

Market Watch

to take lead AT&T units

resident Tuesday to oversee its business services operations while Michael Armstrong focuses on telecommunications giant. Dorman, 46, is currently CEO of a national joint venture between telecommunications and business services to provide communications services to multinational companies. In his new role, he will be in charge of businesses that generate about 75% of AT&T's \$66 billion in annual revenue and employ almost half of its 163,000 workers.

The move sparked speculation that Dorman will succeed Armstrong, who is expected to retire in three years. Dorman insists that he has not been promised the top job but says he is "not oblivious" to the possibility.

President since last April, when he took over AT&T Wireless. Dorman is in charge of restructuring duties (to literally go 18 hours a day) and announced that he would stand-alone businesses — and consumer and business services — control of the services company. "AT&T needs at this point," he says, "to have their eye on the ball and take the lead. Mike Armstrong is breaking it down."

dropped about 1% on the news that stock has fallen about 63% this year in the telecommunications

held high-level positions with online information company to capitalize on his experience to revitalize the company's business, for example, has been involved in wireless phones, Internet companies, which are their own long-distance competitors with new weapons. An analyst with Guzman & Co., an analyst with Guzman & Co., leader, so it's their share to go."

ary Weis, the venture's president, a former AT&T senior vice president, to be named permanent CEO

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today the gift, worth an estimated \$20,000, will take 20,000 advertisements and make them available on Congress and its Web site. "Right spots at www.loc.gov," says the digital divide, says Lianne Billington. "Commercial part of our culture. Advertisers tell a lot about people at the time."

Spotlight shines on Schrempp

DaimlerChrysler CEO put to test with lawsuit, sliding stock

By Earle Eldridge
USA TODAY

With a shareholder lawsuit, tumbling stock prices and a money-losing unit, DaimlerChrysler CEO Juergen Schrempp faces his toughest challenge since he engineered the merger of Daimler-Benz and Chrysler in 1998.

And how he handles the challenge will likely determine if the 56-year-old former mechanic survives as CEO.

"Schrempp has a lot invested in positioning DaimlerChrysler as consolidators of the global auto industry," says analyst David Garrity of Dresdner Kleinwort Benson.

But nervous shareholders and Chrysler's mounting U.S. losses spell trouble for Schrempp, he says. "The issues may ultimately lead to a change in management at the top, including Schrempp."

Other analysts say it's too soon to give Schrempp his walking papers.

"They should put him on the hot seat, but they shouldn't execute him," says Rajesh Kothari of GMA Capital. "Chrysler started bleeding red ink, and he started making changes."

And Hilmar Kopper, chairman of DaimlerChrysler's supervisory board and head of Deutsche Bank, its biggest shareholder, recently told reporters that he has "complete confidence" in Schrempp.

Before the merger, Schrempp won praise for increasing shareholder value in Daimler-Benz, which he took over as CEO in 1995. He was credited with reversing a disastrous strategy by his predecessor to make Daimler-Benz a technology company involved in aerospace, software, electronics and a wide range of non-automotive industries. He slashed costs, eliminated unnecessary units and let Fokker, the Dutch airplane maker acquired in 1993, slip into bankruptcy.

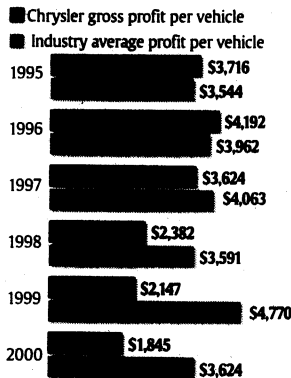
But such success has eluded Schrempp since the November 1998 merger. The problems:

► DaimlerChrysler's shareholder value has dropped dramatically, raising investor doubts about whether he can turn things around. Instead of the growth and synergies Schrempp promised, DaimlerChrysler is struggling.

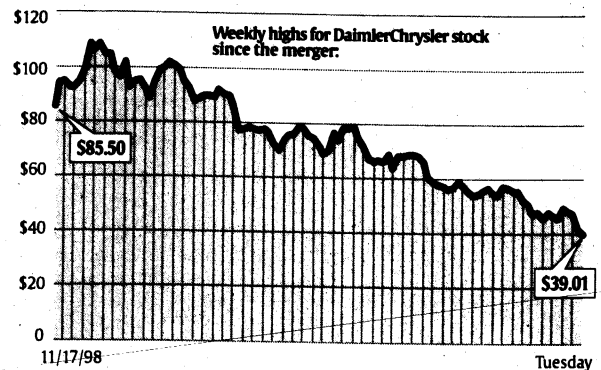
"Both of the companies were extremely successful using their own methods," says analyst David Healy of Burnham Securities. But "at this point, they are getting into drastic cost-cutting

A look at Chrysler and its parent

Chrysler's profit per vehicle has been dropping.



Source: CNW Marketing/Research



By Quin Tian, USA TODAY



By Jockel Finck, AP

On the spot: The head of Deutsche Bank has "complete confidence" in DaimlerChrysler's Juergen Schrempp, above, but some analysts say he's in hot water.

measures just to get earnings back to where they were before the merger."

► Chrysler posted a \$512 million loss in the third quarter and is expected to continue reporting losses in the fourth quarter and the first quarter next year. That's a big reversal from the fourth quarter of 1999 when DaimlerChrysler reported record net income of \$1.6 billion and handed workers average profit-sharing checks of \$8,100.

► Billionaire investor Kirk Kerkorian has emerged as one of Schrempp's toughest critics. Kerkorian, largest

Chrysler shareholder at the merger and now the third-largest DaimlerChrysler shareholder, filed a \$9 billion lawsuit against Schrempp on Monday, arguing that the CEO deceived investors and the Securities and Exchange Commission

when he claimed the deal was a merger of equals.

The lawsuit blasts Schrempp for having a "cavalier attitude toward American executives" while displaying "arrogance" and "deceit" to shareholders.

DaimlerChrysler officials say the lawsuit has no merit.

Some industry watchers say Schrempp has failed to manage the delicate marriage of German and U.S. cultures, resulting in bruised egos among some Americans.

Last week, he reportedly apologized to 400 top Chrysler officials for saying that he always intended for Daimler-Benz to control Chrysler and not for the companies to be co-managed as equals.

But defenders say Schrempp shouldn't be blamed for Chrysler's woes. He let an American management team run Chrysler for two years, and some analysts say he was duped by their claims that sales and profit prob-

lems were only temporary and soon to be corrected.

Chrysler's fall was inevitable, says analyst Susan Jacobs of Jacobs and Associates. "Competition has caught up to Chrysler," she says, because the company didn't "anticipate the kind of intense competitive pressure in the truck market, and the loss of pricing power in all markets."

Chrysler no doubt looked better two years ago to Daimler than it does now, she says. "When the merger took place, Chrysler had an extended period of dominance in the minivan and (sport-utility) markets. By the late '90s, we started to see a lot more competition in SUVs as the Europeans and Japanese came in."

Although morale among Chrysler workers has dropped as they lost their American leadership, some analysts say Schrempp made the right move last week when he replaced James Holden as president of Chrysler with a German, Dieter Zetsche.

"Dieter Zetsche is an excellent choice for Chrysler. His track record is very good," Jacobs says.

She also bets the Daimler board won't throw Schrempp out anytime soon. "They tend to be patient if action is being taken. And this probably doesn't seem to be the moment to be making changes at the top."

Leo Welt, executive director of the German American Business Council, a non-profit group created to promote German business, says shareholders need to be patient and not rush to blame Schrempp.

And, he says, that's likely to happen. "European companies are in more for the long haul. They are not in it for quarterly earnings," he says.

"Schrempp is very astute and a very smart manager," Welt says. "He is dynamic. He is going to turn the company around."

Contributing: James R. Healey

NDB lures investors with a little fowl play

By Noelle Knox
USA TODAY

NEW YORK — Like a strange migration, more than 8 million people across

In fact, the quack sound is a recording of McQuilkin blowing into a duck call. "I don't think corporate CEOs of Wall Street are supposed to make duck calls," McQuilkin says sheepishly. "When the

pion who offered to re-record a better duck call. And one woman wrote that the duck quack made her laugh, and suggested that, in life, everyone should have an option seven.