

Dow 30 industrials
10,377.95
down 3.33

S&P 500 index
1,128.17
down 1.27

Posted Oklahoma sweet
\$33.50
down 0.50

National gas spot price
\$5.90
up 0.03

Gold
\$399.80
down 7.20

Yen
¥108.88
up 2.21

TULSA WORLD

[SECTION E]

THURSDAY, APRIL 15, 2004

INSIDE

CD RATES: E-2

www.tulsaworld.com

Business

Puzzling plea ruling

Enron case prosecutors want judge to explain.

E-3

Lea Fastow



BIZ QUICKS

Investors torn between recovery, inflation fears

Wall Street ended an erratic session with a minuscule loss Wednesday. A jump in consumer prices stoked anxiety over interest rates, sending stocks down substantially before they stabilized near unchanged levels.

Analysts said the muted sell-off shows investors understand that the economy is improving. "The good news is that the recovery appears firmly in place, with stronger employment, strong retail sales and good corporate profit reports," said Rick Giesen, director of value equity for National City Investment Management in Cleveland. "The bad news is on the inflationary front, and some of the fears about a rate tightening are negatively impacting stocks and bonds."

The Dow Jones industrial average slipped 3.33, or 0.03 percent, to 10,377.95, following a 1.3 percent drop in the previous session.

The broader gauges were also lower. The Nasdaq composite index sagged 5.23, or 0.3 percent, to 2,024.85, after a 1.7 percent decline Tuesday. The Standard & Poor's 500 index was down 1.27, or 0.1 percent, at 1,128.17, after a 1.4 percent loss.

Northrop Grumman builds plant for unmanned plane

Northrop Grumman Corp. is building a plant in Moss Point, Miss., to assemble and test its new Fire Scout unmanned plane for the Army and Navy.

The 39,000-square-foot facility could provide as many as 65 jobs, said Ronald Sugar, chief executive of the defense contractor.

He did not reveal the cost of the plant. The military is increasing spending on unmanned planes to provide troops with

battlefield information after the aircraft proved valuable in Afghanistan and Iraq. The Pentagon said in February that it will spend \$1.97 billion on unmanned planes in the fiscal year beginning Oct. 1 — up 47 percent from this year.

"In Operation Enduring Freedom and Operation Iraqi Freedom, we saw the future of warfare," Sugar said Tuesday at a ground-breaking ceremony for the plant. "The technical superiority and precision firepower of the U.S. military, when combined with the skill and bravery of our fighting forces, gave us a decisive advantage."

The Mississippi plant will be completed by January and begin operation by March, the company said.

Initial production is valued at \$36 million.

The Navy will launch Fire Scouts from DD(X) next-generation destroyers being designed by Northrop Grumman and General Dynamics Corp., Sugar said.

The Fire Scout, with vertical takeoff and landing capabilities, can fly at altitudes up to 20,000 feet for as far as 110 nautical miles with a 200-pound payload.

Williams obtains unsecured credit facility

Williams Cos. Inc. said Wednesday it has obtained a five-year, \$400 million unsecured credit facility from Citigroup.

The new facility will be used by Tulsa-based Williams as an alternative to its existing line of credit, which requires cash collateralization. The move will free up about \$400 million, the company said.

Williams plans to apply the funds that were previously used for cash collateralization for general corporate purposes, including future debt repayments.

"The successful completion of the new credit facility is the first of two steps in the company's planned replacement of its credit facilities," said Don Chappel, chief financial officer. "These actions are designed to unlock additional cash that can be used to retire a portion of our long-term debt ahead of schedule."

Williams said it plans to use the new facility primarily for issuing letters of credit.

Williams said it also is exploring replacement of its \$800 million cash-collateralized revolver with a more traditional secured revolving credit facility.

FERC says executive can't hold conflicting posts

The chief executive of Great Plains Energy Inc. cannot be chairman of its Kansas City, Mo.-based utility because his membership on the board of an electrical equipment supplier is a conflict of interest, the Federal Energy Regulatory Commission ruled Wednesday.

Michael J. Chesser asked the commission in December for permission to continue as a board member of Itron Inc., which sells equipment and services to Kansas City Power & Light, until his term on the board expires next month.

Federal utility regulations prohibit such conflicts, said Melissa Mitchell, a staff member of the FERC general council's office.

Chesser is not seeking re-election to the Itron board, a spokesman for Great Plains told Bloomberg News.

Chesser was CEO of Itron from May 1999 to March 2000. He was an executive at two New Jersey utilities before Great Plains hired him last October as chairman and CEO to replace Bernie Beaudoin, who retired.

From Bloomberg, AP, staff reports

DirecTV plans local facility

Company could employ hundreds in call center

By Tom Droege
World Staff Writer

A real estate company has purchased a former retail building that will be converted into a call center, likely bringing hundreds of jobs to Tulsa.

Property Company of America purchased the 92,000-square-foot building on the northeast corner of 21st Street and Sheridan Road for about \$2.2 million, said Gary Fleener, who handled the deal at NIA Commercial Properties.

DirecTV Inc. signed a long-term lease to occupy the single-story building this week, local real estate executives said. The California-based company, along with the building's new owner, plan to spend about \$6 million together on improvements to the structure, said Grant Hinch, principal of Property Company of America.

"They'll extensively redo it and change the appearance," Hinch said. "It's nice because it's in an area that's being redeveloped."

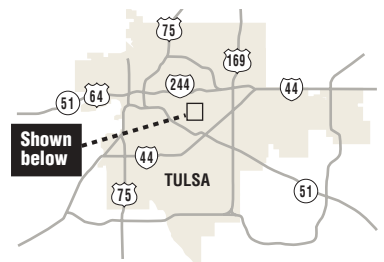
Hinch said the building, after being divided by cubicles into a call center

setting, could accommodate about 600 workers each shift. The property, situated on 10 acres, has a large parking lot.

The previous owners, the Marx family in New York, decided to sell after owning it for 40 years, Fleener said. The corner closest to the intersection contains a site that could be developed separately, he said.

DirecTV spokesman Robert Mercer said Wednesday he could not elaborate on the company's plans in Tulsa.

SEE TV E-2



Back in business



ROBERT S. CROSS / Tulsa World

Danny Crawford, shop supervisor with the Thomas Russell Co., walks past the reformer-charge system section of a gas processing plant which will be shipped to Bolivia. The company's namesake founder has had a hand in building more than 300 plants over three decades.

Gas-plant builder starts company at age 70

By Russell Ray
World Staff Writer

At 70, Thomas Russell is back in business doing what he does best — designing and building petroleum processing plants.

"It's just the most fun thing I've ever done in my life," he said. "Some people like to hunt and fish. I like to build gas plants."

Russell founded T.H. Russell Co. in Tulsa in 1972. After the company built more than 300 plants over three decades, he sold it to Houston-based Hanover Co. in 2000.

Now, Russell is starting over with a new company and a familiar staff. Several employees, including three sons, have left Hanover to join Russell's new business, Thomas Russell Co.

The Tulsa-based outfit recently completed its first major project, a

\$6 million plant that converts naphtha, a light liquid fuel, into high-octane gasoline. The plant, which can produce up to 700 barrels of gasoline a day, was shipped in large pieces to a refinery in Bolivia.

The plant was built in north Tulsa with parts bought from local businesses.

"We fabricate it all here and send it ready to be installed," said Glen Russell, a project manager and one of the owner's sons. "In six to eight weeks, they can have the plant ready for start-up."

Tulsa was once a hub for the manufacture of such plants.

"We can still get all the supply we need" in Tulsa, Thomas Russell said.

Demand for such services has been low in recent years, but opportunities come to the makers of

good products, he said.

"I know if you do a good job, you'll get the work," he said. "If you build a good plant and people like it, they'll tell other people."

The company, which employs 13 people and maintains offices at 7050 S. Yale Ave., is building a smaller plant for Tulsa-based Williams Cos. Inc.

Meanwhile, it's trying to generate other business, submitting bids and negotiating with refiners.

"What we're doing now is a lot of quoting," Thomas Russell said. "You have to convince them that you're capable."

Thomas Russell earned an engineering degree from the University of Tulsa in 1957, and all three sons are mechanical engineers.

Russell Ray 581-8380
russell.ray@tulsaworld.com

SEE IBM E-2

Williams eyes IBM to handle outsourcing

By Russell Ray
World Staff Writer

The number of outsourcing companies being considered by Williams Cos. Inc. has been reduced to one — IBM Corp.

After considering proposals from several companies, the natural gas giant narrowed its list to include only IBM Global Services, which has experience in the energy industry and a strong presence in Tulsa. IBM's Tulsa office at 521 S. Boston Ave. employs 900 people.

In February, Tulsa-based Williams said it may farm out certain functions in human resources, information technology, and finance and accounting. Those departments account for 700 jobs at the company.

Williams emphasized that it is still exploring the possibility of outsourcing and that no decision has been made. The company expects to make an announcement May 3.

Meanwhile, Williams executives will be taking a closer look at IBM and what it can offer.

"We're going to spend about 2½ weeks diving deeper into the scope of what a relationship would look like with IBM," said Kelly Swan, a spokesman for Williams. "We have not negotiated anything with IBM. We've seen a proposal."

He declined to comment on how much money Williams could save through an outsourcing agreement with IBM.

"Anything I tell you could influence the negotiations," Swan said.

It's possible that many of the jobs identified for outsourcing could be transferred to IBM's Tulsa office, Swan said.

"That's one of the things that makes IBM attractive to us and must be discussed further," he said. "It presents a good opportunity for an easy employee transition."

A spokesman for IBM declined to comment on whether more jobs would be added to IBM's Tulsa office to accommodate an agreement with Williams.

Price index up in March

ASSOCIATED PRESS

WASHINGTON — Rising prices for gasoline, air travel and clothing propelled consumer costs 0.5 percent higher in March, raising the possibility that the Federal Reserve may hike interest rates this summer.

Wednesday's reading on the Consumer Price Index, the government's most closely watched inflation measure, resurrected concerns about the prospects of an inflation flare-up now that the economy is rebounding, economists said.

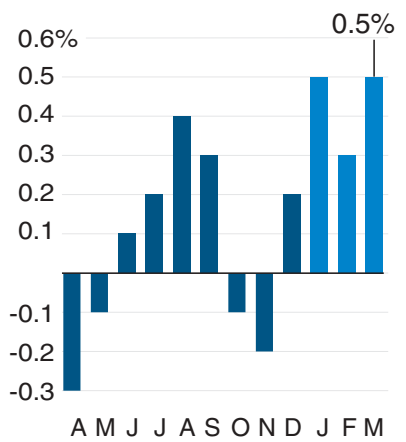
The report by the Labor Department "confirms my worst fear: Inflation is rising," said Stephen Cecchetti, economics professor at Brandeis

SEE INDEX E-2

Consumer prices

Here is a look at percent changes from the preceding month in the Consumer Price Index.

Seasonally adjusted



SOURCE: Bureau of Labor Statistics AP

AA urges attendants to improve service

► According to complaints, crews were not friendly or helpful.

BLOOMBERG NEWS

American Airlines is telling flight attendants that complaints about poor service may prompt corporate customers in the Northeast to consider switching to competitors.

John Tiliacos, the airline's Northeast regional managing director for flight services, in a March 30 memo to several thousand flight attendants said their work must improve to retain the customers. The memo appeared on some Web sites and was confirmed Wednesday by the Fort

Worth-based carrier.

"These are corporate accounts that are worth millions of dollars in revenue to American, which we quite frankly cannot afford to lose to a competitor," the memo said. "As the managing director for global operations for one of our accounts told us, 'You are making it very difficult for us to make our people fly AA because of your poor service.'"

American is battling low-cost carriers that complete on more than 80 percent of its U.S. routes. The airline is cutting \$4 billion from annual costs to stem losses and reduce operating expenses. The reduction includes job, wage and benefit cuts put in place a year ago.

SEE AA E-2