

## Viacom plans to spin off Blockbuster

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tising-driven business like TV and radio. Viacom acquired Blockbuster in 1994 to help finance its bid for Paramount.

Including the Blockbuster charge, Viacom reported a net loss of \$385.4 million in the fourth quarter, or 22 cents per share, compared

with earnings of \$652.4 million, or 37 cents per share, in the same period a year ago. Revenues increased 11 percent to \$7.52 billion from \$6.78 billion.

Viacom reported a 19 percent gain in operating income at its cable networks group, a reliable profit center that includes MTV, VH1 and

Nickelodeon. Television earnings declined 23 percent compared with the year-ago period, which the company attributed to a lack of political advertising and higher expenses for programming, and radio income fell 10 percent on lower advertising revenues.

For the full year, Viacom

reported net earnings of \$1.42 billion, or 80 cents a share, versus \$725.7 million, or 41 cents a share, in 2002, which included an accounting charge of \$1.48 billion. Full-year revenues rose 8 percent to \$26.59 billion from \$24.61 billion in 2002.

On the Net:

<http://www.viacom.com>

## Comptroller general criticizes Fannie Mae

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steady performer. In addition, the company has admitted inflating 2001 profits by nearly \$1 billion and said it may not be able to complete its accounting for 2003 until next June.

The accounting and management turmoil at the company rattled Wall Street and the mortgage market. But Freddie Mac executives have said the company's financial soundness and ability to manage interest-rate risk have not been compromised.

If either company were to fail, it would have "a significant adverse ripple effect" throughout the financial

markets, he said. "We have to be careful to make sure they don't fail," Walker testified.

Walker also criticized Fannie Mae's governance, which has CEO Franklin Raines also serving as chairman of the board, while its chief operating officer and chief financial officer are vice chairmen of the board.

OFHEO, the current regulator, is pushing to split the company's top executive position in two - a proposal that requires White House approval. Raines said recently that the company's board does not support such a division.

The regulatory agency

already has required Freddie Mac to make the executive split within a "reasonable" period of time as part of its settlement with the company in December.

Fannie Mae spokeswoman Janice Daue said the board had previously decided to ensure independence by designating a lead director, and that the company believes it is not necessary at this time to divide the chairman and chief executive roles.

"We're always willing to discuss these issues with Congress," Daue said in a telephone interview.

Fannie Mae and Freddie Mac were created by

Congress to pump money into the multitrillion-dollar home mortgage market by buying home loans from banks and other lenders and bundling them into securities for sale on Wall Street. Both Fortune 500 companies, they have grown rapidly in recent years and are among the nation's largest financial institutions.

On the Net:

Fannie Mae:

[www.fanniemae.com](http://www.fanniemae.com)

Freddie Mac:

[www.freddiemac.com](http://www.freddiemac.com)

Office of Federal Housing

Enterprise Oversight:

[www.ofheo.gov](http://www.ofheo.gov)

General Accounting Office:

[www.gao.gov](http://www.gao.gov)

## Social Security reform to drive up U.S. debt

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over record deficits, expected to reach \$521 billion this year alone, and Democrats have warned that the nation's mounting debt load could become a drag on economic growth.

A senior Democratic congressional aide warned the debt would push up interest rates. While it may be designed to save Social Security in the long run, the aide warned, "The patient may be dead by then."

Gregory Mankiw, who chairs the White House

council, acknowledged persistent budget deficits "do tend to raise interest rates. ... That is one of the reasons why getting the budget deficit down is an important priority."

Though Republicans who control the U.S. Congress see little chance of passing Social Security reform in a presidential election year, the estimates could revive debate over Bush's plan to let workers redirect a portion of their payroll taxes into personal stock or bond accounts.

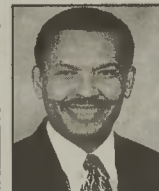
Under the model analyzed by the Council of Economic Advisers, workers could voluntarily redirect 4 percent of their payroll taxes up to \$1000 annually to a personal account.

Bond proceeds would make up for diverted payroll tax funds and shore up the Social Security system. Bush opposes raising taxes or requiring additional contributions from workers. The bonds would be gradually paid off using future savings from Social Security as bene-

fits growth slowed.

But Buchan said: "We've made no decisions about how the transition to personal accounts would be financed."

Bush advisers had once hoped to use budget surpluses, projected in 2000 at \$5.6 trillion over 10 years, to fund the transition period. The White House expects the budget shortfall to total \$1.35 trillion through 2009 and government debt to rise from \$8.1 trillion to \$10.5 trillion, forcing Bush's economic advisers to look at alternatives.



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### Using It All

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We make plans to reach our goals so that we can realize our ultimate dreams. However, much of what we plan is based on a perfect scenario. We often fail to plan for the unexpected. Our plans may not always work out perfectly. Sometimes circumstances arise that we had not anticipated. For example, financial backing that we had counted on does not come through, someone that we depended on to help us on a particular project is no longer able to work with us, or something happens in a relationship that results in its ending.

If we are not prepared for the unexpected, this can really throw us. By being caught off guard, we become distracted and disappointed. We may feel that there is no point in pursuing our dreams any longer. Yet, one of the keys to success is learning to accept all that may come our way. However, this does not mean passive acceptance. Successful people take what happens and uses it to their advantage, whether it may be considered good or bad.

Those who create success in life know that good and disappointment are a part of life. They will take the disappointments and learn from them in order to take them to their next level of success.

Regardless of what you may encounter along the road to success, always keep in mind that you can use it all to make your dreams come true. Let nothing stand in the way of achieving your dreams. Using all that you have been given, you can make it happen!

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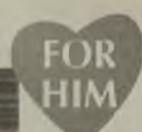


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