sold, much like a retailer dumping excess inventory at the outlet mall.

A warning about consolidator tickets, however: You have very few rights when you fly. You likely won't get perks like frequent-flier mileage credit or advance seat assignments, and you will be at the bottom of the list for re-accommodation if flights get canceled or connections are missed.

If you are planning a cruise in 2009, three Web sites can be a big help. Cruisecritic.com offers re-

views boat-by-boat and port-by-port, evaluating cruise lines and itineraries and offering recommendations for cruises suited for families or couples or adventurers or mature adults. It has a fairly large database of cruise reviews from travelers, and you can pick up a lot of tips, especially if you aren't an experienced cruiser.

Shoretrips.com offers links and reviews of shore trips offered by local firms, sometimes a better value than the shore excursions offered by cruise lines. Prices can be cheaper and the trips may be longer than what the companies linked to the cruise line offers.

And before you book a cruise, it is worthwhile to check the sanitary record of the ship you are considering at www.cdc.gov, the Web site of the Centers for Disease Control and Prevention, which posts inspection scores under its Vessel Sanitation Program. On the current "green sheet" of inspection scores, six ships out of 153 failed to achieve acceptable scores: Amadea, Celebrity Infinity, MV Clipper Pacific, Nautilus Explorer, Pride of Aloha and Stad Amsterdam. Like restaurant health-department scores, the transgressions can be ticky-tacky or major health issues, and may have been immediately corrected. Issues from each inspection are listed, and the site can be a valuable resource.

For the well-organized among us, TripIt.com is a Web site that will take all your travel confirmations and compile one detailed itinerary, even adding directions to hotels or appointments, plus weather forecasts and other local information. Sign up with your email address and send TripIt your airline, hotel, car rental confirmations and even appointments or events. TripIt puts all your confirmation numbers and details in one document. (Of course, some may not be comfortable sharing travel information, despite TripIt's assurances of security.)

One last handy resource: OpenTable.com, a handy way to find a restaurant in a city you are visiting (or even at home) and quickly booking a reservation. Even if the air travel is a nightmare, at least you can eat well.

THE WALL STREET JOURNAL.

EUROPE

THE/FUTURE LEADERSHIP/INSTITUTE

Bringing Universities and Businesses Together

Looking for the right MBA?

Meet top business schools one-to-one with Access MBA Tour

MONTREAL, January 22
NEW YORK, January 24
MILAN, January 28

Register today at
www.accessmba.com

WSJE Seminar

"The Business of Rowing"

Live at Oxford - Cambridge Boat Race

29 March, 2009
London Rowing Club

Tickets available

Contact: gert.vanmol@dowjones.com

The Wall Street Journal Europe is read every day by 27,000 students at 180 top business schools and university campuses across Europe, a program supported by

ACCESS MBA Tour



CORPORATE NEWS

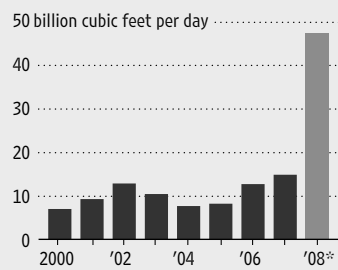
GLOBAL BUSINESS BRIEFS

El Paso plans to trim spending on projects in 2009.



End of an era

U.S. natural-gas pipeline capacity expansion



*Projection; includes projects that were likely to be completed in 2008.

Source: U.S. Energy Information Administration

Gas pipelines squeezed

Demand is strong, but limited credit threatens expansion

BY BEN CASSELMAN

Steady expansion for pipeline companies is grinding to a halt as tight credit makes it harder to raise construction money, potentially limiting their ability to bring new supplies of natural gas to market.

U.S. gas-pipeline construction boomed in recent years as demand for natural-gas grew and production shifted to new areas, such as north Texas and the Rocky Mountains.

Pipeline demand has remained strong despite falling energy prices, but the financial crisis has made it harder and more expensive for companies such as El Paso Corp., Kinder Morgan Energy Partners LP and others to raise cash to build new conduits.

Canceled and scaled-back pipeline projects are bad news for natural-gas consumers and producers, who now could face higher fees and limitations on how much gas they can move from new production areas.

In October, Enterprise Products Partners LP cited high capital costs in withdrawing from a project to build a 1,085-kilometer-long pipeline from Colorado to North Dakota. El Paso recently said it was cutting its 2008 capital budget to \$3.5 billion from \$3.8 billion and would spend just \$3 billion on projects in 2009.

The retrenchment also spells trouble for pipeline companies'

growth, which depend on new projects. Analysts expect many of the smaller pipeline companies to become takeover targets next year. "It truly is survival of the fittest," said Dan Rogers, an energy attorney at King & Spalding in Houston.

Some larger pipeline companies with less debt have been able to raise money in recent weeks, but at sharply higher costs than a few months ago. El Paso this month raised \$500 million in five-year notes paying 12%, interest after paying just 7.25% in May for \$600 million in 10-year notes.

Dallas-based Energy Transfer Partners LP said last week it had raised \$600 million through the sale of 11-year notes paying 9.7% interest. In March, it sold 10-year notes for 6.7%.

The challenges for the pipeline industry are coming even though their profits have been holding up better than other parts of the energy sector, said Mark Easterbrook, an analyst with RBC Capital Markets.

Pipeline companies make their money by charging fees to access their pipes. Those fees are generally based on the volume of gas moving through the pipeline and negotiated in advance, so pipeline revenue isn't directly tied to commodities prices.

But while existing pipelines provide a steady source of revenue, new pipelines are the source of companies' growth. Future projects are getting postponed or scaled back. Last month, Regency Energy Partners LP said it would cut capacity 30% on a planned pipeline that would bring natural gas from a new field by using smaller-sized pipe.

Pipeline companies depend on outside capital because many of them are structured as master limited partnerships rather than corporations. Such partnerships carry tax advantages that help improve returns. But the structure also requires companies to return virtually all their cash flow to investors in the form of quarterly distributions. That means long-term projects must be funded by borrowing money or issuing equity.

"The [partnership] model in terms of growth really only works when you have a healthy capital market," said Wachovia analyst Michael Blum. His firm anticipates capital spending will drop roughly 25% across the industry next year.

Stronger companies that have been able to raise new capital may turn to acquisitions for growth. "There's probably less competition, and there will be more acquisition opportunities," said Kinder Morgan President C. Park Shaper.

The pipeline construction slowdown comes despite the fact that pipeline demand remains strong. Gas producers cut back on drilling as prices tumbled, but most of the cuts have been in older fields that have plenty of pipeline capacity. Newer fields in Louisiana, Arkansas and Pennsylvania are still growing rapidly and may quickly outgrow their existing pipelines.

"The gas is now being produced in areas where no one contemplated production before. The pipeline infrastructure does not exist in many of those areas," Energy Transfer Partners LP Chief Executive Kelcy Warren said.

La Caixa

Spanish bank ends talks to sell stake in Repsol YPF

Spanish savings bank La Caixa isn't in talks to sell its stake in Repsol YPF SA, the company said in a filing to the Spanish market regulator. La Caixa has a 14.1% indirect stake in the Spanish oil company—9.1% through its investment arm Criteria Caixa-Corp SA and the rest in a stake with another savings bank, Caixa Catalana. Last month, La Caixa said it was in talks with Russia's OAO Lukoil Holdings about its Repsol stake and that it could sell as part of a deal with indebted construction company Sacyr Vallehermoso SA, which is looking for a buyer for its own 20% share. A person familiar with the matter said in November that Lukoil is interested in buying as much as 30% of Repsol. A Sacyr company official said Monday that despite La Caixa's statement, his company is still in talks with Lukoil and other companies to dispose of the Repsol stake.

Novartis AG

Swiss drug maker Novartis AG said Monday it has licensed a potential vaccine for a type of herpes virus from U.S.-based AlphaVax Inc. Novartis said it is paying \$20 million upfront to the North Carolina company to secure the right to a developmental vaccine for the cytomegalovirus, or CMV. A virus of the herpes family, CMV can seriously harm patients with weakened immune systems such as newborns or those with AIDS or cancer. According to Novartis the virus infects about 86,000 newborns in the U.S. and the European Union each year, causing 700 deaths and 17,500 cases of severe disability. The vaccine is expected to enter phase II clinical trials next year, Novartis said. If successful, it would be the first vaccine against CMV, the company said.

Electricité de France SA

The European Commission objected to practices by utility Electricité de France SA that could illegally restrict competition in the French electricity market. The commission said its concerns center on EDF contracts that limit the ability of industrial companies to resell the electricity they get from EDF, making it more difficult for other electricity suppliers to compete. EDF has the opportunity to respond to these concerns before the commission, the European Union's executive arm, takes further action.

USC

USC became the latest U.K. retailer to be placed in administration. Parts of the company were subsequently sold to Dundonald Holdings Ltd.—a business interest of Scottish businessman Tom Hunter, who had backed USC via his private-equity firm West Coast Capital Ltd. USC, headquartered in Belfast, Northern Ireland, operated 58 apparel stores across the U.K. and employed 1,427 staff. Dundonald Holdings will buy up to 43 of USC's stores and retain 1,127 employees. The remaining 15 stores in the group will temporarily be operated by the administrator, Bryan Jackson, corporate recovery partner with accountant and business advisers PKF. Administration is a British form of bankruptcy protection.

PCCW Ltd.

A Singapore holding company controlled by PCCW Ltd. Chairman Richard Li said it won shareholder approval for its part in his US\$2 bil-

lion effort to take the Hong Kong telecommunications company private, a transaction PCCW shareholders are set to consider Tuesday. But PCCW's shares finished Monday at 3.45 Hong Kong dollars (44.5 U.S. cents), well below the offer price of HK\$4.20 a share, indicating investors remain skeptical. Mr. Li owns about 28% of PCCW, partly through his Pacific Century Regional Developments Ltd. The holding company and Chinese state-controlled China Network Communications Group Corp. offered to buy out minority PCCW shareholders in an arrangement that could cost as much as HK\$15.49 billion (US\$2 billion). China Netcom owns about 20% of PCCW.

Citigroup Inc.

Citibank Korea Inc. said Citigroup Inc. has provided \$800 million to raise the Korean unit's capital base on a recommendation by South Korea's financial regulator and in line with other major banks. The Financial Supervisory Service raised concerns in November about Citibank Korea's capital-adequacy ratio. With the capital injection, Citibank Korea's capital-adequacy ratio under Basel 1 guidelines will rise above 13% from 10.8%, and its Tier 1 ratio is expected to exceed 11% from 9.74%, Citibank Korea said.

Ssangyong Motor Co.

State-run Korea Development Bank said it may liquidate Ssangyong Motor Co. if parent Shanghai Automotive Industry Corp. doesn't rescue the cash-strapped South Korean unit. SAIC should initially funnel 320 billion won, or about \$250 million, into Ssangyong, which needs at least 600 billion won to stay afloat next year, a KDB spokesman said. The state bank also asked Ssangyong to come up a plan to cut labor costs and detailed plans to develop new cars, he said. China-based SAIC said Monday that it is "actively" seeking support for Ssangyong from the South Korean government and KDB.

Aristocrat Leisure Ltd.

Aristocrat Leisure Ltd., the world's second-largest maker of slot machines, Monday tapped former Foster's Group Ltd. executive Jamie Odell as its chief executive. Mr. Odell resigned from his role as managing director of Foster's Australia, Asia and Pacific division in November after eight years with the brewer. He was previously considered a candidate for the top job at Foster's, but Ian Johnston was selected instead. Aristocrat's previous chief executive, Paul Oneile, quit in September after five years. Aristocrat in October slashed its annual profit forecast by as much as 40%.

—Compiled from staff and wire service reports.

Satyam founders face margin calls

BY RUMMAN AHMED

BANGALORE—Satyam Computer Services Ltd. said Monday the stake held by the company's founders has possibly been reduced as a result of margin calls.

The founders—Chairman B. Ramalinga Raju and Managing Director B. Rama Raju—informed Satyam that all their shares in the company were pledged with institutional lenders, and that some lenders may have exercised their option to liquidate shares at their discretion to cover margin calls, Satyam said in a statement.

The founders held about an 8.6% stake in the company as of Sept. 30, according to data from the Bombay Stock Exchange. The statement didn't disclose the current stake held by the two founders. The company, which is India's fourth-largest outsourcing firm by sales, said

the shares had been pledged to lenders over a period of time since September 2006.

The developments come in the wake of the company's aborted bid earlier this month to buy two property companies partly owned by its founders.

On Dec. 16, Satyam announced plans to buy out Maytas Properties Ltd. and acquire a 51% stake in Maytas Infra Ltd., two companies in which its founders have about a 35% stake each. But a few hours later, it canceled the plan after analysts and shareholders criticized the move.

Also Monday, Satyam said three more directors—Mendu Rammohan Rao, Krishna Palepu and Vinod Dham—had resigned and that the company will consider a board restructuring when it meets Jan. 10. Last Thursday, Mangalam Srinivasan, a nonexecutive and independent director, resigned. The resigna-

tions reduce Satyam's board to five members, down from nine.

Satyam didn't provide a reason for the resignations in its statement and a company spokeswoman declined to comment further.

Satyam's shares gained 9.4% Monday to close at 148.25 rupees (\$3.06) on the Bombay Stock Exchange. Satyam's shares have lost about 35% of their value since the day the company disclosed plans of its acquisitions in the two property firms.

The latest comments from Satyam came after the company said Saturday it has postponed until Jan. 10 a board meeting that was originally scheduled for Monday in order to consider additional strategic options. The company said it has engaged DSP Merrill Lynch to assist it in conducting a review of the company's options to enhance shareholder value.

THE WALL STREET JOURNAL.

Executive Travel Program

Guests and clients of 320 leading hotels and car rental agencies receive The Wall Street Journal Europe daily, courtesy of

addictlab.com™
global creative think tank

ACCESS
MBA Tour
www.accessmba.com

ECONOMY & POLITICS

Roadside bombings rise in Afghanistan

Technique used in Iraq migrates, raising risks for civilians and NATO forces; 'IEDs are the biggest threat we face'

BY YOCHI J. DREAZEN

KABUL, Afghanistan—Roadside bombs, long the biggest danger facing Western forces in Iraq, have also become the primary threat to American and other NATO forces in Afghanistan.

Statistics compiled by the U.S.-led International Security Assistance Force in Afghanistan show the number of incidents involving "improvised explosive devices," or IEDs, rose 33% in 2008 from the year earlier, while the number of casualties caused by these roadside bombs increased by an identical amount. The bombs are the largest single cause of U.S. and NATO deaths and injuries.

"IEDs are the biggest threat we face," said Maj. Gen. Jeffrey Schlosser, the top U.S. commander in eastern Afghanistan, in an interview. "They are the largest killer of ISAF troops."

The new data from the North Atlantic Treaty Organization paint a dire picture of Afghanistan's security situation. Attacks against the Afghan security forces and government more than doubled, while the number of Afghan civilian deaths increased by at least 40%. The overall number of attacks in 2008 rose 31%, according to the statistics.

The U.S. has responded to the rising violence by starting to deploy tens of thousands of additional American forces to Afghanistan. The first brigade of roughly 5,000 reinforcements has already begun arriving in the country and another brigade is



U.S.-led forces near the site of a roadside bomb explosion on the outskirts of Kabul. Such devices are the largest cause of deaths and injuries to NATO forces in Afghanistan, and a growing cause of civilian deaths.

slated to deploy in early 2009.

Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, told reporters in Kabul earlier this month that he hoped the full complement of 20,000 to 30,000 additional American troops would be in Afghanistan

by next summer or fall. The new deployments will effectively double the size of the U.S. military presence.

Roadside bombs have long been closely associated with Iraq, where they have been responsible for at least 1,813 U.S. deaths, according to icasual-

ties.org, which tracks casualties from both conflicts. That prompted one of the costliest U.S. acquisition efforts for the war in Iraq—the \$28 billion purchase of heavily armored trucks designed to better withstand blasts. The "mine resistant ambush protected"

trucks, or MRAPs, have helped sharply reduce the U.S. death toll from roadside bombs in Iraq.

U.S. and NATO officials say that roadside bomb technology has migrated from Iraq to Afghanistan, with militants here regularly using tactics—such as "daisy-chaining" multiple bombs together to pierce U.S. armor—first developed by fighters in Iraq. Militants detonated nearly 500 roadside bombs in Afghanistan in July and August alone, according to the statistics.

Taliban fighters and other extremists have easy access to the large amounts of explosives that have been scattered across Afghanistan since the Soviet invasion and the subsequent Afghan civil war, according to U.S. Col. Jeffrey Jarkowsky, who heads the military task force charged with combating roadside bombs.

The spike in roadside bombs is forcing U.S. commanders here to rely more heavily on MRAPs, which can't reach many remote villages because they have a hard time traversing Afghanistan's narrow roads and harsh terrain.

Col. Jarkowsky said that in recent months, Afghan fighters have started to place secondary bombs near their IEDs that are meant to kill medics and other emergency personnel who respond to the first explosions.

The bombs kill far more Afghan civilians than American personnel. Col. Jarkowsky said he hoped popular anger would eventually discourage their use.

Obama plan gets a nod from IMF

BY BOB DAVIS

WASHINGTON—The International Monetary Fund's top economist generally endorsed the incoming Obama administration's approach to economic stimulus, while urging countries to consider offering a kind of "recession insurance."

U.S. president-elect Barack Obama's economic team is weighing a stimulus plan that would cost somewhere between \$675 billion and \$775 billion over two years, and would be used largely for construction and other government spending. The package is also likely to include a temporary tax cut of as much as \$1,000 for middle-income families.

Olivier Blanchard, the IMF's chief economist, said "the size corresponds roughly to what we think is needed at least at the global level." He also backed the Obama approach of targeted tax cuts, saying the money should go to consumers who are "truly credit constrained."

In an accompanying research paper, Mr. Blanchard and three other IMF economists recommended sharply against broad cuts in corporate tax rates, dividends and capital gains—Republican favorites—which the IMF economists judge as "likely to be ineffective" because profits are low. The changes "are often difficult to reverse," they added. In an interview, Mr. Blanchard said a general tax cut may be less effective than other measures because many consumers would save the money rather than spend it.

IMF recommendations rarely

have much clout in the U.S., but the timing of the IMF paper and Mr. Blanchard's comments may make a difference this time. The Obama team is looking to present its economic plans as responsible and widely acceptable—it has been consulting conservative economists as well as liberal ones—and the IMF approval gives a kind of international imprimatur to the Obama approach.

The findings also pose another hurdle Republicans would have to surmount. Former Bush White House economist Glenn Hubbard, for instance, said that despite the IMF findings a broad corporate tax cut would help battle the recession by spurring investment and boosting stock prices. "That's what the doctor ordered right now," he said.

Mr. Blanchard, a former Massachusetts Institute of Technology economist, has long done joint research with Mr. Obama's chief economic adviser, Lawrence Summers, who spent many years at Harvard University. A spokeswoman for the Obama transition office didn't comment on the IMF findings, but said "economists across the ideological spectrum agree that the danger is doing too little to get our economy moving again, not too much."

The IMF has long been urging China to also take similar steps to boost its economy. Overall, the IMF has been campaigning for a global stimulus plan of 2% of world gross domestic product—or more than \$1 trillion.

Not all the IMF's comments were supportive of Mr. Obama. Mr. Blanchard warned that plans to bail out

U.S. auto companies could prompt a trade fight with other nations if they tried to match U.S. aid. Subsidy fights are "the equivalent of trade wars," said Mr. Blanchard. He said countries should focus their help on providing credit in the case of corporate restructurings, such as those done under bankruptcy law.

Among the IMF's newer proposals is a kind of "recession insurance." Under that plan, individual governments would offer insurance to firms and individuals, which would pay off in case the GDP sank below a certain level.

"Widespread use of such (recession insurance) contracts would provide an additional automatic stabilizer because payments would be made when they are most needed, namely in bad times," the IMF paper said.

The IMF and other international institutions have previously urged countries to issue bonds linked to GDP—but those would pay higher returns if growth were more than expected. Even that idea has found few takers.

Eduardo Borensztein, an economist at the Inter-American Development Bank who has worked on GDP-linked bonds, said that is partly because the bonds are identified with Argentina, which used them as part of a debt-repayment package after it defaulted on bonds in 2001. Overall, Argentina paid only about 30 cents on the dollar for the old bonds.

With recession-linked instruments, Mr. Blanchard acknowledged, potential buyers might worry whether governments during a downturn would make the payouts they promised.

U.S. tries to repeat success with Iraq's army in Kabul

BY YOCHI DREAZEN

KABUL, Afghanistan—The sprawling Kabul Military Training Center here was a Soviet base and then a Taliban one. Today it's at the heart of an ambitious American plan to double the size of the Afghan army within the next two years, an initiative that could determine the course of the war here.

The Pentagon is planning to deploy tens of thousands of U.S. reinforcements to Afghanistan early next year to counter the Taliban and attempt to halt a slide in the security situation. The troops will push the American military presence here to at least 51,000, the highest level since the start of the war in 2001.

Even with the additional troops, U.S. commanders acknowledge their forces are still too few to secure a country bigger and more populous than Iraq. They hope that expanding the Afghan national army to 134,000 soldiers from 68,000 soldiers will help fill the gap.

"We can go into any village or any town in this country and clear it of enemy, but we don't have the capacity to hold what we clear," said Maj. Gen. Mike Tucker, deputy commander of the U.S.-led International Security Assistance Force. "We need to hold it with indigenous forces."

The U.S. push to bolster the Afghan national army follows a similar effort in Iraq. The reconstituted Iraqi military initially had high-profile fail-

ures in cities like Fallujah and Mosul, but it has matured into an effective fighting force that now has primary security responsibility for much of Iraq.

That has cleared the way for American commanders to plan a significant withdrawal from Iraq next year. U.S. commanders hope the same can eventually happen here.

That's a difficult goal in Afghanistan, a poverty-stricken country with a life expectancy in the mid-40s and a literacy rate of just 30%.

"This is a warrior culture, and they're not afraid to fight," said Maj. Gen. Richard Formica, who leads the U.S. military training effort. But finding recruits with the proper levels of literacy and education is a "challenge," he added. Gen. Formica's command also suffers from a lingering shortage of military trainers. Western officials estimate they need at least 6,000 trainers and support staff, but currently have just 3,700.

After signing up for the Afghan army, most would-be soldiers come to the Kabul Military Training Center, which extends over 8,000 hectares of mountainous land on the outskirts of the Afghan capital. Militants regularly fire rockets and mortars at the base from an adjacent ridgeline.

Afghan officials believe the new national army can help heal lingering ethnic and sectarian divisions. Classes at the training center are taught in both Pashto and Dari, and the recruits include large numbers of Hazara and other ethnic minorities.