

BUSINESS

TULSA WORLD **E1** Wednesday | May 28, 2008 | tulsaworld.com

Market watch

Dow 30	12,548.35	↑ 68.72
S&P 500	1,385.35	↑ 9.42
Okla. Sweet	\$125.25	↓ \$3.50
Natural gas	\$11.85	↑ \$0.28
Yen per \$	¥105.26	↑ ¥1.09
Gold	\$907.70	↓ \$17.90

Oil price falls; demand drop cited

BY JOHN WILEN
Associated Press

Oil prices dropped below \$129 a barrel Tuesday, falling sharply on a growing sense that soaring gasoline prices have cut demand for fuel during the normally busy summer driving season. At the pump, meanwhile, retail gas prices rose, but only slightly, leading to renewed speculation that gas may follow the normal seasonal pattern of peaking around Memorial Day and then declining over the summer.

Although Energy Department data showing demand for gasoline over the Memorial Day holiday period won't be released until next week, Tom Kloza, publisher and chief oil analyst at the Oil Price Information Service in Wall, N.J., said "it definitely was lower than (previous) Memorial Day weekends."

Tuesday's oil price decline was notable in that it came in the face of news of supply problems in Mexico and Nigeria that could have driven oil prices higher. That's an indication that demand

concerns are weighing on the market, giving investors reason to pull back from record high oil prices set last week, said Stephen Schork, an analyst and trader in Villanova, Pa.

"I would be surprised to see that the (demand) numbers were stronger ... than had been anticipated," Schork said.

Light, sweet crude for July delivery fell \$3.34 to settle at \$128.85 a barrel on the New York Mercantile Exchange, but fell as low as

SEE OIL E2

Tulsa gasoline prices

Dollars per gallon

Retail
Tuesday: \$3.69
Month ago: \$3.43
Year ago: \$3.19

Wholesale
Tuesday: \$3.71
Month ago: \$3.34
Year ago: \$2.93

Sources: AAA, Bloomberg, Tulsa World staff. All prices are for unleaded regular. Current retail cost is common price observed around town.

BIZ QUICKS

Drop in oil prices spurs Wall Street

Wall Street advanced Tuesday after a drop in oil prices encouraged investors to put money back into the market.

With gasoline prices at record levels, many on Wall Street are worried that nervous consumers will stop reaching into their wallets for discretionary purchases. That was confirmed by fresh data from the Conference Board, which said its Consumer Confidence Index dropped for the fifth straight month and is now at its lowest level since October 1992.

The Dow Jones industrial average rose 68.72, or 0.55 percent, to 12,548.35.

The Standard & Poor's 500 index rose 9.42, or 0.68 percent, to 1,385.35, and the Nasdaq composite index rose 36.57, or 1.50 percent, to 2,481.24.

The advance came after the Dow lost 3.91 percent last week — its worst showing since February.

American rejects proposal by pilots

► The airline says the union's contract plan would be too costly.

BY HARRY R. WEBER
Associated Press

ATLANTA — American Airlines, facing the possibility of a future cash crunch amid soaring fuel prices, said Tuesday it has rejected its pilot union's contract proposals after determining that the cost to the nation's largest carrier would be too high if it accepted them.

The union immediately shot back, seeking to know from management if its rejection means the talks are at an impasse.

American, a unit of Fort Worth-based AMR Corp., said in an internal negotiations update that it informed Allied Pilots Association negotiators that the union's proposals "are not in the best long-term interests of either our company or our pilots." It said the proposals would increase American's annual pilot costs by roughly \$3 billion in recurring expenses.

The pilots' 2003 contract with American became amendable on May 1, though the two sides started talks in September 2006.

Last fall, the union asked for pay raises of 50 percent to return their pay to 1992 levels. The union says the pay restoration would only increase the company's annual costs by \$750 million. The company proposed that pilots could earn more money by working longer hours.

In their negotiations update Tuesday, the airline also said that the union's pension and scope proposals are not feasible.

A proposal related to a particular pilot pension plan would require the company to immediately contribute an additional \$1 billion to keep funding levels above 80 percent and avoid restrictions on lump sum payments, American said.

The airline said that implementing the union's proposals would have a "serious detrimental impact on the company's economic stability."

But union spokesman Scott Shankland said the company is not acting in good faith.

He said the airline rewarded top management when the airline's performance improved, but hasn't given pilots back what the pilots gave up

SEE AA E2

SMOOTH FRANCHISE OPERATION



David Rutkauskas, founder and CEO of Beautiful Brands International, wants his FreshBerry yogurt concept to gain strength in metro Tulsa during its early stages. ARAM BOGHOSIAN/Tulsa World

Yogurt shops on the way

BY JEFF POSTELWAIT
World Staff Writer

Local expansion is planned for FreshBerry Frozen Yogurt Cafe, the latest project of Tulsa-based entrepreneur David Rutkauskas.

A franchisee has committed to build FreshBerry locations in four different metro area markets, including midtown, the Utica Square area, Broken Arrow and Jenks.

"They've committed to build four stores. We think they're going to build nine or possibly more," Rutkauskas said of franchisees Gary and Carol Hasz, both from Tulsa. "We're looking at locations not just in Tulsa, but Jenks and Broken Arrow."

Rutkauskas is founder and CEO of Beautiful Brands International, which operates franchises that include Camille's Sidewalk Cafe. Camille's alone has nearly 900 locations in development worldwide, according to the company's Web site.

While Rutkauskas has national ambitions for FreshBerry as well, he said a franchise must be successful locally before it can take off elsewhere.

"We're very thrilled to be expanding in our hometown," he said. "It's normally true that before you can expand a thriving franchise concept regionally and nationwide, you have to hit the

FreshBerry Frozen Yogurt Cafe

First location: 11085 S. Memorial Drive

Yogurt toppings: Strawberry, kiwi, pineapple, mango, Fruity Pebbles cereal, coconut, chocolate chips

Parent company: Beautiful Brands International, Tulsa

Web site: www.freshberry.net/
Beautiful Brands' other franchises: Camille's Sidewalk Cafe, Coney Beach

Source: Beautiful Brands International Web site.

nail on the head at home."

Rutkauskas estimated that two stores will be opened this year, and probably two next year.

"Based on our comfort level with the sales, we'll go from there," he said, adding that as many as 12 to 15 locations could be open in the country by the end of this year.

The FreshBerry concept is attractive to franchisees in difficult economic times because of its low opening costs, small space requirements and minimal labor needs.

The design of the menu, which features low-calorie frozen yogurt

with a wide variety of fruit toppings, also enables franchise operators to limit wasted product.

"We've really got surging food costs and surging energy costs right now, and it's putting the pinch on all kinds of restaurants," Rutkauskas said. "We only sell frozen yogurt; it's all we sell and there's no waste. So we're able to control our food costs that way."

Currently, the only FreshBerry location open for business is at 11085 S. Memorial Drive. It's a neighbor of a Coney Beach location, another of Rutkauskas' franchises.

Shops dealing exclusively in frozen yogurt haven't had much success lately, he said, and the industry is ready for something new.

"Yogurt has been dead for 20 years. The 1980s yogurt shops are tired," he said.

The reaction to FreshBerry so far is beyond what Rutkauskas says he expected.

"We were black within two weeks," he said. "(With) a lot of new restaurants, you'll have to put some cash in for the first 12 months or so. We haven't had to put a dime into it."

Rutkauskas said as many as 100 FreshBerry franchises could be sold by the end of this year.

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DUAL ROLES

Chidsey: Profits rise under his leadership.

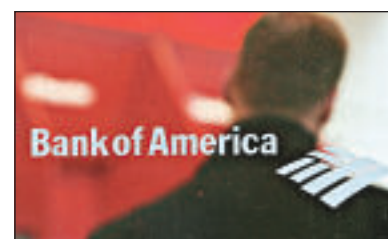
Burger King CEO gets chairmanship

Burger King Holdings Inc. said Tuesday that CEO John Chidsey is taking the additional role of chairman after private-equity investors loosened control of the nation's second-largest hamburger chain.

Chidsey, 45, takes over as chairman July 1 from Brian Swette, who remains a director, Burger King said. Three representatives of TPG Inc., Bain Capital LLC and Goldman Sachs Group Inc., which bought Burger King in 2002 from Diageo PLC and now own 32 percent of the shares, resigned from the board.

Burger King said May 1 that full-year profit will increase faster than previously expected. As consumers pay more for gasoline, the Miami, Fla.-based company is emphasizing its discount menu while raising prices to counter higher cheese, beef and wheat costs, Chidsey told analysts.

Shares of Burger King are down less than 1 percent this year.



Bank of America ups Chinese investment

Bank of America Corp. said Tuesday it plans to raise its stake in China Construction Bank Corp. to nearly 11 percent.

The Charlotte, N.C.-based bank said it will exercise an option dating to June 2005, when Bank of America bought a 9 percent stake in the Beijing-based bank for \$3 billion.

Bank of America said it intends to purchase 6 billion of the shares for nearly \$1.9 billion on or about June 5, which would take its total stake to 25.1 billion shares, or 10.75 percent of China Construction bank's issued common shares. The 6 billion new shares may not be sold until Aug. 29, 2011, the company said.

Since 2005, the two banks have launched nearly two dozen partnership projects, including a leasing business in Beijing and no-fee cash withdrawals from Bank of America's ATM machines in China.

JetBlue puts off Airbus jet order

JetBlue Airways Corp. said Tuesday it will put off buying 21 new Airbus jetliners it planned to receive starting next year for four to five years because of rising fuel costs.

The planes, which were originally scheduled for delivery between 2009 through 2011, will now be delivered in 2014 and 2015.

"In the face of escalating fuel costs, we believe it is essential to take a more financially conservative approach to managing our business," CEO Dave Barger said.

The Forest Hills, N.Y.-based airline did not say what the financial impact of the change, if any, would be.

From Bloomberg, AP and staff reports

InBusiness

Realty ruling

Online real estate agents often charge discount commission fees and allow buyers to review listings. For years, however, Internet-based brokers were blocked from accessing multiple listing services affiliated with the National Association of Realtors.

That could change. The Justice Department has given a boost to online real estate brokers by deciding that Internet-based agents should have access to home listings that they were previously denied.

The settlement, which still requires court approval, could save consumers thousands of dollars when buying a home.

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Borders back online

Borders Group Inc. is returning to online retailing after seven years paired with Amazon.com, but analysts say it will be a challenge for the nation's second-largest bookseller to compete with established Web retailers.

"Amazon just dominates," said Fred Crawford, managing director at turnaround consultant AlixPartners.

Borders abandoned its money-losing online business in 2001, turning it over to Amazon. Under that arrangement, Borders.com took shoppers to a site partnered with Amazon, while a Web site for its stores allowed shoppers to check inventories and reserve items.

Dell loses case

A New York judge concluded Tuesday that Dell Inc. engaged in repeated false and deceptive advertising of its promotional credit financing and warranties.

State Supreme Court Justice Joseph Teresi ordered the Round Rock, Texas-based computer retailer to more clearly disclose that most customers do not qualify for free financing or get "next day" repair service.

New York Attorney General Andrew Cuomo sued Dell last year. Teresi gave him until Dec. 1 to identify all consumer claims for third-party repairs, new computers or higher interest payments than they would have paid otherwise.