

in transactions in which buy-out shops and hedge funds wrest control of troubled companies on the cheap. C1

■ **Los Angeles's newest luxury hotels** are showing signs of strain as room occupancy rates decline. B1

■ **REITs have suffered** their worst year on record, with a key index down 40%. Industry experts see a rebound in '09. C8

■ **Ukraine and Russia inched** closer to resolving the gas dispute that has put Russian supplies to Europe in jeopardy. A5

■ **The concert industry** has so far bucked the recession, but promoters are bracing for a bumpy 2009. B4

■ **Viacom is launching** a media blitz taking aim at Time Warner Cable over a programming-fee dispute. B3

■ **Richard Li's buyout group** sweetened a bid to take control of PCCW, but it could still be a tough sell to investors. C2

a law extending presidential terms to six years from four years, the Kremlin said. A5

■ **Ghana's electoral officials** said they will rerun an extraordinarily tight presidential vote in a single constituency.

■ **Coup leaders in Guinea** named a banker as prime minister, making good on a promise to appoint a civilian.

■ **A Harvard psychiatrist** agreed to stop participating in industry-funded drug trials pending an inquiry's outcome. B3

■ **Antioxidant supplements** failed to lower cancer risk in a study in the Journal of the National Cancer Institute.

NOTICE TO READERS

The Wall Street Journal won't be published Thursday, in observance of New Year's Day. News updates are available at WSJ.com.

TODAY'S AGENDA

Stock Markets to End A Startling 2008

The last day of trading of 2008 will cap one of the worst years on record. The Dow Jones Industrial Average is down 35% going into the final session. It had risen 6.4% in 2007. Trading will end as usual at 4 p.m. EST for stocks but will conclude early, at 2 p.m., for bonds. Markets are closed New Year's Day. C1

Year-to-date performance



Source: WSJ Market Data Group

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CONTENTS	Media & Marketing ...B4
Corporate News ...B23	Opinion ...A7-9
Cars ...D4	Personal Finance ...D3
Heard on Street ...C14	Property Report ...C8
Int'l Finance ...C3	Stocks in the News ...C5
Leisure & Arts ...D7	U.S. News ...A23
Letters to Editor ...A8	Weather Watch ...D8
	World News ...A45

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largest Communist movement in the Revolutionary Armed Forces of Colombia, or FARC, was strong enough to lob mortars at the presidential palace during the ceremony. Right-wing paramilitary groups were rampaging through the countryside killing suspected rebel supporters. Mr. Uribe soon put the FARC on the run, and consequently persuaded the paramilitaries to disarm. The dividend for his countrymen: an economic boom.

But lately Mr. Uribe's political narrative is taking some complex twists. He has refused to rule out running for a third term, which isn't allowed under Colombian



President Uribe, at a meeting in Piendamó, Colombia, last month.

law. He and his supporters are working to change the law. Critics claim he is morphing into a familiar figure in Latin American poli-

rebel combatant body counts, please their hard-mannered chief.

Many in Bogotá say a third term for Mr. Uribe's legacy.

"If he had quit his first term, been a national question asked of Ermo Perry, a former Latin American bean at the World Bank, he would have quit at the end.

Please 1

Fannie, Freddie, Bear & Hard Times: Wall Street's Collapse, Told in Rhymes

Crisis Inspires New Odes to Financial Ruin; Quoth the Trader, 'Nevermore'

BY MARY PILON

This year, things fell apart. Mere anarchy was loosed upon the world of investment banks, markets, homeowners and workers. And people wrote a lot of derivative poems about it.

Among those moved by the financial carnage was Todd Federman, a 25-year veteran of Wall Street. In the wee hours at home in Livingston, N.J., Mr. Federman crafted "Subprime," a poem inspired by the children's song, "I Know an Old Lady Who Swallowed a Fly." It begins:

*No money down, two years interest free,
Buying a house was no problem you see.
And so the young man along*

*with his spouse,
They could not afford, but yet bought the house.*

Mr. Federman, a former hedge-fund trader who is now a private investor, followed "Subprime" with his year-end revue, "The Last Word at Christmas," which laments the recent market losses:

*Stocks, commodities and private equity too,
It seems every sector has stepped in the poo.*

Real estate, which cratered this year, was also a source of inspiration. In March, Mike Mueller, a former mortgage broker in Walnut Creek, Calif., posted 17 property-themed haiku to ActiveRain.com, a real-estate networking site. He found himself in his office with fingers extended, counting.

Please turn to page A6



Todd Federman

Where Morgan seems energy today.

Investments an

"Haiku Economics" in
WSJ, Dec 31 2008
p. A1, A6

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Getty Images

- 2001: Pakistan becomes an ally in the U.S. war on terror
- 2002: Several officers with suspected links to Islamic militants removed from ISI



- 2007: General Ashfaq Kayani (above) becomes first ISI head to be appointed chief of army staff
- 2008: The new civilian government closes down ISI's political cell as part of revamp. Lt. Gen. Ahmed Shuja Pasha is appointed new ISI chief.



Afghan guerilla, 1988

Thanks Lashkar to Attacks

hard-liners associated with the agency's murky past dealings with terrorist organizations. Two deputies under Gen. Pasha's predecessor were removed and dozens of other lower-level officials sacked. The agency's political cell, which monitored the country's own politicians and parties and helped make it a political kingmaker, has been closed, its operatives dispersed through the agency.

In a televised remarks Tuesday, Pakistan's foreign minister, Shah Mahmood Qureshi, said Pakistan offered to send a high-level delegation to New Delhi to help investigate the Mumbai attacks.

"Traditionally there has been a sort of disconnect between the political leadership and the leadership of the security establishment," said Mr. Babar, the spokesman for Mr. Zardari. Under the new regime, he said, "There is harmony."

There also have been increasing tensions. Mr. Zardari—who replaced his wife, former Prime Minister Benazir Bhutto, as their party's candidate to lead the country after her assassination last year—has faced frequent reminders that the military's step back from political control has its limits, and could be reversed.

Mr. Zardari initially offered to send Gen. Pasha himself to aid India's investigation into the Mumbai attacks, then had to rescind it when the military objected. He surprised the military this month by announcing Pakistan would never hit India with a first-strike nuclear attack.

Two months before his election, Mr. Zardari as party chief mounted an attempt to wrest the control of the ISI from the military and place it under a close political adviser. Word spread through a wedding attended by Pakistan's

murdered wife. But over the years the spy chiefs—the agency leadership is all active military officers—often proved more loyal to the military than the government.

During the Soviet Union's occupation of neighboring Afghanistan in the 1980s, Pakistan's spies became partners with the U.S. Central Intelligence Agency, which cultivated the same insurgent groups at the time. In the 1990s, the ISI helped fashion Lashkar into one of the most potent Islamic militant forces battling Indian troops in Kashmir.

The Indian government blamed the ISI for helping plot the 1993 Mumbai bombings, which killed hundreds of people. The agency and Pakistan government still deny ISI involvement. The ISI purged scores of extremist officers from its ranks. But Pakistan continued to support anti-India militants in Kashmir and the ISI maintained extensive links to the Taliban, according to Western and Indian security officials. Current and former ISI officials acknowledge the ISI maintained extensive links to the Taliban.

After the Sept. 11, 2001, terrorist attacks in the U.S., Pakistan's military-led government signed on as an ally in the global battle against Islamic terrorism, and the ISI helped coalition forces rout the Taliban. According to a former ISI officer, hundreds of ISI operatives involved with the Afghan cell were removed from ISI.

In recent years, Lashkar and other groups have turned to waging global violence against largely civilian targets, putting Pakistan under rising pressure from its allies and complicating peace negotiations with India. The groups also are striking targets within Pakistan. They have become, said the ISI official, "a monster we've created that we can't put back in the box."

Financial Hard Times Are Poetic Inspiration

Continued from Page One
ing out the five-syllable, seven-syllable, five-syllable meter of the three-line poems.

"Some of the acronyms were tricky," said Mr. Mueller. Not every reader of poetry knows such real-estate terms as NINA (No Income No Assets), LTV (loan-to-value) and ARM (adjustable-rate mortgage).

Mr. Mueller is no longer a mortgage broker and works as a regional director of technology for Fidelity National Title. He maintains a real-estate blog and hopes to institute a regular Friday poetry feature. "It's a release for me," he says. His current favorite is:

*Homeownership dreams
or a Financial nightmare?
I am your mortgage*

Haiku Connection

Stephen T. Ziliak, a professor of economics at Roosevelt University in Chicago, has spent eight years studying the relationship between his field and haiku. In his most recent article, "Haiku Economics: Little Teaching Aids for Big Economic Pluralists," Prof. Ziliak argues that the Japanese poetic form and economic theory are linked through their efficiency and their reliance on counting. Students earn extra credit points for writing economic-themed haiku on the back of exams.

Prof. Ziliak says he has studied haiku back to the 16th century, and finds that more poetry is produced during periods of scarcity than abundance. "Even economists and financial analysts have a need for making meaning out of what they're experiencing and sharing it," he says.

Thematic Shift

Since he started teaching financial haiku in the early 2000s, Prof. Ziliak has noticed a thematic shift. Rather than writing about economic theory, students are coming down from the clouds, comparing the current economy with the Great Depression and expressing concern about the unemployment rate when they graduate, he says. The final exam he administered earlier this month was no exception. "The tenor has become more dark," he says. But hope springs eternal. One student wrote:

*Economic drain:
The semester is complete
Suffered not defeat.
Wall Street bards are also*

Square," "a small vial of Botox" and "pristine hallways."

Madeleine Kane, a corporate lawyer turned writer in Queens, N.Y., departed from her normal regimen of political blogging to pen financial poetry. It began when she opened her 401(k) statement in September and was awed by the losses to her portfolio. "We may lose our investments, but at least I'll sell some humor pieces during the current crisis," she says.

TARP Inspired

In addition to "401(k) Ode (Owed)," Ms. Kane wrote some TARP limericks, inspired by the Treasury Department's Troubled Asset Relief Program and a delay in confirming the program's inspector general (IG) nominee.

*I'm never a person to carp,
But nobody oversees TARP.
One anonymous "hold"
Stopped the process out cold
Of confirming an IG who's sharp.*

"When I heard the word 'TARP' I was excited," she says. "Bush is actually harder to rhyme than you'd think. Bernanke? Forget about it."

Anonymous finance bloggers have been circulating poems scrawled in between trades. Blogger "Macro Man," who writes mostly about trading and global markets and declined to be identified for this story, ended the year with his version of the "12 Days of Christmas." In it, he replaced the line "five golden rings" with "five year Goldman CDs." He also penned a takeoff of Edgar Allan Poe's "The Raven":

*As he stood there slightly
smirking, doubts I'd long felt
vaguely lurking*

*My subconscious let emerge
and push their way out to the fore.*

*"Though our P/L's been stinking
and our share price swiftly
sinking*

*Surely I'm right to be thinking
that the worst is in Q4?*

*When will we return to normal,
back the way it was before?"*

*Quoth the trader, "Never-
more."*

Blogger "Cassandra," who also declined to be named, wrote a series of eulogies to hedge funds throughout the year:

*Farewell then
Carlyle, Drake
and Go Capital
(and whoever else
gets carried out*

replaced his wife, former Prime Minister Benazir Bhutto, as their party's candidate to lead the country after her assassination last year—has faced frequent reminders that the military's step back from political control has its limits, and could be reversed.

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Two months before his election, Mr. Zardari as party chief mounted an attempt to wrest the control of the ISI from the military and place it under a close political adviser. Word spread through a wedding attended by Pakistan's top army brass. "I was certainly not consulted," a grim-faced Gen. Kayani told another guest. Top army officials started working the phones. The next day, July 27, the government announced that its original notice had been "misinterpreted." It later withdrew the notice entirely.

ISI's headquarters, surrounded by manicured lawns and fountains, sits behind unmarked walls and armed checkpoints in the heart of Islamabad. Founded in 1948, the ISI moved into politics during Pakistan's military governments of the 1960s. It formally established its political cell under a civilian prime minister—Zulfikar Ali Bhutto, father of Mr. Zardari's

son and former ISI officials acknowledge the ISI maintained extensive links to the Taliban.

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Pakistan banned Lashkar under pressure from the U.S. and India in 2002 but did little to curtail its activities until earlier this month, when it enforced a new United Nations resolution banning its charitable front, Jamaat-ud-Dawa, and arrested senior leaders of both organizations.

The current revamp of the ISI began in September when President Zardari and Gen. Kayani replaced the agency's chief, Lt. General Nadeem Taj, who was seen as not aggressive enough toward militants. The new chief, Gen. Pasha, has overseen major offensives against al Qaeda-supported militants in Pakistan's tribal regions.

Government Friendly to India

grandfather also were top officials in the state, and his family has long-standing ties to Congress leader Sonia Gandhi, heir to another Indian political dynasty.

The election turnout was above 60%, as voters defied a boycott called by Kashmiri Islamic militant leaders who oppose Indian rule in the disputed territory, which is also claimed by Pakistan. The National Conference Party opposes Kashmiri independence or integration with Pakistan.

The high turnout is the latest

sign that separatist groups have lost public support in Kashmir, where militant attacks were once a daily occurrence. Indian officials say as few as 600 armed Islamic insurgents remain.

The new state government will mark the end of almost six months of federal rule after riots and conflicts between Hindu protesters and police left more than 50 people dead. The dispute was over control of land set aside for a Hindu pilgrimage site in the Muslim-majority state.

says.

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*Economic drain:
The semester is complete
Suffered not defeat. cont.
Wall Street bards are also
writing about the economy's victims. Aaron Katsman, a financial
adviser, saw a panhandler on the
New York City subway and
penned "What's a Dime?" a four-
stanza poem about the encounter:*

*He's probably just down on
his luck,
What's wrong if I give him a
buck?
I'd help out a friend who is
stuck,
Perhaps he won't see me
when I duck.*

Hedge-Fund Poet

Katy Lederer, who until recently worked as a recruiter at hedge fund D.E. Shaw & Co., just published a collection of poems about money. Ms. Lederer wrote "The Heaven-Sent Leaf" during mornings before heading to the office in 2004 and 2005 "at the peak of the boom," she says. "Now it's coming out during the bust."

Ms. Lederer, a writer before joining Shaw six years ago, infused her poetry with imagery of her daily life in midtown Manhattan: "the pulsating light of Times

*smirking, doubts I'd long felt
vaguely lurking
My subconscious let emerge
and push their way out to the
fore.
"Though our P/L's been stinking
and our share price swiftly
sinking
Surely I'm right to be thinking
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When will we return to normal,
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Quoth the trader, "Never-
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Blogger "Cassandra", who
also declined to be named, wrote
a series of eulogies to hedge
funds throughout the year:*

*Farewell then
Carlyle, Drake
and Go Capital
(and whoever else
gets carried out
tomorrow).
You certainly
weren't the first
to rapidly combust:
fizz
bang
WHOOOSH.
And you
won't be
the last.*

The Academy of American Poets released an official list of recommended "Poems for Times of Turmoil," featuring authors such as Robert Creeley, Virgil and Walt Whitman. But many financially minded poets seem too bogged down in the technical challenges of financial versifying to worry much about competing with the greats.

Mr. Federman, the former hedge-fund trader, is working on a poem about collateralized debt obligations and another poem about the role of the Securities and Exchange Commission in the alleged Ponzi scheme of Bernard Madoff.

"Everyone says 2009 is going to be worse," Mr. Federman says. "But right now I've gotta figure out something that rhymes with SEC."



ONLINE TODAY: Read some of Mr. Mueller's haiku, at WSJ.com/US.

THE WALL STREET JOURNAL

WEDNESDAY, DECEMBER 31, 2008 - VOL. CCLII NO. 154

8:39 A 184.46 2.2% NASDAQ 1550.70 A 2.7% NIKKEI 8859.56 A 1.3% DJ STOXX 50 2065.46 A 2.1% 10-YR TREAS A 2/32, Yield 2.086% OIL \$39.03 ▼ \$0.99 GOLD \$869.30 ▼ \$5.30 EURO \$1.4074 YEN 90.30

What's News -

Business Finance World-Wide

U.S. rose, but with a ny to go in 2008 the mar- set to post its third- year on record. The- ones Industrial Aver- ven after Tuesday's 3-point gain, is down- sion into the year's fit- similar losses. Cl, C3 easure of October home- dropped by the sharp- late on record. Sepa- consumer confidence ew low in December. A2 es that haven't seen- drops in housing prices, is New York, may be in- irst shape because they urther to fall. A2

medical company Lyon- sell told lenders it is con- g filing for bankruptcy tion amid plunging nd a cash crunch. A1 Chemical's \$22 bil- int venture in Saudi t could be affected by led Kuwait deal. B3

A Pakistani probe shows links to an ISI-backed group. At least one top leader of the Islamic militant group Lashkar, which Pakistan's spy agency spent years supporting, has con- fessed to the group's involve- ment in the Mumbai terror at- tacks. The disclosure could add new international pres- sure on Pakistan to accept that the attacks originated within its borders and to prosecute or extradite the suspects. A1

Pakistan suspended truck shipments across the Khyber Pass as it struck at militants.

Israel continued bombing Hamas targets in Gaza as inter- national pressure for a cease- fire mounted and Israel warned that operations against the mil- litants were just beginning. A5

Blagojevich picked an ex- Illinois attorney general to fill Obama's Senate seat, but oppo- sition made it unclear if the ap- pointee would get the job. A3

Chemical Giant Mulls Bankruptcy

By JEFFREY McCracken AND BEN CASSELMAN

LyondellBasell Industries, the world's third-largest inde- pendent chemical company, told lenders on Monday it is consid- ering filing for bankruptcy protec- tion amid plunging sales and a cash crunch, people familiar with the matter said.

LyondellBasell, which is based in the Netherlands and has large U.S. operations, has hired bankruptcy counsel and told lenders it is trying to line up as much as \$2 billion in bank- ruptcy financing, these people say. A Chapter 11 filing may be im- minent, they say.

The chemicals industry has been battered over the past year, first by high prices for oil and natural gas, which are key com- ponents of plastics and other chemicals, then by the weak economy, which has driven down demand for products. Com- panies have been forced to slash budgets and shut down produc- tion. On Sunday, Dow Chemical Co. announced that Kuwait had

pulled out of multibillion-dollar joint venture to produce com- modity chemicals. (Please see re- lated article on page B3.)

LyondellBasell, which is pri- vately held, was created last year when Dutch chemical company Basell International Holdings BV paid \$12.7 billion to buy Houston- based Lyondell Chemical Co. Basell paid \$48 a share, a pre- mium of about 20%. The resulting debt burden is proving too heavy amid a decline in sales. The com- pany has annual sales of about \$5.4 billion and 16,000 employ- ees, according to its Web site.

Basell is a division of Access Industries, founded by Russian- born industrialist Len Blavatnik. New York-based Access has hired the law firm of Skadden, Arps, Slate, Meagher & Flom LLP as bankruptcy adviser. Lyondell- Basell has hired New York law firm Cadwalader, Wickersham & Taft LLP as bankruptcy counsel, people familiar with the matter say. It has also retained Evercore Partners Inc. as financial ad- viser, and AliPartners LLC to as- sist in the restructuring. The lat-

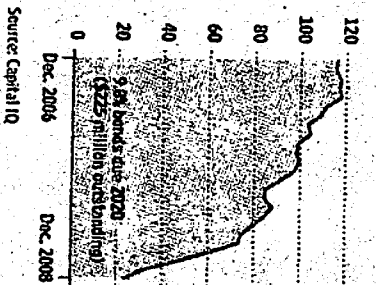
ter three firms declined to com- ment or did not return calls.

To be sure, hiring bankruptcy advisers does not always mean a company will seek Chapter 11 protection. In some cases, advis- ers help clients hammer out re- structuring agreements outside of court.

On Tuesday, LyondellBasell spokeswoman Susan Moore de- clined to comment on whether the company had reached an agreement with lenders or whether it had hired bankruptcy counsel. "It's our policy not to comment on rumors," she said.

The company's situation has deteriorated rapidly over the past three months as global in- dustrial production has declined, falling oil and gas prices have helped LyondellBasell by reduc- ing its costs. But they've made it harder for it to borrow because its credit is based, in part, on the value of its inventory, which has also declined. As chemical and commodity prices fall, the com- pany has been forced to pay back lenders to remain in compliance on loans, say several people fami-

Crisis of Confidence
Price in cents on the dollar on Lyondell's debt.



lar with the company.

Earlier this month, Lyondell- Basell said subsidiary Equistar Chemicals LP would temporarily idle a chemicals plant in Chocolate Bayou, Texas, "due to declining market and economic conditions."

"Demand for petrochemical derivatives continues to be very weak," Vaughn Deasy, vice presi- dent, said in a statement. Please turn to page A6

New Act in Illinois Drama