The Washington Post

BUSINESS

Wednesday, November 23, 2005

M2

MARKETS

DOW 10,871.43
UP 51.15, 0.5%

NASDAQ 2253.56
UP 11.89, 0.5%

S&P 500 1261.23
UP 6.38, 0.5%

POST-BLOOMBERG REGIONAL 264.85
DOWN 0.88, 0.3%

10-YEAR TREASURY
UP $2.50 PER $1,000
4.43% YIELD

Details, D3

CURRENCIES
118.78 YEN=$1
EURO=$1.1814

Also Today

NATIONAL

Inflation Fears Caused Fed To Raise Interest Rates
High energy costs and their possible spread to other parts of the economy worried the Fed governors more than the threat of an economic slowdown triggered by the Gulf Coast storms. D2

Adelphia's John Rigas expected to plead guilty. D2

PNC's "cash balance" pension conversion ruled legal. D2

Warner Music pays $5 million in payola probe. D2

LOCAL

Federal Inspectors Fault Low-Fare Buses on Safety
Budget carriers — the so-called Chinatown buses — drive the Washington-to-Boston corridor, charging little and, inspectors have found, not heeding regulations. A1

Fulton Financial Accused Of Bias in Mortgage Lending
Critics have asked the Federal Reserve to stop the Lancaster, Pa., bank from acquiring Howard County's Columbia Bancorp. D4

Stadium landowners must leave land by Feb. 3. Metro

Freddie Mac says investment holdings shrank. D4

Bernanke urges limits on Fannie, Freddie portfolios. D4

WASHTECH

AOL Slaps Ads on Blogs, Irritating Subscribers
To enhance its value to advertisers, the network provider has also added quick links to Moviefone and ShoppingBuddy. D4

AOL's Updated Triton Integrates More Features
The Internet company hopes that aggregating e-mail, text-messaging and video chats will mean more users and thus more ad dollars. D4

Xbox 360 sells out in a day at stores and online. D4

FCC urged to extend 911 deadline for Net phones. D4

INTERNATIONAL

U.S. duties on Canadian lumber to be slashed. D10

Stories from
THE WALL STREET JOURNAL

Chinese City Cuts Off Water After Chemical Accident
Explosions at a PetroChina plant near the water supply for provincial capital Harbin triggered fears of chemical pollution. D10

Index

DILBERT D2
WORKING D2
MARKET REPORT D3
NYSE D5
NASDAQ D6
MUTUAL FUNDS D8
FUTURES D9
DIVIDENDS D9
EXCHANGE TRADED FUNDS D9
OPTIONS D9
FOREIGN EXCHANGE D9
GLOBAL MARKETS D10

PHOTOS BY ANDREA BRUCE — THE WASHINGTON POST

PepsiCo Inc. paid for the playground equipment at the CentroNia preschool in Columbia Heights. The company is promoting exercise.

Work Off Those Cheetos!

Snack-Food Makers Promote Exercise, Healthful Diets for Kids

By Caroline E. Mayer
Washington Post Staff Writer

Four-year-old Ylan Isaac earnestly dumps mulch into a big plastic funnel, then pours it out. He dumps and pours, dumps and pours, making it clear that this is his favorite spot in the new playground at his preschool. With good reason, he says: "You get to play with dirt."

Playing is exactly what PepsiCo Inc. had in mind when it decided to fund the playground at the CentroNia preschool in Columbia Heights, the first of 13 that the beverage and snack-food company will build around the country as part of its campaign to promote exercise. Like other big food companies, PepsiCo is trying to put the spotlight on fitness and nutrition to "balance" the calories consumed while eating many of the foods it sells.

"It's all about moving more, helping kids move more," Brock Leach, PepsiCo's chief innovation officer, said this month at the playground's ribbon-cutting.

Leah Simms, 4, and other children aren't targets of PepsiCo's campaign, the company says. Their mothers are. "We want moms to see us as on their side," a spokesman says.

Snack-food companies are under attack for childhood obesity. With the number of obese children more than doubling over the past 30 years, health care professionals and consumer activists have called for more government oversight of food advertising.

To address their critics, many food companies have introduced more healthful products, such as reduced-sugar cere-

See EXERCISE, *D3, Col. 3*

Snackercise
What some snack food companies are spending on fitness and nutrition programs for kids:

Coca-Cola	General Mills	Kraft
$4 million	$2 million	$2.9 million
for pedometers to 8,500 middle schools.	per year in grants to schools and community groups.	in 2005; $3.6 million in 2006.

Snyder Says He Has Won Six Flags Votes

By Annys Shin
Washington Post Staff Writer

Redskins owner Daniel Snyder yesterday declared victory in his campaign to win three seats on the board of Six Flags Inc., bringing him closer to his goal of controlling the theme park company. An independent firm will now tally up shareholders' votes and certify the results.

Owners of more than 57 percent of the company have thrown their support behind his plan to revive Six Flags' fortunes, Snyder said.

"Stockholders have sent a clear message that it is time for change at Six Flags," he said in a statement.

Snyder's announcement marks the culmination of a three-month effort to persuade Six Flags' shareholders to remove chief executive Kieran E. Burke, Chief Financial Officer James F. Dannhauser and board member Stanley S. Shuman and to install Snyder, former top ESPN executive Mark Shapiro and home builder Dwight C. Schar on the board instead. Snyder, the company's largest shareholder, needed the support of owners of a majority of Six

See SIX FLAGS, *D4, Col. 1*

U.S. Ends Prosecution Of Arthur Andersen

Former Partner Moves to Withdraw 2002 Guilty Plea

By Carrie Johnson
Washington Post Staff Writer

The Justice Department yesterday abandoned its prosecution of Arthur Andersen LLP, walking away from one of the signature cases in its drive to eradicate corporate fraud.

The announcement came six months after the U.S. Supreme Court tossed the accounting firm's 2002 conviction on obstruction-of-justice charges related to its work for client Enron Corp. In a 9 to 0 decision, the court ruled that the jury instructions were so broad that jurors could have found Andersen guilty even if officials did not intend to break the law and impede a looming investigation.

Andersen's indictment sent clients scrambling for the exits and quickly led the firm to shut its doors — at a cost of 28,000 jobs in the United States.

"The government has determined that it is in the interests of justice not to re-prosecute Andersen," federal prosecutors wrote in a four-page motion filed with the U.S. Court of Appeals for the 5th Circuit.

Bryan Sierra, a Justice Department spokesman, said Andersen's nearly defunct status amounted to a

See ANDERSEN, *D2, Col. 4*

Ford's Chief Makes Case for Federal Help

He Says Automakers Need Incentives to Keep Up

By Sholnn Freeman
Washington Post Staff Writer

Ford Motor Co. Chairman William C. Ford Jr. urged the government yesterday to help struggling U.S. automakers by expanding subsidies for companies that make components for hybrids and other fuel-efficient vehicles, as U.S. automakers race to close a widening technology gap with the Japanese.

In a speech at the National Press Club, Ford asked for more incentives, such as tax credits, to prod consumers to buy hybrids and other vehicles with fuel-saving technology. He also asked Congress for money to retrain workers, and to consider tax incentives to help manufacturers outfit old plants with new equipment. In the speech, Ford said a national strategy is needed to respond to the pressures of globalization, which he called the "economic challenge of our time."

After the speech, Ford planned to meet with economic officials at the White House yesterday,

See FORD, *D2, Col. 1*

STEVEN PEARLSTEIN

Alaska Would Be More at Home in Russia

With General Motors in the midst of a painful downsizing and Ford scheduled to announce its plan next year, it struck me that it's time for the U.S. government to get serious about restructuring.

So, after crunching the numbers and tossing around ideas with world-renowned strategy consultants, I've come up with a dynamite plan — one that would cut the federal deficit and the debt, heal a major rift within the body politic, and restore some sanity to the annual appropriations process:

Sell Alaska back to the Russians.

The timing couldn't be better. The market value of Alaska's 4.5 billion barrels of proven oil reserves, plus the gas, timber and copper, are at or near all-time highs, while Russia is flush with $50 billion in petrodollars it doesn't know how to invest. And with the Kremlin still smarting about losing all those unprofitable republics, Alaska would be just the sort of strategic acquisition to appeal to President Putin's imperial instincts.

The deal could be structured

See PEARLSTEIN, *D3, Col. 1*

Travel Tips From the Pros

Thanksgiving week is the time many seasoned business travelers hate the most, thanks to the hordes of holiday travelers, many bogged down with holiday gifts and lacking airport savvy, trying to pass through airport security. With that in mind, veteran fliers offer their less-experienced brethren tips for navigating the busy skies, to make the next few days easier on everyone:

Before getting to the airport

Bypass check-in: All vets agree on how to start your trip — print your boarding passes from your personal computer. Most airlines will let you do so as much as 24 hours before your flight. Passes in hand, you can head directly to the security checkpoint.

Travel light: More crowded planes means less overhead bin space. Arlington accountant Debbie Spencer encourages travelers to pack a day's worth of clothes in a carry-on, in case luggage gets lost. "It's not necessary to pack your entire closet in your carry-on bag," she warned.

Use the curbside luggage check-ins: But keep in mind that some airlines — such as Northwest and United — may charge $2 per bag (in addition to tipping the sky cap at least $1 to $2 per bag).

After getting to the airport

Take off your shoes: Novice fliers betray themselves most at the airport's metal detectors. Some airports say you don't have to remove your shoes, but often it's just easier to do it and keep moving. Also, Alexandria software developer Rebecca Hughes warned, "Most people don't realize that a metal detector doesn't only detect metal — it goes off anytime it can't see through something."

Empty your pockets: Finally, Vienna's David Olenzak suggests emptying your pockets into a resealable plastic bag and stuffing it into your carry-on. He reminds travelers to remove the items before they get to the metal detector: "Everyone [standing] behind you will appreciate it."

— Keith L. Alexander

MARKETS

Fed Minutes Give Stocks a Lift

Associated Press

NEW YORK, Nov. 22 — Stocks extended their rally Tuesday after the Federal Reserve's latest take on the economy raised hopes that the central bank's string of interest rate hikes are coming to an end.

The release of the minutes from the Fed's Open Market Committee Nov. 1 meeting turned the market around, lifting the major indexes out of losses and giving new life to Wall Street's November rally.

The Dow Jones industrial average rose 51.15, or 0.47 percent, to 10,871.43.

Broader stock indicators also moved higher. The Standard & Poor's 500-stock index added 6.38, or 0.51 percent, to 1261.23, and the Nasdaq composite index gained 11.89, or 0.53 percent, to 2253.56.

Fed minutes showed that policymakers remained worried that high energy prices would spark widespread inflation — all but guaranteeing more rate hikes. Yet the Fed also said it would remain sensitive to economic data and conscious of what those rate hikes would do to a slowing economy, which investors treated as a possible signal that the Fed could end rate hikes over the next few months.

If oil continues to rise through the winter heating season, that could combine with interest rates to slow down the economy faster than expected and prevent stocks from continuing their rise through 2006.

Movers

▲ **Wal-Mart** added 58 cents, to $50.20, and Target gained 15 cents, to $55.07, after the National Retail Federation said holiday shopping could be stronger than first forecast this year.

▼ **Albertson's** said its quarterly earnings, hurt by the Gulf Coast hurricanes, fell 30 percent for the most recent quarter and missed Wall Street's profit forecasts by 6 cents per share. Albertson's fell 6 cents, to $24.60.

▲ **Deere**, the farm equipment maker, surged $4.40, or 7 percent, to $67.40 even as it saw its fourth-quarter earnings tumble 35 percent amid production cutbacks. The company still beat analysts' profit estimates, and revenue surpassed expectations.

▲ **PepsiCo** added 97 cents to $59.37 after it said it would buy Sara Lee Corp.'s European nut businesses for approximately $152 million. Sara Lee gained 5 cents, to $18.01.

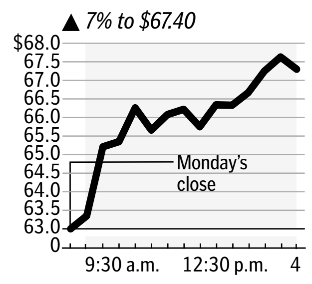
Complete stock tables *begin on Page D5*
Global markets *Page D10*

TUESDAY: SECTOR BY SECTOR

How components of the S&P 500-stock index performed

Energy	1.35%
Financials	0.76
Telecommunication services	0.74
Information technology	0.63
Consumer staples	0.58
Consumer discretionary	0.45
Materials	0.39
Industrials	0.36
Utilities	0.11
Health care	−0.46

SOURCE: Standard & Poor's via Bloomberg News



Deere & Co.

The farm-equipment maker reported a 35 percent drop in fourth-quarter profit, but the results exceeded analysts' expectations.

Indexes

▲ **New York Stock Exchange composite index** rose 38.71, to 7715.35.
▲ **American Stock Exchange index** rose 11.47, to 1726.92.
▲ **Russell 2000 index** of smaller-company stocks rose 3.59, to 682.55.

Volume

▲▼ **NYSE:** 2.28 billion shares, up from 2.11 billion on Monday. Advancers outnumbered decliners 3 to 2.
▲▼ **Nasdaq:** 1.89 billion shares, up from 1.69 billion. Advancers outnumbered decliners 11 to 9.

Commodities

▲ **Crude oil** for January delivery: $58.84, up $1.14.
▲ **Gold** for current delivery: $492.60 a troy ounce, up from $489.00 on Monday.

washingtonpost.com
Market updates and stock quotes:
washingtonpost.com/markets

STEVEN PEARLSTEIN

With Senator's Help, Alaska Wrote the Book on Subsidies

PEARLSTEIN, *From D1*

as a leveraged buyout with some seller mezzanine financing, to give us some upside if commodity prices continue to climb. And if you figure a price of $1 trillion, the investment banking fees alone should be enough to add several points to U.S. gross domestic product. And the profit we make off Seward's original $7.2 million investment would put even the Carlyle Group to shame.

With Alaska free from the political grip of environmentalists in Washington and Marin County, Alaskans would be able to drill and fish and clear-cut to their heart's content, unlocking value that could never be realized as long as they are in the United States. And politics here will finally be free of the endless fights over Tongass and ANWR, sea lions and caribou.

In terms of cash flow, there's no question that the deal would, to use Wall Street-speak, be immediately accretive. The Tax Foundation calculates that in 2003, Alaska got $1.89 back in federal contracts, subsidies and income support for every dollar its residents and companies pay to the U.S. Treasury. That's the second-best deal in the union, after New Mexico's $1.99.

That federal largess is testimony to the hard work of a congressional delegation determined to lard any piece of legislation going by with special goodies for Alaska.

You already know about the $435 million for two bridges to two isolated Alaskan islands — the so-called bridges to nowhere. But what's remarkable about these fiscal abominations is how unremarkable they were to Alaskans, for whom each new increment of federal money is merely the predicate for justifying yet another.

Subsidized highways that require subsidized bridges to bring people and cargo to subsidized airports serving subsidized flights.

Subsidized design studies for the subsidized construction of ferry boats that will offer subsidized service to isolated communities in which housing, education, health care and economic development are all heavily subsidized.

Subsidized marketing campaigns for salmon-fortified baby food made from fish caught by subsidized fleets. (I'm not making this up.)

And don't forget Alaska's Native American corporations, which recently won $2.2 billion in federal contracts, thanks to the legislative handiwork of Republican Sen. Ted Stevens, for many years the chairman of the Senate Appropriations Committee. Little, if any, of the work under those contracts is done by natives or in Alaska. When it comes to federal contracting, many native corporations are merely fronts for large defense and security firms. These "partnerships" not only qualify for minority set-asides, but they are also exempt from size limits on no-bid contracts, exempt from the Freedom of Information Act and exempt from review by the Government Accountability Office. This is nothing but welfare for Alaskan natives masquerading as entrepreneurial capitalism.

What makes this addiction to federal subsidy so remarkable is that it is found in a state blessed with a private oil industry that throws off billions of dollars a year in salaries, contracts, taxes and royalties. Under those circumstances, you might think Alaskans would have developed an instinct for taking care of themselves. But as it turns out, Alaska ranks dead last in the union in the state and local taxes its imposes on its residents — no sales tax, no income tax and a per-capita property tax that is lowest among the 50 states. And when rising oil prices created a billion-dollar windfall last year for the state treasury, the legislature quickly spent every last dime.

And that's what I like most about the idea of selling Alaska back to the Russians — the cultural fit, so important in any acquisition. Let's face it: Although it's been American territory for nearly 140 years, Alaska has more in common with post-Soviet Russia, where government remains at the center of the economy and political power is in the hands of a small, shadowy group of oligarchs, who use it to enrich friends and family. It's a milieu in which Alaska's reigning oligarch, Ted Stevens, should feel very much at home.

Here in Washington, Stevens has worked his magic behind closed doors. But occasionally the public gets a chance to connect the dots — such as when Stevens slipped in an appropriation for the Air Force to overpay for land owned by a longtime supporter, or when he turned a $50,000 investment into a million-dollar payday by investing in a project with a developer who just happened to have benefited from another Air Force construction contract that had Stevens's fingerprints all over it.

Lately, attention has turned to Stevens's son Ben, who was appointed to an open seat in the Alaskan state Senate in 2001 after a truly stellar career as a fisherman and minor Washington lobbyist cashing in on his father's connections. The next year, Ben was reelected without opposition, paving the way for his election this year as Senate president.

Ben is a busy man. Besides his Senate duties, he's managed to earn a million dollars in corporate consulting fees over the past four years and serve as chairman of federally funded Alaska Fisheries Marketing Board, another example of his father's legislative handiwork. Now he is embroiled in a legal battle in which it was revealed that he stands to make more than a million dollars from a special fishing-rights allotment that his father inserted into federal legislation. Dad said he was unaware of his son's business involvement.

Lately, all the attention brought on by his son's activities and the "bridges to nowhere" has generated unflattering coverage for the elder Stevens, prompting outbursts and threats to resign from the Senate. But I'm sure that once Alaska is reunited with the Russian empire and Commissar Stevens has settled into his new office at the Kremlin, those problems will magically disappear.

Steven Pearlstein can be reached at pearlsteins@washpost.com.

Snack-Food Firms Back Healthful Habits

EXERCISE, *From D1*

al and fruit and milk in fast-food restaurants. The nation's largest food company, Kraft Foods Inc., announced this year that it would stop advertising its less-nutritious products on television and radio and in magazines aimed at children under 12.

By promoting exercise, the companies also hope to broaden the obesity debate beyond the issue of junk food to include the lack of exercise.

In addition to building playgrounds, PepsiCo — the maker of Pepsi, Mountain Dew, Cheetos and Fritos — offers a six-lesson curriculum to elementary and middle schools to teach students how to "balance the foods they choose with the ways they move," the company says.

Pepsi's rival, Coca-Cola Co., is spending $4 million to push its middle-school program, Live It, which gives pedometers to kids to get them more active. Coca-Cola hopes the program will be in 8,500 schools by the end of this school year.

McDonald's has signed up 31,000 elementary schools to participate in its Passport to Play, which teaches students games from around the world.

General Mills Inc. is giving about $2 million a year to schools and community groups for nutrition and fitness programs. Kellogg Co. announced a $275,000 grant for a similar effort. Kellogg also is promoting "Get in Step" on its packages and Web site, encouraging kids and parents to do two things every day: walk an extra mile and eat a bowl of cereal.

The fitness campaigns "illustrate how marketing has changed," said Paul Kurnit, head of KidShop, a New York marketing firm that advises food companies on promoting products to children. Companies that once relied primarily on television and print ads are now "trying to make their brands resonate with consumers — adults and kids," Kurnit said. "A couple of years ago, food companies seemed to be deer caught in the headlights," stunned by the attention and criticism, he said.

Most of the fitness campaigns do not mention food products by name, although the corporate sponsorship is almost always noted, sometimes prominently, sometimes only in fine print.

Even so, critics say the emphasis on fitness is an attempt to deflect blame.

"As long as these companies keep marketing junk food to children, anything else they do is pretty much irrelevant because the junk-food marketing is so much more prevalent," said Susan Linn, a Harvard University psychologist and author of "Consuming Kids," a critical look at marketing to children. "Kids would have to exercise day and night to work off the amount of junk food that's being targeted at them," Linn said.

The latest initiatives also reflect a strategic change in corporate giving, said Carol Cone, founder and chairman of Cone Inc., a cause-marketing firm. "Prior to this huge cry about obesity, some of these companies might do a playground or offer an after-school program here or there. But these were not seen as critical to their strategic viability." Today, however, the companies fear greater government oversight, she said. "They don't want to be legislated, so they've voluntarily come up with these programs so when there are finally hearings and they are called to testify, they can say, 'These are the things we're providing as a solution.' "

Such strategic philanthropy is not unique to the food industry. Banks have financial literacy campaigns, drug companies have health and wellness programs, and oil companies have undertaken some environmental initiatives.

Amina J. Dickerson, senior director of global community involvement at Kraft Foods Inc., said, "We will always have some degree of cynicism about what our purposes are, but I would look at our long-standing philosophy to help consumers make more educated choices."

Kraft, which earned $2.67 billion last year, has been steadily boosting its contributions to health and wellness campaigns, Dickerson said, noting that last year, the company spent $1.8 million on them. Kraft will increase that spending to $2.9 million this year and $3.6 million in 2006.

PepsiCo, with earnings of $4.21 billion in 2004, declined to say how much the PepsiCo Foundation spends on health and wellness programs.

PepsiCo's campaign to build playgrounds — separate from the foundation — is part of a marketing push to promote its Smart Spot program. A new corporate logo — a green-and-white check and dot — is prominently posted on the company's more healthful products, such as orange juice, oatmeal, diet soda and baked chips.

The playground project will cost PepsiCo about $850,000, said Darell Hammond, chief executive of Kaboom, a nonprofit organization that has used corporate sponsors to build more than 900 playgrounds in low-income neighborhoods around the country.

In the past nine months, Hammond said, his group has had a "deluge" of sponsorship offers from consumer packaged-goods companies. "It's been a sea change as more and more are not just interested in talking about doing something but actually being part of the solution, building places for kids to be active, healthy and fit," he said.

Hammond said he is selective about the companies he works with. Kaboom recently turned down a tobacco company, he said.

PHOTOS BY ANDREA BRUCE — THE WASHINGTON POST

The logo for PepsiCo's Smart Spot campaign is displayed prominently on the CentroNia playground.

Cristin Pearson, 4, plays on CentroNia's new playground equipment.

The company that makes Hostess Twinkies also approached Kaboom, he said, but "we said thanks, but no thanks."

In most cases, Kaboom's playgrounds note corporate sponsorship only on small signs. Not so at the latest PepsiCo venture at the preschool in Columbia Heights, where two Smart Spot logos are prominently displayed, one near the slide and the other over the music corner.

The corporate sponsorship was a no-brainer for CentroNia's preschool, which couldn't afford to build a playground on its own, said its executive director, Beatriz "B.B." Otero. It was an easy offer to accept, she said, because the Smart Spot promotes healthful eating and exercise. "Those are the kinds of things we try to promote."

The 4-year-olds, however, seem oblivious to the promotion. Isaac, for example, said he has no idea what the symbol means, although his classmate Diego-Arturo Montiel said it was obvious: It means "school." Most of the kids, said teacher Mariaesther Guzman, look at the check mark and "think it's a happy face; it just means they should come and be happy outside."

That's just fine with PepsiCo. "There's no expectation that kids, much less preschool kids, would recognize Smart Spot," said spokesman Mark Dollins. "Smart Spot is targeted to moms, not kids. We want moms to see us as on their side."