

Business

▼ Dow	-48.23	12,738
▲ Nasdaq	+5.38	2,518
▼ S&P 500	-2.03	1,457
▲ Russell 2000	+1.22	827
▲ 10-yr. note	+0.01	4.69%

Property lines

By Tom Ramstack

Justice eyes SW site for new home

The Justice Department is considering a new home in the building now used as the Transportation Department's headquarters at Seventh and D streets Southwest, according to the building's owners.

The building will be stripped to its frame when the Transportation Department moves out in June and renovated as a blast-resistant, high-tech version of its former self.

The Transportation Department is vacating as the building's sole tenant after 37 years and relocating to the new Southeast Federal Center that is part of the Anacostia Riverfront redevelopment.

The owners, David Nassif Associates, plan to "start the day after they leave to take the building down right to the frame," said Tim Jaroch, managing partner of the company.

The \$250 million, three-year renovation is designed to meet new government standards enacted since 1970 for buildings that house government agencies.

Mr. Jaroch and his associates have met with Justice Department officials who have expressed an interest in consolidating their offices all over the Washington area into the 1.4 million-square-foot building.

The Homeland Security Department, U.S. Coast Guard, General Services Administration, Agriculture Department and Federal Emergency Management Agency also have inquired about moving into the complex, which is spread over 15 acres, Mr. Jaroch said.

"It could be that there are two or three in here because it's such a large building," he said.

Developers of the renovation project are using a blast consultant to help it meet the government's Interagency Security Committee Level IV standards. In other words, the building would have controlled access and be able to withstand most car bombs without collapsing.

The architects were forced to design around the requirement of blast-resistant glass, which is so dense it normally would rule out use of cell phones and laptops.

Instead, they plan to install a multicarrier antenna that will run up and down the interior of the building.

The antenna would allow wireless transmissions to be received, "anywhere in the building, regardless of what the source was," said David J. Varner, architect for the renovation.

The glass will be used for the entire building, replacing the narrow slits that serve as windows now.

The courtyard, which consists mostly of a concrete walkway now, is to be replaced by trees and pools of water with small fountains.

"Chilled beams" that use outdoor air and a radiator for heating or cooling would substitute for the traditional heating and cooling system. Although the new system adds \$2 million to the cost of the renovation, it operates as much as 12 percent more efficiently than conventional heating and cooling, David Nassif Associates says.

In other news . . .

• Real estate investment trust Republic Property Trust announced this week that it is paying \$61.75 million to purchase a 127,000-square-foot office building in Washington's central business district that it plans to redevelop. The company said it would add two stories to the current eight-story building at 1129 20th St. NW. Construction is set to begin next month and be completed by mid-2008.

• Mark Keller, Herndon-based Republic Property Trust's chief executive, said acquiring a central business district building in Washington for redevelopment was a "rare opportunity."

• Property Lines runs on Thursdays. Call Tom Ramstack at 202/636-3180 or e-mail tramstack@washingtontimes.com.

Insurer pushes health incentives

CareFirst wants Maryland to OK preventive care program bill

By Gregory Lopes
THE WASHINGTON TIMES

A nationwide increase in illness preventive programs shows that employers understand healthy lifestyles can reduce crippling health care costs.

But state governments aren't always as supportive. In Maryland, for instance, there is no provision for companies to offer preventive programs to quit smoking or lose weight.

So CareFirst BlueCross BlueShield, the Mid-Atlantic's top health insurer, is making a push in the state legislature to pass a bill that would allow insurers and companies to offer workers incentives, such as cash, to participate in preventive care programs.

"Without incentives there is very little participation in wellness programs," said Bill Casey, vice president of government affairs at CareFirst. "And that's expected when there isn't a carrot."

Mr. Casey said the Maryland Insurance Administration under Gov. Robert L. Ehrlich Jr. supported the bill.

Now Delegate Dan Morhaim, Baltimore Democrat, is sponsoring the legislation.

The legislation was passed by the House Health and Government Operations Committee this month, although Gov. Martin O'Malley's administration has not taken a position on the bill.

Businesses in Maryland that self-pay health insurance costs — versus firms that pay an in-

surance company to administer medical claims — cannot offer an employee incentives worth more than \$10 to join a wellness program. The current law is designed to stop employers or health insurers from enticing workers into buying bad policies.

But Mr. Casey said there is no cost to an employee to join a wellness program. The company takes on any additional costs, he said. Mr. Morhaim's bill does not place a dollar amount on incentives but would allow anything "reasonable."

Preventive care initiatives or "wellness programs" range from smoking cessation plans to prenatal care programs to annual health screenings, and are taking off across the country, a

survey found.

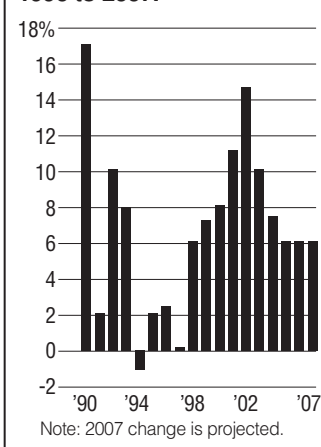
Nationally, more than three-fourths of American workers participate in health screenings, over a 10 percent increase from last year, according to the Principal Financial Group, a national health care provider in Iowa.

Jerry Ripperger, director of consumer health at Principal said large employers — 500 or more employees — still offer wellness programs more often than smaller companies but the gap is closing.

"This used to be something that large employers were only able to do but more and more companies that pay for their own insurance recognize the cost savings that can be achieved," he said.

PAINFUL GAIN

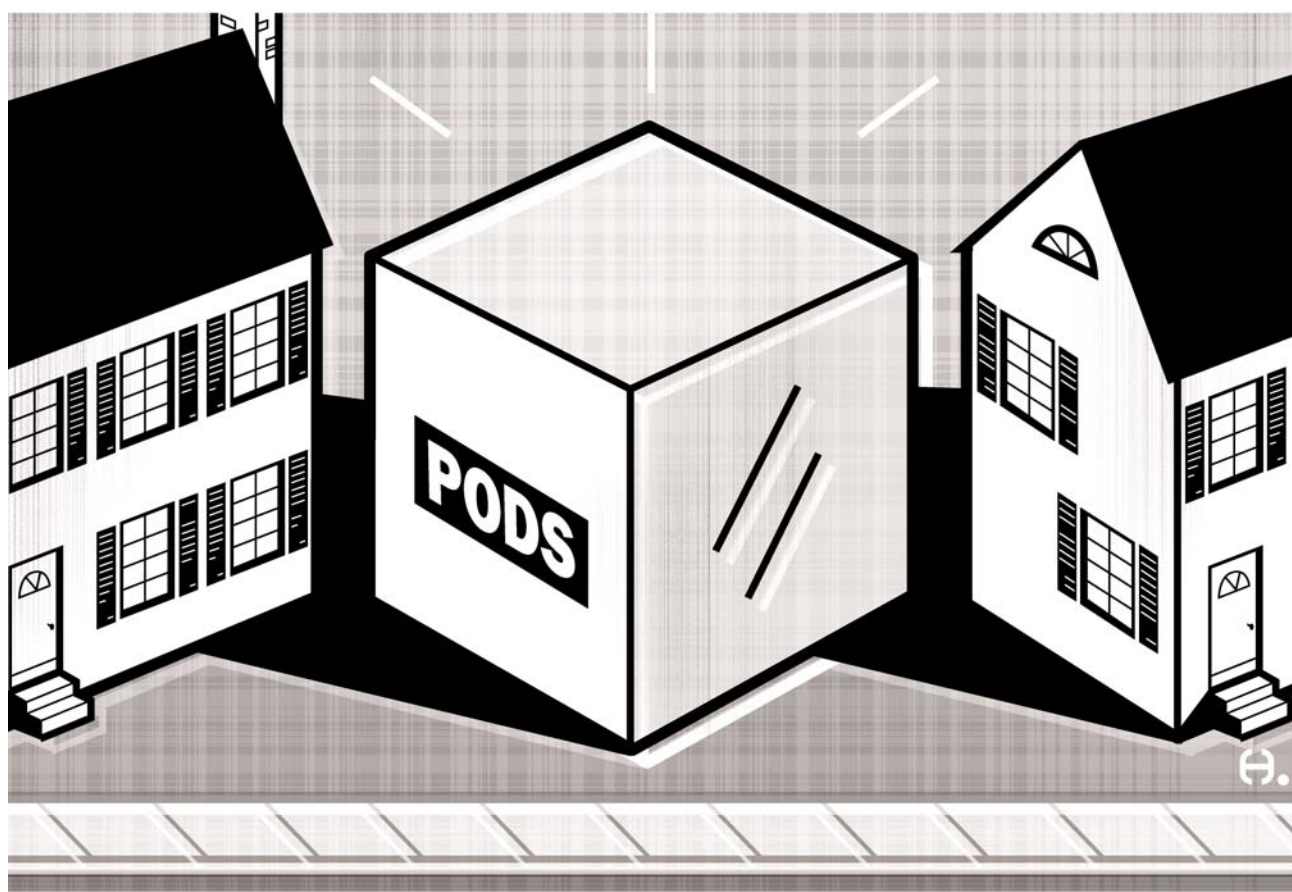
Percentage changes in employer health care costs, 1990 to 2007.



The Washington Times

"The more employers that offer wellness programs, the more employees will participate. We've already begun to see the financial impact."

see HEALTH, page C11



Jack Hornady / The Washington Times

Invasion of the POD people

By Bryce Baschuk
THE WASHINGTON TIMES

Fairfax County is considering curbing the use of portable storage containers as residents complain that many of them are overstaying their welcome.

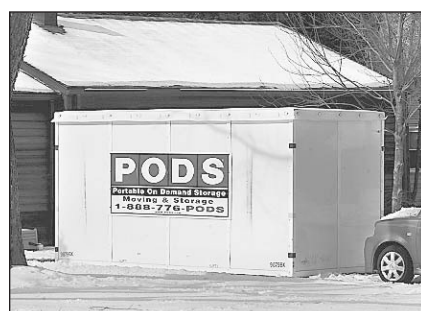
Companies such as PODS Enterprises Inc. of Clearwater, Fla., deliver 8-by-12-foot storage containers to customers' homes for a monthly fee. Other storage container companies have joined the fray, including Pack Rat, Door to Door Storage and Moving, Box Cart and Mobile Mini Inc.

County residents have protested the spread of these temporary containers in their neighborhoods, saying they are unsightly and can make parking difficult.

"It brings down homeowner value," said Patrick Gloyd, executive director of the Burke Centre Conservancy, a homeowners association in Fairfax County. "When these things are parked in driveways, they detract from the overall curb appeal."

"It really is a parking issue," said Ronda Desplinter, executive director of Kingstowne Residential Owners Corp., a homeowners association in nearby Alexandria.

Fairfax firms, homeowners try to contain storage trend



Bert V. Goulait/The Washington Times
Fairfax County residents have complained that PODS are unsightly.

"We are a town house neighborhood with limited parking, so problems are created when PODS are placed in parking areas," Mrs. Desplinter said. Moving and storage companies are

also complaining about PODS, which stands for Portable On Demand Storage, claiming that temporary container companies have an unfair advantage because Fairfax County has few rules to regulate them.

That is not fair to local businesses that pay taxes and conform to county ordinances, said Bruce Jennings, owner of Fairfax City Self Storage and president of the Virginia Self Storage Association.

"They are eyesores and billboards right there in your neighborhood," Mr. Jennings said. "It's getting to be a huge problem."

In a Fairfax County Planning Commission hearing held earlier this month, Mr. Jennings proposed a 72-hour limit on the storage of temporary containers and a requirement that container users obtain permits from the county.

"It isn't a big problem today, but it might become one as more and more people start using PODS," said Richard Sellers, president of U-Store, a self-storage company in Alexandria.

"They aren't paying taxes [to the county] and we are, plus they've got those big signs on the side of their boxes," he said. "There should be more control."

Other competitors in the area said they don't see PODS as a threat.

see PODS, page C11

Airline changes logo over triskaidekaphobia

By Raf Casert
ASSOCIATED PRESS

ZAVENTEM, Belgium — Thirteen dots looked just right to designer Ronane Hoet.

Together they had the perfect balance to form a stylized "b" for the new Belgian carrier Brussels Airlines, and the number matched the airline's destinations in Africa, a key market.

"It was harmony," she said, wistfully.

This week, however, Brussels Airlines was busy changing the 13-ball logo on the tail and sides of one of its Airbus jets and adding a 14th one in response to a flood of complaints from superstitious customers in the United States and Italy.

"They said they were not pleased with an aircraft with a logo with 13 balls because they think it brings them bad luck," said Brussels Airlines spokesman Geert Scot.

The airline, the successor to the merged SN Brussels and Virgin Express, won't start flying until March 25 and the company had only painted one of its planes with the new logo.

But Ms. Hoet was baffled.

"We are never surprised by reactions — but that it was that bad? It really took us aback," she said.

But superstition remains firmly ensconced in modern society and affects behavior in all walks of life.

see 13, page C11



Workers changed the 13-ball logo on the tail of an Airbus 319 by adding a 14th one in Brussels Tuesday. Brussels Airlines decided to change its logo, a stylized "b" shaped by thirteen dots, because of superstitions about the number 13.

Associated Press

ASSOCIATED PRESS

The music industry is sending thousands more complaints to top universities this school year than it did last year as it targets music illegally downloaded over campus computer networks.

A few schools, including Ohio and Purdue universities, have received more than 1,000 complaints accusing students since the fall — significant increases from the past school year. For students who are caught, punishments vary from e-mail warnings to semester-long suspensions from classes.

The trade group for the largest music labels, the Recording Industry Association of America, identified at the request of the Associated Press the 25 universities that have received the most copyright complaints this school year. The group long has pressured schools to act more aggressively against online pirates on campus.

"It's something we feel we have to do," RIAA President Cary Sherman said.

see MUSIC, page C11

CHECKLIST

A roundup of top business news today

Regional

➤ **Radio One Inc.**, a Lanham broadcaster focused on urban audiences, delayed its annual report and said it might restate earnings going back to 1999 to account for misdated stock-option grants.

➤ The House Judiciary Committee, under John Conyers, Michigan Democrat, scheduled a Wednesday hearing to examine whether the proposed \$4.84 billion merger of **Sirius Satellite Radio** and D.C. rival **XM Satellite Radio** would hurt consumers. Mel Karmazin, chief executive officer of Sirius, will testify, the panel said.

➤ Short text advertisements touting AOL products and services are being tacked on to certain e-mail messages sent from AOL accounts. The change, which began Tuesday, affects e-mail sent from AOL accounts using the Sterling, Va., Internet provider's AOL 9.0 software.

➤ **Smithfield Foods Inc.** Chief Executive Larry Pope said he will raise prices this year as the Smithfield, Va., hog and turkey producer tries to offset the soaring cost of corn. The price of corn surged 81 percent in 2006 on demand for ethanol and is expected to add \$300 million in feed expenses this year, Mr. Pope said.

➤ The **United Steelworkers** threatened to try to block a sale of the **Sparrows Point** steel mill near Baltimore unless the union is satisfied that the federally ordered divestment of Arcelor Mittal SA's plant is in its workers' best interest. Separately, German steel maker ThyssenKrupp AG said it has no interest in acquiring the Sparrows Point mill.

➤ **VSE Corp.**, an engineering contractor in Alexandria, said net income for its fourth quarter ended Dec. 31 jumped 60 percent to \$2.4 million (99 cents per diluted share) from \$1.5 million (63 cents) a year ago. Net income for 2006 rose 26 percent to \$7.8 million (\$3.21) from \$6.2 million (\$2.58) the previous year.

➤ **Orbital Sciences**, a rocket manufacturer in Sterling, Va., said net income for its fourth quarter ended Dec. 31 rose 4 percent to \$7.8 million (12 cents) from \$7.5 million (12 cents) a year ago. Net income for 2006 rose 26 percent to \$34.9 million (56 cents) from \$27.8 million (45 cents) the previous year.

➤ **NCI Information Systems Inc.**, a federal technology contractor in Reston, said net income for its fourth quarter ended Dec. 31 fell 37 percent to \$3.1 million (23 cents) from \$4.9 million (41 cents) a year ago. Net income for 2006 fell 24 percent to \$9.3 million (69 cents) versus \$12.3 million (\$1.41) the previous year.

➤ **Hilb Rogal & Hobbs**, an insurance broker in Glen Allen, Va., said net income for its fourth quarter ended Dec. 31 rose 10 percent to \$21.4 million (59 cents) from \$19.5 million (54 cents) a year ago. Net income for 2006 rose 55 percent to \$87 million (\$2.39) from \$56.2 million (\$1.55) the previous year.

➤ **Washington Savings Bank FSB** said net income for its second quarter ended Jan. 31 fell 68 percent to \$442,000 (5 cents) from \$1.4 million (17 cents) a year ago.

National

➤ **Cisco Systems** and **Apple** agreed to share the iPhone brand, dismissing Cisco's lawsuit for trademark infringement. The agreement allows both companies to use the iPhone name and calls for their products to work together in the future, the companies said.

➤ **Whole Foods Market** said it will pay \$565 million to buy its largest rival, **Wild Oats Markets**, a chain of natural and organic food markets in the United States and Canada. Whole Foods said it would pay \$18.50 per share for Wild Oats and assume the rival's debt, reported to be \$106 million as of Sept. 30.

➤ **BJ's Wholesale Club** announced a voluntary recall of its prepackaged, private-label brand mushrooms after testing turned up possible trace amounts of E. coli bacteria. BJ's, based in Natick, Mass., recalled all its "Wellsley Farms" mushrooms purchased between Feb. 11 and Feb. 19. The mushrooms were supplied by Kaolin Mushroom Farms in Kennett Square, Pa.

➤ Federal regulators rejected a valuable **Genentech** Inc. patent that protects how it

makes some biotechnology drugs, the company said. While the U.S. Patent and Trademark Office ruling could cost the company millions of dollars in royalty payments, Genentech said the patent would remain valid while it pursues appeals, which could take more than two years.

➤ **Coca-Cola Co.** said it will put caffeine content information on the labels of all of its drinks distributed in the U.S. that include the ingredient. Coca-Cola said it already has included caffeine labeling on its Full Throttle and Enviga products. It said it will roll out the new labels on its other brands, starting with cans of Coca-Cola Classic in May.

➤ A **Verizon Communications Inc.** lawyer told a federal jury in Virginia that **Vonage Holdings Corp.** infringed on five patents covering Internet telephone services and owes at least \$197 million in damages. Reston's **Sprint Nextel Corp.** is also suing, seeking cash compensation and orders to stop Vonage from using the technology.

➤ **Google Inc.** fixed a program glitch that might have allowed hackers access to the personal files of people who used the company's desktop-search software. There is no evidence that hackers exploited the problem, Google spokesman Barry Schnitt said. Users are automatically receiving an update to fix the product, he said.

➤ **Kohlberg & Co.** agreed to acquire **Central Parking Corp.**, the world's largest parking-lot owner, for \$22.53 a share in cash, or about \$726 million. Lubert-Adler LP and Chrysalis Capital Partners LP will participate in the acquisition, Nashville, Tenn.-based Central Parking said.

➤ **US Airways Group Inc.** will consolidate 600 flight operations jobs in Pittsburgh as it works to finish integrating **America West Holdings Corp.** after a 2005 merger. The new operations center will retain jobs in Pittsburgh, where US Airways had a facility before the merger, and shift others from Phoenix.

➤ The **National Aeronautics and Space Administration** and **Virgin Group Ltd.** agreed to explore possible collaboration on spacesuits, heat shields for spaceships and rocket motors, the U.S. space agency said. Closely held Virgin, based in London, is building a spaceship that it says will carry tourists on suborbital flights by 2009 for an estimated \$200,000 a ticket.

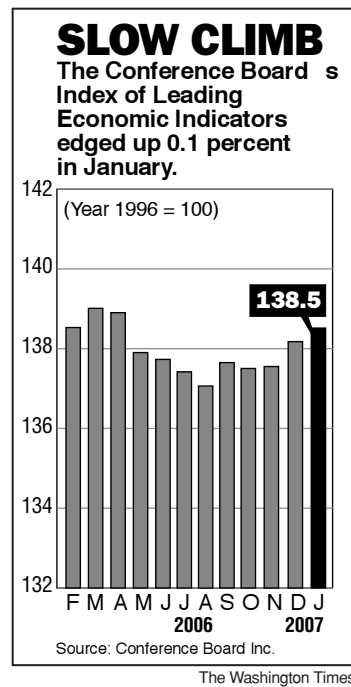
International

➤ The chairman of **EADS NV**, parent of Airbus, said that any restructuring of the German-French company would be based on financial interests, not nationalism. Manfred Bischoff, chairman of EADS, said the decision to call off restructuring talks was based on business reasons and did not represent an attempt to protect jobs in either nation.

➤ **British Airways** said it ordered four **Boeing Co.** 777-200 extended-range aircraft to bolster its fleet. The aircraft will be delivered in 2009, the airline said. "It was a close decision between the Boeing 777s and Airbus A330s," said Robert Boyle, British Airways' commercial director.

➤ U.S. record company **Warner Music Group** said that any offer for Britain's **EMI Group PLC** is likely to be all cash. Warner said its shareholders would not be required to notify their interests in its securities under British takeover regulations if it does bid for EMI.

From wire dispatches and staff reports



Payday lenders on defensive

ASSOCIATED PRESS

The payday-lending industry — under pressure from lawmakers and consumer groups — yesterday announced changes to educate borrowers and help customers who have trouble making payments on short-term loans.

Consumer advocates called the move a public-relations gimmick aimed at discouraging state legislatures and Congress from limiting the annual interest rates on payday loans, which can exceed 400 percent.

Payday lenders offer quick cash advances — for a fee — that customers must repay once they receive their next paycheck. Borrowers who cannot repay the loan by the next payday often "roll over" the loan repeatedly, leading to more charges that can quickly add up and lead to a cycle of debt.

"We've heard the concerns raised about our industry by policy-makers and customers and by responsible consumer groups," said Darrin Andersen, president of the Community Financial Services Association of America, a trade association that represents about half the payday-lending stores.

The biggest change would give customers more time to pay back a loan with no financial penalty. This "extended-payment plan" would be available at least once a year and provide borrowers between two and four extra months to pay off loans.

Other changes include a \$10 million national ad campaign warning that payday loans are not a long-term financial solution and a ban on ads that promote payday advances for "frivolous purposes" like vacations.

Consumer watchdogs remain skeptical.

"This does not solve the problem of triple-digit interest-rate payday lending that traps borrowers and leads to repeat borrowing," said Jean Ann Fox, consumer-protection director for the Consumer Federation of America.

Miss Fox said the extended-payment plan does not lower the cost of loans or make loan repayment any more affordable. She accused the industry of trying to shift attention away from the high loan rates to distract lawmakers from enacting meaningful reform.

The industry is trying to stay one step ahead of those who want to restrict payday-lending practices. At least 12 states prohibit triple-digit rates on payday loans, a cap that effectively bans payday lending, according to the Consumer Federation of Amer-

ica. Dozens of other states are also considering legislation to crack down on payday lenders.

Last year, Congress imposed a 36 percent annual percentage rate cap on payday loans to military service members after reports showed thousands of troops in debt to payday lenders, many of which are clustered outside bases.

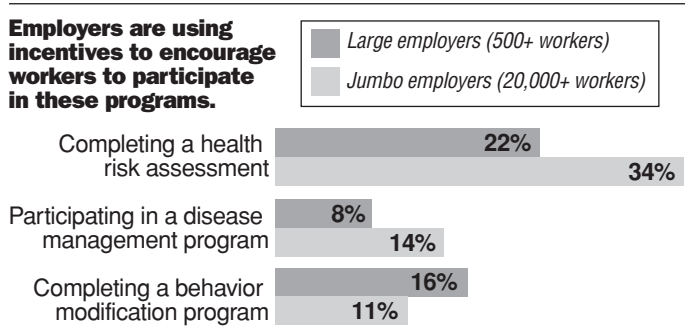
Mr. Anderson, who is president of QC Holdings Inc., an Overland Park, Kan., payday lender, said only a small percentage of customers have trouble repaying loans.

The nonprofit Center for Responsible Lending estimates more than 90 percent of payday loans go to repeat borrowers. Customers are drawn to the lenders because, unlike banks and credit unions, they don't run credit checks.

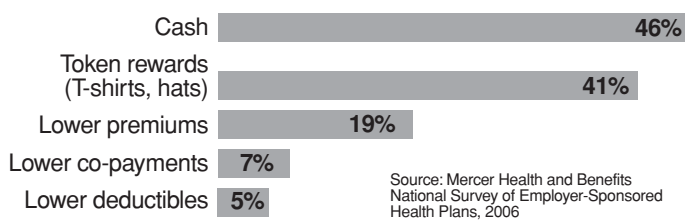
GET WELL SOON

More large employers are offering wellness programs to workers.

	2004	2006
Health risk assessment	35%	53%
Disease management	58	65
Nurse advice phone lines	59	67
Catastrophic case management	59	63



Types of incentives used by large employers



The Washington Times

MUSIC

From page C9

"We have to let people know that if they engage in this activity, they are not anonymous."

The top five schools are Ohio, Purdue, the University of Nebraska at Lincoln, University of Tennessee and the University of South Carolina. The RIAA complained about almost 15,000 students at 25 universities, nearly triple the number from the previous school year.

"They're trying to make a statement," said Randall Hall, who polices computers at Michigan State University, seventh on the list with 753 complaints. Michigan State received 432 such complaints in December alone, when students only attended classes for half the month.

Mr. Hall meets with students caught twice and forces them to watch an eight-minute anti-piracy DVD produced by the RIAA. A third-time offender can be suspended for a semester.

"I get the whole spectrum of excuses," Mr. Hall said. "The most common answer I get is, 'All my friends are doing this. Why did I get caught?'"

At the University of Massachusetts at Amherst — which received 897 complaints — first- and second-time offenders receive escalating warnings about piracy. After a third complaint, the school unplugs a student's Internet connection and sends the case to a dean for additional punishment.

Each complaint represents an accusation that a student was identified sharing at least one song over the campus network. These complaints are typically sent to colleges every day by e-mail. Egregious offenders, who make available hundreds or thousands of songs to other students online, are targeted by the RIAA in expensive civil lawsuits.

The music group said each university should set its own penalties for stealing songs and said campuses are rife with such thefts.

HEALTH

From page C9

The most common type of inducement into a wellness program is cash, according to a February 2007 report by Mercer Health and Benefits, a global human resources consulting company in New York. Other incentives are more specific. For instance, CareFirst offers pregnant women gift baskets with diapers and infant care seats, which normally don't exceed \$100 in total value.

"The unhealthy behavior we engage in is expensive and places a burden on the individual, employers and our state," said Richard Safer, medical director at CareFirst. "Those with good exercise habits have medical costs \$400 to \$500 less than those with poor exercise habits."

Smokers incur an additional \$1,600 in medical costs per year when compared to nonsmokers.

The Black & Decker Corp. in Towson is a self-insured company, meaning it pays its own health care costs and is not restrained by state law from offering incentives to its workers. Six years ago the company decided to use preventive care programs to lower health care costs. The result is a zero increase in health care costs, said Raymond Brusca, vice president of benefits.

"We cannot be there when an employee decides to buy a Double Quarter Pounder from McDonald's," he said. "But we can educate our employees to the effect of poor health decisions and offer ways to get healthy. We've seen our health care costs level off since taking this approach."

CUBA

From page C9

Mr. Gutierrez also rejected comparing Cuba to China, another communist country but one with which the U.S. maintains trade relations.

China, has pursued economic liberalization, and although that country has not made all the changes the U.S. would like to see, it would be more appropriate to compare Cuba to North Korea, Mr. Gutierrez said.

Legislation has been introduced in Congress to weaken the Cuba embargo, and two

House members who are part of that effort criticized the administration's stance after Mr. Gutierrez's speech yesterday.

"What the administration fails to understand is that these policies only inhibit trade that is beneficial to American producers, depriving them of what was once among their 25 largest export markets for agricultural goods," said Rep. Jo Ann Emerson, Missouri Republican.

Mrs. Emerson, who is co-sponsoring legislation to ease payment requirements on farm exports to Cuba, said the U.S. traded with the Soviet Union during the Cold War and has given most-favored-nation

trade status to China, which she described as "the single largest owner of the U.S. trade deficit."

"After 48 years, sanctions have yet to effect political change in Cuba. It is time to try something new," she said.

Rep. Jeff Flake, Arizona Republican, who introduced a bill last month to lift the ban on American travel to Cuba, said Cuba is experiencing an "all-too-smooth transition," adding that for all intents and purposes, that transition has been made, but the United States is "on the sidelines watching and having no influence, and that's a shame."

13

From page C9

Try looking for a 13th floor in some buildings, or a 13th row on some planes. On the stock exchange, some amateur traders

pick shares based on lucky-number combinations.

"There are many examples in business where people make decisions based on intuitive reasoning which are in fact woefully incorrect, in fact very irrational," said psychology professor Bruce Hood of Bristol

University.

Tammy Karplus of Portland, Ore., said she understood Brussels Airlines' decision as she prepared to board a Geneva-bound Lufthansa flight at Germany's Frankfurt-Main airport.

"That is just a business decision," she said.

PODS

From page C9

"Typically a lot of POD users are younger, don't have children and have time on their hands," said Bud Morrisette, vice president of Interstate Van Lines, a traditional moving and storage company in Fairfax. "We cater to a market of larger households and families."

Mr. Morrisette said large families prefer professional moving companies because they ensure the safety of their customers' goods, and most POD-style companies don't.

Montgomery County and the District already require per-

mits for storage containers, and officials in Prince George's and Prince William counties said they are considering regulating them.

Sharon Bulova, vice chairman of the Fairfax County Board of Supervisors, said there are several reasons why the county should take steps to control storage containers.

"Permits would allow for the county to have a say in where a POD can be located, whether it should be moved to prevent traffic problems and how long a POD can stay on a property," Mrs. Bulova said.

"We are happy to abide by and enforce any local rules in place," said John Tompkins, a spokesman for PODS Enter-

prises Inc. "The issue has been raised because of people who have kept PODS on site for extensive periods of time."

PODS Enterprises Inc. gives customers the option to store their containers on their property or at a storage facility. Many customers prefer to keep their PODS on site because the monthly fee is \$20 less.

"We agree that it is reasonable to place limits on PODS so that there is not permanent storage use," Mr. Tompkins said, "and we are happy to intercede and tell customers."

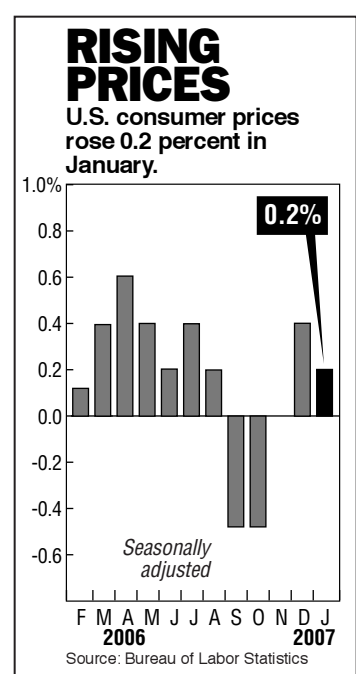
The company hopes that the county will allow customers to rent PODS for longer than 30 days. "It seems reasonable," Mr. Tompkins said. "Complaints

have been almost non-existent."

Mr. Tompkins said that when his company receives a complaint, PODS sometimes acts as a mediator to resolve differences between the customer and the homeowners association.

The planning commission deferred a decision at the Feb. 8 hearing and scheduled another meeting for Wednesday, when it will make a formal recommendation to the Board of Supervisors. The board will then consider whether regulations are necessary.

Mr. Jennings said he hopes the board will limit PODS businesses in the county, but admits that if regulations aren't approved soon, "I might get into that business, too."



The Washington Times

Prices going up quickly Index raises inflation fears

ASSOCIATED PRESS

Consumer prices increased at a faster pace than expected in January while a gauge of future economic activity posted a tiny increase, raising concerns about inflation and future growth.

The U.S. Consumer Price Index was up 0.2 percent in January as a big drop in energy prices only partially offset sizable increases in the cost of medical care, food, airline tickets and tobacco, the Labor Department reported yesterday.

Core inflation, which excludes the volatile energy and food components, rose 0.3 percent, the biggest one-month gain in seven months. Both figures were higher than economists had been expecting.

In other economic news, the Conference Board's index of leading economic indicators edged up a tiny 0.1 percent in January, far below the 0.6 percent December increase.

The January performance was held back by further weakness in the ailing housing and auto industries.

Economists said the worse-than-expected news on inflation and future growth prospects was certain to get the attention of Federal Reserve Chairman Ben S. Bernanke and his colleagues.

The Fed yesterday released minutes of its meeting three weeks ago in which Fed officials said inflation represented the biggest threat to the economy.

"All members agreed that the predominant concern remained the risk that inflation would fail to moderate as desired," the minutes stated.

The Fed left a key interest rate unchanged at 5.25 percent at the Jan. 30-31 meeting but continued to signal that future rate increases are possible if inflation does not fall further.