

MARKET MELTDOWN

Bailout doubts rock Wall Street, world

Dow has its biggest one-day drop, and European markets plunge 5 percent.

FROM REGISTER NEWS SERVICES

It was the stock shock heard 'round the world as the U.S. credit crunch reverberated globally Monday. Here's an overview of the latest stock market thrill ride:

Q: What happened Monday to U.S. markets?

A: The Dow Jones industrial average plunged as much as 800 points – its largest one-day point drop ever – before recovering about 430 points in the day's final 90 minutes to close with a loss of 370 (down 3.6 percent).

The Dow closed at 9,955.50 after a dizzying drop as low as 9,525. It was the first time in four years that the Dow fell below 10,000.

The Standard & Poor's 500 Index retreated 3.9 percent. The Nasdaq composite index sank 4.3 percent.

At the end of the day, just 107 stocks rose on the NYSE – and 3,121 dropped.

Q: Why did our markets tank?

A: In part, bank bailouts in Europe.

Over the weekend, governments across Europe rushed to prop up failing banks, while the governments of Germany, Ireland and Greece also said they would guarantee bank deposits.

The German government and financial industry agreed on a \$68 billion bailout for commercial-property lender **Hypo Real Estate Holding AG**. And France's **BNP Paribas** agreed to acquire a 75 percent stake in **Fortis**' Belgium bank after a government rescue failed.

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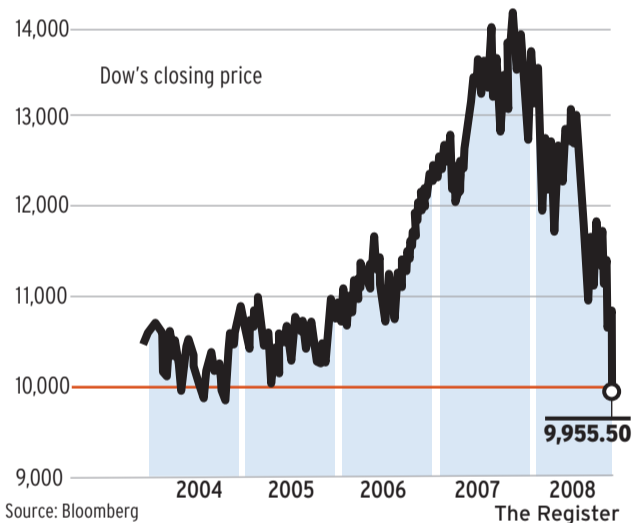


MARY ALTAFFER, THE ASSOCIATED PRESS

DIRE FOR DOW: The Dow Jones industrial average fell below 10,000 points Monday for the first time in four years amid fears a \$700 billion rescue plan won't quickly unfreeze credit markets.

Dow below 10,000

The Dow Jones industrial average fell below 10,000 points Monday for the first time since October 2004.



Source: Bloomberg

The Register

O.C. investment experts say don't buy yet – but get ready

By **JOHN GITTELSON**
THE ORANGE COUNTY REGISTER

How bad will it get? What can I do to protect my money? Here's a roundup of opinion from Orange County investment experts.

Bill Gross, the bond guru and managing director of **Pimco** in Newport Beach, wrote in his latest Investment Outlook that the Federal Reserve "should also cut interest rates to 1 percent, because we are experiencing asset deflation, and the threat of headline inflation is long past."

Gross also said to "expect a lengthy recession but not depression, accelerating government deficits approaching a trillion dollars as forecast here in this Outlook several months ago, and the eventual rise of inflation and longer dated bond yields."

Donald Straszheim, vice chairman of Newport Beach-

SEE **REACTION** • PAGE 14

GRAPPLING WITH THE CRISIS

Here are Monday's developments in the nation's ongoing financial crisis:

- The Treasury Department named a former **Goldman Sachs** executive to oversee the \$700 billion financial rescue package and pledged to work with other countries to calm global financial markets.
- In a fresh effort to loosen

dangerous credit clogs, the Federal Reserve said it will significantly expand its loan program to squeezed banks, increasing one program to as much as \$900 billion by the end of this year.

- **Wachovia**, **Citigroup** and **Wells Fargo** on Monday agreed to a standstill of all formal litigation activity – a sign that

the banks and the Federal Reserve are working feverishly to reach an agreement over the fate of **Wachovia**.

- **Bank of America Corp.**, the largest U.S. bank, reported a 68 percent drop in quarterly earnings, cut its dividend in half and said it would seek to raise \$10 billion in additional capital.
- More on News 13**

TODAY'S THEME

TECHNOLOGY

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PC CLUB TALKS USB PORTS

What to do when your USB port loses power. **News 12**



53,547

XBOX 360 CONSOLES SOLD IN JAPAN IN SEPTEMBER, OUTPACING PLAYSTATION3. SOURCE: ENTERBRAIN

More digital TV coupons put on tap

Agency can hike supply by as much as 50% as the Feb. 17 deadline for conversion nears.

By **TAMARA CHUANG**
THE ORANGE COUNTY REGISTER

The agency that handles the coupon program for the digital TV converter boxes has increased the number of potential coupons to 50.5 million – 50 percent more than the 33.5 million the National Telecommunications and Information Administration said it had available over the summer.

Meredith Baker, NTIA secretary, said the agency asked for and received \$7 million more from the Department of Commerce to fund the program. The agency can request more if necessary.

"At this point, we've ordered 44.5 million coupons. Our estimates are based on what we see in ordering and redemption rates,"

SEE **DIGITAL TV** • PAGE 12



MCCLATCHY-TRIBUNE

OIL PRICES FALL TO LOWEST CLOSE SINCE FEBRUARY

Oil prices plunged below \$90 a barrel Monday, coming within reach of year-ago levels as a widening financial maelstrom spreads

overseas and crimps global demand for energy. A barrel of oil has not been this cheap in eight months, suggesting that the climate in which oil soared to unheard of levels is

↓	Dow 30 industrials Close: 9,955.50 Change: -369.88
↓	Nasdaq composite index Close: 1,862.96 Change: -84.43
↓	S&P 500 index Close: 1,056.89 Change: -42.34
↓	10-year Treasury yield Close: 3.47% Change: -0.14
↓	Oil Nymex per barrel Close: \$87.81 Change: -\$6.07

coming to an abrupt end. Crude's stunning fall comes just three months after prices surged close to \$150 a barrel. Investors, it appears, have little faith that the \$700 billion U.S. rescue plan will provide a quick fix for the stumbling U.S. economy. Light, sweet crude for November delivery fell \$6.07, or 6.4 percent, to settle at \$87.81 a barrel on the New York Mercantile Exchange. It was crude's fourth straight negative session and its lowest settlement since Feb. 6. Oil prices have tumbled 40 percent since peaking at \$147.27 a barrel on July 11.

T-BILL RATES AT NEW LOW

Interest rates on short-term Treasury bills fell in Monday's auction, with yields on three-month bills falling to the lowest level on record, reflecting continued strains in credit markets. The Treasury Department auctioned \$26 billion in three-month bills at a discount rate of 0.460 percent, down from 1.100 percent last week. An additional \$27 billion in six-month bills was auctioned at a discount rate of 1.100 percent, down from 1.540 percent last week.



BODY-ARMOR CONTRACT

Ceradyne Inc., the Costa Mesa-based maker of ceramic body armor for U.S. soldiers, won an Army contract valued at as much as \$2.37 billion, its largest order. The five-year contract requires an annual supply of at least 500 ceramic armor sets and as many as 240,000, **Ceradyne** said Monday in a statement. **Ceradyne** has received its first firm delivery order on the contract for \$943,000. The contract for the armor, which is inserted in soldiers' vests, is "by far the largest" body armor order the company has ever received, said David Reed, president of **Ceradyne's** North American division. The company also makes armor used on vehicles.

ELI LILLY BUYS IMCLONE

Eli Lilly & Co. agreed Monday to spend more than \$6 billion to fortify its cancer treatment portfolio by acquiring the biotechnology firm **ImClone Systems Inc.** in a deal that tops earlier offers from competitor **Bristol-Myers Squibb Co.** Indianapolis-based Lilly said it will pay \$70 per share for New York-based **ImClone**. The deal will add **Erbix**, a treatment for colorectal and head and neck cancers, to Lilly's portfolio of cancer drugs.

EBAY TO CUT 1,600 JOBS

Online auction site operator **eBay Inc.** said Monday that it will cut about 1,600 jobs, 10 percent of its workforce. **eBay** Chief Executive John Donahoe, who took over as CEO from Meg Whitman in March, said the cuts will allow **eBay** to reinvest in growth areas like its online payments service **PayPal** and its classified-ads business. **eBay** also said Monday that it will purchase **Bill Me Later**, a privately held company that lets online retailers give shoppers credit without detailed application forms, for about \$945 million. **eBay** also said it purchased Danish classified-ad site **dba.dk** and vehicles site **bilbasen.dk** for about \$390 million.

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