

# 'Bush appointed two energy regulators from Enron list'

AP, Washington

Former Enron Chairman Kenneth Lay, a friend and backer of President George W. Bush, gave the White House recommendations for appointment to a federal energy commission last spring. Bush eventually appointed two of the people on Enron's list.

Lay gave the list of names to Clay Johnson, Bush's personnel director, White House spokeswoman Anne Womack said Thursday. Among the eight or so names were Pat Wood, now chairman of the Federal Energy Regulatory Commission, and Nora Brownell, a member of the commission.

"It was one of many, many recommendations that he (Johnson) received" from industry executives, members of Congress and state officials, Womack told The Associated Press.

Disclosure of Lay's recommendations to the White House came as congressional panels investigate the relationship between Houston-based Enron Corp. and the Bush administration. The Justice Department and the Securities and Exchange Commission are investigating the company's complex accounting and the role played by its auditor, Arthur Andersen, which has acknowledged destroying Enron-related documents.

Lay disclose the list of Enron favourites in an interview being broadcast Friday on PBS TV's "NOW with Bill Moyers."

"I brought a list, we certainly presented a list. . . As I recall, I signed a letter which in fact had some recommendations as to people that we thought would be good (FERC) commissioners," Lay said in the interview, which was taped last

May but never aired.

Bush, as Texas governor, had appointed Wood in 1995 as head of the states Public Utilities commission. Wood has been an advocate of market-oriented regulation of utilities, a position espoused by Enron, a big, aggressive energy trader that had become a favourite of Wall Street.

Bush appointed Wood as FERC chairman in August, replacing Curt Hebert.

Hebert said in the PBS interview that Lay "has asked me to take certain positions but I've had those conversations with Ken Lay for a long time. And have disagreed with him for a long time."

Brownell, a member of Pennsylvania's Public Utility Commission, was nominated by Bush in March. During her time on the state commission, Brownell helped oversee Pennsylvania's electricity deregulation.

## Alcatel reports \$4.2b loss

AFP, Paris

The French telecommunications giant Alcatel reported on Thursday a record loss in 2001 of 4.96 billion euros (4.2 billion dollars), but a strong forecast for 2002 pushed up its share price and helped the overall CAC 40 stock index rise in early trading.

Alcatel said that the loss was due in large part to a global slump, but president Serge Tchuruk added: "Even if markets remain soft, from the second quarter on we see sequential growth in quarterly sales and income from operations, with the full-year income from operations turning positive."

That outlook outweighed the group's miserable performance, and Alcatel shares jumped by 4.88 per cent in morning trade to 18.04 euros, while the CAC 40 gained 1.14 per cent.

Tchuruk later told a press conference that the group did not rule out more job cuts, after eliminating 12.4 per cent of its workforce last year.

The group currently employs around 99,000 people.

The huge financial loss was in line with warnings by the group and forecasts by analysts.

# Wall Street rallies on portfolio shifts, economic recovery signs

AFP, New York

Stocks rallied for a second straight session Thursday, boosted by late-January portfolio additions and new data indicating that the US economy has begun to recover from its slowdown.

The Dow Jones industrials closed up 157.14 points (1.61 per cent) at 9,920.00, and the Nasdaq composite added 20.68 points (1.08 per cent) to 1,934.12.

The Standard and Poor's 500 index advanced 16.64 points (1.49 per cent) to end at 1,130.21.

Dealers said the market opened higher and extended its rise throughout the session, with the Dow closing at its intraday highs and with momentum continuing a day after the Federal Open Market Committee left rates unchanged on signs of economic strength but preserved the possibility of further reductions later in the year.

"My view is that the US recession is over, that November will be viewed as being the trough," Gail Foslter, senior vice president and chief economist at The Conference Board, said at the World Economic Forum here.

The market on Thursday drew additional support from a positive earnings report from Procter and Gamble, a monthly gain in the Chicago Purchasing Management Association index and late-January portfolio additions.

The Purchasing Management Association said its index of regional business activity rose to a seasonally adjusted 45.1 in January from a revised 41.5 in December.

A reading below 50 continues to signal a decline in economic activity, but the increase was larger than expected.

Dealers said that gains were limited during morning trade by concerns about fourth-quarter corporate profits, which overall have been mediocre, and the latest developments in the Enron case.

The fallout from the Enron matter continues to unnervingly sold off shares of a number of corporations which are suspected of inaccurate accounting methods or improper executive conduct or are believed to be near bankruptcy.

Tyco International, which fell earlier in the

week amid concerns about its liquidity and accounting, recovered as such fears began to ease.

Tyco closed up 30 cents at 35.15. Telecom Mcl.eodUSA was halted in trade after it filed for Chapter 11 bankruptcy protection as part of a lockup agreement with bondholders as it seeks to reduce debt.

Procter and Gamble rose 3.39 to 81.68, lending support to the Dow index after it reported results above the First Call Consensus.

Delta Air Lines finished up three cents at 31.60 after the company said it anticipates that 2002 will be a year of recovery despite a big loss in the fourth quarter.

Disney closed down 34 cents at 21.06 ahead of its quarterly earnings report. The company later reported first-quarter profits above expectations.

On the bond market, the yield on the 10-year Treasury bond rose to 5.023 per cent from 4.996 per cent Wednesday, while the yield on the 30-year bond rose to 5.431 per cent against 5.426 per cent. Bond yields and prices move in opposite directions.

## Enron not cooperating with probe: Senator

### Fresh investigation launched

REUTERS, Washington/New York

A Senator examining the stunning collapse of Enron Corp accused the company Thursday of not cooperating with his probe, while federal energy regulators launched yet another investigation into the once high-flying energy trader.

Sen. Byron Dorgan, who heads the Senate Commerce subcommittee on consumer affairs, said Enron had not cooperated with the panel's inquiry into its downfall. Elsewhere, the Federal Energy Regulatory Commission (FERC) launched a probe into allegations that Enron unfairly boosted wholesale power prices during California's power crisis last year.

Former Enron suitor Dynegy Inc took control of the Northern Natural Gas pipeline, giving it half the pipeline system Enron was counting on to help pay its creditors and survive a bankruptcy court reorganisation. Enron has sued Dynegy over the pipeline.

The Senate Finance Committee, one of at least nine congressional committees probing Enron's demise, asked three federal agencies that help corporations operate overseas for details of any assistance they may have given Enron.

The impact of Enron's descent into the largest bankruptcy in US history continued to spread.

Microsoft Corp's internet unit, MSN, said its plans to sell high-speed access to homes would be delayed by Enron's woes. Enron had been providing the backbone for MSN's expansion of its high-speed access and services.

Alliance Capital Management Holding LP, which was the largest shareholder in Enron, reported a 10 per cent drop in fourth-quarter profits. Power producer Calpine Corp which with other power producers has faced increasing scrutiny from investors and creditors since Enron's Dec 2 bankruptcy filing saw fourth-quarter earnings tumble 23 per cent.

Thousands of workers have lost their jobs since Enron filed for bankruptcy amid questionable accounting practices failed investments and the impact of off-balance sheet activities. Many former and current employees saw the value of Enron shares held in retirement plans become virtually worthless.

The Enron Corporation is not cooperating with the committee's request for information," said Dorgan, a North Dakota Democrat and subcommittee chairman.

## Indian lenders receive bids for Enron stake in Dabhol Power

AFP, Bombay

Indian lenders to the controversial Dabhol Power Co. Ltd -- the country's largest foreign investment project -- have chosen four initial bids for the 85 per cent equity stake held by the collapsed Enron Corp. and its associates.

"By evening, we will have four confidentiality agreements signed for Dabhol Power Co. and we have some more interested groups making enquiries," P.P. Vora, chairman of the Industrial Development Bank of India (IDBI), told reporters here Friday.

Vora refused to specify the names or origins of the bidders.

Enron's stake in the project was 65 per cent, with Bechtel and General Electric Co. having 10 per cent each.

Indian lenders have an exposure of 60 billion rupees (1.25 billion dollars) in Dabhol Power, the company which set up the 2,184-megawatt power project in the state of Maharashtra.

"Two to three more interested parties have also expressed their interest on telephone for Dabhol

Power. So the initial response is good," Vora added.

Vora said IDBI was also working on a restructured package for the new bidders which will help lower the tariff of power generated at the plant.

Earlier, the power plant had to be shut down due to a dispute over the tariff structure between Dabhol Power and the Maharashtra State Electricity Board (MSEB), the sole buyer of the power.

The existing loan given by the domestic lenders to Dabhol Power will be restructured to reduce the interest payment, while there will be an assurance from the MSEB to buy the power generated at the plant, Vora said.

The foreign exchange loan component will also be converted into domestic loans and the government of India's guarantee applicable for the first phase of the power station will also remain.

"The overall response to our invitation seems to be good as we are offering the bidder a 110 billion rupee asset in one go. Never ever has this happened earlier, nor will it happen again," Vora said.

## New vehicle sales fall in Japan again

AFP, Tokyo

Sales of new vehicles in Japan in January skidded 2.6 per cent from a year earlier to 248,489 units, marking the fifth straight monthly decline, an industry association said Friday.

"The poor economy is to blame," said Yoko Arai, spokeswoman for the Japan Automobile Dealers Association, which released the data.

Honda Motor Co. Ltd continued to buck the overall trend, posting its 22nd month of year-on-year gains, with vehicle sales up 34.7 per cent to 36,177 units. The company recently credited its new model Fit with surging sales.

Suzuki Co. Ltd was the only other Japanese automaker or importer to post gains, as sales rose for the 15th straight month, up 3.6 per cent to 3,157 vehicles.



PHOTO: GOLDEN LIFE

Engr Syed Munsif Ali, Chairman of the Golden Life Insurance Ltd, speaks as chief guest at a business development meeting of the company held in Mymensingh recently. M Manirul Alam, Managing Director (CC), Md Golam Azam Khan, AVP (Dev), and S Alam Chowdhury, JVP of Mymensingh divisional office, are also seen in the picture.

# EU court asked to oppose 'open skies' deals with US

AFP, Brussels

The advocate general of the European Court of Justice recommended on Thursday that the court reject bilateral "open skies" agreements between the United States and eight EU member states violated EU rules.

"We consider the conclusion recognized a large part of the argu-

ments we raised," said a commission spokesman.

"The advocate general believed that it is not compatible with the (EU) treaty to enter into agreement with third countries when they affect common rule...that when common rules have been decided...at the community level, then individual countries should not exercise that competence."

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