THE WALL STREET JOURNAL.

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DJIA 8835.25 ▲ 552.59 6.7% NASDAQ 1596.70 ▲ 6.5% NIKKEI 8238.64 ▼ 5.3% DJ STOXX 50 2133.28 ▼ 0.2% 10-YR TREAS ▼ 18/32, yield 3.818% OIL \$58.24 ▲ \$2.08 GOLD \$704.90 ▼ \$12.80 EURO \$1.2853 YEN 97.82

What's News-

Business & Finance

weakness in the consumer

weekly jobless claims. Crude

rose \$2.08 to \$58.24. **C1, C6**

■ Wal-Mart's profit climbed

9.8% on a 7.5% rise in sales, un-

derscoring the retailer's abil-

ity to drive down prices and

and undercut competitors. A1

■ Luxury-goods makers are cutting prices on products in

the U.S. market for the first

■ U.S. banks are in a heated

the industry tries to shore up

competition for deposits as

funding sources. Deposit

rates are rising sharply. A1

driven by large declines in

■ The U.S. trade gap shrank,

imports and exports. Growth

may return by the second half

Wall Street Journal survey. A4

■ State insurance regulators

are considering moves to ease

capital requirements, a move

about consumer protection. C1

least 10,000 more jobs and will

raise interest rates on credit-

card customers in an effort to

■ Bank of America could face

a culture clash with Merrill

brokers, half of whom were

offered bonuses to stay on. C1

■ MGM Mirage's chairman is

resigning amid questions about

his academic credentials raised

by The Wall Street Journal. **B1**

■ Germany's economy is turn-

ing into a major casualty of

the global downturn despite

the lack of a housing bubble

or overspending on credit. A6

■ Iceland's prime minister

said he expects the IMF to ap-

prove a stalled \$2.1 billion loan

■ Computer makers and re-

they scramble to adjust to dete-

plan to pool local news-gath-

ering resources in major mar-

■ Siemens's net loss widened

on about \$5 billion in charges,

including expenses to settle a

probe into alleged bribery. B3

■ A group of labor unions

accused CVS of violating pa-

tient privacy and improperly

pushing doctors to prescribe

a costly prescription drug. **B1**

jump in first-half net, but the

brewer said slowing demand is

crimping investment plans. B2

■ **Redstone said** the value of

\$1.6 billion debt pile and reit-

erated he won't sell shares. B3

■ A large unfinished project

Vegas Sands has the city-state

making contingency plans. B8

■ S&P cut the credit ratings of

two big auto suppliers, citing

their ties to the Big Three. **B3**

■ U.S. Steel will lay off 675

union workers, or about 2%

■ Sprint is offering buyout

packages to an undisclosed

number of employees. B6

of its staff, due to slackening

demand for steel products. B3

in Singapore involving Las

his assets still exceeds his

■ **SABMiller posted** a 49%

kets across the country. B4

riorating demand for PCs. B1

■ NBC and Fox unveiled a

tailers are cutting prices as

return to profitability. C1

that could raise concerns

■ Citigroup plans to cut at

of 2009, say economists in a

time in recent memory. B1

sector and an increase in

■ The FDA blocked products he Dow industrials **■** surged 552.59 points, or from China containing milk. 6.7%, to 8835.25 as the index The directive requires staged one of its biggest importers to prove the food same-day turnarounds after doesn't contain melamine, briefly falling below 8000. traces of which were found in The market's gains came some samples, before it can despite continued signs of enter the U.S. The move is a

> chunk of China's \$3.8 billion in annual food and beverage exports to the U.S. A3 The FDA hasn't received any reports of illness linked

to melamine in food.

rare case of the agency

restricting products from an

entire country. Thursday's

order could affect a sizable

World-Wide

- **■** Democrats are scaling back plans for a stimulus package, and a deadlock over the Detroit bailout may push action off until January. A5
- Lawmakers assailed Paulson over his handling of shifting TARP's focus, and raised questions about Treasury's plans for rescue funds. A4
- Bush defended U.S.-style capitalism as the cure for the world's financial crisis, warning foreign leaders ahead of an economic summit not to implement restrictive rules. A4
- Japan promised \$100 billion in loans to bolster the IMF. China offered \$500 million in aid to Pakistan. A10
- The RNC sued to overturn the ban on unlimited campaign contributions, after an election in which Obama raised record amounts. A5
- The NTSB said undersized steel plates were the chief cause of the Minneapolis bridge collapse that killed 13 last year, and stockpiled construction materials contributed to its failure. A2
- Astronomers released pictures believed to be the first visual images of planets outside our solar system. A2
- Belarus's Lukashenko is in talks to deploy Russian missiles, raising the ante on U.S. plans for missile defenses in Europe. A9
- U.S. and Pakistan forces are coordinating attacks to fight the Taliban and al Qaeda along the Afghan border, reflecting Islamabad's new willingness to combat militants. A6
- Congo is delaying decisions on the mining industry due to rebel fighting, undercutting efforts to rebuild its shattered economy. A9
- **China detained** a pro-democracy activist and told his wife he would be charged with subversion.
- Militants seized a Somali town near the capital and imposed Islamic law, setting back a U.N. peace process.
- A giant cloud of smog extending across Asia threatens global health and food supplies, a U.N. report said. A11
- **The U.S. began** its fiscal year with a record \$237.2 billion budget deficit in October, reflecting bailout spending.
- Riots erupted across Colombia after pyramid schemes collapsed, costing investors millions of dollars.
- A civilian plane crashed in Iraq after reporting a malfunction, the U.S. military said. The crew was presumed dead.
- Palin urged Republicans to return to bedrock values and work with Obama, but gave few signs of her plans.
- **Obama said** he will resign his Senate seat, effective Sunday.

TODAY'S AGENDA

October Retail Sales

Likely Took Steep Fall

As **J.C. Penney** RETAIL SALES and Abercrombie **& Fitch** report earnings, U.S. October retail sales were expected to be down more heading into the holiday season. Consensus estimate: a decline of 2.4% in-

cluding autos. Commerce De-

partment, 8:30 a.m. EST.

Group of 20 Leaders Tackle Financial Crisis

The Group of 20 nations' leaders meet in Washington to work on principles to improve transparency and oversight in the world financial system. The G-20 communique to be released Saturday is also expected to lay out areas for fixing problems that led to the current financial crisis.

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Media & MarketingB4 Stocks in the NewsC5 U.S. News. Letters to the EditorA16 World NewsA6-11

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Banks Wage Rate War for Deposits

Consumers Benefit as Institutions Move to Shore Up Funds, but Profit Margins Suffer

By David Enrich

Banks across the U.S. are engaged in a heated competition for deposits as the battered industry tries to shore up its funding sources.

From giant Citigroup Inc. to tiny S&T Bancorp Inc.— which is based in Indiana, Pa. and has just 55 branches—banks are responding to uncertain times by sharply increasing the interest rates paid on deposits.

The result is a boon for consumers hungry for higher returns as the stock market lurches. But the moves are causing pain for large and small banks across the U.S. by squeezing their profit margins.

The desire to lure depositors is triggering a "national price war," says Michael Poulos, a partner at financial-services consulting firm Oliver Wyman. "In the past 15 years, there's been nothing like this. The level of competitive intensity is unprecedented right now."

The deposit-collecting binge could help banks build up the funds needed to make new loans. That could help ease the credit crunch choking the economy.

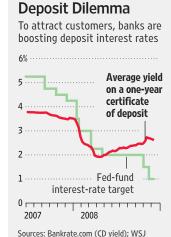
But the scramble for deposits also poses a dilemma for lenders. Banks that don't boost interest rates to keep up with rival institutions will find it harder to attract money that can be funneled

into loans. Banks that do jump into the fray are likely to see profit margins erode at a time when many already are struggling with rising loan losses and the weakening U.S. economy.

To attract new deposits, Citigroup has been deploying a double-barreled pitch of safety and hefty rates of up to 4% on sixmonth CDs. "At Citibank, you can feel confident with a shortterm CD at a great rate," the company says in newspaper ads. "All from a bank you can trust."

Citigroup's offer has drawn the ire of far smaller Virginia Commerce Bancorp Inc., which

26 branches. William Please turn to page A14





FIRING LINE: Congress grilled five of the country's top hedge-fund operators Thursday over the risks they take. From left: George Soros, James Simons, John Paulson, Philip Falcone and Kenneth Griffin. Article on Page C2.

When Alzheimer's Hits at 40

Early-Onset Sufferers Juggle Children, Job and Dementia

BY SHIRLEY S. WANG

Brian Kammerer, the 45-yearold chief financial officer of a small hedge fund, called his wife one day from a cellphone in the men's room of his Manhattan office building. A colleague had just asked him for something, he whispered, but he had no idea what it was.

"It clicks and it holds papers together," he said.

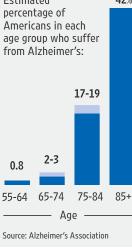
"A stapler?" Kathy Kammerer asked.

"I think that's what it's called," he replied.

Soon after that exchange in early 2003, the father of three was diagnosed with Alzheimer's disease, capping nearly five years of uncertainty and fear about his increasing forgetfulness and diffi-

culty with language. While most people who get Alzheimer's are over 65. Mr. Kammerer is one of about 500,000 Americans living with Alzheimer's or other dementias at an atypically young age. Alzheimer's takes a long time to develop—usually, it isn't diagnosed until 10 years after the first symptoms appear-but more Americans are identifying it early, thanks in part to aggressive screening programs pushed in recent years by

Age of Onset Estimated



groups including the Alzheimer's Foundation of America, a national alliance of caregivers. The disease can be especially

torturous when it creeps up on those in their 30s and 40s. As these patients move through Alzheimer's early stages, they are forced to cope with the dread of not knowing what is happening to them, often in the years when they're raising young children and building financial security.

appear to chronicle espionage

breakthroughs. What remains makes it appear that the world's

largest ear has been a bit deaf.

report, government eavesdroppers generated half of

According to the declassified

their intelligence re-

ports just after World

War II from listening in

on the French. Code

breakers missed a key

tip-off in the Cuban Mis-

sile Crisis. The report

also suggests that, for

the most part, the gov-

As the disease progresses, there are slip-ups to cover, appearances to keep up. When these "early onset" Alzheimer's sufferers are finally diagnosed, they face hard questions-whom to tell and when, and what these divulgences mean for their jobs and health insurance

Overall, an estimated 5.2 million Americans have Alzheimer's, with as many as 10% diagnosed under the age of 65-the definition of early onset, according to the Alzheimer's Association, a national research organization. As the population ages, the number of individuals with Alzheimer's is expected to hit 7.7 million in 2030.

There are no Alzheimer's cures now on the market. Current medications mitigate some symptoms but don't slow or halt the disease's progression. Pharmaceutical companies are working on new therapies that reduce or remove amyloid, a sticky substance in the brain thought to play a role in the disease. There are more medicines in development for Alzheimer's than any other neurologic disease except pain, according to Pharmaceutical Research and Manufacturers of America, the industry trade group. It will likely be years be-Please turn to page A14

Wal-Mart **Flourishes As Economy** Turns Sour

By Miguel Bustillo AND ANN ZIMMERMAN

Wal-Mart Stores Inc., the nation's largest private employer, is reaping big gains from the souring economy even as consumers cut back, retail chains struggle and thousands lose their jobs.

On Thursday, after a week of bad news from retailers such as Best Buy Co. and Starbucks Corp., Wal-Mart said earnings for the third quarter rose 9.8% while sales rose 7.5%. At stores open at least a year, sales rose 3%, twice as much as a year before, and far better than nearly every other U.S. retailer.

Behind the figures is a confluence of trends fueled by the downturn. As strapped consumers look for cheaper goods, and weaker retailers go out of business, Wal-Mart is using its unmatched economies of scale to drive down prices, undercut competitors and squeeze costs out of suppliers ever more dependent on the Bentonville, Ark., behemoth.

Indeed, the downturn is increasing Wal-Mart's clout just as its dominance was being threatened by diminishing returns on its big-box expansion formula, more-selective consumers and a growing field of rivals. The company's size is now turning to its advantage: For every \$1 spent in the last year on goods other than cars in the U.S., 8.2 cents went to a cashier at a Wal-Mart store or a Sam's Club, the company's membership warehouse chain, according to Michael Niemira, chief economist at the International Council of Shopping Centers.

Even with unemployment rising, Wal-Mart said that it had hired 33,000 new employees in the 12 months prior to October. Its U.S. work force now stands at 1.45 million, making it an economic driver for millions of other jobs dependent on Wal-Mart.

On Thursday, the Labor Department reported that the number of workers filing new claims for jobless benefits rose by an unexpectedly steep 32,000 last week to 516,000, the highest since Please turn to page A11

THOUGHT OF THE DAY

TRANQUILITY CAN BE FOUND IN SURPRISING PLACES.

So can exceptional gas mileage.



Quieter than a Lexus RX 350 and with better highway fuel economy." BUICK ENCLAVE. THE FINEST LUXURY CROSSOVER EVER.



*Based on independent testing. EPA-est. mpg (FWD): Enclave 24 hwy.; Lexus 23 hwy ©2008 GM Corp. All rights reserved. Buick® Buick logo® Drive Beautiful™ Enclave®

Agency Tells Story but Keeps Victories Secret;

The Day the Soviets Changed Their Codes By Siobhan Gorman cording to intelligence experts,

In a New History of NSA,

Its Spies' Successes Are [Redacted]

WASHINGTON—For much of its history, the government's most-secretive intelligence agency sought to conceal its very existence.

So it was a surprise last year when university researchers persuaded the National Security Agency to hand over a top-secret, 1,000-page account of its Cold War spying.

George Washington University plans to release the report today, giving historians a rare look inside the agency that gathers intelligence through eavesdropping.

But one thing appears to be missing: Many of its biggest suc-Not wanting to reveal too much, NSA blanked out sensitive

chunks of the account that, ac-

ernment couldn't crack high-grade Soviet communications codes be-Tom Johnson tween World War II and the 1970s. "This was a perfect opportu-

nity for NSA to put its best foot forward," says Matthew Aid, an intelligence historian who pressed the agency to release the Please turn to page A14

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