

DOWJONES

In the Headlights

As Man and Beast
Clash on Highways,
Both Sides Lose

The Suburbs Fatten Animals
And Drivers Flatten Them;
Roadkill at Historic High

The Chevy Pickup as Predator

By JAMES P. STERBA

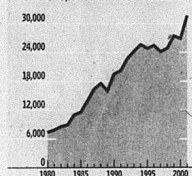
ELLINGTON, Conn.—For nine weeks this spring, 25 students in Steve Rogers' fifth-grade class counted every dead animal they passed on buses to and from school in this leafy suburb of Hartford. They tallied 190 creatures, including 10 rabbits, 35 gray squirrels, 22 birds, eight skunks and 56 corpses they labeled URPS, for "unidentified roadkill pickup zones."

Robert Bayne's fourth-graders in Bethany, the south, counted 266 animals, including 45 opossums, 10 deer and two coyotes. Both classes, along with 13 others in seven states, e-mailed tables weekly to Brewster Bartlett (drsbartlett@att.com). He's a science teacher at Pinkerton Academy in Derry, N.H., who started classroom roadkill monitoring in 1993, with \$6,250 in National Science Foundation seed money.

The students learn data collection and e-mailing. And they get a close-up look at a

Sudden Impact

Ohio's reported deer-car collisions



Source: Ohio Dept. of Natural Resources, Wildlife Division

gristly fate of modern wildlife management: critter control by family car. America's four-million-mile grid of roads and highways is littered with roadkill.

Cars have been running over animals since Model-Ts began rolling off the Ford assembly line in 1908. What's new, say wildlife biologists, is the scope of today's carnage. With an increase in driving, ever more sprawl, a decline in hunting and the comeback of once-diminished species of large animals, reported animal-vehicle collisions have exploded to unprecedented levels.

In Henry Ford's day, for example, only about 500,000 white-tailed deer existed across the entire United States. This year drivers will kill nearly four times that number, or around 1.8 million. "We joke around here that the only deer predator left is a Chevy pickup," says Wayne Langman, who patrols 550 miles of roads around Terre Haute, Ind., picking up roadkill for the state highway department. He costs taxpayers about \$42,000 a year in salary and expenses, including \$9.40 per trip to the landfill.

For years, animal-rights groups have estimated that a million animals die on the roads each day. If so, that means drivers kill more than double the number of animals killed by hunters and trappers combined, although hunters kill more large animals than do drivers. The Fund for Animals, which seeks to end all hunting in a generation, says hunters and trappers killed 134 million animals in the 1996-97 season, down from the 200 million animals killed in 1991.

But some wildlife biologists and carcass-removal contractors believe that the old roadkill estimates are now too low. "It's far, far higher now than most people think," says Bill Ruediger, a biologist who studies roads and wildlife for the U.S. Forest Service. "People are wildly underestimating the numbers."

For starters, driving has doubled in a decade. According to the Federal Highway Administration, vehicle-miles traveled in the U.S. rose to nearly 2.8 trillion

What's News—

Business and Finance

ECONOMIC DATA INDICATE that the nation's recovery is weaker than previously believed and that last year's recession was deeper. Output grew at a 1.1% annual rate in the second quarter, down sharply from the first quarter's 5% rate. The government also revised last year's data, indicating that the economy shrank in each of the first three quarters. (Articles in Column 6 and on pages A2 and A3)

Qwest has begun efforts to reach a settlement agreement with the SEC over a probe of the telecom company's accounting. (Article on Page A3)

Williams reached preliminary pacts for about \$2 billion in secured debt from its banks and Berkshire Hathaway, and plans to sell over \$1 billion in assets. (Article on Page A3)

FERC released a blueprint for reorganizing the wholesale electricity market, scrapping its decade-old laissez-faire ideology. (Article on Page A3)

GE will treat employee stock options as an expense, making it the largest company yet to adopt the accounting practice. (Article on Page A3)

Hershey's controlling trust is facing more criticism over its plan to pursue a sale of the company. (Article on Page B6)

The industrials rose .56 to \$76.59 despite the weak economic data, but still posted their fourth-straight down month. (Article on Page C1)

Uruguay extended the closure of its banking system through tomorrow, as the U.S. and IMF worked on an emergency-aid plan. (Article on Page A3)

R&I is pushing to become the first Japanese company to receive SEC authority to sell debentures in the U.S. (Article on Page C1)

AOL Time Warner was ordered by the Justice Department and SEC to preserve documents, as an accounting probe heats up. (Article on Page B6)

Verizon posted a \$2.12 billion loss after \$4.2 billion in write-offs, mostly due to bad investments. (Article on Page B4)

Elan unveiled a sweeping restructuring plan, including cutting two-thirds of its staff and shedding \$1.5 billion in its assets. (Article on Page D9)

UPS is rolling out money-back guarantees for U.S. residential shipments in the lower 48 states. (Article on Page B10)

The residential real-estate bubble may be losing some air, as sales slow and prices fall in some areas. (Article on Page D1)

European companies could be forced to make sizable payments to cover pension-fund deficits. (Article on Page C14)

Bertelsmann's new CEO signaled he would scale back expansion but stick with IPO plans. (Article on Page B7)

WorldCom's ex-finance chief and former controller are expected to be charged for their roles in the company's accounting scandal. (Article on Page A5)

World-Wide

A BOMB KILLED seven at a Hebrew University cafeteria in Israel. Three Americans were among the dead and 80 people were injured after a bomb hidden in a bag went off at lunchtime in one of the few Jerusalem venues where young Jews and Arabs mix. Hamas said the attack was in retaliation for Israel's recent Gaza airstrike that killed a Hamas chief and 14 civilians. Bush again demanded the Palestinian Authority get rid of officials who fail to keep vows to fight terrorism. (Page A10)

A U.N. inquiry failed to back up Palestinian claims of an Israeli massacre at Jenin in March, but faulted both sides for putting civilians in harm's way. Israel had blocked a fact-finding mission on the incident. (Page A10)

The Senate rejected a fourth Medicare drug-benefit bill, spurring election-year finger-pointing, but voted 78-21 for a bill to speed cheaper generic drugs to market. The Senate, 64-35, confirmed a nominee for the appeals court in Philadelphia. Sen. Byrnes made voters right to the rally in 1971 in his fight with Bush on the Homeland Security bill. (Page A4)

A Senate panel opened hearings intended to explore the rationale for a U.S. attack to stop Saddam Hussein. Former U.S. weapons inspector Richard Butler said Iraq is pursuing chemical, nuclear and biological arms, but is unlikely to share them with terrorist groups. (Page A4)

Senate leaders accused Bush of weakening whistle-blower protections in the bill to combat corporate fraud after signing it. The president decried using offshore units to avoid taxes; an aide denied that was the purpose of units at companies Bush and Cheney helped lead. (Page A4)

A federal judge ruled U.S. courts have no jurisdiction over aliens held in a fraud case against a future fate in the hands of military and political officials. A second judge ordered the government to explain its reasons for holding Jose Padilla, the "dirty bomb" suspect. (Page B8)

A California jury awarded \$65 million in a fraud case against a future candidate for GOP gubernatorial candidate Bill Simon. He said the decision was flawed and aides suggest that the case was politically tainted. (Page B8)

North Korea said a Powell deputy will visit Pyongyang after a fence-mending meeting by the secretary of state at a Brunel summit. Powell also expressed concern to Russia's minister over Iran nuclear dealings. (Page B8)

Bush and China's Jiang will confer at the president's Texas ranch in October, officials traveling with Powell in Brunel said. Bush uses intimate visits to reward strong allies. (Page B8)

Turkey set early elections Nov. 3. That helps a party once banned for Islamist leanings. Its leader says he has changed, and could even support a U.S. war on Iraq. (Page A9)

An alleged Russian crime boss was arrested in Italy on U.S. charges of trying to fix skating events at the Salt Lake City Olympics. Judging led to a skating scandal at the Games. (Page B8)

A Chicago mob beat two men to death with bricks after their van jammed in a curb and injured pedestrians on the South Side Tuesday. So far, no one has been charged. (Page B8)

A Boston man died after suffering a heart attack on a commuter train that continued to make regular stops instead of rushing to meet paramedics. The conductor was suspended. (Page B8)

Ritalin research found the widely used drug had a surprising effect on a little-studied area of the brain in fifty children. That may improve treatment of hyperactivity. (Page D3)

Colombian rebels forced hundreds of villagers to leave the central town of Puerto Alvaro and told them to live elsewhere, Bogota said. The purpose of the eviction was not known. (Page B8)

Pope John Paul II canonized Juan Diego, the Aztec peasant who in 1931 had a vision of the Virgin of Guadalupe. Mexico's President Fox came under fire for kissing the pope's ring. (Page B8)

Online Today—

Fiscally Fit: Timing the exercise and sale of stock options is one of the most complex financial tasks you may ever undertake. Terr Cullen tries to make it easier.

Work & Family Mix: Flex time can create office conflicts, Sue Shellenbarger says, if you're not careful and fair about giving it out.

Hollywood Media tests movie-ticket sales over digital cable TV.

Executive Debt

A survey of major U.S. industrial and service companies making loans to their executive officers*

Total Companies	Stock Purses	Home Purchase Loans	Other
1998 64	29	31	16
1999 79	43	33	19
2000 80	49	38	23
2001 99	56	33	23

*Proxy-statement analysis of 350 companies with at least \$1 billion in annual revenue; sample varies slightly each year due to takeovers or other corporate changes

Note: In each fiscal year, the sum of all categories exceeds the total number of companies because some extended more than one type of loan.

Source: Mercer Human Resource Consulting, New York

Uneasy Money

Deadbeat CEOs Plague Firms
As Economy and Markets Roil

Directors Approved Loans

While Good Times Rolled;

Now Margin Calls Loom

Haggling Over a Land Rover

By JOANN S. LUBLIN

AND JARED SANDBERG

Like many successful chief executives, Alexander E. Benton enjoyed the good life. There was the \$4 million estate on more than six acres near Santa Barbara, complete with Pacific views, pool, formal garden and a wine cellar. In Carmel, Calif., he and his wife had another home, valued at about \$1.7 million. Then there was a house in Ventura, which sat on an 8.72-acre lot.

Socked by Security:
Fancy Shoes Trip Up
Business Travelers

Metal Shanks Are Suddenly

A Big Faux-Pas After 9/11;

Allan Cohen Takes Steps

By DANIEL GOLDEN

MIDDLEBROUGH, Mass.—The war against terrorism may have one unexpected repercussion for well-heeled business travelers: fallen arches.

At the Allen Shoe Co. factory here, foreman Steven Tringali broke a 118-year tradition last week when he put a thin, five-inch-long, graphite-and-plastic strip known as a shank into one cork filled with a brown foam wedge. Since 1884, Allen has relied on steel shanks for arch support in its elegant shoes, made of cordovan leather from the rumps of horses. But now it was testing the reinforced plastic in a pair of oxfords made to order for Chicago venture capitalist Allan Cohen.

Mr. Cohen, who has worn Aldens since 1970, had complained that since Sept. 11, the steel shanks set off the metal detectors at the Sears Tower, where he works, and O'Hare Airport.

"I'm married to Aldens," says Mr. Cohen, 55 years old, adding that they ease the pain of his arthritic big toe. "But I don't want to be taking my shoes off all the time."

By heightening airport vigilance, the Sept. 11 terrorists and would-be shoe bomber Richard Reid have roiled the \$1.1 billion U.S. men's dress-shoe market and prompted a shift in high-end footwear habits. Long the hallmark of quality

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Mr. Benton, head of Benton Oil & Gas Co., had his pick of six cars, including a 1983 Jaguar and a 1994 Porsche, two other sports cars and a Land Rover. He owned 15 antique watches and fine art valued in the thousands of dollars.

Most of Mr. Benton's luxury acquisition spree was funded with debt, and when it came to shopping for credit he found some pretty easygoing loan officers. They were Benton Oil's directors, and over nearly five years, they extended him roughly \$6.6 million in loans.

It turned out that Mr. Benton wasn't a very good credit risk. The loans were secured by his company stock and options. When oil prices dropped in the late 1990s, so did Benton Oil's share price. By the summer of 1999, the balance owed on the loans exceeded the collateral's value. The directors demanded early repayment and ultimately ousted him.

Mr. Benton, 59 years old, now lives in a rented London flat and doesn't own a single car. He has earned the dubious distinction of being the first head of a public company in recent memory to be officially emerged from bankruptcy after a court hearing in Santa Barbara yesterday. That will enable directors to sue him over how much of the company's money they'll recoup.

"It was a no-win game," says now-retired director Bruce M. McIntyre, about the succession of loans he and fellow board members approved for Mr. Benton. "With 20-20 hindsight, we should not have done it."

As the economy has faltered, directors of many companies have found themselves saddled with problem loans to CEOs that not too long ago seemed innocuous. A look inside the boardroom at CEOs like Benton shows how greenlighted shows just how willing directors were to cede power to their CEOs while the good times rolled. Ignoring the possibility of an economic downturn, they rarely held their CEOs accountable for the loans, and kept handing out more easy money.

It was only after the market began its decline that directors realized they'd signed a devil's pact. Demand for repayment, it turned out, could backfire on the company: Executives might be forced to dump their company shares in an already fragile market. Or they might face public financial ruin.

On top of generous salaries and bonuses, not to mention stock options and restricted shares, chief executives in recent years have received a stunning array of benefits. These included free financial planning, home-security systems, generous life-insurance policies, lifetime pensions, chauffeur-driven cars and postretirement use of company planes, cars, offices and secretaries.

But the hundreds of millions of dollars in loans outstanding to corporate chief executives, he told reporters, "but

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New Data Paint
Darker Picture
Of the EconomyRecession Was Deeper,
Recovery, Weaker, Adding
To Worries About Outlook

By GREG IR

WASHINGTON—The nation's economic recovery is weaker than previously believed and last year's recession was deeper, raising the chances that the still-fragile recovery could stall.

New government statistics revealed fresh signs of weakness in key sectors, including commercial real estate and government spending. Many experts still say a so-called double-dip recession is only a remote possibility, but concerns about a near-term slowdown are likely to be amplified by the new data and business pessimism.

The Commerce Department said economic output grew at a 1.1% annual rate in the second quarter, down sharply from the 5% rate in the first quarter, a figure that itself was revised from an earlier-reported 6.1%. The growth was so anemic the economy would almost certainly have businesses not restocked inventories after months of depleting them in anticipation of slower sales.

Extensive Revisions

The Commerce Department also made extensive revisions to data from previous years, most notably indicating that last year's recession was longer and deeper, with the economy shrinking in each of the first three quarters instead of just the third, as originally thought.

The revisions have significant future implications. Previously, optimists argued that technological advances would allow productivity and profits to grow much more quickly without fueling inflation than in earlier decades. The new numbers have taken some of the bloom off that rosy view, though few argue the U.S. is heading back to the much riskier 1970s-era economy.

Blue-chip stocks initially plunged on the news, but recovered after their losses, with the Dow Jones Industrial Average closing up a modest 57 points at \$737.

Though mostly bleak, yesterday's economic indicators, however, all had much of the drop-off in growth was due not to weak spending but to a shift toward spending on imported goods instead of domestically produced ones. More recent data suggest economic activity is still advancing in July, though in fits and starts.

"The economy expanded modestly in recent weeks, with an uneven performance across sectors," the Federal Reserve's periodic survey of economic conditions, known as the beige book, reported yesterday.

Yet the economy continues to face strong headwinds: Commercial construction slumped 14% in the second quarter, and state and local spending shrank 1.1%, two sectors that in stronger times pump significant cash into the economy and support consumer spending.

Greater Risk

Those factors increase the risk that the recent stock-market swoon will set back weeks, with the economy's spending growth slowed to 1.9% in the second quarter from 3.1% in the first, and siphon a fledgling recovery in business spending on equipment and software. Such spending advanced 2.9% in the second quarter after six straight quarters of decline.

It also means that the woes of the stock market this summer hit on a more vulnerable economy, and that's troublesome, said Jade Zelnik, chief economist at Greenwich Capital Markets. "Clearly, you have to give a somewhat higher probability to a double dip even if it's not what you might consider the most likely scenario." A double-dip recession is a protracted downturn punctuated by at least one quarter of growth.

Clearly worried about the political implications of the sluggish economy, President Bush put a glass-half-full spin on the numbers. "We're heading in the right direction," he told reporters, "but

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INSIDE TODAY'S JOURNAL

Making Your Bellybutton
A Source of Pride

Midriff-baring fashions are sending plastic surgeons into navel battle. Slim, upright ovals are in favor. D1

Digital TV
Comes Into
Focus

Prices are up sharply as prices fall and the picture quality draws DVD enthusiasts. But don't count on your favorite soap opera looking like 'Lawrence of Arabia.' D1

A.G.s Make Waves

Attorneys general are upstaging federal officials by speedily tackling corporate wrongdoing—and even contentious issues like global warming. We look at five tough guys and one tough lady. PAGE B1

Expense Options

"We believe there is near unanimity" among accounting and finance scholars about putting options on income statements when they're granted, say three professors, including Nobel winner Robert C. Merton. OPINION, A12

Police Power in Washington

The 300,000-member Fraternal Order of Police enjoys extraordinary access to the White House. It's poised to have a big impact on the Homeland Security Department. A4

