

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



Week of 8 June - 14 June 2003

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Equity Market Indicators					
Index	Closing Level (6/13/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/2003	% Change 2002 Low
S&P 500	988.61	0.1%	-14.4%	12.4%	28.5%
Dow Jones Industrial Avg.	9,117.12	0.6%	-9.5%	9.3%	26.2%
Dow Jones Tech. Index	275.34	274.97	-0.1%	-18.5%	19.7%
Dow Jones Telecom. Index	163.82	163.70	0.8%	-21.5%	10.7%
NASDAQ Composite	1,626.49	-0.1%	-17.8%	21.8%	48.4%
The Street.com Net	118.98	-2.8%	-39.2%	38.9%	96.9%
Japan Nikkei 225	8,980.64	2.2%	-17.4%	4.7%	7.4%
Japan TOPIX	881.30	1.3%	-16.4%	4.5%	7.4%
Korea KOSPI Composite	665.24	3.6%	-8.2%	6.0%	12.7%
Korea Kosdaq	49.75	5.3%	-33.2%	12.2%	12.8%
Taiwan Stock Exchange	4,881.90	3.0%	-12.8%	9.6%	26.7%
Singapore Straits Times	1,479.30	2.8%	-9.0%	10.3%	11.1%
Hong Kong Hang Seng	9,855.64	1.7%	-13.2%	5.7%	9.9%
Hong Kong GEM	1,145.94	2.8%	-39.8%	20.6%	25.0%
China Shanghai (A-Share)	1,640.79	1.8%	-2.1%	15.6%	18.6%
China Shenzhen (A-Share)	454.61	1.3%	-7.2%	10.9%	15.9%
China Shanghai (B-Share)	116.80	1.5%	-30.9%	2.9%	4.3%
China Shenzhen (B-Share)	222.84	3.4%	-14.8%	19.2%	19.6%

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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 6/13/03	% Change From Offer
6/11/03	Formfactor Inc. [FORM.US] (NASDAQ)	Designs, develops, and manufactures advanced semiconductor waferprobe cards. Products include resilient spring-like contacts that are manufactured using micro-machining and scalable semiconductor-like wafer fabrication processes.	US\$84	US\$14	US\$16.65	18.9%

Asian Equity Markets: TMT and Life Sciences IPO Pricing

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 6/13/03	% Change From Offer
6/12/03	Netmarks Inc. [3713.JP] (Tokyo)	Provides computer network solution services including designing, developing, and building network systems. Also delivers system maintenance services for system security, storage network solution, and system support.	US\$5.2	¥100,000	¥397,000	297%
6/11/03	EM Technics Co. Ltd. [6424.KS] (KOSDAQ)	Manufactures digital set-top-box for various broadcasting reception. Products include cable, satellite, and terrestrial broadcast receivers.	US\$7.4	KRW 5,100	KRW 11,800	131%
6/11/03	Yescomm Inc. [6620.KS] (KOSDAQ)	Develops, designs, and markets communication software. Products include contact center solutions that enable companies to ensure customer interactions through voice, Web, e-mail, and fax. Provides produces primarily to finance industry, including banks, securities, and insurance firms.	US\$4.2	KRW 4,000	KRW 11,200	180%

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Weekly Highlights

International

Hardware

- **Infineon and IBM have taken a key step in developing a new kind of memory that could enable computers to boot up instantaneously.** IBM said the magnetic random access memory technology, or MRAM, could replace existing forms of dynamic random access memory, or DRAM -- which is the most popular form of computer memory -- as early as 2005. MRAM also acts like so-called "flash" memory and retains information when power is turned off, which could allow it to replace flash. With MRAM, a personal computer could turn on almost immediately, like a light switch, IBM said.

Internet

- **Internet mania is back as the sector is one of the hottest performing groups of the market this year.** According to Thomson/Baseline, the 73 Internet stocks with a market value of at least US\$200 million are up an average of 65 percent this year and 76 percent since March 11. And while industry giants such as Yahoo!, Amazon.com and eBay have all enjoyed substantial gains this year, the Net's biggest winners are much smaller -- the industry's second- and third-tier companies. Shares of Ask Jeeves are up a stunning 377 percent year-to-date. Priceline.com's stock has gained 146 percent and Drugstore.com has surged 130 percent. Niche small-cap companies like Ask Jeeves, online DVD rental service Netflix, and Opsware, the Internet software company formerly known as LoudCloud, have done well this year because they have demonstrated relatively strong revenue growth.

Telecommunications

- **NTT Communications Corp. will strengthen its systems integration operations in China,** targeting to increase local revenue from the business to ¥10 billion (US\$85.1 million) annually, up from just under ¥5 billion (US\$42.6 million) at present. The long-distance and international services arm of the NTT group led by Nippon Telegraph and Telephone Corp. has recently put into full operation a new subsidiary in Guangzhou, Guangdong Province. Capitalized at US\$200,000 dollars, the firm was established in May as a wholly owned subsidiary of a Hong Kong unit.

Japan

Hardware

- **Sony Corp. is preparing to bring to the consumer market a new type of touch panel that creates tactile sensations.** These sensations range from that of clicking a button to that of writing on a pad of paper with a pencil. Sony will position this pseudo-tactile panel as a next-generation input device that can replace a keyboard or a touch panel. The company plans to use the panel for PDAs (personal digital assistants) and digital appliances, releasing the first consumer products sporting the new panel as early as year-end. The panel creates tactile sensations by exploiting the piezo effect, applying voltage to make a quartz material vibrate. Piezo-effect vibrations normally require voltages of around 300 volts, which the batteries of a portable digital device cannot supply. However, Sony EMCS has developed a low-voltage drive mechanism that can operate on just 10 volts.

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- **The Association of Super-Advanced Electronics Technologies (ASET) has developed a light-bending optical connector that can help shrink the size of the huge servers** used by communications companies and Internet service providers by about 99%. ASET is an R&D organization set up by the Japanese government and a group of 50 or so private firms, including NEC Corp. and Matsushita Electric Industrial Co. The new optical connector bends the light signal at a right angle so the fiber itself need not be curved and thereby can be better compacted. The connector is made of glass, and the wave-guides that serve as the paths for the light signals are formed using a femtosecond laser. A single connector can accommodate 24 fibers. The light signals from the fibers enter straight into the wave-guides and are then bent at right angles by mirrors built into the connector.

Internet

- **NTT Corp. said it developed technology that can transmit data via fiber-optic networks 10 times as fast as current technology.** The development reflects NTT's efforts to tap the growing domestic broadband market for new revenue sources amid dwindling revenue in its mainstay fixed-line phone operations. The new technology will increase fiber-optic communications speeds to one gigabit a second, from around 100 megabits a second, according to NTT. The faster communication speed would mean a two-hour-long piece of video footage could be sent or received in 30 seconds, rather than around seven minutes using the speed available now.

Mobile / Wireless

- **Sony said it would invest about ¥9 billion (US\$76.5 million) to make a next-generation display panel, which should facilitate smaller, lighter digital cameras and mobile phones.** The Japanese technology giant will start mass production of a new type of organic light emitting diode (OLED) display panels from next spring, under its new Super Top Emission trademark.
- **NTT Corp. has developed a wireless communications technology that enables ultra-high-speed data transmission almost equivalent to that of fiber-optic networks.** The technology offers a transmission speed of 80 megabits per second, seven times faster than outdoor wireless LAN services used to connect notebook personal computers with the Internet at railroad stations and airports. Conventional wireless communications technologies are vulnerable to interference when it rains, but the new technology is virtually invulnerable even to heavy rainfall. NTT plans to market the technology as part of its broadband campaign called Flets, which is run through NTT's two regional phone carriers. The new technology allows much faster throughput, plus it is usable within a radius of 700m from an electric-wave relay station. As a result, it is expected to enjoy substantial demand for use in existing buildings and provincial areas, where it is difficult to install fiber-optic networks.

Semiconductors

- **Toshiba Corp. and SanDisk Corp. have developed a high-density NAND-type flash memory cell structure, which will enable memory chips to double storage capacity.** Toshiba and SanDisk plan to introduce 2-gigabit and 4-gigabit memory products employing the new 90-nanometer process technology in the first quarter of 2004. Flash Vision LLC, a 50:50 joint venture between Toshiba and SanDisk, will manufacture these chips at its Yokkaichi plant in central Japan. Demand for NAND-type flash memory chips has been brisk thanks to surging sales of such devices as digital still cameras and camera-equipped mobile phones.

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Korea

Information Technology

- **Korea's exports of information-technology products rose 16.3 percent in May from a year earlier to US\$4.3 billion**, marking a rise for the 15th straight month, on the back of brisk sales of personal computers, notebook computers, and mobile handsets, according to the Ministry of Information and Communication. Furthermore, in the year to May, IT exports totaled US\$20.75 billion, a 18.6 percent rise from the same period a year earlier. Imports of IT-related goods amounted to US\$3.18 billion, meaning that Korea realized an IT trade surplus worth US\$1.12 billion.

Mobile / Wireless

- **Samsung Electronics Co. unveiled a new mobile handset that allows its owners to watch TV broadcasts in real time.** The new handset, which is priced at about 600,000 won (US\$500), will enable mobile phone users to watch TV programs aired by local broadcasting companies including KBS, MBC, SBS and EBS, the company said.
- **Korean researchers have developed a high-performance chip that makes it possible to display three-dimensional game graphics on mobile handsets.** The chip, when embedded in mobile handsets or personal digital assistants, displays dynamic and vivid game graphics that used to be restricted to high-end game platforms such as personal computers, Sony's PlayStation2 and Microsoft's X-Box. The technology has been completed after a five-year collaboration between researchers from the Korean Advanced Institute of Science and Technology and local chipmakers including Hynix Semiconductor Inc. and Innosign Inc.
- **The Korean government has postponed its plan to allow local mobile carriers to launch a common wireless Internet platform called WIPI**, or wireless Internet platform for interoperability, until next month so that appropriate countermeasures against spam can be enacted.
- **KDDI Corp. has teamed up with Alps Electric Co., Kyocera Corp. and other firms to jointly develop a multi-use module that will enable digital cameras and other devices to exchange data wirelessly via its communications services.** Sewon Telecom Co. and M2M Japan, which also develops such devices, are involved in the project as well. Sales of the module are to begin late this month. The partners anticipate various uses for the module. For example, when embedded in a game machine, it will enable users to play against each other.

China

Hardware

- **Huawei Technologies and 3Com have asked an American judge to rule that products resulting from a joint venture between the two firms are not covered by a copyright infringement case brought against Huawei by Cisco Systems.** Huawei also filed an amended motion asking for a ruling that its new products not be part of Cisco's lawsuit.

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Semiconductors

- **Taiwan Semiconductor Manufacturing Company signed contracts with Shanghai authorities to kick-start its US\$898 million investment in China.** The project involves the construction of a 200-millimetre wafer plant in Shanghai's Songjiang Science Park with a monthly capacity of 35,000 wafers using 0.25-micron technology.

Telecommunications

- **China Netcom Group has taken a big step forward in its integration plans by acquiring Jitong Network Communications,** a data and voice communications services provider. China Netcom said it would pay 481.9 million yuan (US\$57.9 million) to acquire all of Jitong's state-owned shares. The purchase marks a key breakthrough in a long-delayed plan to integrate China Netcom Group, Jitong and China Netcom Corp laid down by the State Council more than a year ago. The move, which comes shortly after the Ministry of Information Industry (MII) ordered China Netcom to replace its former general manager with a vice-minister of the MII, takes the carrier a step closer to a listing. China Netcom is the only one of the mainland's four leading telecom operators yet to sell shares to the public.

Taiwan

Semiconductors

- **Taiwan Semiconductor Manufacturing Company will become the first Asian company to join the Philadelphia Semiconductor Index on June 23rd.** The Philadelphia index includes shares of 17 United States companies including Intel, the world's biggest chipmaker. TSMC's inclusion will prompt fund managers who track the index to lift holdings in shares of the company.
- **A major shareholder of Taiwan Semiconductor Manufacturing Company planned to issue American Depositary Receipts to dispose of up to 445.5 million shares of the company's common shares.** The Development Fund was TSMC's second-largest shareholder with an 8.9 per cent stake and the 445.5 million shares accounted for about a quarter of its total holding. The fund also disposed of some 260 million TSMC shares in the form of ADRs in February 2002.

Singapore / Malaysia / Indonesia

Telecommunications

- **The U.S. Securities and Exchange Commission rejected PT Telekomunikasi Indonesia's 2002 financial statements due to problems with the auditing process,** which may result in the SEC delisting Telkom's shares in the U.S. PT Telekomunikasi said it is unlikely to be able to resubmit the financial report by the SEC's mid-July deadline.

Hong Kong

Telecommunications

- **Hutchison Whampoa Ltd. is suing KPN NV because the Dutch telecommunications company did not pay its share of a loan requested by the company's 3G mobile venture in Britain.** In

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March, Hutchison 3G U.K., Hutchison Whampoa's 65%-owned British telecom unit, requested £1 billion (US\$1.65 billion) in added financing from its shareholders, in a move designed to persuade banks to alter a key loan. Hutchison said it would provide £650 million (US\$1,084.3 million), and Japan's NTT DoCoMo Inc., which owns 20% of the U.K. venture, agreed to advance £200 million (US\$333.6 million). However KPN, which owns 15% of Hutchison 3G U.K., would not provide the £150 million (US\$ 250.2 million) in funding sought by Hutchison 3G.

- **PCCW Ltd. said Richard Li no longer controls the company.** Three years ago Richard Li used PCCW to take over Hong Kong's telephone monopoly in what is still the biggest-ever takeover in Asia outside Japan. Li's 75%-owned Pacific Century Regional Developments Ltd. (PCRD) said it downgraded PCCW from unit to associated company, a move PCCW described as a step toward greater corporate accountability. When PCRD's stake in PCCW fell below a majority in the August 2000 takeover, it maintained control over PCCW by dominating the board. Under Hong Kong stock-exchange rules, control of the board amounts to control of the company, no matter what size the shareholding. However, in January the board decided to retire one-third of its 14 directors every year and make them stand for re-election. Then in May it established a three-party nominating committee to choose board members. Two of its members are non-executive directors and Mr. Li is the third. As a result of these moves, PCRD no longer controls PCCW's board, said PCCW spokeswoman Joan Wagner.

Mobile / Wireless

- **The Body Shop Hong Kong has implemented what is believed to be the city's first wireless cashiering system.** It uses personal digital assistants from Hewlett-Packard and custom software developed by a local start-up. Shop assistants are equipped with Hewlett-Packard iPaq H3850 Pocket PCs fitted with bar code scanners. Receipts are issued via a wireless connection to the nearest printer. The system accepts only cash payments. The Body Shop is working towards using the mobile system for payments by EPS or credit card.

United States / Canada

e-Commerce

- **Jay Walker, the creator of Internet innovator Priceline.com, has set his sights on a system of cameras and monitors trained on airports, reservoirs and power plants to try to prevent terror strikes.** Dubbed "USHomeGuard", the system would train about 1,000 Webcams on sensitive targets and would be equipped with microphones, speakers and infrared sensors to measure temperature. Every five seconds, the cameras would relay an image to a Homeguard data center.
- **Amazon.com Inc. said it would create a wholly owned subsidiary to provide Web site services and technology for retailers aiming to launch their own online stores.** The Seattle-based Internet retailer said it expected business for its new subsidiary, Amazon Services Inc., to "keep getting bigger" as it draws more retailers who want to sell their goods online. Amazon's technology is already being used to run the online stores of retailers such as Target Corp. and Toys R Us Inc.

Hardware

- **United Technologies Corp. agreed to buy British electronic-security company Chubb PLC for US\$1 billion marking the latest deal in a flurry of corporate mergers and acquisitions.** The transaction reflects United Technologies' interest in moving beyond its core aviation business, which has been hard hit by the airline-industry. Since the mid-1970s, it has been building a portfolio of more stable

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and non-cyclical businesses, including Otis Elevator Co. and Carrier air-conditioning, to reduce its dependence on the volatile airline industry.

Internet

- **Online-advertising revenue showed a healthy sequential increase in the fourth quarter of 2002, reversing two years of declines, according to revised numbers compiled by an industry trade group.** Online-ad revenue, which includes banner ads, paid search listings, pop-up ads and other formats, totaled an estimated US\$1.6 billion for the fourth quarter of 2002, up 8.9% from US\$1.5 billion in the third quarter, according to the Interactive Advertising Bureau -- the first quarter-to-quarter rise since the fourth quarter of 2000. That represents a small revision upward from preliminary numbers the IAB released in April showing fourth-quarter revenue of US\$1.5 billion. Total spending for 2002 was US\$6.0 billion.
- **Yahoo! will launch online dating services for three of its European portals, encouraged by the success of similar operations in North America and Asia.** Yahoo! Personals sites were being launched in the portal for the United Kingdom and Ireland, France and Germany. Yahoo! already has online personals in the United States, Canada, Hong Kong and Taiwan, and the expansion is part of a strategy of offering more paid services for the otherwise free Internet portal.
- **EBay Inc. said it has agreed to acquire the shares of Internet auction firm EachNet Inc. that it doesn't own for US\$150 million,** signaling a more aggressive effort to expand into the Internet market in mainland China. The deal will give eBay the 67% of closely held EachNet that it didn't purchase last year, when it paid US\$30 million for a third of the Shanghai company. EBay said the deal, expected to close in the third quarter, will have a nominal effect on revenue this year but is expected to decrease earnings by two cents a share in the third quarter and a penny in the fourth quarter. EBay didn't disclose the amount of transactions on EachNet. The Chinese site has two million registered users.
- **WebEx Communications Inc. announced it had teamed up with Yahoo! Inc. to sell enhanced instant-messaging features to businesses.** The companies said Yahoo! will incorporate WebEx's videoconferencing technology into its Messenger Enterprise Edition. The deal will enable WebEx to expand its presence in the instant-messaging market, an increasingly popular communication tool among corporations. The WebEx application will give Yahoo! subscribers the option of turning an online instant-message session into instant video and voice communication, as well as data sharing. Messenger Enterprise Edition is geared toward corporate users and is sold on a yearly subscription basis.
- **High-speed Internet connections grew 23 percent in the second half of 2002, as households and businesses signed up for broadband service at a slowing clip.** The Federal Communications Commission said 3.7 million new subscribers signed up for broadband between June and December 2002, a rate of growth down from the 27 percent posted in the first half of the year. For the full year, the number of high-speed lines increased by 58 percent. While 19.9 million homes and businesses connected via broadband at the end of last year, the rate of growth has decreased gradually. A report last month by the Pew Internet and American Life Project found that many of those interested in broadband have already signed up, while others who may be interested in the service find it is not available in their neighborhoods.

Media, Entertainment and Gaming

- **Columbia House known for offering CDs and videos for pennies to new club members, will now offer video games.** The firm will team with Majesco, which publishes such games as "Soldier of

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Fortune" and "F-14 Tomcat," to market the games. Majesco will also work to make games from other publishers available to Columbia club members, including new releases, pre-orders and older titles.

- **Take Two Interactive--the publisher of blockbuster titles such as "Grand Theft Auto"-- and 3D Realms--the developer of the wildly popular "Duke Nukem" -- have been taking increasingly hostile public shots at each other.** At issue is "Duke Nukem Forever", the franchise's long-in-development latest installment. In February, Take Two announced plans to take a US\$5.5 million write-down on their earnings due to the game's "extended development time." Last month, Take Two CEO Jeff Lapin told analysts in a quarterly conference call "we're in a wait and see mode at this point. ... Right now, we're just hopeful that [3D Realms] will finish it."

Mobile / Wireless

- **Sprint Corp. agreed to distribute EarthLink Inc.'s products and services to PCS Vision cell phone customers nationwide.** Financial terms weren't disclosed. The companies said PCS Vision customers can now access the EarthLink Personal Start Page and EarthLink Web-Mail. Wireless access to EarthLink service is included with a PCS Vision service agreement at no additional cost. Customers must maintain PCS Vision service and an EarthLink account to access the EarthLink services on Sprint.
- **The cell phone entertainment business is just beginning to take off in the U.S., but it could soon find itself grappling with the same issue that has dogged the recording industry: too much free stuff.** Wireless carriers are aggressively marketing ring tones, games and graphics that can be downloaded to customers' cell phones. Research firm IDC expects annual ring tone sales to grow to more than US\$400 million by 2005 from US\$16.6 million last year as people replace the standard ringers on their phones with computerized versions of their favorite songs and sound effects. But that growth could be in jeopardy before it ever takes off. A number of file-sharing services have sprung up on the Internet, offering free Napster-like access to content that users can add to their cell phones. MyPhoneFiles.com lists dozens of songs and images that can be sent wirelessly to a user's cell phone. Xingtone launched a service that allows customers to wirelessly transfer music, sound effects and graphics from their desktop computers onto their cellphones. And later this year, Nokia Corp. is releasing a phone that will be able to play MP3s and also allow people to create their own ringtones. These developments could mean trouble for content providers since they cut out the carriers, and their outside ringtone vendors, from the commercial process.
- **Motorola Inc. warned that its second-quarter sales and earnings will miss forecasts due to unexpectedly low Asian sales.** The world's No. 2 maker of wireless phones blamed SARS, which has hit Asia particularly hard, for the sales weakness. Motorola has the largest share of the cell phone market in China, where SARS has caused the most damage. China accounted for about 14 percent of Motorola's sales last year, and the company has large manufacturing operations there.

Software

- **Dell Computer and Hewlett-Packard agreed to load Sun Microsystems' version of the universal programming language Java on upcoming models of their personal computers.** It's a significant boost to Java, which Sun developed as an environment that can run programs regardless of the underlying operating system. In the past, most PCs shipped with Microsoft's version of Java, which was built into Windows and Sun claimed was altered to ensure that it did not threaten the software giant's operating system monopoly. Sun and Microsoft have been squabbling for years over the technology,

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including Sun's ongoing private antitrust lawsuit. In December, a federal judge in Maryland ordered Microsoft to include Sun's Java in Windows, which Microsoft is appealing.

- **Microsoft acquired antivirus technology from a Romanian software company and planned to develop its own antivirus product.** However, in stepping into the new market, Microsoft faces direct competition with specialty software security companies to whom Microsoft has long ceded the profitable market. Microsoft signed an agreement to buy the intellectual property and technology assets of antivirus software and consulting firm GeCAD Software for an undisclosed amount.
- **Sybase has launched a US\$25 million strategic initiative to bring low-cost and reliable Wi-Fi applications to enterprises.** Sybase will work with research universities and industry partners to overcome technical barriers in extending the use of key business applications to mobile and remote workers. The initiative comes after chip maker Intel's launch earlier this year of a US\$300 million worldwide campaign to promote the use of its Centrino chipsets in Wi-Fi-ready notebook computers.
- **PeopleSoft Inc. formally rejected Oracle Corp.'s \$5.1 billion hostile takeover bid,** citing antitrust concerns that it said could delay any combination and added that Oracle's \$16-a-share offer undervalues the company. Oracle responded that its offer is fair and that it has no intention of sweetening it and rejected PeopleSoft's antitrust arguments, saying a merged Oracle-PeopleSoft would be a stronger competitor against SAP AG of Germany and Microsoft Corp.
- **Oracle reported its fourth quarter net was US\$858 million, up 31% from the last year's US\$656 million.** Last year's results included a US\$104 million net charge associated with Oracle's investment in software maker Liberate Technologies. Total revenue increased 2% to US\$2.83 billion from US\$2.77 billion.
- **Adobe Systems Inc.'s second-quarter earnings rose 18%, boosted by the release of a new version of its popular Acrobat software.** The company said it earned US\$64.2 million for the period ended May 30th, compared with US\$54.3 million a year earlier. Revenue rose to US\$320.1 million from US\$317.4 million. Revenue and earnings were at the high end of the company's forecasts.

Semiconductors

- **Intel president, Paul Otellini, said that India held out great prospects for the world's largest chipmaker and that wireless was the next big opportunity for the country's code writers.** Mr Otellini said in the past 10 years his firm had begun earning more revenues offshore than in North America. Last month, the government of India's southern Karnataka state, of which Bangalore is the capital, approved an Intel plan to build the US\$41 million center. Intel, which designs chips in India for switches and routers used in directing Internet traffic, also plans to start design work for its Pentium and Xeon processors in the country.

Telecommunications

- **XO Communications Inc. changed its US\$700 million cash and securities offer for fiber-optic carrier Global Crossing Ltd. to an all-cash bid** and said it also plans a tender offer for Global Crossing's US\$2.3 billion of bank debt. XO Communications' previous US\$700 million offer for Global Crossing was made up of US\$250 million in cash and US\$500 million in debt, preferred stock and stock warrants. XO Communications said the bid was changed to all cash because several Global Crossing creditors questioned the value of that offer. In the separate tender offer, XO Communications, along with chairman and majority owner Carl Icahn, said it will offer US\$210 per US\$1,000 of Global Crossing's debt, for a total of about US\$472.5 million. XO Communications said it is conditioning the

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tender offer on the termination of Singapore Technologies Telemedia Ltd.'s US\$600 million exclusive purchase agreement with Global Crossing.

- **Cingular Wireless agreed to pay a US\$675,000 fine to settle a complaint by the Federal Communications Commission that it failed to meet deadlines for installing technology capable of identifying the location of an emergency 911 call made on its handset.** Cingular agreed to deploy the technology at thousands of cellphone transmission sites over the next 21 months. Failure to meet deadlines could result in fines that would peak at US\$1.3 million for the third and subsequent violations. The FCC requires that all mobile-phone providers be capable of providing the location of an emergency 911 call by 2005.

Europe

Hardware

- **Philips Electronics NV's new Asian-Pacific chief executive plans to scale up both research and development and marketing in Asia** in a bid to garner a greater share of overall sales from the region. Jan Oosterveld, who was appointed to the top Asia job in May, aims to raise the Asian-Pacific contribution to net sales to 33% from 22% now, within four to five years. About 13% of the Dutch company's R&D budget is now spent in Asia-based facilities.
- **Thomson SA, a French electronics group, warned that it will post a sharp slide in its operating profit for the first six months of this year** because of losses at its troubled U.S. television-components business. The firm promised to restructure its U.S. operations, and to plow money into the rapidly expanding Chinese television market. Thomson said it expects a first-half operating profit of €140 million (US\$163.8 million) to €150 million (US\$176.5 million), well short of its initial forecast of more than €200 million (US\$235.3 million) and some 40% lower than its 2002 figure of €242 million (US\$284.7 million). Thomson softened the news by also announcing a new contract to supply software to U.S. satellite broadcaster DirecTV and set-top boxes to Sky Italia.

Software

- **Business software maker Mercury Interactive Corp. said it will buy privately held Kintana Inc. for US\$225 million to expand its offerings that help companies manage technology projects.** The deal includes US\$100 million in Mercury Interactive stock and US\$125 million in cash and is expected to close in the third quarter of 2003, Mercury said.

Telecommunications

- **In Europe's largest-ever leveraged buyout, a group of four private-equity firms agreed to pay €5.65 billion (US\$6.6 billion) for the telephone-directories unit of Italy's Seat Pagine Gialle SpA.** The winning bidders -- British firms BC Partners, Permira and CVC Capital Partners and Italy's Investitori Associati -- squeezed out three rival groups. For Europe's private-equity industry, the transaction marks the latest in a buying spree over the past few years that has seen a string of record-breaking deals, even as other merger-and-acquisition activity has ground to a halt. This raises the question of whether the European buyout market is overheating. At a multiple of around 9.5 times the Seat Pagine Gialle unit's estimated 2003 Ebitda, the acquisition is considerably more expensive than a series of recent, similar telephone directories deals in the U.S. and near the top end of those seen before in Europe.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 6/13/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	117.4200	1.1%	-10.8%	1.2%	5.8%
Hong Kong dollar	HK\$/ US\$	7.7992	0.0%	0.0%	0.0%	0.0%
Chinese renmenbi	RMB/ US\$	8.2771	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7305	-0.1%	-6.3%	0.2%	3.3%
South Korean won	KRW/ US\$	1191.9500	0.7%	-9.3%	-0.5%	3.2%
New Taiwan dollar	NT\$/ US\$	34.6430	0.0%	-1.0%	0.0%	-1.6%
Australian dollar	US\$/A\$	0.6686	1.5%	31.2%	19.1%	19.7%
New Zealand dollar	US\$/NZ\$	0.5804	0.5%	39.5%	10.7%	20.0%
Philippine peso	PHP/ US\$	53.6200	-0.3%	3.8%	0.0%	-6.3%
Euro	US\$/€	1.1870	1.5%	33.4%	13.1%	25.6%
British pound	US\$/£	1.6724	0.6%	15.1%	3.9%	13.0%

Fixed Income Prices and Yields

Note	Currency	Current (on 6/13/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	119.6094	4.17%	115.5625	4.40%	114.0469	4.49%
Japan 30-year	¥	130.1965	0.86%	127.3465	0.96%	128.6710	0.91%
Hong Kong 10-year	HK\$	127.2422	2.86%	126.5239	2.98%	125.0975	3.23%
China (10/2027)	US\$	157.4837	3.84%	153.8367	4.02%	145.8439	4.42%
Singapore 10-year	S\$	119.0460	1.73%	119.2721	1.72%	119.5879	1.70%
South Korea 10-year	US\$	127.1890	2.81%	126.4963	2.97%	124.4852	3.41%
Australia 15-year	A\$	114.8825	4.61%	112.4540	4.90%	111.4120	5.03%
New Zealand (07/2009)	NZ\$	110.9785	4.89%	109.8204	5.10%	108.1145	5.43%
Philippines 20-year	PHP	146.5977	12.15%	147.5156	12.07%	139.0485	12.89%
India 20-year	INR	149.2727	6.01%	149.5249	5.99%	146.4587	6.22%
UK 30-year	£	100.0430	4.24%	97.4643	4.41%	96.6829	4.45%
Germany 30-year	€	117.2580	4.40%	115.3610	4.51%	112.1966	4.70%

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