

Monday BUSINESS

FORUM: IT'S IN THE EXECUTION

The ability to get things done is a leadership trait that always will remain a classic.
D3



TECH@WORK: SKY WRITING



Airlines are beginning to provide passengers with online options in flight.
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Monday, January 27, 2003 • Section **D**

ADM deal raises antitrust questions

Also figures in debate on ethanol subsidies

The biggest gets bigger

After its September acquisition of Minnesota Corn Processors (MCP), Archer Daniels Midland controls about 40 percent of the nation's ethanol production. MCP was the second-largest ethanol producer, at 140 million gallons per year, or about 5 percent of total U.S. capacity. The four largest producers are broken out.

Archer Daniels Midland Co. (after MCP deal): 39.5% of total capacity (1.07 billion gallons per year)

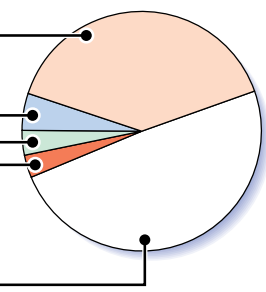
Williams Bio-Energy: 5.0% of total capacity (135 million gallons per year)

New Energy Corp.: 3.5% of total capacity (95 million gallons per year)

Cargill Inc.: 3.1% of total capacity (83 million gallons per year)

All others: 48.9% of total capacity (1.32 billion gallons per year)

Source: Renewable Fuels Association, Washington, D.C.



Star Tribune

By Joy Powell
Star Tribune Staff Writer

MARSHALL, MINN. — The September sale of Minnesota Corn Processors to Archer Daniels Midland has heightened concerns among antitrust experts over market concentration in two key agricultural markets — ethanol and fructose.

Now, an influential group of law professors and economists contends that the Justice Department has failed to disclose essential facts about the merger of the nation's top ethanol producers.

A federal judge in Washington, D.C., must review that challenge

and a Justice Department response before approving the sale.

Meanwhile, the acquisition of farmer-owned Minnesota Corn Processors (MCP) by the Illinois-based agribusiness giant has drawn attention in St. Paul, where lawmakers are considering cutting ethanol subsidies as they try to balance the budget.

ADM will not qualify for state subsidies, which MCP exhausted in 2000 after receiving \$33 million over 13 years. The subsidies were intended to help new plants get started and foster Minnesota's pioneering ethanol industry.

ANTITRUST continues on D2

FOR MORE ON MERGER

Minnesota farmers intended to eliminate the middleman by becoming corn processors themselves. Now the middleman has eliminated them. See yesterday's Money & Business section, or go to <http://www.startribune.com/business/>.

BIZ TRAVELER

Food fight

The publicity about domestic airlines' deteriorating food service has opened up marketing opportunities.
Turn to D2.

FYI

401(k) notice forthcoming

Starting this week, about 40 million Americans invested in 401(k) plans must get 30 days' notice when their employers want to block access to the accounts for administrative changes.

The post-Enron regulation, issued by the Labor Department on Thursday, was required as part of a new law enacted last summer to deal with a wave of corporate accounting scandals.

In the notices, employers or plan administrators must state the reasons for the blackout, specify the start and end dates and advise an evaluation of investments based on an inability to make changes during the period.
— *Associated Press*

This week

- **Today:** National Association of Realtors reports on existing home sales for December.
- **Tuesday:** Conference Board reports on consumer confidence.

BIZ SPEAK

"Companies are not giving a tremendous amount of visibility for 2003, and considering Iraq still looms, people are getting a little skittish and are taking some money off the table."

— **Jack Francis**, senior Nasdaq trader at UBS Warburg

COMMENTS

To send us comments about this section, see the staff box on **D8**.

Companies cut back on issuing outlooks

Some applaud move; others don't like it

By Amy Baldwin
Associated Press

NEW YORK — As corporate America reports its quarterly earnings once again, the buzz this time is about what's not being said rather than what is.

More companies are limiting themselves to giving details of what happened in the past quarter, rather than what's happening in the current one or what's going to happen in the one after that.

Two of the most recent converts, McDonald's Corp. and Coca-Cola Co., say that they want to focus on the long term and that nixing short-term outlooks will make it easier for them to do that.

AT&T Corp. said Thursday it is doing away with future earnings-per-share estimates because the telecommunications industry is so unpredictable these days. Other companies that have stopped giving quarterly earnings projections — known on Wall Street simply as "guidance" — include Gillette, which ceased doing so last year, and the Washington Post Co., which stopped several years ago.

Some market observers applaud companies for shifting away from a short-term emphasis that many blame for fueling the speculative stock bubble of the late 1990s and, in its worst forms, contributing to outright manipulation of earnings and even to fraud, as in the scandals at Enron Corp. and WorldCom Inc.

But not everyone believes that quarterly outlooks are bad. Some argue that they help investors make informed assessments of a company's prospects.

Leading the charge against the disappearing outlooks are the stock analysts, who say they can't give their investor clients good research if they aren't provided the essential information.

"It is just plain stupid not to give any guidance in [the current] quarter," said Chuck Hill, director of research at Thomson First Call, which tracks Wall Street's earnings estimates and analysts' recommendations.

OUTLOOKS continues on D5: — *Companies that don't provide estimates will make investors nervous, analyst says.*



Jeff Wheeler/Star Tribune

University of Minnesota economist Tim Kehoe, the son of a Navy engineer and a mother trained in math and Latin, showed an interest in numbers, language and science at an early age.

Economic ambassador

University of Minnesota economist Tim Kehoe is internationally renowned as an analyst and adviser on overseas economies.

By Mike Meyers
Star Tribune National Economics Correspondent

On a visit to Buenos Aires in August, Tim Kehoe handed cash to a taxi driver to pay for a ride. The cabbie instantly returned one of the bills, declaring it counterfeit.

Kehoe, a University of Minnesota economist, apologized and explained that someone must have passed off the fake five-peso note as change from an earlier transaction in the Argentinian capital.

In a rare case of a cab driver offering a tip, the driver suggested that Kehoe pass the bogus bill at a crowded newsstand, where no one would be likely to notice.

The tale reflects the core of Kehoe's work: He examines how countries cope with economic crises, for good or for ill.

Argentina is a nation plagued by crime, a faltering banking system, double-digit unemployment and a collapsing currency. (The value of a real five-peso bill is about \$1.40 today. Little more than a year ago, it fetched nearly \$5.)

Argentina's economic crisis is a recent example of what's become a more common phenomenon, particularly in Latin America.

"The average [Argentine] standard of living in the last year has fallen something like 20 percent," Kehoe said.



Photograph provided by Tim Kehoe

Kehoe, with wife Jean O'Brien-Kehoe wearing traditional costumes at festival Spain, has a résumé dotted with international experience.

"Some formerly middle-class people are out begging in the street. That sort of thing can just destroy a society."

For the past 20 years, devising new ways to examine causes and consequences of international economic distress has been at the center of Kehoe's research. At 49, he's become a widely followed scholar in the field.

Kehoe's résumé is dotted with international experience. He has been a visiting professor or lecturer at universities in

England, Spain and Mexico. He logged more than 120,000 miles in the air last year alone.

Along the way, he's advised governments in Mexico, Spain and Panama on how to integrate their economies with the rest of the world by lowering trade barriers and restrictions on the movement of capital.

KEHOE continues on D5: — *Don't call him a "consultant."*

PROFILE

Tim Kehoe

Born: June 13, 1953, Albuquerque, N.M.

Family: Wife, Jean O'Brien-Kehoe

Home: Minneapolis

Education: B.A. mathematics and economics, Providence College, 1975; M.A. economics, Yale University, 1977; doctorate in economics, Yale University, 1979

Career: University of Minnesota since 1987; held teaching posts at Wesleyan University, Massachusetts Institute of Technology, Cambridge University and universities in Spain and Mexico

Hobbies: Reading, cooking, entertaining, dining out