

Can Angelina Jolie Really Save the World?



AT THE DAVOS PARTY Some of the big names sighted last week were, clockwise from bottom left, Charles Prince of Citigroup, Prime Minister Tony Blair of Britain, Sharon Stone, Bill Gates of Microsoft, Angelina Jolie and Bono.

By TIMOTHY L. O'BRIEN

DAVOS, Switzerland
THE Rolls Royce of business conferences glides to its conclusion here today, capping a week of stimulating, high-minded discourse that makes the gathering such a hot ticket each year among chief executives, politicians, academics, journalists, the nonprofit set and the occasional celebrity.
Look, there's Angelina Jolie! Angelina, how is the world faring on the health and human rights fronts? Oh, my gosh! It's Bono! Bono, what needs to be done about African poverty? Hey, Richard

Gere and Sharon Stone, how can we tackle the AIDS crisis?
But this 34th annual conference of the World Economic Forum also scored 23 heads of state, 72 cabinet-level ministers, and about 500 global business leaders. Among the attendees were Prime Minister Tony Blair of Britain; Bill Gates, the Microsoft chairman; Viktor A. Yushchenko, the new president of Ukraine; Sergey Brin and Larry Page, the Google co-founders; former President Bill Clinton; Senator Bill Frist of Tennessee, the majority leader; and the South African novelist Nadine Gordimer.
Amid the panel discussions on global crises,

technological innovation and effective management was a seminar, scheduled for Saturday, on "Star Power and Social Change." The literature for that one stated that "celebrities have become powerful advocates for social, political and economic causes" and asked this tough follow-up question: "What accounts for this trend?" (For executives who do not want to shell out \$37,600 in annual membership fees and charges to attend next year's panel, here is one possible four-word answer: Because they are sexy.)
It is easy, of course, to take potshots at the forum, perhaps the only conference that bills itself as "Committed to Improving the State of the World."
Continued on Page 4

INSIDE

OPENERS

Ah, for the video games of yesteryear. *The Goods*, by Brendan I. Koerner. **2**

NEWS AND ANALYSIS

As workers age, bias suits grow. By Norm Alster. **3**

Has moral progress in business been overlooked? *Everybody's Business*, by Ben Stein. **3**



When Procter & Gamble met Gillette. *Sunday Interview*, by Laura Rich. **4**

SUNDAY MONEY

How wobbly is your pension? By Mary Williams Walsh. **5**

The signals on stocks: mixed and mixed. *Portfolios, Etc.*, by Jonathan Fuerbringer. **5**

OFFICE SPACE

Memo to U.S.: Don't just compete. Redefine the market. *Armchair M.B.A.*, by William J. Holstein. **9**

The Sisterhood Judging WorldCom

By GRETCHEN MORGENSON and KEN BELSON

BOTH are former federal prosecutors, formidable in their courtrooms. They are also fast friends, contemporaries who rose through the legal ranks in New York City during the gritty 1970's and the more prosperous 1980's.
And, for the next few months, Denise L. Cote, 58, and Barbara S. Jones, 57, United States District Court judges in Manhattan, will be front and center in the trials of WorldCom's former chief executive, Bernard J. Ebbers, and the investment banks and auditors that advised the company as it spiraled into bankruptcy.
Although Judge Cote and Judge Jones have presided over major trials since President Bill Clinton appointed each of them to the bench nearly a decade ago, their oversight of the WorldCom cases is drawing the national spotlight. WorldCom, after all, remains the largest company to have filed for bankruptcy protection in the United States. Its failure in 2002, prosecutors say, was a result of an \$11 billion accounting fraud that cost thousands of jobs and hundreds of millions in losses for investors.
Mr. Ebbers's criminal trial has just begun in Judge Jones's courtroom, and the civil case brought by investors, overseen by Judge Cote, is scheduled to start Feb. 28. But both judges have already made enough pretrial rulings to reveal quite a bit about how they approach their work and manage their courtrooms. Their handling of

these cases may also prove to be a model for future trials involving accusations of corporate fraud.
Neither judge agreed to be interviewed for this article. But interviews with former colleagues, friends and lawyers who have appeared before them paint a picture of two proficient and demanding people who dispatch justice in a quick, no-nonsense way.



Fred R. Conrad/The New York Times



Chang W. Lee/The New York Times

Denise L. Cote, left, and Barbara S. Jones, both Federal District Court judges, are overseeing cases related to WorldCom, the largest company in the nation to have filed for bankruptcy protection.

Lawyers involved in the WorldCom securities litigation, for example, say Judge Cote has been a tough taskmaster since she was assigned the case in 2002. An exceedingly complex matter in which 42 class actions brought by investors were consolidated, it is one of the largest securities cases in history. Defendants include former directors and officers of WorldCom; Arthur Andersen, its auditor; and more than a dozen investment banks — including J.P. Morgan Chase, Bank of America and Deutsche Bank — that sold WorldCom securities to investors.
A measure of Judge Cote's efficiency was her order that settlement negotiations begin less than a month after the New York State Common Retirement Fund, the lead plaintiff, filed the class-action complaint. She accelerated the discovery process, in which both sides interview witnesses and request documents, completing it at least nine months ahead of schedule. At the request of the New York fund's lead counsel, Judge Cote also limited depositions to 60 days for each side, well below the hundreds requested by the lawyers representing the defendants and far fewer than the 1,200 depositions allowed in the Enron litigation.
Judge Jones has been equally expeditious in the early days of Mr. Ebbers's trial, lawyers said. Despite the intense media scrutiny, they said, she has kept a firm schedule and treated both sides evenly. In pretrial hearings, she chastised prosecutors for failing to demonstrate why certain evidence should be allowed in the proceedings. But she has also swatted down requests from Mr. Ebbers's lawyers to delay the trial.
Continued on Page 8

GRETCHEN MORGENSON

These Stock Options Just Didn't Add Up

TOP executives on the receiving end of munificent pay packages like to argue that their troughs full of stock options have no relationship to the improprieties that keep erupting across corporate America.
But an episode last week involving Brocade Communications, a San Jose, Calif., company that makes switches for computer storage networks, suggests that every now and again there just might be a connection after all.
Back in the bubble of 2000, you may recall, Brocade Communications was one heck of a stock. The shares went public in May 1999 at a split-adjusted \$4.75. By October 2000, the stock had climbed to \$133. It closed on Friday at \$5.99.

Last Monday, after the stock market closed, Brocade announced that its board had appointed a new chief executive to replace Gregory L. Reyes, its longtime chief; that it would be restating its results for the last six fiscal years; and that its annual financial report would not be filed on time to the Securities and Exchange Commission.
Other than that, the company said, everything's going great.
Financial restatements are distressingly common, of course. But Brocade certainly wins a prize for having to recompute its results for every one of the six years that it has existed as a public company.
The amounts being restated are considerable. In

fiscal 2004, for example, Brocade's net loss swelled to \$32 million from \$2 million as a result of the restatement. For 2003, its loss grew to \$147 million from \$136 million, and in 2002, its net income rose to \$126 million from \$60 million as a result of the new computations.
The restatements, the company said, all had to do with errors in its option accounting. After a review, the audit committee of Brocade's board concluded that the company must record additional compensation charges relating to option grants from 1999 through the third quarter of 2003. What's more, the committee found "improprieties in connection with the documentation" of option grants given to a small number of employees before the company's initial public offering.
Continued on Page 8