

[The Washington Post]

BUSINESS

FRIDAY, OCTOBER 6, 2006

D

Stocks

MARKETS

DOW 11,866.69
UP 16.08, 0.1%

NASDAQ 2306.34
UP 15.39, 0.7%

S&P 500 1353.22
UP 3.00, 0.2%

**POST-BLOOMBERG
REGIONAL** 271.05
UP 2.48, 0.9%

10-YEAR TREASURY
DOWN \$3.75 PER \$1,000
4.61% YIELD

Details, D3

CURRENCIES
117.61 YEN=\$1
EURO=\$1.2690

Also Today

NATIONAL

Tribune Co. Ousts Publisher Of the Los Angeles Times

Jeffrey Johnson, who had openly resisted staff cuts, was replaced by the Chicago Tribune's publisher. **Style**

SEC Won't File Insider Trade Charges Against Pequot

Regulators had asked whether former chairman John J. Mack had tipped the \$7 billion hedge fund to a looming merger. **D2**

Wal-Mart, Target expand new generic drug prices to all of Florida. **D2**

LOCAL

Heart Transplant Centers Face Federal Scrutiny

Washington Hospital Center and Inova Fairfax perform fewer than half the transplants considered necessary. **Metro**

Marriott Earnings Exceed Expectations in 3rd Quarter

The hotel management company's profit was down, however, because its tax bracket increased. **D4**

WASHTECH

HP and Foley Cases Show Instant Messages Linger

IM users can turn on built-in archiving features, while businesses and government use special software to save message traffic. **A6**

Hackers Attack Computer System of Export Agency

The attackers used Chinese Internet servers to target a bureau of the Commerce Department. **A21**

Google to subpoena rivals in book-scanning lawsuit. **D4**

INTERNATIONAL

European Central Bank raises key interest rate. **D10**

Airbus may concentrate assembly in France. **D10**

Stories from

THE WALL STREET JOURNAL

Hedge Funds, Seeking New Frontiers, Turn to Africa

This year, hedge-fund favorites have included the debt and currencies of Nigeria and Zambia. **D10**

Budget Carrier Ryanair Bids For Ireland's Air Lingus

The recently privatized airline spurned the \$1.9 billion offer; the Irish government and unions vowed to resist it. **D10**

Columnists

» **Federal Diary | A Decline in
Disabled Workers** **D4**

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Conspiracy Theories Abound as Oil Prices Fluctuate

By STEVEN MUFSON
Washington Post Staff Writer

In mid-May with gasoline prices at \$2.95 a gallon and rising, 15 percent of Americans listed high fuel prices as their top concern, outstripping terrorism. And much of the public seemed ready to vent its wrath on President Bush and the Republican-led Congress.

By early September, though, with

the nationwide average at \$2.73 a gallon and falling, only 5 percent of those polled said that the price of gas was the single most important issue, according to a Washington Post-ABC News poll. Since then, the price of gasoline has fallen even further, now down about 70 cents a gallon from its peak in August — with only a month before the elections.

Coincidence?

A lot of Americans don't think so. "This has been huge fodder for talk radio," said Tyson Slocum, director of energy programs at Public Citizen, who says he has appeared on about 15 radio shows focusing on whether the Bush administration is manipulating oil prices before the congressional elections. "I don't think the influence is as explicit as some people out there are alleging. But all markets are susceptible to

politics, and oil is no exception." Generally, oil experts, executives and traders cite other explanations for the recent steep fall in prices, including the easing of anxieties about possible armed conflict with Iran, the flight of financial speculators, ample oil inventories and softening U.S. demand. Prices, they say, are the results of decisions

See OIL, D3, Col. 1



One theory holds that Saudi Prince Bandar bin Sultan lowered oil prices to help Bush in the election.



A Lifelong Fighter's Toughest Round

By YUKI NOGUCHI
Washington Post Staff Writer

Even her detractors acknowledge that Patricia C. Dunn, the person at the center of Hewlett-Packard's spying scandal, is one tough woman.

At age 12, she lost her father. She later dropped out of college to support her mother. Dunn nevertheless rose to the rarefied upper ranks of the mostly male finance industry. She ousted the former HP chairman and chief executive — another tough woman — and assumed the chairman's seat. Dunn fought bitterly with others on HP's board, and despite her avowed preference for privacy, has gained notoriety for backing a rigorous hunt that included accessing private phone records to smoke out the source of news media leaks from the board.

This week, the 53-year-old former HP chairman faced another major blow: She found out she has a recurrence of advanced ovarian cancer the day before the California attorney general charged her and four others with fraud and conspiracy in the corporate leak probe.

Circumstances required Dunn to be self-reliant from an early age, her friends and business associates said, and her diligence and willingness to learn delivered her from poverty to the top echelons of business. That same tenacity and conviction may have provoked the ire of her enemies on the HP board, who say her strong sense of mission — plug the leak — led her down an unethical path.

Now she must rely on that same tough quality to survive her two-front battle. She surrendered to authorities yesterday and, after a three-minute court hearing in which she agreed to return Nov. 17 for her arraignment, was released

See DUNN, D4, Col. 1

Patricia C. Dunn, who faces felony charges in the Hewlett-Packard surveillance scandal, has been told her ovarian cancer has returned.

By MARK WILSON — GETTY IMAGES

Patricia C. Dunn

1953: Born in Burbank, Calif., to a showgirl and a vaudeville performer.



1959: Entered second grade one year late because of eye surgery. Dunn, right, with sister, Debbie. **➤**

1965: Death of father. **➤**

1972: Quit college to help support mother and brother.

1975: Graduated from University of California at Berkeley with a bachelor's degree in journalism. **➤**

1976: Took a temporary secretary job at Wells Fargo's investment division while looking for a job in journalism. Decided to stay; rose up through the ranks.

1981: Married Bill Jahnke.

1995: Wells Fargo's investment division bought by Barclays PLC.

1996: Named co-chief executive of Barclays Global Investors.

1997: Elevated to co-chairman.

1998: Named sole chairman of Barclays Global. Elected director of Hewlett-Packard.

2001: Diagnosed with breast cancer.

2002: Diagnosed with melanoma. Stepped down as Barclays chairman and chief executive.

2004: Diagnosed with advanced ovarian cancer.

2005: Succeeded Carly Fiorina as non-executive HP chairman.

2006: Resigned from HP board during corporate spying scandal.



Retail Sales Strong as Gas Prices Fall

High-End Stores Did Especially Well Last Month

By NELL HENDERSON
Washington Post Staff Writer

The money people are saving at the gas pump is finally showing up somewhere else: department store cash registers.

Department stores yesterday reported booming sales for September, up 8.4 percent from September 2005 at stores open at least a year, a figure known as same-store sales.

Department stores are doing better than retailers overall. In a survey by the International Council of Shopping Centers of 57 retail chains, sales were up 3.8 percent last month from September 2005.

Retail chain-store sales growth in general has held up well this year, even as rising gasoline prices and interest rates restrained consumer spending on homes, cars and trucks, said Michael P. Niemira,

the council's chief economist.

"Consumer spending has been relatively steady" at retail chain stores, said Niemira, who attributed that stability primarily to income growth, which has more influence on consumer spending at retail chains than fluctuating gasoline prices.

Still, the recent decline in oil prices, from more than \$77 a barrel in mid-July to around \$60 a barrel, has boosted consumer buying power and reduced the risks that economic growth might slow too much, said Nigel Gault, chief U.S. economist at Global Insight Inc., a financial forecasting firm. Falling oil prices "made a soft landing for the economy look a safer bet," he said, referring to a scenario in which the economy cools just enough to lower inflation without sliding into a recession.

The retailers' results, after reports that

See RETAIL, D3, Col. 4



Less money spent on gasoline means more money for shopping. Sales at retail stores were up significantly in September.

Analysts Doubt Kerkorian Is Finished With GM

By SHOLNN FREEMAN
Washington Post Staff Writer

With the collapse of his bid to push General Motors Corp. into an alliance with two foreign automakers, Kirk Kerkorian has yet to reap a windfall on his investment in the automaker, which analysts said could drive him to seek ways to further lift the stock price.

When talks between GM, Nissan Motor Co. and Renault SA began in July, Kerkorian's 56 million GM shares were trading at

\$30 a share. Wednesday, when GM Chairman G. Richard Wagoner Jr. announced that discussions had ended, GM was only a little above \$33 a share. Kerkorian's gain was about \$160 million. Analysts said that's a chump change for Kerkorian, No. 26 on Forbes magazine's ranking of the richest Americans. Forbes estimated his worth at \$9 billion.

"He likes walking away with a couple of billion dollars," said Gerald C. Meyers, former chairman of American Motors Corp., who teaches at the University of Michigan.

"He's ahead now but only by a couple of points. I think he'd like to make some more money."

That means Kerkorian could be in a mood to stir up more turbulence in GM's boardroom. Tracinda Corp., his investment company, has so far declined to comment on Kerkorian's motivations or what his next move might be.

Last month, Kerkorian told GM that he was interested in buying as many as 12 mil-

See GM, D3, Col. 4