BRIEFS BUSINESS

SOUTHSIDE

Pair of Greenwood residents join RE/MAX

Russell and **Nancy Burk** have joined RE/MAX Preferred as sales associates.

They will provide services to Johnson and Marion counties. Both attended IUPUI and previously owned Metro Graphics, a commercial printing company. They are residents of Greenwood and members of the Masonic Lodge, Kiwanis, Murat Shrine and Community Church of Greenwood.

RE/MAX Preferred is located at 1290 N. State Road 135 in Greenwood.

Information: 885-8840

FRANKLIN

Firms' scholarships will aid college students

Scholarships have been created to help students at Franklin College.

In November, Kenji Tsujimura, president of **AISIN Holdings** of America, and John Froschauer, purchasing manager for **Toyota Manufacturing USA**, presented a $20,000 check to the college.

The presentation marked the first step in establishing the AISIN/Toyota Endowed Scholarship for students majoring in business. Through the college's current participation in a grant-matching campaign, Lilly Endowment will provide the remaining $30,000 needed to fully endow the scholarship.

AISIN is a worldwide supplier of automotive products and employs 50 associates at its Franklin location. Toyota Manufacturing is one of its customers and community partners.

Information: www.franklincollege.edu

JOHNSON COUNTY

Foundation appoints new donor director

Jennifer Norton Mowrey is the new donor services director for Johnson County Community Foundation.

She will work with existing and potential donors to keep them apprised of the needs and opportunities in the community and of the many options to give.

A Franklin resident, she has a law degree from Thomas Jefferson School of Law and a bachelor's degree from Franklin College. Prior to the community foundation, she worked for the Indiana Securities Division.

Information: 738-2213

FORT WAYNE

Mortgage company to eliminate 650 jobs

A mortgage company sale is expected to cost northeastern Indiana at least 650 jobs by the end of June, the company said Friday.

Fort Wayne-based Waterfield Mortgage Co. and its subsidiary, Union Federal Bank of Indianapolis, have agreed to sell Waterfield Financial Corp. to American Home Mortgage Co., the company said in a news release. The price will be equal to the book value of Waterfield's net assets on the day the deal closes, the company said.

"The decision to sell our mortgage-origination company was a difficult one," said Donald Sherman, chairman and CEO of Waterfield Mortgage Co.

Waterfield also has reached a tentative agreement to sell its mortgage portfolio to an undisclosed buyer.

Banking operations of Union Federal Bank of Indianapolis were not part of the deal, the company said.

TRENTON, N.J.

Tyco International to split into three groups

Tyco International Ltd., still recovering from scandals that saw its longtime former chief executive sentenced to prison, said Friday it plans to split into three public companies.

It is separating its electronics and health-care businesses from its remaining operations, which include security and fire-protection services.

The company, which may be best known for its ADT home alarm systems, also warned its first quarter and full-year 2006 earnings from continuing operations would be lower than expected. It estimated the cost of the breakup, planned for early next year, at $1 billion.

Tyco said the breakup followed an extensive strategic review and will strengthen the businesses.

"We believe that separation is a logical next step in Tyco's evolution," said Chairman and Chief Executive Ed Breen in a morning conference call.

Guidant accepts J&J offer

J&J sweetens deal for Indianapolis-based company

By Mark Jewell
THE ASSOCIATED PRESS

BOSTON

Medical device maker Guidant Corp. accepted an increased $24.2 billion buyout offer from Johnson & Johnson on Friday night, turning aside a larger $24.9 billion bid from Boston Scientific Corp. in favor of a deal that Guidant said could be concluded more quickly.

The announcement of J&J's bid and Guidant's acceptance came about 24 hours after Boston Scientific increased its offer, and about three hours after passage of a deadline Boston Scientific had set for Guidant to respond.

The boards of both J&J and Guidant have unanimously approved the new J&J offer, which is to be voted on by Guidant shareholders Jan. 31, the companies said. Guidant's board had previously accepted J&J's earlier $23.2 billion offer presented Wednesday night, but Boston Scientific's move to raise its proposal Thursday night prompted J&J to increase its bid a second time.

The move came after more than a year of dealmaking between Johnson & Johnson and Indianapolis-based Guidant. New Brunswick, N.J.-based J&J reduced its original $25.4 billion offer to $21.5 billion in November in response to recalls and regulatory investigations involving Guidant products. Unlike Boston Scientific's proposal, J&J's offer has already cleared an antitrust review, which would speed the process toward closing a deal.

The announcement left Boston Scientific facing the prospect of perhaps increasing its offer one more time, possibly to a level that would leave it with an uncomfortable amount of debt. The company also could walk away or press its case directly to Guidant's shareholders.

BIDDING WAR

Here's a look at the final offers in a buyout battle over Indianapolis-based Guidant Corp. Guidant accepted Johnson & Johnson's bid late Friday.

Johnson & Johnson	Boston Scientific
Winning bid	Rejected bid
$24.2 billion	$24.9 billion

WALL STREET

Back to stocks?

Dow's journey past 11,000 mark could pique investors' interest in market

AP PHOTO

A trader at the New York Stock Exchange reacts with mock celebration before the Dow Jones closed above 11,000 on Monday.

When stocks fell, real estate soared

By Michael J. Martinez
THE ASSOCIATED PRESS

NEW YORK

Bruce McMeiken has had a good run investing in real estate near his Orange County, Calif., home. Now, however, he thinks there's a better place for his money: the stock market.

"I don't think we're all the way back yet in stocks, but I believe there's some good bargains out there," said McMeiken, a one-time dot-com executive. "Real estate's been good, and I don't think you're going to see that bubble completely burst, but I think it's time to look at stocks again."

Like other investors in the first half of the decade, McMeiken had success investing in real estate. But with sales slowing and home prices flat, there's a concern that the real estate market is cooling. And with bonds experiencing worrisome trends and increased volatility, and the Dow Jones industrial average topping 11,000 this past week, investors have increasingly focused on stocks.

"We've already seen individual investors showing some signs of interest in the fourth quarter, and something like Dow 11,000 just increases that interest," said Jeff Kleintop, chief investment strategist for PNC Financial Services Group in Philadelphia. "This week could be the shot in the arm people need to really get back in again."

Since the dot-com bubble burst in 2000-01, the housing market has taken off. The number of home sales climbed steadily since 2001, the last time the Dow was at 11,000. And while the Dow eventually fell to 7,286.27 on Oct. 9, 2002, home prices have doubled or even tripled in some areas, such as New York, San Francisco and southern California.

Yet recent evidence suggests the housing market is slowing. Existing home sales are expected to fall 4.4 percent in 2006 after years of record sales, while new construction is expected to drop 6.6 percent, according to the National Association of Realtors. And the median price of a home, forecast to rise 12.9 percent for 2005, is expected to climb just 5.1 percent this year, a solid increase but small compared to the ones real estate investors have enjoyed over the past few years.

"Baby boomers are turning 60, and they're working to build up those nest eggs for retirement. For some that are running behind, that means putting at least some of that nest egg into more aggressive investments," said David Kelly, senior economic adviser at Putnam Investments in Boston. "For a while, that was real estate or high-yield bonds. Not anymore."

Investor confidence in high-yield bonds has been shaken in the past year as the at-risk companies that issue them have struggled. Just look at General Motors Corp.'s bonds, which tumbled in value, or those of Refco Inc., the one-time financial services darling that plummeted into bankruptcy after its chief executive allegedly hid $430 million in bad debts off the books.

Even government bonds have been volatile, with the yield curve inverting in the last week of 2005. Normally, long-term bonds like the 10- or 30-year yield more than a two-year or shorter-term note, because the government is borrowing the principal longer. But when the curve inverted, the two-year had better returns than the 10-year and increased investors frustrations.

That leaves stocks. According to Kleintop, earnings per share for companies listed in the Standard & Poor's 500 index have risen 46 percent since 2001 and dividends per share are up 39 percent. Yet a stock's value, measured by comparing its price to potential earnings, has declined. In 2001, stocks were priced at about 22.2 times forward earnings, compared to 13.8 times forward earnings today, Kleintop said.

In other words, while a given stock may have risen or fallen over the past five years, stock investors could get more for their dollar overall on Wall Street.

MARKETS

The Associated Press

Indianapolis grain

Estimated grain prices Friday at Indianapolis-area elevators: Corn: cash $1.95, March $1.99. Soybeans: cash $5.67, March $5.69. Wheat: $3.24.

Eastern Cornbelt direct hogs

Eastern Cornbelt Lean Value Direct Hogs report for Friday:

Trend: Barrows and gilts were $1.39 lower compared with previous day's close.

Base-market carcass basis plant-delivered: 0.9 to 1.1 square inches of back fat, $46.00-$54.45; weighted average $53.19.

Net prices, including premiums: 0.9-1.0, $46.00-$57.50; 1.0-1.1, $46.00-$56.52; 1.1-1.2, $46.00-$55.54.

Daily movement estimate: 4,854.

Wall Street

NEW YORK — Stocks were little changed Friday as a slowdown in retail sales and profit warnings from Lucent Technologies Inc. and Tyco International Ltd. kept investors from building on earlier gains. The major indexes finished the week with modest gains.

Better-than-expected wholesale inflation figures gave Wall Street some hope of extending its New Year's advance, but Michael Sheldon, chief market strategist at Spencer Clarke LLC, attributed the listless trading mostly to an overbought market. Stocks surged to fresh 4-year highs this week.

Coupled with lackluster earnings from Dow Jones industrials Alcoa Inc. and DuPont Inc. earlier in the week, "investors face an uphill battle in trying to push stock prices higher," Sheldon said. "Overall, the tone of the market remains positive, but we could easily see a bit of profit taking or consolidation before stocks start to head higher again later this month."

Investors have turned much of their attention to the fourth-quarter earnings season, which kicks into full swing beginning Tuesday. They will be looking for signs of whether trouble lies ahead on the economic or corporate fronts.

The Dow lost 2.49, or 0.02 percent, to 10,959.87. Earlier this week, the Dow topped 11,000 for the first time since June 2001, closing Wednesday at a 4½-year high of 11,043.44.

Broader stock indicators were off multiyear highs reached this week. The Standard & Poor's 500 index finished up 1.55, or 0.12 percent, at 1,287.61, and the Nasdaq composite index rose 0.35, or 0.02 percent, to 2,317.04.

Bonds added to the prior day's gains, with the yield on the 10-year Treasury note falling to 4.36 percent from 4.41 percent late Thursday. The dollar was mixed against most major currencies, while gold prices edged upward.

The U.S. markets will be closed Monday for Martin Luther King Jr. Day.

Crude futures pared earlier losses while natural gas declined. A barrel of light crude fell 2 cents to settle at $63.92 on the New York Mercantile Exchange, where natural gas lost 15.2 cents to $8.791 per 1,000 cubic feet.

Traders were optimistic about a Labor Department report that its core producer price index grew just 0.1 percent in December, less than the 0.2 percent rise forecast by economists. While overall PPI growth surged 0.9 percent, traders were likely comforted by a second straight monthly decline in crude material prices, Sheldon said.

The inflation data, a precursor to consumer-level increases, tempered a drop in monthly retail sales growth, which slowed to 0.7 percent and missed economists' targeted gain of 1 percent, the Commerce Department said.

Over the next several weeks, investors will be focused on quarterly earnings while keeping a close watch on the Federal Reserve's actions at its Jan. 31 meeting, said Jack Caffrey, equities strategist for JPMorgan Private Bank.

Wholesale inflation rises at fastest pace in 14 years

By Martin Crutsinger
THE ASSOCIATED PRESS

WASHINGTON

Soaring energy prices pushed wholesale inflation up in 2005 by the highest amount since 1990. Meanwhile, retail sales rose by a moderate 0.7 percent in December with almost all of the strength coming from higher car sales.

The Labor Department reported that wholesale prices rose by a bigger-than-expected 0.9 percent in December, closing out a year when wholesale prices rose by 5.4 percent, the biggest advance since a 5.7 percent jump in 1990.

However, core inflation, which excludes energy and food, was much better behaved, rising by a tiny 0.1 percent in December and just 1.7 percent for the entire year, even better than the 2.3 percent increase in core prices in 2004.

Energy prices shot up 3.1 percent as gasoline prices skyrocketed by 12.3 percent last month. That was close to the 12.7 percent surge in September, when widespread production shutdowns at Gulf Coast refineries saw gasoline rise briefly above $3 per gallon.

While the tame core inflation number showed surging energy has not translated into higher overall prices, analysts said it will keep the Federal Reserve on guard and will likely translate into two more quarter-point rate hikes at the Fed's Jan. 31 and March 28 meetings.

"This alerts us to the fact that we still have to deal with the issue of a possible spillover of high energy prices into core inflation," said Lyle Gramley, a former Fed governor. "It hasn't happened yet, but there is a potential problem."

Analysts said that the weaker-than-expected increase in retail sales last month provided evidence that the economy is slowing, which should help dampen future inflation.

Many economists believe overall growth in the final three months of 2005 slowed to a rate of 3 percent or less, compared to the 4.1 percent growth in the third quarter of last year, as debt-burdened consumers cut back on spending.

The 0.7 percent rise in retail sales in December followed a 0.8 percent November increase, but both months were heavily influenced by auto sales.

Outside of autos, December sales rose by just 0.2 percent. November sales fell by 0.4 percent when autos were excluded.