

What's News—

Business & Finance

Treasury's Geithner promised forceful action aimed at getting \$1 trillion to \$2 trillion in financing flowing through the economy, but the lack of detail helped drive stocks down nearly 5%. The financial-rescue plan includes more capital for banks and aid to stem foreclosures. The Dow Industrials fell 381.99 points to 7888.88. **A1, A2, C1**

U.S. wholesalers slashed inventories in February, adjusting to plunging demand in a deepening recession. A4

GM said it will cut 10,000 salaried jobs this year as it scrambles to meet a Tuesday deadline to submit a revamped plan to the government. B1

Mogul Charles Ergen offered to restructure Sirius XM Radio's debt and inject several hundred million dollars in return for control. B1

Former U.K. bank chiefs apologized for mistakes and drew criticism during TV hearings on the financial crisis. C1

AIIG is in talks to sell a car insurance unit to Zurich Financial Services. The price could top \$2 billion. C2

Plunging commodities prices and drought are taking their toll on a host of Latin American countries. A1

Wal-Mart is planning a major new push to open stores in Chicago, sensing that the weak economy may help overcome past opposition. B1

The sons of Morvyn's founder bought the defunct retailer's name in an effort at a potential comeback. B2

Clear Channel's move to tap \$1.6 billion in credit sparked investor skepticism about the media giant's ability to pay back its loans. B3

DeLuxe banished from its hundreds of Bellini stores about 300 Unilever products the grocery chain said were priced too high. B1

Crude futures fell 5.1%, to \$37.55, a three-week low, as doubts about the stimulus plan and coming inventory data weighed on prices. C7

Treasuries rallied as investors, disappointed with the bank-bailout initiatives, cut their risk appetites. C3

The EU asked France to clarify details of its auto-sector bailout, citing concerns about protectionism. A10

UnitedHealth's CEO made nearly \$100 million in paper gains after exercising stock options once at the center of the backdating scandal. C2

Life insurers' stocks slid amid worse-than-expected earnings, sinking credit ratings and concerns about the adequacy of capital bases. C3

Alaska Airlines asked the Transportation Department to look into Virgin America's ownership status, to see if it meets U.S. requirements. B2

Molson's net profit fell 44% in the fourth quarter amid sluggish demand and the stronger U.S. dollar. B2

HarperCollins is closing a major nonfiction unit and dismissing two top executives as financial results slump. B5

John Grisham is close to an agreement with Random House to publish his titles in all-ebook formats. B5

World-Wide

The Senate approved an \$838.8 billion stimulus bill. Only three Republicans joined Democrats in the 61-37 vote. The plan now heads into a final round of talks to reconcile Senate and House versions, with top lawmakers struggling to bring the price of the two-year package down to \$800 billion. The White House wants to restore funding for schools, health insurance and computerizing health records and is pressing to scale back tax breaks. A4

Obama stamped for quick action on the plan in Florida, meeting with GOP Gov. Crist in bid to show bipartisan support.

Israeli elections left centrist Livni and right-wing candidate Netanyahu locked in a leadership battle that could take weeks to resolve. A1

Ahmadinejad said Iran is willing to negotiate with the U.S. but signaled talks are conditional on a shift in U.S. policy. A8

Pakistan told the U.S. envoy it wants to be included in any talks on changing the approach to fighting militants.

Interpol put out an international alert for 85 alleged terrorists suspected of plotting attacks against Saudi Arabia.

Australian police sifted through ash to identify wild-fire victims. Some reports said the death toll could reach 300.

The opposition leader in Zimbabwe will become prime minister Wednesday in a power-sharing accord with Mugabe.

China's state broadcaster said an employer's fireworks set off a blaze that heavily damaged a neighboring building. A9

China warned a lack of rain in the next two weeks could threaten the wheat harvest. A8

Rouffignac is pushing states to ease limits on spending from endowment funds in a bid to avoid layoffs and cuts. A5

Defense Secretary Gates ordered a review of a Pentagon policy banning photos of the coffins of dead soldiers.

Interior Secretary Salazar said his agency would extend the comment period on a Bush offshore-drilling proposal. A6

The EPA is delaying a Bush administration rule that would let some plants avoid installing pollution controls.

Sarkozy paid the first visit to Iraq by a French head of state seeking to restore ties and pursue arms and oil deals. A10

The U.S. Postal Service said the price of a first-class stamp will increase two cents to 44 cents on May 11. A6

Alaska's attorney general quit two weeks after state legislators criticized his handling of a probe involving Gov. Palin. A8

At least 16 patients being treated at a hospital in northern Sri Lanka were killed by shelling. The Red Cross said.

The number of Americans without health insurance could grow by nine million over the next decade, the CBO forecast.

Obese women are more likely to have babies with certain birth defects, British researchers reported in JAMA.

Shortstop Miguel Tejada is expected to plead guilty Wednesday to lying to Congress about steroids. A6

Mexican soldiers battled drug gangs near the U.S. border in violence that left 21 dead. A10

Market Pans Bank Rescue Plan

Treasury Secretary's Announcement Short on Details About Bad Assets, Mortgages

By DEBORAH SOLOMON

WASHINGTON—Treasury Secretary Timothy Geithner promised forceful action to get credit flowing again to the economy, but the lack of detail in his much-anticipated speech helped drive stocks down nearly 5%, the worst sell-off since President Barack Obama assumed office.

Announcing the Obama administration's financial-rescue plan in the Treasury's ornate Cash Room, Mr. Geithner described a mix of efforts that were mostly already known in their

but said the details remain to be worked out in the next few weeks. Officials also will take the coming weeks to flesh out details, in consultation with the public, of a planned Public-Private Investment Fund to take soured assets off banks' books.

After his speech, Mr. Geithner met with lawmakers. The Treasury could find itself back on Capitol Hill at some point seeking more financial-rescue funds. Officials said they have enough for the time being, but didn't rule out asking for more.

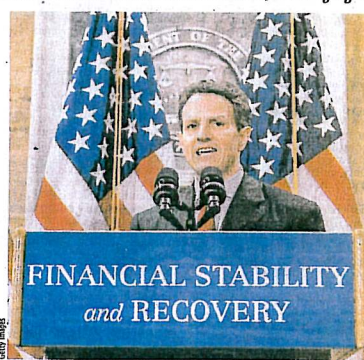
Some observers expressed concern about the plan. "I am very skeptical that this plan will achieve the desired objectives," said Gerald Ford, a Texas billionaire who has been bidding on failed banks. In particular, Mr. Ford said it was "hard to understand" how the government and private investors will cooperate to set a price for the troubled assets on banks' books that are undermining confidence in the banking system.

Said Ethan Harris, chief U.S. economist at Barclays Capital: "This is the shock and ugliness plan."

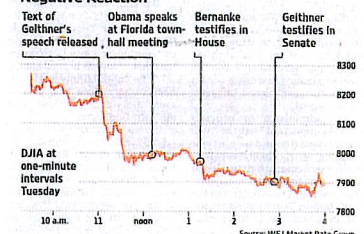
At a meeting of the American Securitization Forum in Las Vegas, a crowd of about 50 people abandoned their breakfasts to watch Mr. Geithner's speech on TV, some snickering as the stock market began to fall. At the 4 p.m. market close, the Dow Industrials were down 381.99 points, or 4.6%, at 7888.88. The S&P 500 was down 4.9%.

The market hit its lowest level since Nov. 20, when it became clear the Bush administration wasn't going to follow through on plans to buy bank assets from banks. Tuesday was

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Negative Reaction



Markets fell after Treasury Secretary Timothy Geithner announced the Obama administration's bailout plans in the department's Cash Room.

The Bailout Plan

- Geithner's first sales job is greeted with skepticism. **A2**
- "Bad bank" faces hurdles. **A2**
- Seeking foreclosure relief. **A2**
- Online Today: Analysis and economists' reactions at WSJ.com/economics

outlines. They included a fresh round of capital injections into banks, an expansion of a Federal Reserve lending program and a public-private effort to relieve banks of soured assets. The steps are aimed at getting \$1 trillion to \$2 trillion in financing flowing through the economy to kick-start both consumer and business lending.

The other prong of the administration's economic program advanced Tuesday as the Senate passed a \$838 billion stimulus bill, setting up a conference with the House to reach a final bill, possibly by the end of this week.

Mr. Geithner outlined the government to spending \$50 billion to stem home foreclosures

Israel Deadlocked as Rivals Both Claim Election Victory

By CHARLES LEVINSON

TEL AVIV—Foreign Minister Tzipi Livni and Benjamin Netanyahu, leader of the right-wing Likud Party, were locked in a tight battle for leadership of Israel in a political showdown that could take weeks to resolve.

With 99% of the vote counted, both sides declared victory. Ms. Livni's centrist Kadima Party appeared to have a slight edge with 28 seats, compared with 27 seats for Mr. Netanyahu's Likud Party.

Avigdor Lieberman, a nationalist anti-establishment politician who surged in popularity after the Gaza war, came in third, with his Yisrael Beiteinu Party expected to get 15 seats in the next parliament.

That makes it almost impossible for Ms. Livni to secure a coalition without either his support or the support of Mr. Netanyahu's Likud Party, which Likud officials say is unlikely.

Israel's complex electoral system doesn't guarantee Ms. Livni will lead the country—even if she secured the most votes. She first she needs to cobble together a coalition of 61 seats in the country's 120-seat parliament—likely a daunting task given the right-wing's otherwise strong showing in Tuesday's vote.



Rival parties claimed victory after Tuesday's elections in Israel.

Ms. Livni, a 50-year-old former Mossad spy, was the lone major-party candidate to make continued peace talks with the Palestinians on the basis of a two-state solution a central tenet of her campaign. Her rival, Mr. Netanyahu, has rejected many of the concessions seen as crucial to making peace.

Mr. Lieberman's strong third place likely makes him pivotal to

building any coalition. Mr. Lieberman ran a controversial campaign that accused Israel's Arab citizens of being disloyal to the country and called for all Israelis to take a loyalty oath in exchange for citizenship rights.

In a potentially ominous sign for Ms. Livni, Messrs. Lieberman and Netanyahu were scheduled to meet Wednesday.

"A lot is going to depend on Avigdor Lieberman," said Dore Gold, a senior aide to Mr. Netanyahu and Israel's former ambassador to the U.N. "If he stays true to his constituency, he will support Netanyahu. But we don't have a public commitment from him yet."

The election could present challenges for the Obama administration, which has pledged to jump start the peace process. Mr. Obama would likely find that a government led by Ms. Livni, who supports trading land for peace with the Palestinians, more willing to make the concessions necessary for peace. Mr. Netanyahu, on the other hand, opposed ending territory for a Palestinian state and has pledged to expand Jewish settlements around Jerusalem, which could cause tensions with the U.S., just as it did the last time he

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Commodity Price Dive Hits Latin Economies

By MATT MOFFETT

CARLOS CASARES, Argentina-Gustavo Grobocopatel is called "the Soybean King" here because he oversees a farming empire the size of Luxembourg. Nowadays that distinction brings more grief than glory.

Soybean prices have plunged about 40% since last July amid a global commodities crash. For Argentine growers, the pain has been especially acute. Leftist President Cristina Kirchner, who once disparaged soybeans as "practically a weed," taxes them heavily and maintains a heavy hand in the economy. On top of that, the worst drought to hit Argentina in 70 years is scorching the fields during the growing season.

"All of our worst nightmares are happening, one after another," says Julio Mayol, an agronomist employed by Mr. Grobocopatel's privately held company, Grupo Los Grobo SA.

For almost six years, rising commodity prices and favorable weather were a boon to favorable

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Another Wall Street Casualty: The Art of the 'Deal Toy'

Fewer Mergers Mean Fewer Lucite Mementos; Lehman's In-House Artist Had Title, Bonus

By IANTHE JEANNE DUGAN

Five months after its collapse, Lehman Brothers' legacy remains frozen in time on Cynthia Swabson's desk. An artist by training, she worked at the firm for two decades designing fancy trinkets to commemorate financial deals.

There's a miniature roll of aluminum foil suspended in Lucite, marking a sale last year by Alcoa. A tiny pipeline immortalizes a Sunoco-related deal. Gripping a replica of a

She now works part-time for an outfit that manufactures corporate mementos, known as deal toys.

During the bull market, deal toys became so popular they spawned a cottage industry of artists.

Among banks vying for creative ideas to memorialize mergers, initial public offerings and other transactions, Lehman was one firm that actually had a position dedicated to deal-toy tinkering. Ms. Swabson, who held the title of assistant vice president, worked at Lehman for

two decades. She says she earned a salary of \$85,000, as well as an annual bonus of about \$10,000.

Now, as Wall Street struggles and faces criticism for its profit

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Cynthia Swabson

TODAY'S AGENDA

CEOs Set to Testify On Use of TARP Funds

The House Financial Services Committee will hold a hearing with chief executives from the first eight banks that participated in the Treasury Department's \$700 billion Troubled Asset Relief Program to explain how they spent billions of dollars in taxpayer-funded bailouts. 10 a.m. EST

IPO Market Faces First Test This Year

The IPO market faces its first test this year. On deck to begin trading are infant-formula company Mead Johnson Nutrition Co., which is being carved out of Bristol-Myers Squibb Co.; security specialist O'Garra Group Inc.; and Changling World Technologies Inc., which sells renewable diesel fuel and organic fertilizers. CS

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A Buyer's Market Beckons Those With Money

By Meta L. Levin

Each morning Terry Valeski takes his dog for a walk around the perimeter of his four-acre Tucson property checking for evidence of the great horned owls, coyotes and other wildlife that cross his land. It's a habit he relishes as he and his wife, Pam, ease into retirement after Mr. Valeski's career in telecommunications took them to live in more than seven cities in the U.S. and around the world.

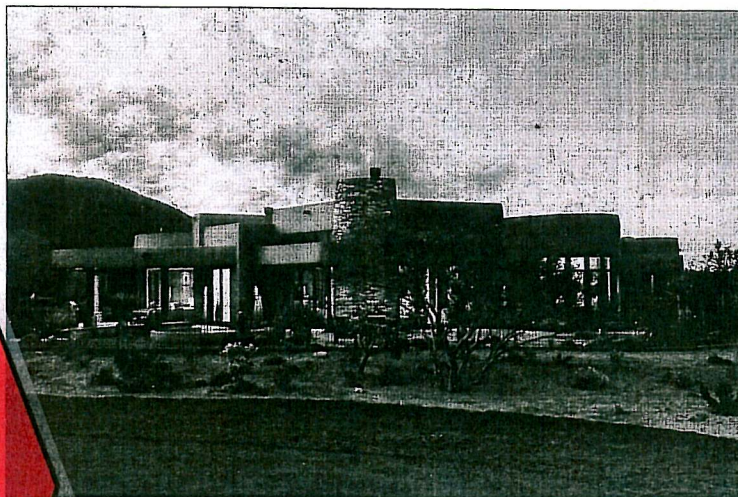
Like a number of luxury-home buyers in Arizona, the Valeskis eschewed the growing Phoenix metropolitan area for their retirement home. Phoenix hasn't lost its attraction for those who want a more urban environment, however. In fact, data from Arizona State University Realty Studies Center shows that 81,700 single-family homes sold in the Phoenix area last year compared with 54,570 a year earlier. "They are responding to large price drops," says Walter Molony, senior public affairs associate at the Chicago-based National Association of Realtors, speaking from his Washington office. In part of upscale North Scottsdale, for example, prices fell 15.9% between the end of 2007 and the end of 2008.

Prof. Jay Butler, head of Arizona State University's Realty Studies Center, echoes that. "When things were good the Phoenix metropolitan area was in the top five cities in the nation and now that things are bad, it's also in the top five," he says from his office in Tempe, just southwest of Phoenix. That created a buyers' market and those with money are taking advantage of it.

Many out-of-state buyers of high-end property are attracted to Arizona by its sunny climate, swimming, golf and tennis, hiking, biking and generally outdoors lifestyle. Kim Clifton, a broker with Tierra Antigua Realty in Tucson and outgoing president of the Tucson Multiple Listing Service, says: "60% to 70% of our upper-end buyers come from out of state." Ms. Clifton, who specializes in luxury-home sales, adds that there are particularly good buys to be had from developers who built homes speculatively.

Kevin Kaplan, vice president of marketing and technology for Long Realty in Tucson, says Pima County (in which Tucson is located) is more affordable than the Phoenix area. Prices did not rise as much during the boom and have not fallen as much since. In mid-January he was beginning to see an increase in buyers.

Some luxury-home buyers are zeroing in on resort developments such as two new Ritz-Carlton projects that are under way, in Paradise Valley, in the Phoenix metropolitan area, and at Dove Mountain, in the Tucson metropolitan area.



Resort developments, such as Dove Mountain Ritz-Carlton Residences in Marana, just northwest of Tucson, are proving popular with buyers of luxury property.

Dove Mountain Ritz-Carlton Residences sits on 850 acres in Marana, just northwest of Tucson. Sales opened last October and as of late January there were 10 reservations, says Robert Shields, director of sales and marketing for DM Residential Investment, which is developing the property. There will be nearly 440 residences: villas, which share a wall, between 1,900 square feet and 2,600 square feet on 9,600 square-foot lots, priced between \$1.25 million and \$1.5 million; and 2,500 square-foot to 5,500 square-foot detached homes on lots between a quarter and one acre, priced between \$1.5 million and \$3 million. Custom-home lots between one and seven acres are priced be-

"Now they are looking for deals, because the deals are out there."

tween \$700,000 and \$1.8 million. All homes face one of two Jack Nicklaus-designed golf courses or the Tortolita mountains, and residents have access to the resort's restaurants, spa, nine swimming pools and other services.

Sales at Ritz-Carlton Paradise Valley — at the foot of Camelback Mountain between Phoenix and Scottsdale — began last March. Buyers who have to arrange financing or sell another home will have "two-and-a-half years to sort everything out," says Brendan Mann, director of sales for S&P Destination Properties, which is handling the resort-style development. Homes range from 2,000 square-foot villas to 5,500 square-

foot estate homes, priced between \$1.6 million and \$7 million. Facilities include access to the hotel's cooks and events lawns.

Kristen Johnson, an agent with Arizona Best Real Estate in Scottsdale, says that the luxury-home buyers with whom she works still zero in on North Scottsdale and Paradise Valley. She and others like her count on Arizona's reputation as a resort destination with buyers from colder climates, such as Chicago, New York, Washington state and Canada. "Now they are looking for deals, because the deals are out there," she says, speaking from her home office in Scottsdale.

Sedona, around a two-hour drive north of Phoenix, known for its red rocks and nearby historic ruins, is considered a cooler option for Phoenix residents and those for whom the heat of southern Arizona is too much. There the luxury market starts at \$1 million and as of mid-January there were 93 luxury homes on the market, says Jacque Weems, a real estate agent and luxury-home expert with Russ Lyon Sotheby's in Sedona. Of those, nine were priced at more than \$3 million and three at more than \$10 million.

Ms. Weems's buyers are looking for privacy and panoramic views, often seeking homes on land abutting the Coconino National Forest. "They don't want to see another house," she says. Many of the homes have floor-to-ceiling windows, which allow the residents to feel as if they are walking among the red rocks and the towering trees that surround them.

For those who have the money, Arizona today is a buyers' market.

INVITING CLIMATE,
SPLENDID SCENERY
AND SPORTS GALORE

IN ARIZONA, the outdoors calls. Realtors and developers report that buyers of luxury homes nearly always cite the climate as important in their choice, looking for a variety of outdoor activities.

And Arizona delivers. There are more than 300 golf courses in the state, with 150 connected to golfing communities. More than 15 of these courses are of the caliber to host a Professional Golf Association event. Tennis also is big, with courts, clubs and camps available throughout the state.

There are no fewer than 24 national parks, monuments and historic trails. Grand Canyon National Park is probably the best known, with 277 miles of the Colorado River winding its way through Arizona's northwest corner, offering opportunities for hiking, backpacking and river rafting, not to mention some breathtaking scenery.

Buyers in the Sedona area often opt for homes nestled on land partially surrounded by the Coconino National Forest, one of six national forests in Arizona. It covers 1.8 million acres, providing opportunities for those who want to camp, horseback ride, hike or fish.

And baseball fans can watch 14 Major League teams compete in Arizona's "Cactus League" during spring training, enjoying both the scenery and the games.

— Meta L. Levin



Grand Canyon National Park