D BUSINESS
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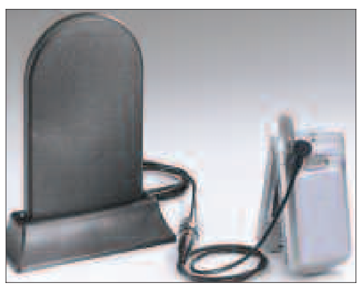

PERSONAL TECHNOLOGY

Reception repair

The Freedom Antenna is designed to reduce dropped calls and static in fringe areas of reception. **5D**

OPENING BELL

Thirst drives sales at PepsiCo

There's nothing like a hot spell to boost sales of sports drinks and the bottom line for PepsiCo Inc.

The nation's second-largest soft drink maker — which is based in Purchase, N.Y., and is parent to Plano-based Frito-Lay — reports second-quarter earnings today. Analysts surveyed by Thomson Financial predict earnings of 77 cents a share.

Noncarbonated beverages are expected to drive U.S. sales growth for the company. PepsiCo signed a deal last month making its segment-leading Gatorade line the official sports drink of the NHL.

Karen Robinson-Jacobs

THE MARKETS

▼ **Dow** -121.59 11,013.18	▼ **Nasdaq** -38.62 2,090.24
▼ **S&P 500** -13.92 1,258.60	▲ **10-year Treasuries** +1/32 5.10%

Fears felt as stocks take dip

An analyst's downgrade of Dell and higher oil prices aggravated Wall Street's worries about earnings. **4D**

Danielle DiMartino

CEOs seem to be talking out of both sides of their mouths, given the latest confidence measure. **4D**

ENERGY WATCH

▲ **Crude** $74.95 +0.79 Near-term futures, per barrel	▲ **Gas** $2.913 +0.003 Dallas, regular unleaded

PAGE 1A

Real estate agents nervous after crime

Saturday's slaying of Sarah Anne Walker in a McKinney model home is the latest in a long string of attacks nationally on real estate agents.

INSIDE BUSINESS

Microsoft is fined $357 million by EU

European Union regulators said the company flouted an order to scale back its dominance in computer software. **2D**

Imported oil prices widen trade gap

A jump in the price of imported oil pushed the trade deficit to $63.8 billion, offsetting U.S. gains in overseas sales. **2D**

MG maker lauds Oklahoma plant site

Nanjing Automobile says strong incentives and distribution advantages contributed to its decision to build an MG plant there. **6D**

Robert Miller

Business Day column, **2D**

INDEX

Fairmont Hotel sold to California investors

New owners plan substantial upgrades to downtown landmark

By STEVE BROWN
Real Estate Editor

A California investor has purchased downtown Dallas' landmark Fairmont Hotel.

DiNapoli Capital Partners bought the 551-room luxury hotel from a partnership that included Middle Eastern investors.

The new owners plan to make substantial upgrades to the 47-year-old hotel, general manager Frank Naboulsi said Wednesday.

"Fairmont will continue to manage the property," Mr. Naboulsi said. "The new owners have a lot of exciting things planned."

The Fairmont, near the Arts District at Ross Avenue and Akard Street, has been on the market for several months.

Although terms of the transaction were not disclosed, real estate brokers say the property sold for more than $60 million.

The Fairmont was built as a combination hotel and apartment complex called Cary Plaza. The $10 million development was one of the most ambitious Dallas real estate projects in the early 1960s.

But the twin-tower development suffered a financial collapse before it was finished.

See FAIRMONT'S Page 3D

TOM FOX/Staff Photographer

Real estate brokers say the Fairmont Hotel fetched more than $60 million in its sale to DiNapoli Capital Partners.

Fare assessment

LOUIS DeLUCA/Staff Photographer

Travelers would save $259 million a year through lower fares when the Wright changes take effect, a study shows.

MICHAEL TEMCHINE/Special Contributor

American Airlines CEO Gerard Arpey (left) and Southwest chairman Herb Kelleher share a laugh during Wednesday's hearing. But the mood wasn't always light — some officials scrambled to relieve concerns from other North Texas communities. 1A

DigitalEXTRA

Link: See the results of the study on through ticketing at Love Field.

Video: Watch a report on Wednesday's hearing.

DallasNews.com/extra

Study says passengers would save millions with Wright changes

By SUZANNE MARTA
Staff Writer

In its first phase, the local compromise to lift the Wright law would save passengers $259 million a year through lower fares, according to a study commissioned by American Airlines Inc. and Southwest Airlines Co.

The research, released Wednesday and presented to Congress during hearings into repealing restrictions at Dallas Love Field, also said the lower fares would stimulate 2 million additional one-way trips annually.

The study is the first to look at the economic effects of through ticketing at Love, under the compromise reached last month by both airlines, the cities of Dallas and Fort Worth and Dallas/Fort Worth International Airport.

With through ticketing, passengers would be able to fly anywhere in the U.S. from Love Field if they first stopped in one of the nine Wright states. After eight years, nonstop flights nationwide would be allowed from Love, under the agreement.

The study was prepared by consultants Campbell-Hill Aviation and SH&E, which last year came up with dueling views that supported the positions of Southwest and D/FW. American commissioned a third study from Eclat Consulting last fall.

At the time those studies were ordered, Southwest was fighting for full and immediate repeal, and American and D/FW were seeking to block any changes to the 1979 law.

According to the joint study, the newly forged agreement's through-ticketing provision could add about $2.4 billion in economic impact to the area.

Of that, $978 million would remain in North Texas, and $1.1 million would go to communities outside the Wright perimeter.

The study also provided a sampling of projected airfares, once through ticketing takes effect. According to the study, a typical one-way ticket between North Texas and Philadelphia would fall 34 percent to $160. A one-way ticket to Phoenix would fall 27 percent to $170.

A Campbell-Hill study commissioned by Southwest more than a year ago estimated passengers would enjoy annual airfare savings of $688 million if Wright were repealed.

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Dell to revamp pricing

Rivals have become more competitive and cut into market share

By CRAYTON HARRISON
Technology Writer

Dell Inc., battling against resurgent rivals, says it's making a big change to the way it prices its products.

The Round Rock computer giant has scheduled a conference call with news media at 11 a.m. today to detail the "major pricing initiative." The move will affect products for U.S. consumers and small-business customers, Dell said.

Dell has long held a reputation as the computer maker with the most competitive prices, but rivals such as Hewlett-Packard Co. and Gateway Inc. have made headway against the company in the last year, particularly among consumers.

With a different approach to pricing, Dell executives hope to regain the upper hand, said Sam Bhavnani, research director at Current Analysis.

"They want the general public to understand they're very serious about turning their business back into the big engine that it was," he said.

Dell's stock could also use a boost. The company's shares dropped $1.04, or more than 4 percent, to $22.38 Wednesday after a UBS analyst lowered his earnings estimate for the stock, citing falling demand and better competition.

The tech-heavy Nasdaq market followed Dell's decline, closing at 2,090.24, down 38.62, or nearly 2 percent.

A Dell spokesman declined earlier this week to elaborate on the pricing initiative.

But if it's consistent with recent trends in the industry, it will probably make prices more consistent and less confusing. Other PC makers and retailers have had success by getting rid of mail-in rebates, for example, or offering low prices for full-featured PCs that can't be customized.

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Citgo plans to stop selling gas in D-FW

Houston-based firm is leaving some areas, will focus more on others

By JENNIFER CHAMBERLAIN
Staff Writer

The Citgo brand will be disappearing from gas stations in the Dallas-Fort Worth area as the company shifts its retail network.

Houston-based Citgo Petroleum Corp., a subsidiary of Venezuela's state-owned oil company, announced Tuesday that it will stop selling gasoline in 10 states, as well as some areas of Texas and three other states. At the same time, it plans to strengthen its presence in the East and Gulf Coast regions.

North Texas consumers probably won't notice much change. Citgo does not own or operate retail stores in the area. But Citgo does market its gasoline through agreements with independent distributors. Retailers of Citgo gasoline — including Dallas-based 7-Eleven Inc. — have until March to find alternate suppliers, said Citgo spokesman David McCollum.

At that point, Citgo-branded credit cards will be accepted only at remaining locations elsewhere in the country.

Citgo has a long history with Dallas-based 7-Eleven and was once a subsidiary of the convenience-store chain.

But former 7-Eleven chief executive Jim Keyes signaled last year that 7-Eleven's 20-year distribution contract with Citgo would expire in September and that the

See CITGO Page 3D

AMY CONN-GUTIERREZ/Special Contributor

Retailers of Citgo gas such as 7-Eleven have until March to find other suppliers.

'Rich Dad' uses poor logic about mutuals

Low-expense, low-turnover funds are best for most people

SCOTT BURNS

Question: I found an article on Yahoo Finance very interesting. It was titled "Why Mutual Funds Are Lousy Investments: Why the Rich Get Richer."

Have you done any columns on this subject — fund fees — that you can point me to?

You have always recommended mutual funds, especially index funds.

L.L., Dallas

Answer: The article, by Robert Kiyosaki of *Rich Dad, Poor Dad* fame, uses data on mutual fund expenses to come to the wrong conclusion — that mutual funds are trash and everyone should be an active investor.

If you visit my Web site, www.scottburns.com (it's free, but registration is required), you'll find a 10-year archive of columns. Many deal with the burden of expenses on performance, the benefits of indexing, and the impact of fees on long-term accumulation plans such as 401(k)s.

See LOW-COST Page 3D

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LOCAL BRIEFS

Texas Instruments to expand in India

Dallas-based Texas Instruments Inc. is opening a new research and development center in Chennai, India, the semiconductor company said Wednesday.

It will be TI's second facility in India. The other is in Bangalore.

The new center is intended for work on technologies that span TI's products, which include components for cellphones, digital cameras and many other electronic devices, the company said.

The mobile-phone market in India is growing rapidly and remains a huge opportunity because most of India's population doesn't have communications services, said Gilles Delfassy, a senior vice president in charge of TI's wireless business.

TI said demand for basic phones is rising in India and China, although the company gets more revenue from sales of advanced phones sold in the United States, Europe and Asia.

TI shares closed at $29.21, down 42 cents.

FW energy firm named in suit over grass fires

Cano Petroleum Inc. and some of its units were named as defendants in a lawsuit filed by heirs seeking damages and other relief over the death of two people in grass fires this spring.

In mid-March, the Fort Worth energy producer said it shut down 800,000 barrels of oil equivalent a day due to the fires and later restored most of its production. The company subsequently was named in several fire-related lawsuits.

Cano said the suits are without merit and the company plans to defend itself.

Cano shares closed at $5.73, down 7 cents.

ACS to buy recovery services business

Affiliated Computer Services Inc., the world's largest processor of student-loan payments, agreed to buy Primax Recoveries Inc. for $40 million in cash, adding recovery services for health care providers.

The agreement includes contingency payments to Primax based on future performance, Dallas-based ACS said. ACS is funding the purchase with cash on hand and existing credit facilities.

More than 350 Primax employees will join ACS.

Primax's services include benefit coordination and overpayment recovery for more than 48 million members in the health care industry. The company, which is based in Schaumburg, Ill., had $39 million in revenue in the past 12 months, ACS said.

The company recovered $181 million last year.

ACS shares fell 85 cents to $50.07 Wednesday. They had fallen 14 percent this year.

Sourcecorp acquisition has gone through

Sourcecorp Inc. said Wednesday its acquisition by an affiliate of Apollo Management LP has been completed.

The deal for the Dallas-based provider of business process outsourcing and consulting services, valued at $475 million, was announced in March.

Sourcecorp stock ceased trading as of the close of business Wednesday. The stock closed at $24.99, up 7 cents.

Contributing: Associated Press, Dow Jones Newswires and Bloomberg News

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EARNINGS

Earnings per share are diluted unless otherwise noted. Other figures are in thousands.

Chaparral Steel Co. of Midlothian

	4th qtr	Year ago
Revenue	$405,545	$317,357
Net income	$56,100	$14,700
Per share	$2.33	$0.65
	Year	**Year ago**
Revenue	$1,466,729	$1,116,376
Net income	$157,136	$78,120
Per share	$6.64	$3.43

Gannett Co.

	2nd qtr	Year ago
Revenue	$2,030,000	$1,910,000
Net income	$310,500	$338,600
Per share	$1.31	$1.37

Ruby Tuesday Inc.

	4th qtr	Year ago
Sales	$364,312	$295,390
Net income	$31,706	$25,957
Per share	$0.53	$0.40

Texas Industries Inc. of Dallas

	4th qtr	Year ago
Revenue	$264,511	$250,093
Net income	$41,930	$41,693
Per share	$1.58	$1.66
	Year	**Year ago**
Revenue	$943,922	$834,803
Net income	$8,102	$124,523
Per share	$0.35	$5.45

Results included income from discontinued operations of $15 million in the fourth quarter of fiscal 2005, $8.7 million in fiscal 2006 and $79.1 million for all of fiscal 2005.

SOURCES: Associated Press; Dow Jones Newswires; staff reports

Fairmont Hotel

The lobby of the Fairmont reflects the luxury for which the 47-year-old hotel is renowned.

Fairmont's new owners plan to upgrade hotel

Continued from Page 1D

The half-built towers sat on the city's skyline for more than four years.

Finally, San Francisco hotel magnate Benjamin Swig, chairman of the Fairmont Hotel Corp., agreed to take over the construction site. Mr. Swig enlarged the project and opened the doors in 1969 — almost eight years after the groundbreaking. By then, the price tag had risen to $31 million.

With its posh Pyramid restaurant and the Venetian Room with headliner performers, the Fairmont set a new standard. At opening, single rooms started at $17 a night. For $45, you could get a suite with a parlor and separate bedroom.

A room tonight will run you $209, plus tax.

The Fairmont has been remodeled several times. The most recent was a $4.5 million upgrade last year, when the exterior was repainted from the original white to "Meadowlark" and "walnut wash," a.k.a brown.

Expect more changes, Mr. Naboulsi said.

"I have no doubt the purchase will help take this hotel to the next level," he said. "The new owners have already made a commitment to enhance the product."

DiNapoli Capital Partners was founded by hotel investor F. Matthew DiNapoli. Mr. DiNapoli was one of the founding principals of Maritz, Wolff & Co., which is part-owner of Dallas' Mansion on Turtle Creek hotel.

DiNapoli Capital Partners owns hotels around the country operated by Fairmont, Marriott, Four Seasons and other brands.

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Citgo to stop selling gas in D-FW

Continued from Page 1D

company was considering different gasoline brands. Phone calls to 7-Eleven regarding the Citgo announcement were not returned Wednesday.

Citgo's move will affect 1,900 of the company's more than 13,000 outlets nationwide, Mr. McCollum said. In Texas, 534 of Citgo's 1,393 locations will be affected.

"There are meetings scheduled with the marketers in the withdrawal areas, and specific transition details will be worked out with the individual marketers," he said.

Walid Alameddine, vice president of Victron Energy Inc., said he's expecting a smooth transition. Waxahachie-based Victron supplies Citgo gasoline at 13 D-FW area stations.

"They have assured us they will have supply" until next March, he said. "So we will have until then to basically switch the brand to something else."

Likewise, Shawn Bhagat, chief executive of Dallas-based American Fuel Distributors, expects a smooth transition. Only a few of American Fuel's 100-plus stations in North and Central Texas use Citgo.

"Citgo is not a very strong brand for us," he said.

For Citgo and its parent company, Petroleos de Venezuela SA, the move is aimed at increasing efficiency by concentrating sales in areas easily served by its refineries in Lake Charles, La.; Corpus Christi; and Lemont, Ill.

Currently, Citgo must purchase about 130,000 barrels of gasoline per day on the spot market to meet customer demand.

"What we're doing is reducing our requirement to purchase on the spot market," Mr. McCollum said. "The Dallas-Fort Worth market, for example, was supplied from product that comes from the Lyondell-Citgo refinery in Houston.

"That refinery is for sale, and once that refinery is sold, we won't have access to that. It would be the same as purchasing on the spot market. It's not advantageous for us to do that."

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SCOTT BURNS

Low-cost mutual funds are best choice for most

Continued from Page 1D

DigitalEXTRA

Links: Use the calculators and read the Club 401 and Couch Potato Investing columns.

DallasNews.com/extra

Two collections of columns should be particularly helpful: "Club 401" and "Couch Potato Investing."

There is also an online calculator that will show you the impact of good or bad company stock on the performance of your plan. Another calculator allows you to "race" different types of investments — taxable funds, tax-deferred funds, variable annuities, etc. — against each other.

The solution

For most of us, mutual funds are the best investment vehicle. Not all mutual funds are suitable, but rather than throw the baby out with the bath water, as Mr. Kiyosaki does, we simply need to make the best of what is available to us.

That means avoiding funds with high expenses and high portfolio turnovers, because the odds are against such funds beating their comparable index.

That's why this column seldom mentions managed funds. It's also why the managed funds that are mentioned — such as Dodge and Cox International and many of the American Funds — have very low expenses.

For the same reason, I think many people should consider using a brokerage window in their 401(k) account, if one is available. It will enable them to bypass the expenses of the funds offered in their plan and to substitute low-cost index funds or exchange-traded funds.

My employer, for instance, provides a plan from Fidelity. I use the brokerage window in that plan to invest in their major index funds at an expense ratio of 10 basis points (1/10th of 1 percent) for some of the money, and I use exchange-traded funds to fill out the asset allocations.

As a consequence, my personal 401(k) plan costs less than 20 basis points a year.

This will work for anyone who has been saving in a 401(k) plan for some time and has accumulated assets of at least $50,000.

Very untraditional

Reducing mutual fund expenses can, and should, be done.

Mr. Kiyosaki goes hopelessly wrong when he takes avoiding mutual fund expenses to an absurd conclusion:

"While index funds have the potential of generating greater returns via lower fees," he writes, "I would still prefer to be an active investor. Most index funds think a 10 percent to 25 percent return is a good rate. Active investors can regularly beat those gains, especially if they stay away from traditional investments such as savings, stocks, bonds, and index and mutual funds."

That, readers, is just plain wrong. Here's why.

First, if you eliminate "traditional investments such as savings, stocks, bonds, and index and mutual funds" you are eliminating virtually all of the tradable, liquid capital in the entire world. While you and I may want to make some private investments that aren't liquid and tradable, the vast majority of our investments should be just that, liquid and tradable.

Can't beat that

Second, the case against active management is extensive. Mutual fund portfolio managers are active investors, and about 70 percent of them consistently fail to beat their chosen index. Pension fund managers are active investors, and about 70 percent of them consistently fail to beat their chosen index — in spite of having lower expenses than retail mutual funds.

Hedge funds, the fastest-growing and most actively managed money on the planet, also regularly fail to beat the major indexes — and the published figures don't adjust for massive survivor bias, because so many hedge funds with bad records simply disappear.

If all those managers, who presumably have training, brains and talent, usually fail to beat a passive index, why should you and I think that we can regularly get returns of more than 25 percent a year simply because we become "active" investors in our spare time at home?

The bottom line? All of us need to be active savers. We should limit our activity as investors to the aggressive pursuit of the lowest-cost index investments.

Scott Burns answers questions of general interest in his Thursday columns. Write Scott Burns, The Dallas Morning News, P.O. Box 655237, Dallas, Texas 75265, or send an e-mail.

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Wal-Mart to give thieves a break

The New York Times

Wal-Mart Stores Inc. refuses to carry smutty magazines. It will not sell compact discs with obscene lyrics. And when it catches customers shoplifting, it prosecutes them.

But now, in a rare display of limited permissiveness, Wal-Mart is letting thieves off the hook — at least for up to $25 worth.

According to internal documents, the company will no longer prosecute first-time thieves unless they are between 18 and 65 and steal merchandise worth at least $25, putting the chain in line with many other retailers.

Under the new policy, a shoplifter caught trying to swipe, say, a DVD of the movie *Basic Instinct 2* ($16.87) would receive a warning, but one caught walking out of the store with *E.R. — The Complete Fifth Season* ($32.87) would face arrest.

Wal-Mart said the change would allow it to focus on theft by professional shoplifters and its own employees, who together steal the bulk of merchandise from the chain every year.