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INSIDE: COMMEMORATIVE SECTION

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THE WALL STREET JOURNAL.

DOWJONES A NEWS CORPORATION COMPANY

WEDNESDAY, JANUARY 21, 2009 ~ VOL. CCLIII NO. 16 ★★★★ $2.00

DJIA 7949.09 ▼ 332.13 –4.0% **NASDAQ** 1440.86 ▼ 5.8% **NIKKEI** 8065.79 ▼ 2.3% **DJ STOXX 50** 1935.88 ▼ 1.9% **10-YR TREAS** ▼ 7/32, yield 2.344% **OIL** $38.74 ▲ $2.23 **GOLD** $854.60 ▲ $15.30 **EURO** $1.2882 **YEN** 89.77

President Barack Obama

A Day of History as New Leader Urges Unity Amid 'Raging Storms' of War and Recession

By Jonathan Weisman And Laura Meckler

WASHINGTON—On a day rich in history, Barack Obama took office Tuesday as the 44th president of the U.S., urging Americans to stand together amid the "gathering clouds and raging storms" of war and recession.

The inauguration of the first African-American to lead the world's most powerful country drew a crowd of well over one million to the National Mall here. In his 18-minute address, Mr. Obama called on Americans to return to the values of "hard work and honesty, courage and fair play, tolerance and curiosity" that have seen the country through past crises.

With Mr. Obama's first day on the job scarcely begun, the financial uncertainty facing his presidency made itself felt. The Dow Jones Industrial Average fell 4%, its worst inauguration-day performance in history, amid fresh signs of trouble among the nation's banks.

At exactly noon, by law, Mr. Obama became president. Placing his hand on a Bible once used by Abraham Lincoln, he took the oath using his full name, Barack Hussein Obama—a moment that stood in contrast to episodes on the long campaign trail in which detractors would occasionally stress his middle name in a derogatory way.

Mr. Obama acknowledged the significance of his rise to power for a nation where race has long been a highly charged subtext. He linked his family's immigrant past—his father, who hailed from Kenya, once herded goats—to the legacy of segregation experienced by many of the thousands of African-Americans who came from around the country to witness his inauguration.

"A man whose father less than 60 years ago might not have been served at a local restaurant can now stand before you to take a sacred oath," Mr. Obama said.

In his speech, Mr. Obama firmly rejected the idea that "government is the problem," a notion that has shaped American political debate since Ronald Reagan used those words in his own inaugural address in 1981. Mr. Obama vowed a new activism, and to his opponents, he declared: "What the cynics fail to understand is that the ground has shifted beneath them—that the stale political arguments that have consumed us for so long no longer apply."

Wednesday, on his first full day in office, Mr. Obama is expected to meet with his economic team as well as the architect of an Iraq war policy he once opposed, Gen. David Petraeus, to deliver the orders to begin with-

Please turn to the next page

Philadelphia Inquirer/Rapport Press

HANDOFF: Barack Obama was sworn in Tuesday as the nation's 44th president. More than one million people gathered for the event.

Online Today at WSJ.com/inauguration

■ **Postcards from around the world.** ■ **Charting Obama's first 100 days.**

Inside Today's 18-Page Inauguration Supplement

■ **Adventures and misadventures, R1** ■ **Complete text of address, R4**

What's News—

Business & Finance

Shares of big U.S. banks plunged as some investors feared the government would need to nationalize the most deeply wounded institutions, wiping out stockholders. The Obama administration, which is expected to move swiftly to try to stabilize the financial system, is sorting through an array of options. **A1, C1**

■ **The Dow posted** its worst Inauguration Day performance ever, falling 332.13 points, or 4%, to 7949.09. **C1**

■ **The British pound tumbled** and U.K. bank shares sank as London's latest bailout plan underscored the depth of the crisis it faces. **A1, C2, C14**

■ **EU ministers said** the bloc is running out of room to spend on stimulus. Germany expects a sharp drop in its GDP. **A14**

■ **IBM's profit rose 12%** and the technology giant issued an upbeat profit forecast for 2009, bucking the sector's trend. **B1**

■ **Chrysler's partnership** with Fiat is contingent on the U.S. company getting $3 billion more in government loans. **B1**

■ **The housing downturn** is likely to deepen this year, with no broad recovery until at least 2010, economists said. **A6**

■ **J&J said** quarterly profit rose 14% but warned 2009 could produce the first drop in annual revenue in 79 years. **B1**

■ **Saudi conglomerate** Kingdom Holding, a major Citigroup backer, had a 2008 loss of about $7.92 billion. **A11**

■ **A credit-card processor** disclosed a data breach that analysts said may rank among the biggest ever reported. **B3**

World-Wide

■ **Obama was sworn in as the nation's 44th president.** The inauguration of the first African-American to lead the U.S. drew over a million people to Washington's National Mall. In his address, Obama called on Americans to return to the values of "hard work and honesty, courage and fair play, tolerance and curiosity." He promised "bold and swift" action on the economy and, in a pointed criticism of Bush's foreign policy, said, "We reject as false the choice between our safety and our ideals." **A1, A4**

Sen. Edward Kennedy was rushed to the hospital after suffering a seizure during a lunch to honor Obama.

■ **The Senate confirmed** six members of Obama's cabinet, but Clinton and Geithner aren't expected to be confirmed until later this week. **A3**

■ **Gaza was** generally peaceful. Israel said its blockade won't end without progress on the release of a captured soldier. **A11**

■ **Russia and neighbor states** agreed to let the U.S. transport troop supplies for Afghanistan through their territories. **A12**

■ **Afghanistan proposed** that NATO give it more control over future troop deployments. **A12**

■ **Two bombs struck** separate U.S. military and Iraqi government convoys in Baghdad, killing five Iraqi civilians.

■ **Guantanamo prosecutors** are seeking to halt trials until the tribunals' future is decided, a defense lawyer said. **A5**

■ **Aviation experts** are probing an engine problem a US Airways jet suffered two days before last week's accident. **A6**

■ **An Indiana financial adviser** was charged with intentionally crashing his airplane in Florida to try to fake his death. **A5**

Notice to Readers

Personal Journal begins on B7 today.

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Banks Hit by Nationalization Fears

Financials Plunge As U.S. Considers New Rescue Options

Shares of the biggest names in American banking plunged Tuesday as some investors feared that the government would need to nationalize the most deeply wounded financial institutions, wiping out stockholders.

By Jon Hilsenrath, David Enrich and E.S. Browning

The hours-old administration of President Barack Obama is expected to move swiftly to try to stabilize the financial system by pumping more capital into weakened banks and buying bad assets. Nationalization appears to be a last resort, but other options on the table move the U.S. in that direction. In one idea under consideration, the government could buy convertible securities from financial institutions, an approach that could ultimately leave the government owning large chunks of many firms' common shares.

Shares of U.S. banks were down about 20% to their lowest level in more than a decade. Shares of Citigroup Inc. fell 20%, to $2.80 a share. Bank of America Corp. shares were down 29%, to $5.10. The low-single-digit prices of Citigroup and Bank of America shares are a sign that investors are deeply worried about the viability of the industry, from the largest national banks to smaller regional players. (Please see articles on pages C1 and C2.)

Shares of State Street Corp. fell 59% on Tuesday after the normally staid bank reported nearly $9 billion in unrealized losses. The decline of State Street shares was worrisome because

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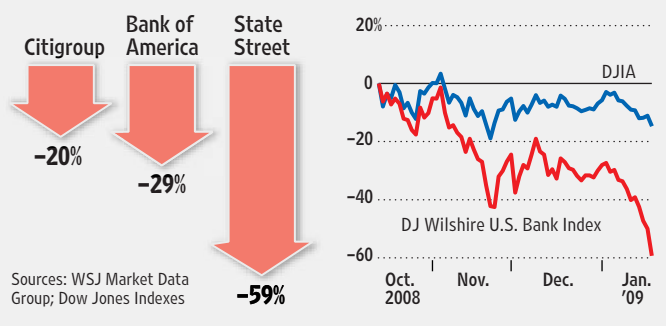
Losing Traction

Bank shares have sunk since the bailout plan was unveiled in October.



Sources: WSJ Market Data Group; Dow Jones Indexes

U.K. Crisis Grows, Currency Tumbles; EU Worries Spread

By Alistair MacDonald And Neil Shah

The U.K.'s latest bank-rescue effort initially backfired Tuesday, helping drive its currency to historic lows while aggravating fears about the stability of the country's banks and the fate of the government's finances.

Rather than reassure markets, the giant new bailout plan announced Monday by Prime Minister Gordon Brown underscored the depth of the crisis faced in one of the world's largest financial centers.

The pound slid nearly 5% Tuesday to an all-time low against the yen, according to Morgan Stanley, and to a seven-year low against the dollar. Bank shares fell steeply on fears that the govern-

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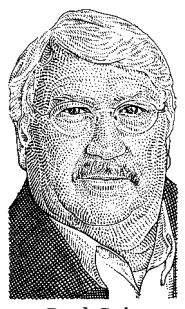
What the Audacity of Hope Looks Like From Behind Bars

A Louisiana Warden Gives Inmates a Day Off To Watch the Inauguration; View From Angola

By Gary Fields

ANGOLA, La.—The horses were grazing, and the rifles were stored in their armory racks. The inmates who normally tend crops weren't working, so the officers who watch over them in the fields didn't need horses or guns.



Burl Cain

Change, at least for a day, had come to the Louisiana State Penitentiary at Angola, the state's maximum-security prison. On Tuesday, Warden Burl Cain gave the inmates the day off to watch Barack Obama take the oath of office. It was the first time in the prison's history that inmates were free to watch a president being sworn in.

"Most of the guys here face the reality that a president can't change things overnight," says Jerry Ward, 43 years old and 19 years into a life sentence for second-degree murder, convicted of shooting a man during a domestic dispute. At the same time, he says, "life here is what you make it and there are rewards for acting like men should, even here."

Normally, most of the 5,100 men here would be somewhere on the prison's vast farm, perhaps toiling in the broccoli or turnip fields. Angola, a prison for more than 120 years, sits on 18,000 acres wedged between the Mississippi River and the pine-covered Tunica Hills.

Tuesday, nearly all of the inmates stood glued to televisions scattered throughout the facil-

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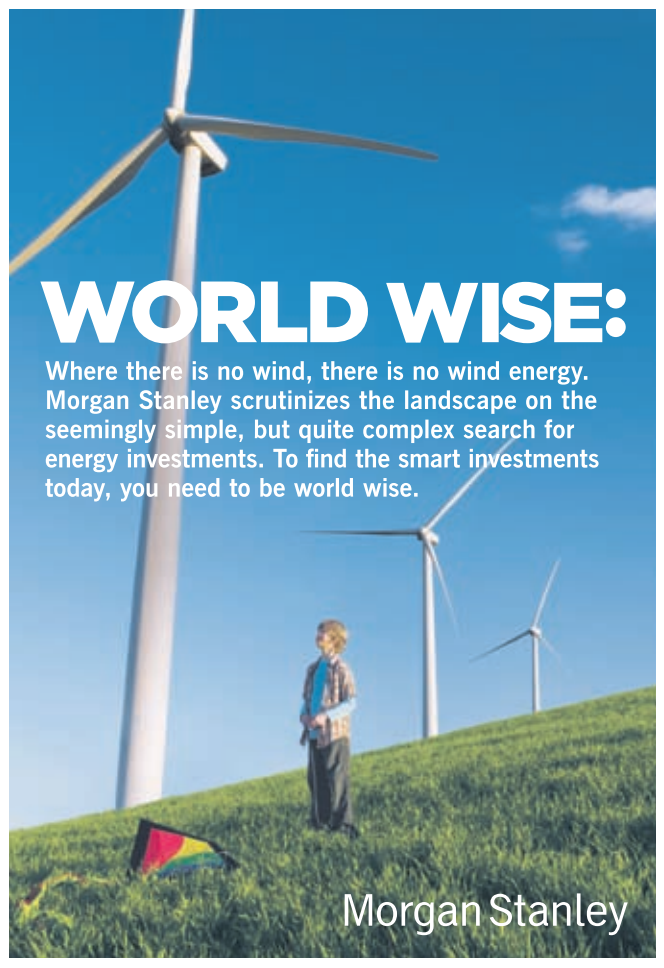

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