BUSINESS

TULSA WORLD • E1 • Wednesday, April 20, 2005 • www.tulsaworld.com

Stalled out

General Motors Corp. loses $1.1 billion.

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Earnings rise 33 percent at BOK

▶ Strong loan growth outside of Oklahoma helped the bank holding company's bottom line.

By Laurie Winslow
World Staff Writer

BOK Financial Corp. enjoyed a good first quarter as the regional banking company saw its net income surge 33 percent over the first three months of last year.

Tulsa-based BOK announced Tuesday that its earnings grew to $52.1 million, or 78 cents per diluted shared, compared with $39.2 million, or 59 cents per share, in the first quarter of 2004.

"Our performance continues to indicate we're a good investment. We manage with the goals of seeing our shareholders benefit," said Steven Nell, BOK's chief financial officer, in an interview.

The two most significant factors contributing to BOK's success for the quarter were loan growth and the credit quality of loan portfolios, he said.

Loans grew at an 8 percent annualized rate, exceeding $8 billion.

"This level of loan growth was achieved despite the fact that loans to the energy sector decreased 4 percent as high energy prices are providing substantial cash flow to that industry," Nell said.

While loan growth in Oklahoma remained flat, it was particularly strong in the banking company's Texas and Arizona markets, he said.

BOK completed the acquisition of Phoenix-based Valley Commerce Bank on April 6, so it can expect to gain even more momentum going forward, Nell said.

The addition of Valley Commerce, which has two full-service locations in the Phoenix area, is in keeping with BOK's strategy of acquiring established, well-managed institutions in dynamic markets.

The credit quality of our loan portfolio continues to improve, allowing us to reduce the provision for credit losses by $5 million compared with last year," Nell said. "Overall improvement in borrowers' financial condition and receipt of payments on problem loans led the way in our credit quality improvement."

Commercial real estate loans grew $97 million, or 6 percent, since the end of December. Commercial loans

SEE BOK E-2

MARKET WATCH

DOW 30	10,127.41	up 56.16
S&P 500	1,152.78	up 6.80
OKLA. SWEET	$49.00	up $2.00
NAT. GAS	$7.03	up $0.09
GOLD	$432.90	up $5.40
YEN PER $	¥106.90	down ¥0.60

Earnings rebound at Aaon

By D.R. Stewart
World Staff Writer

Aaon Inc.'s more efficient production of commercial rooftop air-conditioning, heating and heat-recovery equipment and a stronger market contributed to a 40.6 percent increase in first-quarter earnings, executives said Tuesday.

Tulsa-based Aaon reported revenue of $42.78 million, a 14 percent increase from 2004's first quarter. Its net income was $3.28 million in the three months ending March 31, a 40.6 percent increase from the same period last year. Earnings per share were 26 cents, up from 18 cents.

Norman H. Asbjornson, president and chief executive, said high material costs from the fourth quarter carried over into this year. The company, however, was able to eliminate factory production problems that led to a sharp drop in earnings in the fourth quarter, he said.

Fourth-quarter net income was $2.08 million, or 16 cents a share, compared with earnings of $3.7 million, or 29 cents a share, in 2003's fourth quarter. Aaon's earnings last year were $7.5 million, down 47.1 percent from 2003.

The first quarter's "increase in earnings was attributable to both volume and price increases totaling $5.3 million compared with the first quarter of 2004, despite continued, relatively high material costs, the after-tax loss by Aaon Canada of about $700,000 and the burdensome costs of Sarbanes-Oxley compliance," Asbjornson said in a statement.

In addition to its commercial heating and cooling units, Aaon has begun designing and manufacturing residential heating and cooling equipment. The company hopes the residential market will be a new growth area, analysts say.

"On the positive side, we have a fine product line that is getting

SEE AAON E-6

Farm and fuel factor

JOHN CLANTON / Tulsa World file

A hay baler crosses a field near Verdigris last summer. This year, the majority of Oklahoma's alfalfa hay is in at least fair to good condition.

Cattle producers try to corral costs for hay

By Angel Riggs
World Staff Writer

Pricey fuel, fertilizer and equipment have team-roped cattle producers as they budget expenses to turn both the earth and a profit this year.

As hay season rolls in, farmers and ranchers must decide how much forage their cattle will eat and whether they can afford to cut extra to sell.

"About everybody I've talked to that's out on the farm in recent weeks said that fuel and fertilizer prices are very much on their minds," said Dan Childs, an agriculture economist with the Samuel Roberts Noble Foundation, a Southern Oklahoma-based advocacy group.

The key question is how to plow through the season using as little fuel and fertilizer as possible, Childs said.

"Everybody's sharpening their pencil, I'd say, this summer."

Despite diesel fuel's 7-cent decline in the past month to $2.19 per gallon in the Midwest, the price is still 51 percent higher than a year ago, according to the government. For hay, that translates into an average increased cost of $1.25 to $1.50 per round bale, Childs said.

Supply and demand will determine the price tag for people who sell hay, said Scott Dewald, executive vice president of the Oklahoma Cattlemen's Association.

However, a mild winter probably means more of last year's hay leftovers will be for sale this year, supplementing the supply.

"For producers who put hay up for their own use, it's obviously going to be more costly," Dewald said.

The exact sticker price on hay for sale this summer is impossible to call, observers say. The majority of Oklahoma's alfalfa hay is in at least fair to good condition, though parts of the state are beginning to dry out.

Rain would likely bring in more hay, but with higher fuel prices, some producers may decide to bale what they need and let their cattle graze on the rest.

One bit of stability amid fluctuating petroleum prices is that backyard grills are sure to be fired up this summer. This traditional boost in beef consumption may help offset higher costs for producers, Dewald said.

But while the coals are warming, farmers have decisions to make.

"I would say that the bottom line

SEE HAY E-2

Kazak visitor getting lesson in real estate

By Robert Evatt
World Staff Writer

A visitor from Kazakhstan is picking up American ideas and strategies from Tulsa's real estate market.

Yelena Borisovna Galochkina, director of the Natel real estate agency in Almaty City, said she's hoping to find ways to improve the real estate market in the developing former Soviet republic.

"The market in Kazakhstan is very competitive now, and we need the knowledge," she said.

Galochkina is one of nine Almaty City business professionals in fields such as insurance, banking, technical work and event planning who are visiting Tulsa through Tulsa Global Alliance.

The organization, which works to increase global awareness and opportunities, arranged for the visits through the State Department's Community Connections program. Each of the visitors will learn about

SEE VISIT E-2

New center to house deli, others

▶ Retail development targets entrepreneurs in Bartlesville.

By Debbie Blossom
World Staff Writer

This architectural rendering shows the retail outlet proposed for Bartlesville and anchored by McAlister's Deli. Construction is expected to start by June.

SR Properties

A Dallas company that owns and operates a string of McAlister's Deli locations across Oklahoma will open a seventh deli in a 15,000-square-foot retail center it will build in Bartlesville.

"When we look for restaurant sites, we also look for opportunities to build small retail developments," said Adam Saxton, project manager and development coordinator for Saxton Pierce Restaurant Corp. and SR Properties LLC, the company's development division.

The Bartlesville project involves about two acres of vacant property in front of Washington Park Mall on U.S. 75, between the mall entrance and Barnett Street.

A 4,000-square-foot restaurant will anchor the two-story center, which will offer space for six to eight additional tenants, Saxton said. The restaurant will be owned and operated by Saxton Pierce, which is the largest franchisee of the McAlister's Deli chain.

Construction should start by June, and the project is expected to be completed late this year or in early 2006.

SR Properties is investing $1.8 million to $2.2 million in the project, much to the delight of city officials such as Evan Zorn, president of the Bartlesville Development Corp.

"We're excited about it," he said, "Any new business in such a prominent position is a plus."

The center has snagged a prime location that almost 17,000 cars pass by

SEE DELI E-2

BIZ QUICKS

Stocks push higher as inflation fears ease

Investors cheered by good news on inflation pushed stocks higher Tuesday.

The Labor Department said its Producer Price Index rose 0.7 percent in March due to higher energy and food prices, but the "core" PPI without those volatile costs grew just 0.1 percent (See page E-6).

"We're finally seeing some numbers that point to less inflation in the pipeline," said Lincoln Anderson of LPL Financial Services in Boston. "Coupled with a pretty strong earnings outlook for the quarter, this hopefully puts a floor on the market and gets things turned around again.

"The fundamentals of the economy remain good."

The Dow Jones industrial average rose 56.16, or 0.56 percent, to 10,127.41, coming off of four straight down sessions and a loss of 436 points; the Standard & Poor's 500 index was up 6.80, or 0.59 percent, at 1,152.78; and the Nasdaq composite index gained 19.44, or 1.02 percent, to 1,932.36.

Ford, Mazda, Chinese in engine plant venture

Ford Motor Co., Mazda Motor Corp. of Japan and Chinese partner Changan Automotive Group announced a joint venture Tuesday to build an engine plant in Nanjing, China.

The agreement calls for the plant to make engines for the auto companies' Chinese factories, Ford said.

Schulz

"This growing Nanjing project is key to our expansion plans in China," said Mark Schulz, executive vice president of Ford.

The venture, named Changan Ford Mazda Engine Co., is still subject to government approval.

The announcement comes just days before the automakers' are due to participate in the Shanghai Auto Show. The biennial event showcases China's aspirations to become a major auto exporter as well as one of the world's biggest vehicle markets.

The new engine plant is part of a $1 billion-plus China investment plan announced in October by Ford. The company is one of several foreign automakers pouring billions of dollars in new spending into China.

Large energy companies trim work forces

The nation's 25 largest oil and natural-gas companies cut more than 21,000 jobs last year even as energy prices soared, a survey by John S. Herold Inc. shows.

The companies surveyed had a combined work force of about 514,000 in 2004, a decline of 4.1 percent, the Norwalk, Conn.-based consulting company said.

The tally marked the 20th decline in 23 years, Herold said.

The companies have trimmed almost 120,000 jobs since 1999 and more than 1.11 million since 1981, Herold said. The decline partly reflects job cuts to reduce costs in a consolidation of the industry through mergers and acquisitions.

"Our finding suggests that unless oil and gas companies take drastic steps to reduce the brain drain of the energy industry, a severe personnel crunch is preordained," said Arthur Smith, chief executive of Herold.

Declining enrollment in petroleum-related college programs may make it more difficult for energy companies to add employees in coming years, Herold said.

The company singled out as a positive sign reports in January that Royal Dutch/Shell Group intends to hire more than 1,000 engineers for its exploration and production business.

Higher salaries may help attract people to the industry, Herold said. Entry-level geologists earn an average of $65,600 a year, one survey says.

From Bloomberg, AP, staff reports