

IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review



Week of 23 February - 1 March 2003

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Equity Market Indicators					
Index	Closing Level (2/28/2003)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/2003	% Change 2002 Low
S&P 500	841.15	-0.8%	-27.2%	-4.4%	7.8%
Dow Jones Industrial Avg.	7,891.08	-1.6%	-21.7%	-5.4%	8.2%
Dow Jones Tech. Index	228.55	-2.3%	-32.2%	-0.5%	26.0%
Dow Jones Telecom. Index	137.13	-2.0%	-34.2%	-7.3%	17.5%
NASDAQ Composite	1,337.52	-0.9%	-32.4%	0.2%	18.8%
The Street.com Net	88.01	-1.0%	-55.0%	2.7%	40.6%
Japan Nikkei 225	8,363.04	-1.8%	-23.1%	-2.5%	0.7%
Japan TOPIX	818.73	-2.5%	-22.3%	-2.9%	0.4%
Korea KOSPI Composite	575.43	-4.7%	-20.6%	-8.3%	-0.3%
Korea Kosdaq	41.78	-4.0%	-43.9%	-5.8%	-1.9%
Taiwan Stock Exchange	4,432.46	-2.6%	-20.8%	-0.4%	15.8%
Singapore Straits Times	1,273.85	-3.1%	-21.6%	-5.0%	-4.5%
Hong Kong Hang Seng	9,122.66	-1.4%	-19.6%	-2.1%	3.1%
Hong Kong GEM	114.28	-1.3%	-45.1%	3.5%	8.0%
China Shanghai (A-Share)	1,580.53	2.3%	-5.7%	11.4%	14.7%
China Shenzhen (A-Share)	454.85	2.0%	-7.2%	11.0%	16.4%
China Shanghai (B-Share)	125.69	1.4%	-25.6%	10.7%	12.3%
China Shenzhen (B-Share)	206.73	1.2%	-21.0%	10.6%	12.0%

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Technology, Media, Telecommunications and Life Sciences Market Activity

NASDAQ/NYSE TMT and Life Sciences IPO Filings

File Date	Issuer	Industry Sector	Size (\$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/28/03	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/28/03	% Change From Offer
2/26/03	Topvision Display Technology [6219.tt] (Gretai)	Manufactures and markets different sizes of LCD monitors	\$2.2	NT\$14	NT\$12.15	-13.2%
2/25/03	C4 Technology [2355.jp] (Tokyo SE)	Develops Internet security coding technology and provides related products and solutions	\$2.8	¥55,000	¥211,000	283.6%
2/25/03	KanHan Technologies Group [8175.hk] (HKSE)	Develops and markets a patented server based font technology for its real-time on-line communications software	\$5.1	HK\$0.33	HK\$0.25	-24.2%

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Weekly Highlights

International

Life Sciences

- **World-wide pharmaceutical sales grew 8% last year to \$430.3 billion**, according to IMS Health, a health information and consulting company. Europe's share of the market was 25%, compared with 51% for the U.S. The hardest-hit region was Latin America, where drug sales dropped 10% to \$16.5 billion. In Japan, sales rose just 1% after the government forced prices down.

Telecommunications

- **Committee on Foreign Investment rejects STT and Hutchison plan for Global Crossing**, citing national security concerns over one of the company's links to China. The companies withdrew a regulatory application earlier this week following a contentious meeting with officials from a secretive multiagency task force called the Committee on Foreign Investment in the United States.

Mobile / Wireless

- **Sony Ericsson unveils its first 3G phone**, the Z1010 dual-mode UMTS/GSM-GPRS, which it plans to launch later this year in a move that could help make or break the joint venture. The phone features a pair of built-in video cameras so that users can transmit live video while calling someone with another 3G phone.

Internet

- **Overture Services acquires another search engine**, the Web-search unit of Norway's Fast Search & Transfer ASA, a developer of search and filtering technologies, for as much as \$100 million. With its acquisition of two algorithmic-search technology companies, its mission has now broadened. Overture now aims to provide myriad ways for businesses to connect with customers on the Internet.
- **Sony Music provides funding to service MusicNet**, in the second such financial deal linking digital music competitors to emerge in recent days. Sony recently took a 4 percent stake in the service in the form of a convertible note. Earlier, digital media company **RealNetworks said it had taken a minority stake in online music firm Listen.com**, a one-time competitor.

Semiconductors

- **Growth in the global semiconductor market will likely total 8.9% in 2003**, resulting in revenue of \$167 billion, according to Gartner Dataquest. Noting that a slowdown at the end of 2002 continued into the first quarter, Dataquest expects businesses to resume spending on IT products in the second half. IT spending has been bolstered by the cellphone market, but won't rebound without a healthier PC market.
- **Infineon to sell its stake in ProMOS if dispute not settled** by the end of March. Infineon holds a 30 percent stake in ProMOS. The German firm cancelled a shareholding agreement in the joint venture with Taiwan partner Mosel Vitelic in October last year, saying Mosel had repeatedly violated contractual limitations on using ProMOS shares as collateral for debt.

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Media, Entertainment and Gaming

- **Microsoft and Electronic Arts consider bids for Sega.** Grappling with an unexpected plan to be merged with a pinball-machine maker, Sega has two major potential suitors considering bids for it. Microsoft has asked at least one U.S. investment bank to investigate ways it potentially could buy all or part of Sega, and Electronic Arts has approached Japanese game makers about launching a joint bid.
- **AOL Time Warner in talks with EMI Group about sale of stake in Warner Music** unit in a deal that likely would be valued at \$3 billion to \$4 billion. Combining Warner and EMI would create a company with roughly 22% of the U.S. market for recent releases, well below Vivendi Universal SA's Universal Music unit, the market leader with almost one-third of the market so far this year.

Japan

Life Sciences

- **Merck's \$1.5 billion takeover of Banyu Pharmaceutical takes another turn**, eight days before the U.S. drug giant's offer expires. A Banyu shareholder who contends that he has acquired enough support from other shareholders to block the deal says he sent a letter to the Japanese firm, urging it to oppose Merck's offer. It also requests that Banyu immediately hire an independent financial adviser.
- **Oji Paper first in the world to complete genome sequencing of the eucalyptus tree**, and it has created its own database of eucalyptus genome information and plans to file for a patent on the database. Analysis of the genome data is expected to accelerate the development of genetic-engineering-based culturing techniques and help ensure a stable supply of eucalyptus for paper production.

Telecommunications

- **Sumitomo to sell part of its equity stake in Jupiter Telecommunications** to its equal partner in the venture, Liberty Media for some 17 billion yen. Sumitomo will use the proceeds to buy shares in other cable TV companies, in a bid to expand its broadcasting network in cooperation with Jupiter Telecommunications, which serves a wide area across the nation.
- **Kansai Electric Power launches takeover bid for Osaka Media Port**, or OMP, a vendor of corporate communications services, aiming to make a full subsidiary of a company in which it is already the leading shareholder. Kansai Electric may be considering merging OMP with another subsidiary, K-OPTI.com Corp., which offers personal communications services.
- **Japan Telecom to accelerate the reorganization of its affiliated group firms.** Japan Telecom will merge two subsidiaries that sell fixed-line communications services, and it will sell a company that handles installation. The moves are seen as preparation for the sale of fixed-line communications subsidiary Japan Telecom, so the group can refocus its resources on mobile phone unit J-Phone.
- **NTT regional companies to lower fiber-optic usage fees** for the home. NTT West announced that it will offer to customers who sign up in the March-April period a limited period discount of 3,000 yen on basic monthly fees that now range from 3,000 to 9,000 yen. NTT East Corp. is considering a standing reduction of roughly 1,000 yen on its basic monthly fee of 5,800 yen.

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Internet

- **NTT DoCoMo to launch an always-on Internet service** for users of PDAs and notebook computers that access the Net through PHS (personal handyphone system) telecommunications. The move reflects efforts to catch up with DDI Pocket, the largest provider of this kind of service, which unveiled a device that allows both data and voice communications.
- **Japan's ISP's had a combined 8.34 million broadband contracts as of the end of January**, up about 540,000 from the end of December. Most of the high-speed access contracts were for the asymmetric digital subscriber line (ADSL) service, which came to 6.12 million, up from 5.65 million a month before.

Hardware

- **Toshiba aiming to become the first company to market Internet domestic appliances** that can be linked to the Internet using network technology adopted by a Japanese consortium. Toshiba is currently seeking certification by the consortium, Echonet, for its first network appliances including a refrigerator, a microwave oven and a washing machine.
- **Domestic shipments of PCs fall 11.1% to just above 12.45 million units in 2002**, according to IDC Japan. This decline marked the first time that PC shipments have slipped two years in a row, and the 11.1% drop is the largest decline on record. The downturn was led by a 12.9% plunge in PC purchases by individual users to 5.78 million units as price hikes depressed demand.
- **Retail prices of camera-equipped cellular phones declining rapidly**, since phone makers have scrambled to release new models, resulting in excessive inventories. Some older models, which were released last summer, are being sold to new subscribers for only 1 yen each, far below their production costs.

Media, Entertainment and Gaming

- **Sony signs deal with Butterfly.net to use a videogame grid** operated inside IBM data centers. Grids are collections of computers that work together as a single system, providing supercomputer power much more cheaply than traditional supercomputers. Butterfly has created a grid that could let as many as a million players commit mayhem in imaginary worlds or explore the universe together.

Venture Capital / Investments

- **Internet Initiative Japan to increase its capital by about 5 billion yen** via a third-party share allocation mainly to existing stockholders. The firm plans to use some of the added capital to expand communications facilities and develop new services. Internet Initiative, which debuted on the U.S. Nasdaq market in August 1999, is seeking to debut on a domestic stock exchange possibly by summer.

Korea

Telecommunications

- **KT opposes integrated telecom billing system**, signaling that it would take issue with the government's plan to exclude other telecom carriers from the industry. KT officials said that fixed-line telecom carriers in other countries do not collect and handle billing for their competitors, arguing that the integrated billing system is unacceptable.

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- **KT faces internal conflict over the 2.3GHz spectrum** for which a license is to be granted by the Korean government later this year. The showdown will be staged between KT and its mobile unit KTF, with an internal clash between the subsidiaries inevitable for the much-coveted spectrum reserved for 2.3GHz mobile Internet services.

Semiconductors

- **Shareholders of Hynix Semiconductor approve 21-for-1 share-writedown plan.** The company had held a shareholders' meeting to discuss various issues. Hynix's board approved the capital-writedown plan in January, after receiving the green light from creditor banks in late December. After the capital writedown, Hynix's capital will be reduced from 26.2 trillion won to 1.27 trillion won.
- **Samsung Electronics to upgrade and expand its two chip facilities in South Korea** by investing 305.1 billion won in the first half of this year. The company will use its cash reserves for the spending, which is part of its planned KRW6 trillion capital investment for this year. The world's largest memory chipmaker said it will upgrade and expand its fifth production line in its plant in Giheung city.
- **Hynix Semiconductor executives offer to resign to pave the way for further restructuring** at the troubled computer memory chipmaker. This came a day after Hynix said one of its two presidents, Park Sang-ho, tendered his resignation as shareholders approved a fresh bail-out plan for the indebted chipmaker amid the worst global downturn in the semiconductor industry.

Hardware

- **Samsung Electronics targets net profit of over 7 trillion won this year.** Last year, the company, which is the world's largest memory chip maker, posted a record KRW7.05 trillion in net profit. Earlier this year, Samsung Electronics said it is targeting a slight rise in sales for 2003. It is aiming for sales of KRW41.1 trillion, as against the KRW40.5 trillion it posted last year.

Information Technology

- **Korean businesses forecast to raise their investment in their IT capabilities by 2-5 percent** this year compared with 2002, according to market researcher KRG. The average IT budget for this year will stand at 7.2 billion won, according to the report that surveyed 160 companies in six industrial sectors.

China

Telecommunications

- **Qualcomm establishes close ties with China's leading fixed-line and mobile operators**, hoping the world's largest country will adopt its CDMA technology. Chairman and chief executive Irwin Jacobs said he was in talks with China Telecom and China Netcom about adopting its 3G standard in next-generation mobile services.
- **Microsoft forges strategic partnership with China Unicom** for co-operation in CDMA wireless data services. An MOU of strategic partnership was signed in Beijing by Microsoft chairman Bill Gates and China Unicom president Wang Jianzhou. Under the agreement, the firms will develop value-added services for the advanced CDMA 1X platform of China's No 2 mobile carrier.

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Mobile / Wireless

- **Toshiba to market in China cellular phones capable of sending and receiving moving images.** The device will sell for about 6,000 yuan, or about 90,000 yen. Toshiba has set the initial sales target at 500,000 units. The handsets will be produced at Toshiba's Chinese JV, Nanjing Postel Wong Zhi Telecommunications.

Software

- **webMethods steps up expansion in Greater China** with a plan to open a software development center in the mainland. The facility is part of a strategy to raise investment in Asia following sales growth in the region of 47 percent last year. The center will be webMethods' second in Asia. It opened its first in Japan in 2000.
- **Microsoft to allow Chinese government limited access to Windows OS** proprietary source code, a move that could go a long way toward dispelling lingering distrust of the company in China. China has agreed to participate in the company's Government Security Program, a new system under which Microsoft grants participating governments controlled access to Windows source code.

Internet

- **Netease.com reports record revenue and net profit for the fourth quarter of 2002** and said it expects continued strong growth through 2003, as the Chinese online company reduced its focus on online advertising and developed new fee-based products, primarily online games and wireless short-messaging service. Revenue surged 29% to \$11.6 million from the third quarter.
- **Tom.com may exchange content with NTT DoCoMo** in order to boost the use of its wireless data services. Separately, **Tom.com is holding talks with China Electronic** to have its MMS embedded in the mainland handset maker's phones. Tom.com will start charging for its MMS in April after the end of a six-month free introductory period. It targets monthly MMS revenue of 1 million yuan by June.

Semiconductors

- **Taiwan government approves part of TSMC's \$898 million investment in China** but stopped short of granting a full go-ahead for the project. The move is slated to be the first officially sanctioned investment by the island's chip companies in China. The Investment Commission approved an initial investment of 6% to 7% of the \$898 total.

Hardware

- **Maxtor to spend up to \$200 million to build a new plant in mainland China** over the next five years. The world's second-largest hard-disk-drive maker after Seagate Technology said the plant will be built in Suzhou Industrial Park. Construction is expected to begin in mid-March and to be completed in the second half of 2004.
- **LG Electronics to invest 65 million yuan in a Nanjing plant** that it hopes will be the world's biggest producer of plasma display panels for color televisions. LG has signed an agreement with the Nanjing city government to build a wholly owned plant - due to start production in October - with an initial investment of 65 million yuan.

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Information Technology

- **China's market for IT services is expected grow 18% this year** to \$4.9 billion as companies like banks and telecommunications operators spend to upgrade their systems, according to Gartner. China is expected to be the world's second-fastest growing market for IT services over the next three years, with a compound annual growth rate of 20% pushing the market size to \$8.9 billion in 2006.

Media, Entertainment and Gaming

- **Sony Computer Entertainment to launch its PlayStation 2 game consoles in China** from this autumn. Beijing-based Sony (China) will handle local sales, with several game software titles also due to be put on sale. SCE currently consigns production of PlayStation 2 video machines to two Taiwanese companies in China for shipments to other foreign markets.

Taiwan

Software

- **Microsoft announces steep price reductions for its products in Taiwan**, and said it had agreed to a list of concessions to end an investigation by the island's government into alleged unfair trade practices. The settlement with Taiwan's Fair Trade Commission ends a probe begun last May into accusations that the Microsoft was artificially inflating its prices and selling only expensive suites of software.

Hardware

- **BenQ expects sales to triple in the next five years** and said it had found a winning strategy - selling its own name. Formerly known as Acer Communications and Multimedia, BenQ was renamed to distinguish the consumer-oriented business from Acer's traditional hardware name and has turned itself into a billion-dollar brand. It reported sales rising 50 percent to \$3 billion last year.

Singapore / Malaysia

Telecommunications

- **Maxis Communications reports a 58 percent jump in earnings** for last year, helped by double-digit subscriber growth. Maxis posted a net profit of M\$949.7 million for the year to December 31, up from M\$600.9 million in 2001. The result contrasted with state-controlled Telekom Malaysia, which yesterday reported that profit last year had fallen.

Mobile / Wireless

- **Singapore to introduce new leading-edge technology** that allows users to detect buried items or objects behind walls and to track people. Called Ultra Wide-Band (UWB), the wireless technology uses very low power radio signals consisting of very short pulses. By generating millions of pulses per second, UWB devices could transmit large amounts of data. Potential UWB applications include wireless LAN.

Information Technology

- **Satyam Computer Services establishes disaster recovery hub in Singapore** to protect corporate clients against information system breakdowns. The center, its first outside India, was designed to

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ensure clients seamless and uninterrupted support in case of a country outage due to a disaster. Satyam is the first among the major Indian software companies to establish such operations in Singapore.

Hong Kong

Mobile / Wireless

- **SmarTone Telecommunications launches a new service** it says guarantees Hong Kong's lowest monthly tariff plan, sparking industry fears a new price war may be looming. The No 3 mobile operator said the monthly tariff for its "Go" service was set initially at HK\$50, with a per-minute rate of 25 cents for the first 300 minutes of talk time and 80 cents a minute after that.
- **CSL reports higher interim earnings despite a drop in revenue and average customer spending.** For the six months ended December 31, the Telstra-owned subsidiary reported earnings before interest and tax of HK\$253 million, up 9.05 percent from the corresponding period in 2001. Without revealing the net profit figure, CSL said EBITDA dropped 3.3 percent to HK\$674 million. Also, **CSL to delay launching its 3G mobile services** until it gets more evidence of an uptrend in revenue from its data services, but it will increase spending on its network. Data revenue, including picture and ring-tone downloads and the popular SMS, accounted for about 5 percent of CSL's six-month revenue of HK\$2.13 billion.
- **CSL Hong Kong teams up with Palm to introduce Tungsten W**, a wireless mobile phone and e-mail device, which the companies hope to introduce next month. Testing of the Tungsten W and services with CSL's 2.5-generation GPRS network were complete but pricing issues, such as packaging the device with CSL's mobile data services, had not been finalized.

Software

- **Oracle and HP open migration center** to help local independent software vendors and developers (ISVs) migrate from legacy systems to Oracle/HP solutions. The Competency Center, at HP's headquarters in Taikoo Shing, is designed to help ISVs which may not have access to big systems and related hardware.

Venture Capital / Investments

- **ZTE presses ahead with its proposed \$450 million Hong Kong share offering**, despite mainland reports that the plan had been shelved. Weak market conditions prompted ZTE's management to scrap the H-share offering in favor of an overseas private placement.
- **Zhongxing postpones plans for a public listing in Hong Kong** and is considering instead an overseas private placement. Zhongxing, based in the eastern city of Hangzhou, announced plans to issue H shares of not more than 30 percent of its total capital. The company said it wanted to raise at least \$450 million with a listing in the final quarter of last year or the first half of this year.

Telecommunications

- **Concerns about PCCW send stock to four-month low.** PCCW's investment rating was also downgraded by several research houses. ABN Amro, UBS Warburg and CLSA said they were worried PCCW might have to delay its scheduled dividend payment next year due to the sharp downturn in the wholesale broadband business that triggered a huge writedown for both PCCW and Telstra.

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United States / Canada

Life Sciences

- **GlaxoSmithKline shedding an experimental antibiotic research program** in exchange for a stake in Affinium Pharmaceuticals, a closely held biotechnology concern in Toronto. GSK Ventures struck a deal with Affinium to transfer patents, technology and marketing rights for a program to develop an antibiotic against staphylococcal infections caused by drug-resistant bacteria.

Telecommunications

- **WorldCom to cut 5,000 jobs in the latest round of cost cuts** as the long-distance company tries to emerge from bankruptcy under new Chief Executive Michael Capellas. Mr. Capellas, who took over as CEO and chairman in December, had warned that layoffs were "inevitable" after unveiling a 100-day turnaround plan for the company three weeks ago.
- **IDT to make an unusual \$255 million bid for Global Crossing.** IDT Chief Executive James Courter said the company was essentially making its interest known in case Global Crossing didn't receive the final government sign-offs on its reorganization. IDT, Newark, N.J., has been buying up the assets of distressed telecom companies.

Mobile / Wireless

- **Palm confirms lay-off more than 200 employees**, or 19% of its 1,170-person work force. The layoffs, which were completed Friday, were made company wide and are a reflection of the economy. Palm began notifying employees of the layoffs earlier in the quarter, with the majority leaving Thursday. Earlier this month, PalmSource, Palm's software unit announced it would lay off 20% of its employees.
- **Marriott and Intel announce a joint marketing campaign to promote Wi-Fi** at 400 Marriott, Renaissance, Courtyard, Residence Inn and other hotels. Marriott said in December that it would outfit hotels with wireless technology. The Intel agreement will help the hotelier to more heavily promote itself in the intensive competitive and sagging travel economy.

Software

- **Microsoft unveils Windows Rights Management Services**, which can be used to create programs that can enforce a range of policies against unauthorized disclosure of information. Among other things, companies or government agencies could set restrictions on what documents or text could be copied, forwarded in e-mail, printed or viewed as Web pages.
- **Creo increases offer for all the outstanding shares of Printcafe Software to \$3 a share**, or about \$32 million, topping Electronics For Imaging Inc.'s competing \$2.60-a-share offer. Creo, which already owns 45% of Printcafe, was originally offering \$1.30 a share. Electronics for Imaging topped that bid with its \$2.60-a-share offer.

Internet

- **Napster to relaunch a legal, subscription-based music business.** Roxio Inc. bought Napster's name and intellectual property for \$5 million at a November bankruptcy sale, said it is in discussions with the five major music labels to provide content for the online service. Best known for its CD-creation and digital media software, Roxio hired Napster's founder as a consultant to the service.

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- **Priceline.com's hotel revenue increases about 35% so far in 1Q** over the same period in 2002. For 2003, Priceline is aiming for 25%-plus year-over-year growth in hotel-room nights; 70% of booked offers to come from services other than airline products; year-over-year growth in revenue in the second half of the year; and year-over-year growth in full-year earnings per share.
- **RHC Media hires boutique investment bank DeSilva & Phillips to find a buyer for Red Herring** magazine, a move that could lead to the shuttering of what was a hot title during the dot-com boom. According to one person familiar with the search, RHC is trying to sell the magazine intact, but has also told some publishers it is willing to sell just its list of subscribers.
- **Amazon.com to begin selling Internet addresses** to users who want a piece of cyberspace real estate. The retailer was accredited as a so-called "domain name registrar," making Amazon one of about 160 companies and organizations that are permitted to register Internet addresses, or domain names, ending in familiar suffixes like ".com," ".net" and ".org."
- **EBay's payment service PayPal experiences a dollar-to-pound conversion problem**, which miscalculated the amount of customers' transactions and resulted in some being temporarily overcharged. The problem with PayPal's currency exchange calculator started around 4:30 a.m. EST Thursday, and was fixed about five hours later. EBay is reimbursing all customers who lost money.
- **Digex to be delisted from the Nasdaq Small Cap Stock Market.** In a statement, the Laurel, Md.-based company said it will be eligible for trading on the over-the-counter Bulletin Board on the same day. The company's ticker symbol will remain DIGX. The company hosts Web sites and Web-based applications for businesses.

Semiconductors

- **Applied Materials warns of "malaise" from world-wide political uncertainties.** Speaking at a Goldman Sachs technology symposium, Chief Financial Officer Joe Bronson said he hasn't seen a significant change in the environment from Applied's first quarter. But he argued that Applied Material's gross margin can hit the 50% profitability it reached during the peak of the industry's last up cycle.
- **Sun Microsystems adopting radical approach to chip design** that it hopes can stem a flood of customers moving to machines based on technology from Intel. The computer maker plans to describe a new way to do many more computing tasks simultaneously, whereas Intel has relentlessly increased the speed and complexity of each microprocessor.
- **Cisco to share technology with computer- and semiconductor-makers** in order to spur the adoption of wireless networks inside companies. Cisco said it would license, at no cost, its software that improves the security and range of wireless networks using so-called Wi-Fi technology. Seven chipmakers, including Intel, have agreed to use the technology in their chips.

Venture Capital / Investments

- **Microsoft Chairman Bill Gates sells 1 million more shares of his company's common stock.** Gates sold the shares Tuesday for \$23.97 to \$24.24 a share. After the transactions, he directly owned 1.21 billion common shares and indirectly owned 429,256 common shares. Gates also sold 2 million shares Monday and 5 million shares last week.

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Hardware

- **HP reports improved first-quarter net income, but revenue weaker than expected**, a sign that the technology company is benefiting from aggressive cost cutting but may not be attracting much new growth beyond those cuts. H-P added that it expects its revenue for its current quarter, ending April 30, to be flat to slightly down; but H-P reaffirmed profit guidance for the current quarter.

Information Technology

- **Divine and several of its units plan to file a voluntary petition to reorganize under Chapter 11.** The business-services and software company said the filing would help it protect operations while it works to restructure its liabilities and resolve the issues facing its RoweCom unit. Divine said it plans to continue exploring options with Broadview International LLC, including the possible sale of assets.
- **IBM lays off workers in its combined software and technology-services units.** Fewer than 1,000 employees were let go, at various locations across the U.S. The work force of the company's services and software units is about 215,000. Last year, IBM cut more than 15,000 jobs, although it has added back thousands with the acquisitions of PricewaterhouseCoopers' consulting arm and Rational Software.
- **US Airways Group accepts revised EDS computer-services contract** that the airline operating company had previously threatened to cancel. Terms of the revised deal weren't disclosed. US Airways said the agreement, one of about 7,000 it expects to continue, was filed with the Alexandria, Va., court overseeing its court-ordered reorganization.

Europe

Life Sciences

- **EU antitrust regulators approve Pfizer's \$55 billion acquisition of Pharmacia**, subject to several divestments. Pfizer agreed to shed darifenacin, an incontinence drug in late-stage development, to avoid conflict with Detrol and Detrol LA. Pharmacia agreed to shed two impotence drugs currently in development that would compete with Pfizer's Viagra, which dominates the market in Europe.

Mobile / Wireless

- **Nokia to deliver its first 3G mobile phones by July** as it arms to stave off advances from software giant Microsoft. Nokia said it had sent 10,000 3G handsets to operators Vodafone Group and Orange as well as equipment makers Ericsson and Nortel to allow testing to begin. Rivals such as NEC of Japan and Motorola of the US have already delivered 3G handsets.

Internet

- **Terra Lycos reports sharply wider 2002 net loss**, after writing down €1.43 billion (\$1.54 billion) in assets. The Internet company posted a net loss of €2.01 billion, compared with a loss of €566.3 million in 2001. Most of the write-down was related to Terra's acquisition in 2000 of U.S. portal Lycos, which has never made money.
- **AOL sued for employee losses.** A participant in AOL Time Warner Inc.'s employee-retirement plan says the media giant should have warned workers not to keep investing in its stock. A lawsuit claims that AOL and the programs' administrators misled employees about the company's profitability and are responsible for investments in AOL's stock that have led to heavy losses.

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Media, Entertainment and Gaming

- **United Pan-Europe Communications to write down \$1.61 billion of assets** and warned that a further write-down may be required. The company said in a statement the write-down was an outcome of an impairment test at the beginning of last year and added that there could be significant additional charges after another annual impairment test at the end of 2002.

Information Technology

- **Cap Gemini Ernst & Young reports a €514 million (\$553 million) net loss for 2002** and predicted lackluster demand for its technology services this year, but said it was beginning to reap the benefits of its massive restructuring. Europe's largest IT services provider said staffing cuts and other cost controls will allow it to keep its promise of a 5% operating margin in 2003.
- **IBM receives six-year computer-services contract valued at about \$1 billion from AXA**, a financial-services company based in Paris. IBM will take over and own AXA's computer systems around the world, but AXA's information-technology workers will remain AXA employees and will manage the systems, unlike many outsourcing agreements in which IBM hires the employees.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 2/28/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	118.1200	0.5%	-10.3%	0.6%	13.0%
Hong Kong dollar	HK\$/ US\$	7.7994	0.0%	0.0%	0.0%	0.0%
Chinese renmenbi	RMB/ US\$	8.2775	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7363	0.5%	-6.0%	-0.1%	5.5%
South Korean won	KRW/ US\$	1193.6500	-0.1%	-9.1%	-0.7%	10.7%
New Taiwan dollar	NT\$/ US\$	34.7470	0.0%	-0.7%	-0.3%	0.9%
Australian dollar	US\$/A\$	0.6085	1.8%	19.4%	8.4%	17.2%
New Zealand dollar	US\$/NZ\$	0.5597	0.1%	34.5%	6.7%	32.0%
Philippine peso	PHP/ US\$	54.5000	-0.5%	5.5%	-1.7%	-6.2%
Euro	US\$/€	1.0807	0.3%	21.5%	3.0%	24.9%
British pound	US\$/£	1.5724	-0.4%	8.2%	-2.3%	10.9%

Fixed Income Prices and Yields							
Note	Currency	Current (on 2/28/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	110.9531	4.67%	108.0469	4.85%	108.1250	4.84%
Japan 30-year	¥	117.9900	1.32%	115.5080	1.43%	117.6635	1.34%
Hong Kong 10-year	HK\$	122.8795	3.66%	122.4949	3.73%	121.4473	3.91%
China (10/2027)	US\$	117.6025	6.11%	116.8425	6.16%	116.6138	6.18%
Singapore 10-year	S\$	117.8260	1.99%	117.3210	2.07%	116.6974	2.17%
South Korea 10-year	US\$	122.5627	3.95%	122.1760	4.05%	122.0887	4.08%
Australia 15-year	A\$	111.2925	5.07%	110.8200	5.13%	110.4460	5.18%
New Zealand (07/2009)	NZ\$	107.4914	5.58%	107.0132	5.67%	106.0360	5.86%
Philippines 20-year	PHP	129.4349	13.94%	129.5967	13.92%	129.8863	13.89%
India 20-year	INR	139.2957	6.79%	135.8107	7.07%	141.5016	6.62%
UK 30-year	£	97.3590	4.41%	98.0240	4.37%	98.4154	4.35%
Germany 30-year	€	111.9880	4.71%	112.5740	4.68%	112.1015	4.71%

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