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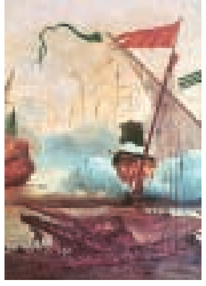

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Business & Finance

European stocks soared after the U.S. government's bailout of Citigroup helped ease fears about the financial system. Citigroup led U.S. financial shares higher. Pages 1, 23

■ **Citigroup's shares jumped** more than 50% as investors were relieved that the U.S. government had agreed to rescue the struggling bank. Page 1

■ **German business confidence** fell to its lowest level since 1993, the Ifo survey showed. Page 2

■ **Russia's central bank let** the ruble shed 1% of its value Monday, strengthening expectations that it will conduct a staged weakening of the currency. Page 23

■ **More currency stumbles** in the region likely lie ahead as the global economic picture worsens. Page 23

■ **Barclays shareholders** approved a capital raising that could put a third of the U.K. bank in the hands of Middle Eastern investors. Page 3

■ **Deutsche Bank's CEO** laid out plans to revamp the bank's operations, a sign of how financial titans plan to reshape in coming months. Page 3

■ **A German court handed** a former Siemens board member a two-year suspended prison sentence as part of a continuing corruption probe. Page 6

■ **Anheuser-Busch InBev said** it will attempt to raise about $8 billion over the next two weeks by issuing new shares. Page 6

■ **Standard Chartered plans** to raise $2.65 billion in a rights issue to strengthen its balance sheet. Page 6

■ **ArcelorMittal told** union officials that it could cut 16% of its U.S. steelworkers starting in January due to lower demand for cars and other products. Page 8

■ **U.S. existing-home sales fell** in October as buyers stayed on the sidelines. Page 13

■ **U.S. home builders** are elevating their pitch for a $250 billion stimulus package. Page 7

Markets 4 p.m. ET

MARKET	CLOSE	NET CHG	PCT CHG
DJIA	8443.39	+396.97	+4.93
Nasdaq	1472.02	+87.67	+6.33
DJ Stoxx 600	197.51	+15.38	+8.44
FTSE 100	4152.96	+372.00	+9.84
DAX	4554.33	+426.92	+10.34
CAC 40	3172.11	+290.85	+10.09
Euro	$1.2824	+0.0326	+2.61
Nymex crude	$54.50	+4.57	+9.15

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World-Wide

Britain announced a $29.73 billion stimulus package, boosting spending and cutting taxes to try to cushion the impact of what is shaping up to be a deep recession. Treasury chief Darling laid out measures including a yearlong cut in value-added tax to 15% from 17.5% and an acceleration of spending on infrastructure projects. Page 1

■ **Obama suggested** he might not push quickly to implement tax increases for high earners and focus instead on packaging spending initiatives into a massive fiscal stimulus program to help the U.S. economy. Page 11

■ **One of Timothy Geithner's** first big challenges as U.S. Treasury secretary will be finding enough personnel to manage the financial crises. Page 14

■ **At least 20 died** in two blasts in Baghdad, including an attack on a bus carrying Iraqi government employees, as lawmakers prepared to vote Wednesday on a security pact with the U.S.

■ **A Russian official suggested** a shooting incident near a motorcade carrying the Georgian and Polish leaders was planned by Georgia to discredit Moscow.

■ **A Spanish court indicted** the suspected leader of Basque separatist group ETA for his alleged role in a bombing that killed two at Madrid's airport in 2006.

■ **Israel's Olmert went** to the U.S. for a final meeting with Bush, aiming to wrap up three years of cooperation and leave behind a Mideast peace legacy.

■ **North Korea detailed** its plan to close the border with South Korea, saying it will cut off a tourism project and a train service, but keep open an industrial park.

■ **Antigovernment protesters** forced the Thai Parliament to shut down and vowed to step up demonstrations Tuesday. Page 15

■ **A former top member** of the Red Army Faction can be released from prison in January after having served 26 years for murder, a German court ruled.

■ **South Africa's leader warned** Zimbabwe could collapse, as he announced new talks to try to resolve the political impasse.

■ **Venezuelans elevated** opposition candidates into key governorships, in a rebuke to Chávez.

Editorial & Opinion

Brown's shopping plan

The prime minister's stimulus package might not get people out to the stores. Page 17

Citigroup bailout rallies shares in Europe, U.S.

But day's big gains don't wipe out all of last week's losses

By Neil Shah

European stocks soared Monday after the U.S. government's bailout of banking giant **Citigroup** helped ease some fears about further problems in the financial system.

The pan-European Dow Jones Stoxx 600 Index surged 8.4% to 197.51, its second-biggest percentage gain this year, although not enough to wipe out all of last week's 11.5% loss.

Oil company shares benefited from a 9.2% jump in crude prices to back over $50 a barrel. Credit markets also improved, though modestly, as traders remain worried about the severity of the financial crisis and economic slump.

"It's a bit of a relief bounce rather than anything else," following worries about Citigroup on Friday, says Mark Lovett, co-chief investment officer at RCM, an asset-management unit of German insurance giant Allianz SE.

"We'll need firmer economic data to provide a more sustainable lift

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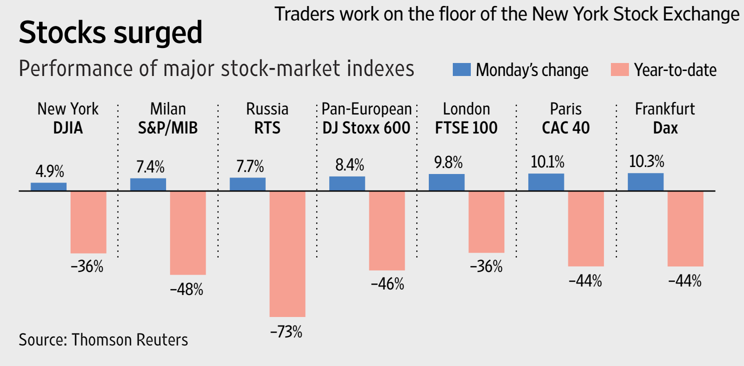
Traders work on the floor of the New York Stock Exchange



U.K. unveils £20 billion stimulus plan

By Alistair MacDonald

LONDON—The U.K. government announced a £20 billion ($29.73 billion) stimulus package, boosting spending and slashing taxes in an effort to cushion the impact of what is shaping up to be a deep recession.

In a speech Monday to present his budget plans for the coming year, Treasury chief Alistair Darling laid out measures including a yearlong cut in value-added tax to 15% from 17.5%, an extension of tax breaks for low-wage workers, the acceleration of £3 billion in spending on infrastructure projects, and debt guarantees for small businesses.

To help pay for the stimulus, he said the government will raise the top income-tax rate to 45% from 40% after the next election. The increase will be the first for the British income tax since 1974, and represents a significant departure from the modern Labour Party's policy of not raising taxes for the highest earners.

"These are exceptional times and require exceptional measures," Mr. Darling told the Houses of Parliament. "It requires action now to help people."

The U.K.'s moves come as Euro-

Please turn to back page

Fears about Citi recede as U.S. sets rescue plan

By Marshall Eckblad

Citigroup Inc. shares jumped more than 50% as investors breathed a sigh of relief about the U.S. government's agreement to pump capital into the struggling bank and absorb potential losses on shaky loans and securities.

Yet the rally left the New York company's stock price back where it was at the middle of last week, suggesting that it could take even more action to restore confidence in Citigroup. In 4 p.m. composite trading on the New York Stock Exchange, Citigroup's shares were up $2.18, or 58%, to $5.95.

Late Sunday night, the government said it would invest an additional $20 billion in Citigroup, and also absorb some potential future losses from a pool of $306 billion in assets. The troubled assets represent about 15% of the bank's total.

In exchange for $7 billion in Citigroup preferred shares, as well as warrants to purchase additional stock, the government agreed to absorb 90% of any losses above $29 billion that the troubled pool of assets racks up down the road.

The deal leaves taxpayers holding more risk, but alleviated, at least temporarily, fears about the

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LEADING THE NEWS

German confidence dives as global demand falls

Ifo climate index hits lowest level since '93; bracing for layoffs

By Roman Kessler

FRANKFURT—German business confidence fell sharply in November to its lowest level in almost 16 years, according to a closely watched survey, while the International Monetary Fund said Germany faces the prospect of a sizable downturn next year.

The Ifo business-climate index declined for the sixth consecutive month in November to 85.8 from 90.2, well below expectations and hitting the lowest level since February 1993, when the index stood at 84.9.

"Firms continue to mark down their expectations for the next six months markedly," said Hans-Werner Sinn, president of the Ifo Institute, an economics think tank.

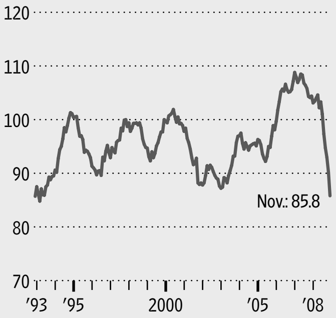
Germany, Europe's manufacturing powerhouse, is in a recession that many economists now say could last until mid-2009, making for potentially the longest period of economic contraction in the country's postwar history.

The IMF forecast German gross domestic product would contract 0.8% in 2009 before growing by 0.5% in 2010. In its World Economic Outlook, published in October, the fund had predicted German real GDP growth of 1.8% this year and stagnation in 2009.

Germany is suffering from lower global demand for its cars, machinery and engineering services. Economic activity has already contracted for the past two quarters. Germany's recession is weighing on growth throughout Europe, since the country accounts for nearly 30% of all output in the 15-nation euro currency zone, and is a major trading partner for others, including the U.K., Switzerland and most of Eastern Europe.

Dismal times

Germany's Ifo business-climate index, seasonally adjusted



Source: Ifo

"Given that German growth was driven by external demand in recent years, the rapid decline in German prospects says a lot about the state of the global economy," said Dominic Bryant, economist at BNP Paribas in London.

German unemployment hasn't yet begun to rise, but companies across industries have started to brace themselves for lean times by halting production or shortening working hours. Layoffs are now just a question of time, economists say.

Europe's largest work force grew to 40.5 million in the past boom, but Chancellor Angela Merkel's coalition government is concerned that the financial crisis will cost many jobs.

Ms. Merkel is coming under increasing pressure from her ruling conservative party, the Christian Democratic Union, to take bolder steps to stimulate the economy, including big tax cuts. On Monday, her spokesman Thomas Steg said she has no plans to increase deficit spending.

IMF advocates more stimulus in Asia

By Tom Barkley

WASHINGTON—With the global financial crisis taking an increasing toll on Asian economies, many countries should consider monetary and fiscal stimulus in addition to measures to protect local financial systems, the International Monetary Fund said.

In its latest regional economic outlook, the IMF trimmed its 2008 gross domestic product growth forecast for Asia to 6.0% from a 6.1% estimate of a month ago, while cutting its 2009 forecast to 4.9% from 5.6%.

"Despite Asia's strong fundamentals, notably a substantial cushion in external reserves and robust corporate and banking sectors, the region is being buffeted by large external shocks," said Jerald Schiff, senior adviser of the fund's Asia and Pacific department.

The decline in exports is expected to pick up sharply, while global deleveraging should continue to squeeze external financing conditions, he said.

The report follows updated global forecasts in which the fund predicted that in 2009 advanced economies would suffer a full-year contraction. Global growth is expected to slow to 3.7% this year and 2.2% in 2009.

CORRECTIONS & AMPLIFICATIONS

Zhang Kaiyong, chairman of **Credit Orienwise Group** Ltd., was in China but declined to be interviewed for a Corporate News article about his company that was published on Nov. 18. The article incorrectly cited an employee as saying he was out of the country. The article also identified the employee, Song Li, as Orienwise's spokeswoman. Her title is brand promotion manager.

Sanjay Nayar is the chief executive of **Citigroup**'s operations in India and South Asia. A photo caption that ran with an International Investor article Nov. 21 incorrectly identified him as CitiFinancial India's chief executive.

Tom Daschle lost re-election for his South Dakota senate seat in 2004. An Economy & Politics article Nov. 18 incorrectly said he lost in 2002.

INDEX TO PEOPLE

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

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

INDEX TO BUSINESSES

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

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LEADING THE NEWS

Barclays holders say yes

Capital-raising plan wins vote, but anger over deal remains

By Carrick Mollenkamp

LONDON—Shareholders of **Barclays** PLC gritted their teeth and approved a £7 billion ($10.4 billion) capital raising Monday, in a move that will avoid government ownership but could ultimately put one-third of the British bank in the hands of Middle Eastern investors.

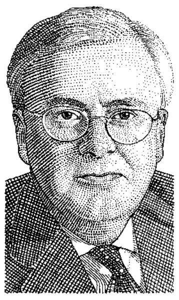
At a sometimes acrimonious meeting, shareholders vented their frustration with the deal, but approved it on the grounds that rejection could do more harm to the value of their holdings. The approval came after a week of brinksmanship during which some of the bank's biggest shareholders expressed their dissatisfaction with the generous terms the deal offers to investors from Qatar and Abu Dhabi.

"We were dismayed that we got into this situation in the first place," said George Dallas, the director of corporate governance at F&C Asset Management, which owns 57 million Barclays shares. But "there was no real viable option at this point and time. If the capital raising were not to succeed, it would not be in the best interests of the incumbent shareholders."

The deal leaves Chief Executive John Varley and Chairman Marcus Agius with the task of restoring relations with shareholders, which had been good throughout most of the financial crisis. "We sure as hell know that we are on the spot," Mr. Agius said.

On Monday, Mr. Agius's main selling point was that Barclays didn't want to be under the control of the government, which has taken major stakes in rivals **Royal Bank of Scotland Group** PLC and **Lloyds TSB Group** PLC as part of an ambitious financial rescue plan. The government has indicated that it will limit dividends and executive pay at banks that accept its aid.

One of shareholders' main complaints was that they hadn't been given the opportunity to participate in the capital raising on the same terms as the Middle Eastern investors. Under terms of the deal, Qatari government investors and Sheikh Mansour Bin Zayed Al Nahyan, a member of the Abu Dhabi royal family, will purchase securities similar to preferred shares that will pay an annual return of 14% through 2019.



John Varley

In a bid to quell dissension before Monday's vote, Barclays allowed some institutional shareholders to buy £500 million of the same securities. In an early sign that Barclays had won over big investors and avoided what could have been a disaster, London pension manager and insurer **Legal & General Group** PLC last Thursday voiced its displeasure but said it would vote in favor the plan.

Barclays shares have fallen 70% since the beginning of the year. The stock rose 13 pence to £1.47 Monday.

Deutsche Bank will focus on commodities, deposits

By Carrick Mollenkamp

LONDON—**Deutsche Bank** AG Chief Executive Josef Ackermann laid out plans to overhaul the German bank's operations, in an early sign of how financial titans that have survived the crisis are planning to reshape their businesses in coming months.

Mr. Ackermann's aim: Focus on growth and volume businesses like trading commodities such as metals and carbon, as well as interest rates, currencies and stocks. At the same time, Deutsche Bank will cut back on lending and taking big gambles with its own money, while seeking to attract more retail deposits. "We will recalibrate our platform, moving costs and assets away from businesses unlikely to recover in the near term," Mr. Ackermann wrote in a Nov. 21 memo to employees.

Josef Ackermann

Mr. Ackermann's two-page missive underscores how Deutsche Bank, as well as big banks such as **J.P. Morgan Chase** & Co., **Bank of America** Corp., **Citigroup** Inc., **HSBC Holdings** PLC and **Barclays** PLC, are working to boost revenue at a time of severe cutbacks in lending and the once-lucrative business of creating complex investment products.

"Investment banking remains a core business of Deutsche Bank," Mr. Ackermann wrote. "The revenue pool in the near term will be smaller than in recent years; however, there will be fewer leading players and we plan to capture additional market share."

Deutsche Bank has managed to avoid massive write-downs tied to subprime-mortgage loans, though it was badly stung in the third quarter by bad in-house bets in stock and credit markets that led to losses totalling €1.26 billion ($1.58 billion).

Monday, Deutsche Bank shares in Frankfurt rose 24% to €23.25.

CORPORATE NEWS

Baileys looks to JWT to boost empties

'Listen to your lips' campaign aims to solve problem of half-drunk bottles of liqueur left languishing in cupboards

By Aaron O. Patrick
London

Wine-and-spirits giant **Diageo** passed on two of the world's hottest ad agencies to hire a Madison Avenue stalwart, JWT, to advertise its Baileys liqueur.

On Thursday—Thanksgiving Day in the U.S.—JWT will try to prove it was the right decision.

ADVERTISING

Diageo has a lot riding on the Baileys campaign, which includes TV, magazine and billboard ads. The holidays account for roughly a third of the sweet, milky liqueur's annual sales.

For three years, Diageo used the same slogan for the brand, "Serve chilled," but Baileys sales in the fiscal year ended June 30 were sluggish, growing just 3%, down from 10% the year before, when the company introduced new flavors.

Diageo executives say they selected JWT in April because the agency identified a simple solution to the core problem facing the beverage that would work around the world: Bottles of Baileys are often left in cupboards, half-drunk and forgotten. JWT recommended the slogan, "Listen to Your Lips," aiming to get people to finish their bottles and buy more by reminding them of the drink's sweet flavor.

For London-based Diageo, the idea addressed some problems with its "Serve chilled" slogan. Consumers found it ambiguous, and it didn't work in languages other than English, says Sharon Keith, Diageo's global brand director for Baileys. "Not everyone got the double entendre," she says.

Diageo

A **billboard ad** in JWT's 'Listen to Your Lips' campaign for Diageo's Baileys liqueur. Holidays account for a third of the brand's sales.

Some Diageo businesses, including those in Canada, Mexico and Australia, had refused to use the ads, and made their own TV spots, using money that could have purchased more advertising airtime, she says. Under Diageo's decentralized structure, operations in each country control marketing spending.

So Diageo dropped BBH, the London agency that had worked on Baileys for five years, and heard pitches for the account. It rejected a new pitch from BBH and one from Fallon's London office, one of the fastest-growing agencies in Britain.

A Diageo spokeswoman says the company was happy with BBH's work on Baileys but wanted a new approach. BBH continues to create ads for Diageo's Johnnie Walker scotch, she says.

Diageo's choice of JWT goes against the trend toward smaller, "hot shop" agencies like BBH, Fallon and **Wieden + Kennedy.** Known for their highly creative work, these agencies have been winning big accounts from larger, older networks like JWT, which are sometimes perceived as efficient but less edgy. BBH and Fallon are part of French ad-holding firm **Publicis Groupe,** and JWT is part of Britain's **WPP.**

JWT's new campaign for Baileys focuses on pictures of lips in a playful way. One billboard ad shows a close-up photograph of a woman's mouth as she tastes Baileys dripping from an ice cube. Others show only lips, and not the drink itself. All include the "Listen to Your Lips" slogan.

JWT considered, but rejected, ideas for ads based on the drink's Irish origin—it used to be called Baileys Irish Cream—and how it is made, says Sophie Kelly, JWT's global business director for Diageo brands. "We want to remind people of the experience" of drinking Baileys, Ms. Kelly says. "The quickest way to do that is to focus on your lips."

Before the campaign began, Diageo hired researchers to show the ads to consumers in the U.S., U.K., Spain, Mexico, Australia, China and South Africa to make sure people would make the connection between photos of lips and the drink. The first ads were published in magazines and on billboards last month in five countries, including the U.K. and China.

In the U.S., Baileys' biggest market, a crucial ad for the campaign appeared on 14 TV cable channels last week , including Bravo, FX and Oxygen. The spot, titled "Holiday," is designed to push sales over Thanksgiving, a peak time for liqueurs.

The spot starts with a woman singing along to the seasonal 1940s song "Let It Snow." Only her mouth and lower face are visible. The ad cuts to Baileys being poured over ice. Diageo is using the campaign to launch a new, coffee-flavored version of the drink.

The ads will continue in the U.S. through the first half of 2009, Diageo's Ms. Kelly says.

As firms flounder, directors quit just when they're needed

By Joann S. Lublin

When **DuPont** Co. directors named Ellen J. Kullman the company's chief executive starting Jan. 1, she agreed to resign her board seat at **General Motors** Corp. next June, according to a person familiar with the situation. Now, Ms. Kullman faces pressure from some DuPont directors to quit the GM board sooner because she "lacks time to breathe," the informed person said.

Ms. Kullman is among a small but growing number of directors with demanding day jobs who are quitting or planning to quit corporate boards just when those companies need them most. In recent months, directors have cited time commitments in leaving the boards of **Ford Motor** Co., **Sprint Nextel** Corp. and **American International Group** Inc.

These high-profile executives find it hard to handle the heavy board workload for a company in crisis. Such boards can confer several times a week, often at odd hours. In more normal times, boards meet an average of six times a year, according to a recent survey by the National Association of Corporate Directors.

So far this year, 46 outside directors who are CEOs or chief financial officers left the boards of 42 companies in three struggling industries—financial services, retail and residential construction—concludes an analysis for The Wall Street Journal by Corporate Library in Portland, Maine.

During the same period three years ago, 31 directors with those titles left. (That total excludes companies that no longer exist.) Paul Hodgson, a senior research associate at the governance-research firm, says time constraints are the main reason for the increase.

The departures come as CEOs had already been trimming their outside board commitments. CEOs of Standard & Poor's 500 companies held an average of 0.7 outside directorships this year, down from one in 2003, according to recruiters Spencer Stuart.

"You will see an increase in board members not standing for re-election" at annual meetings of troubled companies next year, predicted David Nadler, a senior partner at Oliver Wyman Consulting in New York.

George Davis, co-head of the global board practice at recruiters Egon Zehnder International, said about a half-dozen CEOs he had been wooing for board seats withdrew their names after investment bank **Lehman Brothers Holdings** Inc. collapsed in September. Their own boards told them, "Keep your hand on the tiller," he said.

Associated Press (Kullman); Getty Images (Bond); Bloomberg News/Landov (2)

Clockwise from bottom left: Raytheon's William H. Swanson, DuPont's Ellen J. Kullman, Vodafone's Sir John R.H. Bond and Jorma Ollila, chairman of Nokia and Royal Dutch Shell. **All have quit or are expected to quit** corporate boards.

Among the most vulnerable directors: those from outside the U.S. who are leery of additional travel and time-zone-spanning conference calls. Mr. Davis said he is handling 15% more U.S. board assignments this fall than a year ago seeking non-American directors.

A number of them are needed to replace non-U.S. executives who "no longer want to be involved with U.S. companies facing economic uncertainty," he said.

These departures can rob companies of valuable outside perspectives. Two European directors of Ford resigned last month because they "could not devote the additional time and international travel that would be required" as it navigates the downturn, the auto maker said in a regulatory filing.

A person close to Ford said the board lately often has held two or three conference calls a week. A Ford spokesman said "we are asking more time and attention from our board."

The resignations of Sir John R.H. Bond, chairman of **Vodafone Group** PLC, and Jorma Ollila, chairman of **Nokia** Corp. and **Royal Dutch Shell** PLC, left Ford with no non-U.S. directors at a time when it is counting on sales abroad to help it through the industry's troubles.

GM directors are equally busy. The board is meeting several times a week by phone as GM seeks federal aid, among other options, a GM spokesman confirmed Thursday. Spokesmen for GM and DuPont declined to speculate about Ms. Kullman's possible exit from the GM board. Ms. Kullman didn't return a call to her home.

As losses mounted at **National City** Corp. this year, so did the workload for directors such as Michael B. McCallister, CEO of **Humana** Inc.

"Board service is a good idea," he recently told an acquaintance. "But if you get into one these trouble spots, ouch!" A Humana spokesman confirmed the anecdote. **PNC Financial Services Group** Inc. agreed to acquire National City in October, a deal that is expected to end Mr. McCallister's board tenure.

Raytheon Co. CEO William H. Swanson left the board of struggling Sprint Nextel earlier this year for similar reasons. Mr. Swanson had headed Sprint's compensation committee, but concluded the directorship took too much time. "I have my hands full" running Raytheon, Mr. Swanson told an acquaintance.

Mr. Swanson declined to comment. Sprint has said he departed for personal reasons.

—John Stoll contributed to this article.

NOW WHAT?

How will lower energy prices affect future supply? Oil and natural gas prices: how low and for how long? Energy policy under the new U.S. administration? How will "unconventional gas" and LNG change the global gas balance? What's ahead for the electric power industry? How will the global recession affect energy demand, cost and investment? Will the global downturn dim the prospects for clean energy? The impact of a "green fiscal stimulus"? How "smart" can the grid become? Coal's role in the energy future? Vehicles: technology choices and infrastructure challenges?

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CEO, Kuwait Petroleum Corporation

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Kenneth Rogoff
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Nouriel Roubini
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Gerhard Schröder
Former Chancellor of the Federal Republic of Germany

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Jeroen van der Veer
Chief Executive, Royal Dutch Shell plc

Rick Wagoner
Chairman and CEO, General Motors Corporation

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Jail time suspended for ex-board member who paid labor group

BY MIKE ESTERL AND DAVID CRAWFORD

FRANKFURT—A German court handed former **Siemens** AG board member Johannes Feldmayer a two-year suspended prison sentence for his alleged role in a continuing corruption probe of the engineering giant.

Mr. Feldmayer was also fined roughly €230,000 ($289,300) Monday by the Nuremberg court, for breach of trust and tax evasion, after prosecutors alleged he helped funnel €30 million in Siemens funds to the former head of an employer-friendly labor group.

Associated Press

Former Siemens board member **Johannes Feldmayer** said secret payments to a small labor group weren't his idea and that he didn't act alone.

While the defense didn't contest the €30 million in funds, it did contest the circumstances. A lawyer for Mr. Feldmayer, who left the German conglomerate last year, said his client plans to appeal.

Prosecutors, who had recommended a prison sentence of 3½ years, also said they are considering whether to appeal. Other former Siemens board members are being investigated, added a spokesman for prosecutors.

Mr. Feldmayer, 52 years old, told the court he authorized payments to the small labor group—the Association of Independent Employees, known by its German initials AUB—earlier this decade to soften the clout of IG Metall, Germany's largest labor union. But he said the secret payments weren't his idea and that he didn't act alone at Siemens.

Siemens has said it is cooperating with investigators. It declined to comment on the particulars of Monday's sentencing.

The Nuremberg court Monday also sentenced Wilhelm Schelsky, the former head of AUB, to a prison term of 4½ years for breach of trust, embezzlement and tax evasion. A lawyer for Mr. Schelsky, who has been detained since his arrest early last year, said his client planned to appeal.

Chief Executive Peter Löscher—who joined the company in the summer of 2007, after the AUB probe began—apologized last year to Siemens employees and IG Metall for the alleged payments to AUB. The company hasn't been charged with any wrongdoing.

AUB typically is less confrontational than IG Metall in its dealings with management. Under German labor law, companies are prohibited from influencing representation on works councils that protect employee rights and any executive found responsible for such actions is subject to prosecution. Mr. Feldmayer was prosecuted under this law.

The AUB case is separate from several criminal probes into alleged bribes by Siemens to secure infrastructure contracts abroad. In the bribes-for-business probes, German prosecutors are looking into the role of 300 suspects, including former board members.

Siemens has identified €1.3 billion in suspicious payments thus far. The company, which says it is eager to get to the bottom of all allegations, also says it has heightened compliance measures.

The multiple criminal probes have cast a harsh spotlight on Siemens, Europe's largest engineering company by revenue, which makes industrial products ranging from light bulbs and medical scanners to high-speed trains. Only one management board member remains since late 2006, when the corruption scandals began.

Munich-based Siemens said earlier this year it would pursue civil damages against Mr. Feldmayer, a onetime CEO candidate, and 10 other former management board members for failed oversight in the bribery and AUB cases.

Three former Siemens executives have been sentenced to suspended prison terms thus far in the German bribes-for-business probe.

InBev seeks $8 billion in postmerger offering

BY CAROLYN HENSON

BRUSSELS—Global brewer **Anheuser-Busch InBev** said it will seek to raise €6.36 billion ($8 billion) in new equity over the next two weeks. The funds will help pay for the $52 billion megadeal that saw Belgian-Brazilian brewer InBev swallow North American rival Anheuser-Busch.

The company said Monday it will issue 986.1 million new Anheuser-Busch InBev shares at a steeply discounted price of €6.45 on the basis of eight new shares for every five held. The company's shares fell 13% to €17.94 ($22.56) in Brussels as investors accounted for the share dilution.

InBev in October planned a rights offering, which gives existing shareholders the right to buy new shares, but delayed it because of volatility in InBev's stock price. When the merger closed last week, the clock began ticking on a six-month temporary loan that allowed InBev to buy Anheuser-Busch without the new equity in place.

Analysts said the sharp discount should encourage shareholders to participate.

"This is the least bad news we could expect in such a market," said Rob Mann of Collins Stewart in London. "There is no guarantee that market conditions will be any better six months down the road."

—Matthew Dalton contributed to this article.

U.S. auto makers to lobby for help boosting their sales

BY JOHN D. STOLL AND MONICA LANGLEY

As executives from the Big Three auto makers prepare to make a second pitch for a federal bailout, concern is rising in Detroit that it will be difficult to show lawmakers how they can return to profitability with sales at their current depressed level.

Their solution: Get Washington to help them sell more cars.

General Motors Corp., **Ford Motor** Co. and **Chrysler** LLC may go back to Washington and urge Congress to take measures to spur consumer demand, in addition to providing the $25 billion in loans the auto companies seek.

"There is no way any car company can make money at the current demand level," said a key executive at a Big Three auto maker. "The government has to get credit flowing so that the market goes back to at least 14 million to 15 million [vehicles]....We can figure out how to survive at that level."

Sen. Charles Schumer (D., N.Y.) sent a letter urging the Federal Reserve to make financing available for the auto companies' lending arms, which would allow them to offer more auto loans, a Schumer spokesman said. He's also asking the Treasury to speed approval of **GMAC** LLC's request to become a bank holding company.

Vehicle sales are tracking at such a low level right now that most or all auto makers are losing money in North America. Globally, **Toyota Motor** Corp., Chinese car makers and even Europe's normally recession-proof luxury auto makers are struggling to stanch losses, the executive of the Big Three firm said.

In October, auto sales were running at an annualized rate of about 11 million vehicles a year, well below the level of 16 million the industry considers healthy.

Congress last week rebuffed the pleas from GM, Ford and Chrysler for a bailout, telling them to return by Dec. 2 with credible blueprints showing how they would use taxpayer dollars to become "viable." Top-level auto executives worry they will have a tough time doing that.

As part of its push to Washington next week, GM is working to renegotiate some of its financial obligations, including terms of debt and money it owes to the United Auto Workers union, according to a person familiar with the plan.

GM's board, which is open to considering all options for GM's survival, will be meeting several times this week to review the company's pitch to Washington, this person said. Ford and Chrysler executives also said Sunday that their companies are developing plans.

While the chief executives of GM, Ford and Chrysler were testifying before the Senate and House last week, auto dealers and a few members of Congress called for tax incentives or other measures designed to boost car buying.

In an interview over the weekend, Michigan Gov. Jennifer Granholm, who is serving as an economic adviser to President-elect Barack Obama, said she is working with the auto makers to craft a "definitive plan" to present to Congress on Dec. 2.

Congressional Democrats have urged the Bush administration to provide loans for the auto makers from the $700 billion Troubled Asset Relief Program, but the White House and Treasury Secretary Henry Paulson have opposed that.

Gov. Granholm said one way of getting help from TARP would be to have banks that get some of the $700 billion "steer" financing to the Big Three or provide the Big Three with short-term loans to keep them from running short of cash.

It is unclear how far along these discussions are, or if there is an appetite at the White House to issue such a directive.

Standard Chartered to raise cash

BY AMY OR AND COSTAS PARIS

Standard Chartered PLC said it plans to raise £1.78 billion ($2.65 billion) in a rights issue to strengthen its balance sheet, as the financial crisis continues to take its toll on the world's largest banks.

The U.K. lender's chairman, Mervyn Davies, described the move as a response to rapidly shifting "market expectations about levels of capital in the banking sector."

Still, Chief Executive Peter Sands told reporters in a conference call that the rights issue "is different from many others that you have seen from other banks. It's not to fill a hole."

Standard Chartered's biggest shareholder, Singapore's state investment company, **Temasek Holdings** Pte. Ltd., intends to exercise its right to acquire additional shares and also is participating as an underwriter of the deal. Its 19% stake in the bank could be boosted to as high as 22%.

Based in the U.K., Standard Chartered has largely escaped the massive write-downs posted by other big Western banks. Still, a boost to Standard Chartered's capital could ease concerns about the bank's ability to weather a possible downturn in credit quality among borrowers in Asia, Africa and the Middle East, parts of the world where it derives more than 90% of its profit.

Like those of many other big lenders, Standard Chartered shares have taken a beating recently, falling by more than half in the past eight weeks in London trading. Monday, its shares fell another 4.5% to 725 pence. Earlier, its Hong Kong-listed shares fell 6.4% to 88 Hong Kong dollars (US$11.35) before trading was suspended Monday afternoon.

The rights issue would have lifted Standard Chartered's Tier 1 capital adequacy ratio—a measure of a bank's ability to fund its liabilities—to 9.8% as of the end of this past June, up from 8.5%, the bank said.

Investment bank **Deutsche Bank** AG said the issue is positive in bringing the lender's capital adequacy "more in line" with peers, but **Nomura Holdings** Inc. said the prospective ratio "doesn't look particularly high to us, given the level other banks are now achieving."

Swiss investment bank **Credit Suisse Group** reported a Tier 1 ratio of 10.4% at the end of September, while rival **UBS** AG had a ratio of 10.8%.

Standard Chartered said it will issue 470 million new shares, or 30 new shares for every 91 existing shares, at 390 pence each, representing a discount of roughly 49% to the stock's closing price Friday. In Hong Kong, the issue price will be HK$45.11 a share. The new shares are expected to start trading Dec. 23.

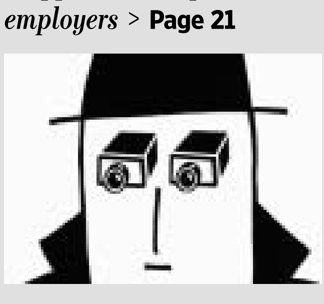
The new shares will effectively dilute the final dividend to be paid out, as Standard Chartered said it will keep the aggregate amount as it would have done had the rights issue not been implemented.

—Nisha Gopalan and Jeffrey Ng in Hong Kong contributed to this article.

Career Journal

Going undercover

Executives turn 'mystery shoppers' to vet potential employers > **Page 21**



CORPORATE NEWS

U.S. home builders plead for aid

Critics warn moves to prop up demand will only extend woes

By Nick Timiraos

Struggling U.S. auto makers left Washington empty-handed after weeks of pleading for a handout, but that hasn't deterred home builders from stepping up to lobby Congress for help.

But any federal assistance would require policy makers to figure out how to stimulate demand for housing—the problem at the root of the global financial meltdown—without artificially propping up home values.

The builders' lobby is ramping up its sales pitch for a $250 billion stimulus package called "Fix Housing First," arguing that financial markets won't recover until home prices stop falling. They are calling for a generous tax credit for home purchases and a federal subsidy that would lower a homeowner's mortgage rate.

Congress resisted a similar effort to pass a larger tax credit earlier this year, instead creating a $7,500 credit for new-home purchases that had to be paid back over 15 years, effectively extending an interest-free loan.

Builders are promoting the campaign with full-page newspaper advertisements, but face an uphill battle, with critics suggesting the proposal is too expensive and that it too heavily promotes home purchases rather than addressing loan modifications for delinquent homeowners.

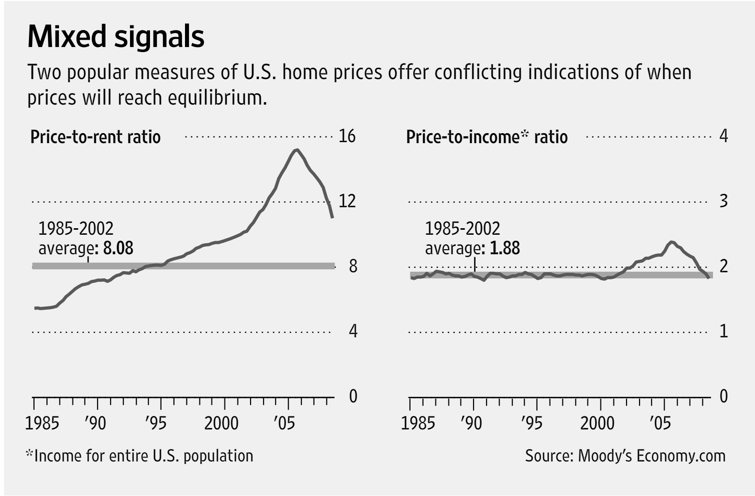
The builders' effort aims to stop the adverse feedback loop gripping the market. The cycle begins when falling home prices prompt some borrowers to default, leading to foreclosures. That further depresses home prices, hitting the banks that hold mortgage-backed securities, causing them to pull back and freeze credit. That in turn causes the economy to slow.

"The basic asset that is underlying all the financial problems that we're experiencing is highly unstable, and it's causing an ongoing hemorrhaging in the financial system," said David Ledford, who oversees housing finance and policy for the National Association of Homebuilders. "It's starting to snowball."

The home builders' proposal would offer home buyers a tax credit equal to 10% of the home's value, capping it at $22,000, nearly three times the $7,500 credit Congress offered to new buyers earlier this year. Builders say the earlier credit didn't work because it wasn't big enough and had to be repaid.

Builders also want subsidies for interest rates on 30-year fixed-rate mortgages for government-backed "conforming" loans, which currently are around 6.2%, to lower rates to 3% for loans made in the first half of 2009 and 4% for those in the second half of the year. Realtors are pushing a 4.5% interest-rate buy-down for new loans. Lawrence Yun, chief economist for the National Association of Realtors, estimates that each 1% decline in interest rates could generate between 500,000 and 800,000 home sales.

A rate reduction of about 1% on a 30-year mortgage typically costs the lender—in this case the government—around 4% of the principal. So a 2% buy-down on a $200,000 mortgage would cost $16,000. The NAHB estimates the subsidy portion of its proposal would cost the Treasury $143 billion.



But to some economists, "Fix Housing First" strikes an all-too-familiar refrain of "build more homes." Housing economist Thomas Lawler implores builders to "stop building." He and others argue that effectively setting a floor for home prices will prolong the pain because it will keep supply and demand out of sync.

"The government does not have the tools to rewrite the laws of supply and demand," said Harvard University economist Edward Glaeser. "By artificially increasing prices, we are encouraging more building."

Homebuilders frequently point to a similarly structured tax credit and interest-rate subsidy that Congress approved in 1975. The program gave qualified buyers a 5% credit up to $6,000 and bought down interest rates by around 1.5%, to 7%.

But a historical parallel could be misleading. In 1975, the U.S. was exiting—not entering—a recession, one induced by oil prices, and not a sharp run-up in housing prices. "You can offer people all sorts of credits, but if they don't have a job or income I don't know that they're going to take the bait," said Jared Bernstein of the Economic Policy Institute.

Campbell sales heat up

Hedging loss hurts profit, but demand for soup increases

By Julie Jargon

U.S. consumers battered by a slowing economy are taking comfort in soup.

Campbell Soup Co. reported Monday that sales in its U.S. soup business increased 12% in its fiscal first quarter ended Nov. 2, compared with a 1% decline a year earlier, as promotions for its staple condensed soups, new soup offerings and new ads attracted shoppers.

Associated Press

Campbell, which pitches its products as **"wallet-friendly"** in a struggling economy, saw U.S. soup sales jump 12%. However, higher marketing costs restrained profit.

Campbell, like many food companies, has recently been touting the "value" of its products. A print ad highlighting a lineup of five condensed soups calls it the "original dollar menu." Earlier this month, newspapers across the country carried coupon inserts pitching Campbell soups and sandwiches made with Kraft Singles cheese as the "wallet-friendly meal your family will love." In some supermarkets, the company has been selling 10 cans of condensed soup for $10.

The Camden, N.J., company also recently launched new Swanson cooking stock, a new line of V8 soups and another new soup line called Campbell's Select Harvest, which was accompanied by an ad campaign that took aim at General Mills' Progresso soup, claiming the rival brand is made with MSG while Campbell's soups are "made with TLC." **General Mills** declined to comment.

But Wall Street analysts participating in a conference call with Campbell executives Monday voiced frustration because the strong soup sales haven't translated to strong profits. Campbell's net income in the quarter fell 3.7% to $260 million amid a commodity-hedging loss. The company said it experienced a $26 million loss on the fair value of open commodity futures contracts. On a per-share basis, earnings rose a penny to 71 cents, as buybacks reduced shares outstanding by 5.9%. Excluding restructuring and commodity-hedging charges, earnings rose to 77 cents a share from 69 cents. Sales rose 3% to $2.25 billion.

One factor eating into margins was increased advertising spending. The company's marketing and selling expenses rose 3.7% from a year earlier to $307 million. Another factor was that price increases lagged behind commodity cost inflation of approximately 9% in the quarter.

Supermarkets recently have been resisting the kind of steep price increases that occurred this year as commodities ranging from corn to oil were trading at or near all-time highs. In recent weeks, as commodities prices have eased, supermarkets have become less willing to pass along higher prices to cash-strapped consumers.

The company affirmed its 2009 forecast for growth of 5% to 7% in earnings per share and a sales increase above its long-term target of 3% to 4%. That outlook, however, excludes the effect of exchange rates, which at current levels would crimp growth, the company said.

—Mike Barris contributed to this article.

J&J to buy biotechnology firm

By Shirley S. Wang

Johnson & Johnson said it will acquire biotechnology company **Omrix Biopharmaceuticals** Inc. for $438 million in an effort to expand its surgical-care business.

Omrix, which has two protein-based blood-clotting agents on the market, has been a J&J distribution and development partner since 2003. The move will allow J&J to expand the products' global distribution by taking advantage of sales forces it already has in countries like China, and expand the uses for which the products are approved.

The small acquisition by J&J's standards didn't surprise analysts, who had seen the company as Omrix's most likely suitor. But the timing of the purchase may reflect J&J's interest in taking advantage of its cash-rich position to make more acquisitions in the volatile financial markets, some analysts said.

The deal "could signal a more aggressive [J&J] on the acquisition front over the next 12-18 months," wrote Leerink Swann analyst Rick Wise in a research note. With $14 billion in cash on hand at the end of the third quarter, the company "is well-positioned to take advantage of more attractive and still-contracting valuations in this volatile market," he said.

Citigroup analyst Matthew Dodd said it is a "tough call" about whether this deal signals J&J's interest in aggressively pursuing other deals. J&J could take advantage of any weakness in partner stock to make a move but its short-term focus is its use of cash for stock buybacks, he added.

J&J wouldn't comment on strategies for possible future acquisitions. The Omrix deal is expected to close by year end.

J&J offered $25 a share for Omrix stock. In late-afternoon trading in New York, Omrix shares were up $3.59 to $24.75, which followed a jump of $4.64 Friday from a Thursday close of $16.52. J&J shares fell 18 cents to $58.17.

Chrysler workers await word on jobs

By Neal E. Boudette
And Alex P. Kellogg

Chrysler LLC employees are bracing this week for results of a buyout offer aimed at removing about 5,000 salaried workers from the ailing auto maker's payroll by year end.

The buyouts are part of a bid by Chrysler to conserve cash amid a deep downturn in auto sales that has left the company in a precarious financial position. Last week Chief Executive Robert Nardelli told Congress that Chrysler could run short of cash by year end.

At the company's headquarters and technical center in Auburn Hills, Mich., anxiety is running high about this week's deadline for accepting or rejecting the buyout offer. Even if 25% of the company's 17,300 salaried and an undisclosed number of contract employees agree to leave, Chrysler will impose involuntary layoffs by Dec. 31. And employees who prefer to stay could end up losing their jobs anyway. More cuts could be required if Chrysler doesn't get a bailout from the U.S. government and a bankruptcy filing follows.

"People are scared," said a Chrysler designer who isn't sure what to do. "If I take the buyout, at least I know I have money to live on for six months or so, but then I have to try to find a job and the outlook isn't very good in this economy."

Workers who take the buyout won't have to report for work after Nov. 26 but will remain on the payroll until Dec. 31. Employees said the company appeared to be getting a high number of takers but they weren't sure if the 25% target would be reached. Large percentages of workers at Chrysler's proving grounds in Chelsea, Mich., and at a Jeep engineering center in Detroit, have signed up for a buyout, people familiar with the matter said. Both sites were warned they would be the target of large-scale cutbacks.

ArcelorMittal could cut U.S. work force by 16%

By Robert Guy Matthews

In another sign of the troubles in the steel industry, the world's largest steelmaker, **ArcelorMittal**, told a steelworkers union that it could eliminate 16% of its U.S. work force beginning in January because of lower demand for automobiles, appliances and machinery.

It would be the largest single layoff of steelworkers in the U.S. in the current downturn. But more layoffs are expected throughout the industry as steel companies retool for a slower world economy.

ArcelorMittal said that layoffs aren't yet imminent but alerted the United Steelworkers that it has targeted 2,444 indefinite layoffs at its Burns Harbor steel plant near Gary, Indiana. The steelmaker employs 15,543 hourly workers in the U.S.

"Potential work-force reductions are a direct result of the extraordinary economic environment we are facing, and the company hopes to return workers to their jobs as market conditions warrant," said spokesman William Steers.

The slowdown in steel buying has prompted the company to reduce output in North America by 40% through at least the rest of the year. Analysts don't expect steel demand to pick up until mid-2009 as customers work through their own inventory stocks and scale back their production of cars and appliances amid an unsteady economy.

Other steelmakers have recently announced cuts in North America, including **U.S. Steel** Corp. and **AK Steel Holding** Corp. Steelmakers across the globe, including Britain's Corus, a unit of India's **Tata Steel** Ltd., China's **Baosteel Group** Corp. and Russia's **Severstal** OAO, have also unveiled cutbacks and layoffs.

Steelmakers are racing to try to match supply with demand in an effort to keep prices for benchmark steel products, such as hot-rolled steel, from falling below the cost of production. Prices for hot-rolled steel vary widely depending on where it is made, but the price has been falling sharply everywhere. In the U.S., hot-rolled prices are hovering around $700 a short ton. This summer, prices were closer to $1,000 a short ton.

Peter Marcus, steel analyst with World Steel Dynamics, said that for most steelmakers, hot-rolled steel must stay around $650 a ton to remain a profitable product.

Cutting back production at the Burns Harbor plant is a stark change from earlier this year. The plant, which primarily produces steel for the automotive sector, was running at full tilt in the first quarter.

In fact, business was so strong that ArcelorMittal was telling some of its auto-maker customers that it would essentially amend some of its existing contracts to make steel pricier for the car manufacturers. But now that the auto makers have seen their sales sink along with the economy, ArcelorMittal is feeling the negative effects.

Steelmakers face the prospect that prices will fall below the production cost.

Just a few months ago, steel mills were running flat out at 100% capacity. Steelmakers were even predicting shortages for some customers. But by September, steel orders started to fall dramatically and mills began cutting production.

"The companies are producing to order and they are running at round 50% of capacity," said Michelle Applebaum, steel analyst with MAR Research. "That shows you orders are down by 50%, and that's pretty telling [about] what is happening with the economy."

Xerox expects to avoid using capital markets to raise cash

A WSJ News Roundup

Xerox Corp. said steady cash flow from recurring business, coupled with its existing credit lines, should make it unnecessary to tap capital markets despite the weak economy.

The U.S. printer and copier maker also projected 2009 earnings of $1 to $1.25 a share, straddling a Wall Street consensus estimate of $1.16 a share.

Chief Executive Anne Mulcahy said Monday the company is managing its operations with "a close eye on the bottom line."

In October, Xerox said it would cut 5% of its work force, or 3,000 positions, and take a $400 million charge that will lead to significant cost savings as it faces pressure from deteriorating markets.

The Norwalk, Conn., company said it expects 2009 operating profit of $1.4 billion to $1.7 billion and cash from operations of $1.7 billion to $1.9 billion. Free cash flow is seen ranging from $1.60 to $1.85 a share.

The relatively wide range reflects "the extraordinary volatility" of foreign-exchange rates, Xerox said. When the Japanese yen strengthens, as it has recently, that boosts the cost of printers Xerox sources from its 25%-owned partner **Fuji Xerox** Corp.

Ms. Mulcahy said Xerox's financial position remains strong thanks to steady cash flow from continuing sales of ink and toner and lease payments for its equipment, as well as services income. During the third quarter, some 70% of Xerox's revenue came from post-sale revenue.

Xerox, which had its annual investor conference Monday, said it won't need to raise new capital in "the foreseeable future," given its cash flow and its credit facility of $2 billion.

Deutsche Bank analysts, in a research note, acknowledged Xerox's "solid track record" of cash-flow generation. However, they lowered their 2009 earnings estimate by 10 cents to $1.20 a share due to foreign-currency fluctuations and said the slowdown in business spending will continue to weigh on Xerox's share price.

CORPORATE NEWS

Associated Press/ImagineChina

GOME Electrical said it was trying to verify reports that its chairman, **Huang Guangyu**—shown here in a July 2006 file photo—has been detained by Chinese authorities.

China's GOME Electrical halts trading in its stock

Retailer investigates whether chairman has been detained

By Mei Fong
And Joyce Li

BEIJING—**GOME Electrical Appliances Holding** Ltd. suspended trading of its shares in response to reports that Chairman Huang Guangyu, one of China's wealthiest men, has been detained by authorities investigating alleged financial impropriety.

Hong Kong-listed GOME, China's largest electronics retailer, said Monday it is making "necessary inquiries" to verify the allegations contained in "recent newspaper articles." Mr. Huang's alleged detention, which couldn't be independently confirmed, appeared in a report Friday on the Web site of Chinese magazine Caijing and has since been reported by newspapers in Hong Kong and mainland China. GOME on Monday also canceled a conference call scheduled to discuss its third-quarter earnings report.

Caijing reported Mr. Huang—also known as Wong Kwong-yu, which is the Cantonese spelling of his name—was detained by authorities over alleged manipulation of the share price of pharmaceutical firm Shandong Jintai Group Co., in which Mr. Huang's elder brother Junqin is a major shareholder.

Calls to Mr. Huang's Hong Kong and China mobile phones went unanswered. So did calls to Mr. Huang's wife, Du Juan, one of GOME's executive directors. An official with the Beijing Public Security Office said it has no knowledge of the issue. Shandong Jintai, which is listed in Shanghai, also suspended trading of its shares Monday. In a brief statement to the Shanghai Stock Exchange, Shandong Jintai said it "needs to clarify media reports." It didn't elaborate. An official at Shandong Jintai's board office said the company is still investigating the issue. It isn't clear when the company's shares will resume trading.

Other mainland Chinese companies listed in Hong Kong in the past have fallen into uncertainty amid reports about their executives. China's government is often secretive about criminal investigations, and such allegations can be hard to confirm or disprove. The uncertainty underscores the risks of investing in overseas-listed companies in China, analysts say.

Monday's share suspension could leave GOME's investors indefinitely in the lurch. Because GOME is a mainland Chinese company incorporated in Bermuda, Hong Kong regulators have limited jurisdiction, say corporate-governance experts.

Regulators "can't, for example, call management in for questioning or compel people to give statements the way they could if they were dealing with a Hong Kong incorporated company," said Jamie Allen, secretary general of the Asian Corporate Governance Association.

Hong Kong Stock Exchange rules also allow shares to be suspended for an indefinite period of time, with some company shares frozen for years. In 2006, supermarket chain Wumart Stores suspended trading in Hong Kong for 10 months following allegations Chairman Zhang Wenzhong had been detained for corruption. Wumart management refused to comment on Mr. Zhang at the time. State media later reported that he had been sentenced to 18 years imprisonment for bribery and fraud.

In late 2006, GOME's shares plunged following reports that authorities were investigating a property company indirectly controlled by Mr. Huang. GOME said in early 2007 the investigation ended. Mr. Huang later said in an interview with The Wall Street Journal that he had been cleared of all wrongdoing.

Mr. Huang is China's second-richest man, according to Forbes magazine's latest list of China's 40 richest people, with a net worth of $2.7 billion. His fortune stems from a 34% majority stake in GOME, which has almost 850 stores across China and Hong Kong.

GOME has attracted blue-chip investors such as Morgan Stanley and private-equity firm Warburg Pincus LLC, which in 2006 took a 10% stake in the company. Warburg sold 91 million shares of GOME last year and is no longer listed as a major investor in GOME, according to Thomson Reuters.

Warburg's north Asia managing director Sun Qiang Chang is still listed as a nonexecutive board director on GOME's 2008 interim financial report. A representative from Warburg declined to comment.

GOME Monday posted a net profit of 1.59 billion yuan ($232.8 million) for the nine months ended Sept. 30, more than double its net profit of 753.2 million yuan in the same period a year earlier. Shares ended down 3.4% Friday at 1.12 Hong Kong dollars (14 U.S. cents).

GLOBAL BUSINESS BRIEFS

Roche Holding AG

Avastin clears a U.S. hurdle with breast-cancer study

Roche Holding AG said a late-stage study found that treatment with Avastin extends the time patients live without breast cancer getting worse, thereby meeting the study's primary goal. The study, which involved 1,237 patients, investigated the benefits of combining Avastin with chemotherapy, compared with treatment with chemotherapy alone. Avastin is among Roche's best-selling drugs. The drug was developed by **Genentech** Inc., a U.S. biotechnology company that is majority-owned by Roche and that the Swiss company wants to take over entirely. In February, the U.S. approved the drug on condition the companies file more data.

Woolworths Group PLC

Discussions on the future of struggling U.K. retailer **Woolworths Group** PLC took a new turn Monday, as the company's largest shareholder said its lenders are considering the sale of individual store leases as a way to generate cash. The plan provides an alternative to selling off the company's retail operations for a token sum of £1 ($1.50) to distressed-company specialist **Hilco UK** Ltd. Businessman Ardeshir Naghshineh, who owns property firm Targetfollow and holds a 10% stake in Woolworths, said he opposes plans to sell off Woolworths' 800-store retail chain to Hilco and said the company should continue "as a going concern."

StatoilHydro ASA

Norwegian oil-and-gas company **StatoilHydro** ASA will review its planned investments for 2010 and onward and accelerate cost cuts amid lower oil prices, its CEO said Monday. Investments already set for 2009 will proceed or have moderate adjustments, said Chief Executive Helge Lund. "With the new oil-price environment, we, like all other companies in the industry, have to look at our priorities," Mr. Lund said. The ongoing integration of the one-year-old merger of Statoil with Norsk Hydro ASA's oil and gas assets has the highest priority, he said. StatoilHydro previously said it aims to derive annual synergies of six billion kroner ($834.6 million) from the merger. On Monday, Mr. Lund said the company has raised its synergies target but didn't specify the new goals.

Aeronautic Defence & Space

The supervisory board of commercial aircraft company Airbus Deutschland GmbH—the German operating company of Airbus—said Monday it hasn't made a decision on terms for the employees of three German plants over a planned spinoff. Airbus, which is a unit of **European Aeronautic Defence & Space** Co., has previously announced plans to cut 10,000 jobs Europe-wide and sell all or parts of six factories in an effort to cut costs amid damaging delays to its aircraft-production timetable. One plant has since been sold to a consortium, and Airbus earlier this month said it had concluded negotiations to divest one other plant. The remaining plants are to be bundled into two new companies.

Lenox Group Inc.

Lenox Inc., a maker of china and porcelain collectibles, filed for Chapter 11 bankruptcy protection with plans to turn the company over to its lenders, who will forgive a portion of debt they are owed. In a filing with the U.S. Bankruptcy Court in Manhattan, Lenox said it sought bankruptcy-court protection after efforts to sell its assets failed to turn up a buyer. Joining Lenox in bankruptcy are six of its affiliates, including parent company, **Lenox Group** Inc. Lenox, of Bristol, Pa., said it failed to achieve an out-of-court restructuring of $170.75 million in debt it owes to a group of secured lenders, including **UBS** AG and **J.P. Morgan Chase** & Co. Lenox plans to hand sole ownership of the company to its secured lenders, subject to higher bids at auction.

Fortis NV

A Dutch court ordered a further investigation into the circumstances that led to the nationalization of Belgian-Dutch financial-services company **Fortis** NV. But the court turned down a request from two shareholder groups to halt the nationalization. Dutch shareholder association VEB argued that Fortis didn't adequately communicate to its shareholders the rapidly deteriorating conditions that led to the sale and nationalization of various assets. Fortis was split up by the governments of Belgium, the Netherlands and Luxembourg in October. A Belgian court last week rejected a challenge by shareholders to the state-backed rescue of Fortis.

—Compiled from staff and wire service reports.

ECONOMY & POLITICS

German uncovers war's explosive legacy

Consultant uses air-raid records, aerial photographs to find undetonated 1940s-era bombs at construction sites

By Michael M. Phillips

MONTGOMERY, Ala.—During World War II, American planes dropped 1.5 million tons of bombs on Europe. Perhaps nine out of 10 exploded on impact.

In a library in Alabama, Dietmar Staude hunts for the 10th.

Mr. Staude, a German consultant, has perfected the art of using World War II air-raid records and aerial photographs to find unexploded bombs. It is a lucrative business designed to help German construction companies comply with laws requiring them to clear live ordnance before breaking ground. Thousands of key documents can only be found here at the Air Force Historical Research Agency on Maxwell Air Force Base.

Dietmar Staude

Over the years, Mr. Staude's work has uncovered, among other explosives, 21 live bombs on the site of a planned industrial park, a 225-kilogram bomb just 50 meters from a new water park and another weapon that landed and then tunneled 14 meters without exploding.

He recently traveled from Dresden to Montgomery to locate bombs that might still be lurking, armed and dangerous, just beneath the surface at the port of Hamburg, on the site of a Nazi-era food-oil plant now slated for redevelopment as a warehouse. That project, he says, that will pay his firm €25,000 ($31,443).

Leafing through crisp, brown mission reports marked SECRET in red letters, Mr. Staude discovered that 16 squadrons of American B-17 Flying Fortresses dropped 225-kilogram bombs on the port one cloudy day in 1944. His research indicates that 71 bombs landed on the food-oil facility.

"It makes me happy to have these documents," Mr. Staude exulted at his find.

Most gratifying are aerial-reconnaissance photos that help him identify which bombs failed to go off and where they came to rest. The trick is to read the shape of the crater. A big one that looks like a doughnut means the bomb detonated as planned. But a pinpoint blemish on a 65-year-old photo taken from thousands of meters in the air may well mark the spot where hundreds of kilograms of TNT hit with a thud and became buried in the earth.

Several German states require builders to conduct unexploded-ordnance surveys. Failure to carefully do so can prove deadly. In 1993, a crew building a retaining wall in Berlin hit the nose fuse on a British bomb, killing three people.

Mr. Staude, who is 49 years old, ended up in the unexploded-bomb business by accident. He trained as a geologist in the old East Germany. There, he studied aerial-photo interpretation. One professor showed him Allied pictures of Dresden, before and after the 1945 firebombing.

"This makes a deep impression," he recalled. But it wasn't just the devastation that struck him; it was the quality of the black-and-white photos.

After graduating, Mr. Staude worked in a Russian-run mine in East Germany that produced uranium for Soviet nuclear weapons. After the fall of the Berlin Wall, he found his way to Wessling Consultant Engineers GmbH, a Dresden environmental consulting firm.

Initially, he did groundwater and waste analysis. In 1993, the firm asked him to figure out how much unexploded ordnance was buried at a former German army barracks. Red Army troops occupied the base after the war. "When they went home, they took the cars, the furniture, the carpets—and left the ammunition," Mr. Staude said.

Courtesy of Dietmar Staude

In 1993, construction workers in Berlin accidentally set off a **British bomb**. The resulting explosion killed three people and injured 17 more.

Mr. Staude goes to several sources for clues. German civilians, for instance, kept extensive records of air attacks, planning for a time after the war when the government, as Hitler had promised, would reimburse them for bomb damage. Royal Air Force planes specialized in night raids, using flash bombs to illuminate targets for the cameras. But American bombers raided in daylight, and the Maxwell collection is one of the most extensive of the photos they took over their targets.

One of Mr. Staude's projects has been going on for 14 years. On Aug. 16, 1944, B-17 heavy bombers from the 8th Air Force raided an oil refinery at Rositz, in eastern Germany. Half a century later, the state government decided it wanted to turn the site into an industrial park for environmental-technology companies.

Searching through document collections in Germany, England, Alabama and the U.S. National Archives in College Park, Md., Mr. Staude pieced together a history of the raid.

Archie DiFante

He discovered photos taken from a hot-air balloon in 1917 and printed on glass, that showed the refinery surrounded by farmland. He found an RAF reconnaissance photo taken in 1943, showing tar-storage tanks ill-concealed under camouflage netting. He found the briefing document used to guide the pilots to the most vital target buildings. He found photos showing 225-kilogram bombs tumbling through the air toward the complex that day in 1944, as well as pictures showing dark smoke, sprouting like a giant cauliflower from the burning factory.

Five days after the raid, a Royal Air Force plane snapped clear pictures that showed the facility and nearby farms pocked by bomb craters.

One, in a field, showed a circular spray, but no large hole in the center. Mr. Staude concluded that the bomb had landed in soft dirt, splashing mud but failing to detonate.

Another showed a tiny mark alongside what appear to be bales of hay. He concluded that a bomb had punctured dry earth, but didn't explode.

Both bombs, he figured, were still buried on the site. Over the years, explosives experts have dug up 21 bombs there, including one that penetrated about six meters into the soft ground, bounced off a subterranean gravel bed, traveled traveled sideways 14 meters underground and finally came to rest two meters from the surface, pointed upward.

The work has gone slowly because of budget constraints, he said. Bomb-disposal experts remove the fuses if they can and then transport the explosive to a safe place to be destroyed. Otherwise, they blow them up in place.

When he can't make it to Alabama, Mr. Staude asks Archie DiFante, a Maxwell archivist, to send copies of photos and documents. Mr. DiFante, 54, and Mr. Staude have become fast friends over their shared love for the esoterica of aerial bombardment.

In one case, Mr. DiFante's timely email helped Mr. Staude locate the live 225-kilogram device, buried near where a developer was already starting to build a water park. The builders had begun digging based on a reconnaissance photo that showed the bombers had missed the site. Mr. Staude rightly suspected that a different photo, taken later and found by Mr. DiFante, would reveal errant explosives.

"We bombed the living daylights out of everything in Germany," said Mr. Difante. "The war is still there."

Venezuelan midterm elections deliver rebuke to Chávez

By John Lyons

CARACAS, Venezuela—Delivering a sharp rebuke to the decadelong presidency of Hugo Chávez, Venezuelans elevated opposition candidates into key governorships as well as gave them control over the country's two biggest cities in midterm elections in this oil-rich nation.

The result from Sunday's vote is a big loss for the populist president at a time when oil prices have plunged and left him without an excess of money to spend for the first time in years. The outcome could restrict Mr. Chávez's ability to push his self-styled Socialist revolution—including his efforts to stay in power indefinitely.

"Now is the time for true change," said Antonio Ledezma, an opposition candidate who won in the federal district of the capital Caracas, as fireworks echoed through the city.

Mr. Chávez's United Socialist Party of Venezuela won most of the races, and held on to a few symbolically important states, such as his home state of Barinas, a poor backwater where his brother Adan Chávez was elected governor. But the president's party lost in the most populous states and major economic centers, leaving him with mostly rural support and a dwindling base, even among the urban poor that have been a bastion in the past.

In the early hours of Monday, Mr. Chávez seized on the idea that his party won a majority of races and addressed flag-waving supporters outside the Miraflores presidential palace, looking and sounding as though he had scored a major victory. "The people are telling me: 'Chávez: continue down the same road,' " the president said.

Hugo Chávez

But nearly everyone in Venezuela saw things differently. "With their victories ... the opposition will now govern over a majority of Venezuelans, as well as the country's economic, cultural and political centers, and have taken a major step in getting stronger," said Teodoro Petkof, publisher of a leftist opposition newspaper called Tal Cual.

Declaring that "the future of Hugo Chávez" was at stake, Mr. Chávez toured the country in the weeks leading up to the race, telling voters this was a referendum on his rule. He sought to dominate voting and to regain momentum after losing a referendum in December that was designed to extend his presidency indefinitely.

Nearly a decade after coming to power on vowing to lift the poor, Mr. Chávez remains widely popular in Venezuela. But rising crime rates, inflation and a deterioration in public services such as trash collection have prompted some to say his presidency isn't living up to his promises.

"Chávez is good, but a lot of the people around him are just there to rob," said Edward Herrera, a 27-year-old resident of Petare, a slum on the outskirts of Caracas considered a stronghold of Chávez support. "We're a rich oil exporter, but our roads look like one big pothole." Opposition candidates exploited such sentiments to challenge Mr. Chávez.

Despite the opposition gains, Mr. Chávez's party controls the Supreme Court, the National Assembly, the federal bureaucracy and state companies, including a handful of firms nationalized during his term. Mr. Chávez, 54 years old, retains another advantage: The opposition remains a divided group, prone to infighting that could hamstring any serious challenge to him at the national level.

The president signaled he might move to handpick new regional authorities, effectively depleting the power of the elected opponents.

And many observers expect Mr. Chávez to quickly revive his plans to boost his authority and extend his presidency indefinitely. In the year since his constitutional referendum was defeated, Mr. Chávez increased spending by about 60%, Morgan Stanley estimates. The spending has helped to lift his approval ratings to about 60%, other analysts said.

Such spending, however, will be hard to sustain given the plunge in oil prices since July. Morgan Stanley estimates that an oil price of $55 would translate to a 5.2% budget deficit and a "major deterioration of public finances."

If oil prices stay low, life in Venezuela in the next few years could resemble the president's first few years in power, when oil prices were low and the nation was roiled by political conflict.

Even if oil prices rebound, however, the Venezuelan leader's influence on the region seems to have begun to fade. During the past few years, some political imitators of Mr. Chávez have won power in nations such as Bolivia and Ecuador. He has allies in Argentina and Nicaragua. But populist candidates have lost in places like Mexico and Peru, partly because they were identified with the controversial Venezuelan.

Throughout Latin America, Mr. Chávez is seen with suspicion and distrust. An 18-nation survey this year by Latinobarometro, a polling firm in Chile, showed that Mr. Chávez, Fidel Castro, and George W. Bush, were all at the bottom of the list of leaders that Latin Americans admire.