By Keith Alberson

Elvis in 1975: The king of rock 'n' roll performs in Las Vegas.

Media

The world needs more Elvis

Concert entrepreneur unveils a deal that could let investors get a piece of Elvis marketing action. 4B

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narkets

	Close		Change
	2146.15	⬇	16.40
0	1203.21	⬇	2.51
ear yield	4.82%	⬆	0.11
ar yield	4.19%	⬆	0.11
50	121.89	⬇	1.62
	104.00	⬇	1.12
	181.10	⬇	3.24
e, barrel	$44.18	⬇	0.01
o)	$1.3249	⬇	0.0163
	104.78	⬆	0.55

MarketWatch.com

with currencies, 5B

es settles fraud charges

nd Exchange Commission settled hursday against Knight Securities, naker, after finding the brokerage ess profits out of its institutional f providing "best execution" to its out admitting or denying the find- to pay $79 million in penalties, in- n to settle a parallel probe by the of Securities Dealers.

ns

ccount trade gap widened slightly billion in the third quarter, data ut U.S. dependence on foreign cap- t as feared. The gap in the current ludes goods, services and invest- 18 million in the July-September revious quarter and represented nomy, the Commerce Department etary John Snow expects foreign to continue. Story, 4B.) ... **First- nemployment benefits** fell more e week ended Dec. 11, to 317,000, The Labor Department cited no count for the drop, the largest since it cautioned that claims are often y period.

ders accepted gifts

ents said Thursday that two em- he company and 14 others have r *violating company policies cov-* ers to its traders. Fidelity said a re- any financial losses to its funds or rs get commissions from Fidelity nd sellers and helping to execute not identify the departing employ- hey left willingly or were fired. The d and fined.

n-toting holiday e-mail

to PC users: Be wary of e-mail llydays." A computer worm lurks which spreads via e-mail contact ment is opened, could make com- ble to spammers and hackers.

s halt to Yukos sale

y judge in Houston issued a tem- rder Thursday to halt the planned Yukos oil company's main oil- y, Yuganskneftegaz. The auction of r Sunday, was ordered by Russian ngoing dispute over $28 billion in an government says Yukos owed.

s' big holiday push

convey a sense of urgency to shop- weekend for gift-buying. 4B

ncing your portfolio

juggle assets as often as you might er's column, 4B

and wire reports

uper shoppers

Symantec to acquire Veritas for $13.5B

Blended software company to create one-stop shop

By Jon Swartz
USA TODAY

SAN FRANCISCO — Computer-security titan Symantec agreed to acquire Veritas Software for $13.5 billion Thursday, creating the world's fourth-largest software company and a powerhouse to protect PCs and corporate networks.

Technology

The combined company would have $5 billion in projected annual revenue in fiscal year 2006, trailing only Microsoft, Oracle and Germany-based SAP. It is intended to create a one-stop shop, with software ranging from anti-virus programs for consumers to data-management and backup for corporate networks.

"This is a profound event for the entire industry," Symantec CEO John Thompson said in a phone interview. "It redefines how large transactions should be done: solving real problems and creating long-term growth."

Investors weren't so sure. Symantec shares slid 8%, to $25.13, Thursday. Veritas shares fell 0.4%, to $27.99.

The negative reaction reflects market concerns as Symantec takes on the merger chore, while facing looming competition from Microsoft and Internet service providers in the consumer market. On Thursday, Microsoft said it would acquire anti-spyware maker Giant Company Software, and plans to release a Microsoft-branded product within a month.

The Symantec-Veritas merger is "a good move, but it is an additional piece of risk to the overall Symantec business," says research analyst Joshua Jabs of Piper Jaffray.

Investors also are jittery that absorbing Veritas would slow Symantec's torrid growth in the fledgling security-software market. It has 40% of the $2.7 billion annual anti-virus market, according to market researcher IDC.

"Suffice to say, being in the consumer anti-virus space drove enough revenue at Symantec to allow it to make one of the biggest acquisitions in software history," says analyst James Governor of market researcher RedMonk.

Thompson, who will be the merged company's CEO, tried to assuage concerns. "This is not a defensive move by any stretch," he told analysts.

AFP

John Thompson: CEO of Symantec.

The deal, the second blockbuster software merger this week, underscores consolidation in a crowded business-software market and the desire among customers to deal with fewer vendors, software analysts say. Monday, Oracle landed PeopleSoft for

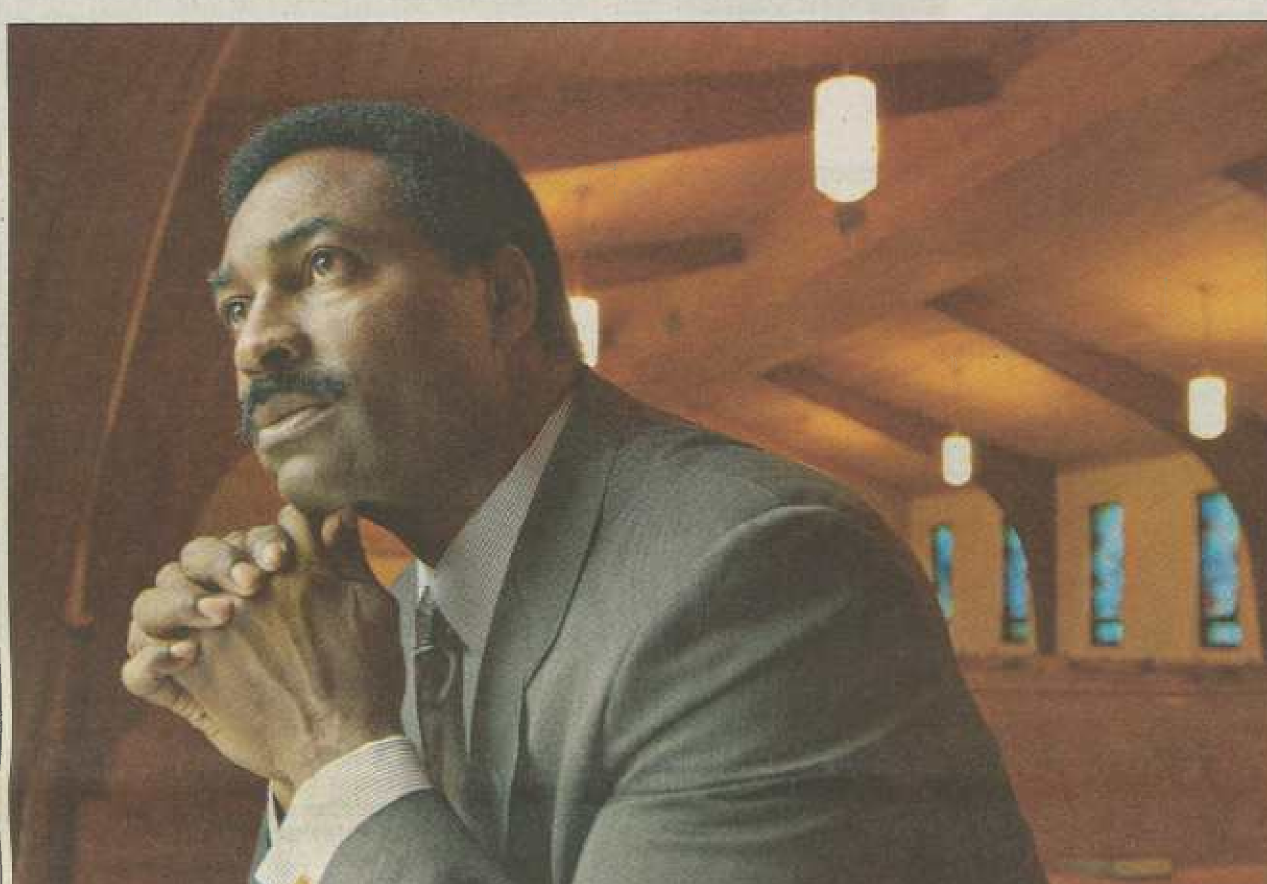
▸ Microsoft acquires Giant, 2B
▸ Sprint deal widens chasm, 6B

$10.3 billion after 18 months of acrimony.

Conversely, Silicon Valley-based Symantec and Veritas cordially negotiated over two to three months. "John and I met in a restaurant and shared wine," says Veritas CEO Gary Bloom, who will be president of the combined company. "This was not a backdoor operation. We will not lose talented people."

Relatively few layoffs are expected after 6,000-employee Symantec and 7,000-employee Veritas join, because they focus on different markets. When the deal is completed, Symantec shareholders will own about 60%, and Veritas shareholders would have 40% of the combined company.

Contributing: Byron Acohido in Seattle



By Tyrone Turner, for USA TODAY

Contemplating past, future: Roger Barnes at First Baptist Church of Guilford. Debra Katz, Barnes' attorney, says he is forbidden to discuss his time at Fannie Mae for reasons she can't disclose.

Fannie Mae whistle-blower feels vindicated by SEC decision

Former executive has battled setbacks throughout his life

By Jayne O'Donnell
USA TODAY

COLUMBIA, Md. — Roger Barnes, a former Fannie Mae accounting manager, leaped onto the national stage this fall when he accused the mortgage-finance giant of cooking its books and of retaliating against him for complaining about it.

Cover story

Bolstered by his allegations, the agency that regulates Fannie Mae concluded that Fannie manipulated its earnings through "cookie jar" accounting. Late Wednesday, the Securities and Exchange Commission said Fannie had indeed violated accounting rules and must restate earnings. Fannie says it will comply with the SEC's request. A Justice Department criminal investigation continues.

Barnes, who spends most of his time at home and working at his church here, is hardly at peace. To hear Barnes talk in recent months is to hear a man fuming about what he sees as merely the latest in a lifetime of wrongs inflicted on him and his loved ones.

Interviews with Barnes and those who know him suggest a highly complex man, who has waged major legal fights with both Fannie Mae and Freddie Mac. Barnes acknowledges depths of anger and says he's long been a victim of racial discrimination, retaliation and other indignities.

In his only face-to-face interview since the Fannie Mae scandal broke, Barnes told USA TODAY of years of setbacks, including:

▸ The death of an infant brother. It happened, Barnes and his family say, because no white doctor would treat the boy in their home.

▸ Brain injuries suffered by Barnes' first child that Barnes believes were caused by medical errors during birth.

▸ Enduring pain from a spinal fracture that Barnes says he suffered from a gymnastics fall during high school. He said the fracture went untreated, in part because his family had

Stock options must be expensed

Many Silicon Valley firms will take a hit on earnings

By Matt Krantz
USA TODAY

Count one for the bean counters.

After years of heated debate between high-tech companies and accountants, the head accounting rule-setting body Thursday declared all companies must subtract the cost of stock options from their earnings starting in mid-2005.

It's a massive blow for companies, mainly in Silicon Valley, which had been doling out lucrative stock options to employees and executives for decades but not counting them as a cost. It also requires investors to rethink how they value companies: The new rule will affect everything from price-earnings ratios to earnings estimates.

Accountants, thinking companies had been enjoying a loophole that understated their costs, applauded the decision. The new rule will have "a big impact, but it's the right move," says Ed Nusbaum, CEO of accounting firm Grant Thornton.

The rule change, approved by the Financial Accounting Standards Board, represents a massive shift because it:

▸ **Affects so many companies.** Only 117 companies in the Standard & Poor's 500 index currently expense options, says David Zion, accounting analyst at Credit Suisse First Boston. That means a majority will need to start.

▸ **Puts a big dent into reported earnings.** Had all companies in the S&P 500 expensed the cost of options, reported earnings would have been 20% lower in 2001, 19% lower in 2002 and 8% lower last year, Zion says. He says the rule could dent 2005 earnings 3%.