

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



Week of 21 September - 27 September 2003

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Equity Market Indicators					
Index	Closing Level (9/26/03)	% Change 1 Week Ago	% Change 1/1/2003	% Change 1/1/2002	% Change 2002 Low
S&P 500	996.85	-3.8%	13.3%	-13.7%	29.2%
Dow Jones Industrial Avg.	9,313.08	-3.4%	11.6%	-7.5%	28.2%
Dow Jones Tech. Index	310.72	-3.9%	35.3%	-7.9%	71.3%
Dow Jones Telecom. Index	161.07	-2.2%	8.9%	-22.8%	38.0%
NASDAQ Composite	1,792.07	-6.0%	34.2%	-9.5%	63.1%
The Street.com Net	134.07	-4.3%	56.5%	-31.5%	117.9%
Japan Nikkei 225	10,318.44	-6.5%	20.3%	-5.1%	24.2%
Japan TOPIX	1,021.06	-5.1%	21.1%	-3.1%	24.7%
Korea KOSPI Composite	697.40	-6.8%	11.1%	-3.8%	22.2%
Korea Kosdaq	45.10	-6.8%	1.7%	-39.4%	4.6%
Taiwan Stock Exchange	5,650.11	-1.9%	26.9%	0.9%	47.7%
Singapore Straits Times	1,627.54	2.4%	21.4%	0.1%	22.4%
Hong Kong Hang Seng	11,290.15	2.9%	21.1%	-0.5%	27.4%
Hong Kong GEM	1,179.62	-0.2%	24.1%	-38.0%	31.6%
China Shanghai (A-Share)	1,436.38	-1.5%	1.2%	-14.3%	4.6%
China Shenzhen (A-Share)	395.09	-1.4%	-3.6%	-19.4%	1.6%
China Shanghai (B-Share)	98.63	0.3%	-13.1%	-41.6%	-12.0%
China Shenzhen (B-Share)	226.22	-1.0%	21.0%	-13.5%	23.2%

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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
9/23/03	Callidus Software [15805Z US]	Software	US\$75	Delivers enterprise application software called business performance systems. The company's Enterprise Incentive Management (EIM) software system allows enterprises to model, administer, analyze and report pay-for-performance plans, which are designed to align employee, sales, and channel tactics with targeted business objectives.	Citigroup	Lehman Brothers & US Bancorp Piper Jaffray
9/25/03	Marshall Edwards Inc. [NASDAQ]	Biotechnology	US\$13	Develops Drugs for cancer treatment and holds license to develop Phenoxodiol globally for anti-cancer uses in oral and injectable form.	Janney Montgomery Scott	None

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

Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/26/03	% Change From Offer
9/23/03	Journal Communications Inc. [JRN US] (NYSE)	Publishes two major daily newspapers in the Milwaukee market. Through subsidiaries, also provides high quality, multi-color offset, sheetfed & gravure printing services and operates three TV stations & five radio stations.	US\$258.8	US\$17.3	\$16.5	-4.9%
9/23/03	Amis Holdings Inc. [AMIS US] (NASDAQ)	Through its subsidiaries, designs and manufactures customer specific integrated mixed signal semiconductor products with focus on the automotive, medical, and industrial markets.	US\$600	US\$20	\$19.5	-2.5%
9/24/03	Red Envelope [REDE US] (NASDAQ)	An online-multi-channel specialty gift retailer. The company offers a wide assortment of products in numerous categories, including cut flowers, jewelry, men's accessories, gift baskets, gourmet foods, personal care, sports and games, gadgets and tools, baby, and bar, wine, and cigar accessories.	US\$30.8	US\$14	\$14.4	2.5%

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Asian Equity Markets: TMT and Life Sciences IPO Pricing						
Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 9/26/03	% Change From Offer
9/22/03	Mag Garden Corp. [3720 JP] (TSE)	Publishes and distributes comic books and also operates character-license business,	US\$4.8	¥410,000	¥430,000	4.9%
9/22/03	Wistron Neweb Corp. [6285 TT] (Taipei)	Manufactures wireless communication systems. Products include: satellite communication, wireless networking, embedded antenna, and mobile handset products.	US\$29.8	NT\$138	NT\$145	5.1%
9/23/03	Flexium Interconnect Inc. [6269 TT] (Taipei)	Manufactures and markets flexible printed circuit boards (PCBs). Products include single-sided and double-sided flexible PCBs.	US\$5.4	NT\$28	NT\$36.4	30%

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Weekly Highlights

International

Hardware

- **Samsung Electronics Co. Ltd. and Sony Corp. are considering a venture in liquid crystal displays that could help both companies compete in the hot flat-screen market.** Neither company gave much detail on what form the cooperation could take, but industry experts said it likely would involve Samsung supplying Sony, a laggard in the fast-growing market for flat-screen televisions. Samsung needs to find customers as it prepares to spend 20 trillion won (US\$17 billion) on new production lines for LCD panels by 2010, while Japan's Sony is reorganizing its struggling consumer electronics business.

Internet

- **AOL Time Warner Inc. sold its entire 6.8 million share holding in Chinadotcom Corp.** The two companies reached an agreement in July that allowed AOL to sell the stake. Chinadotcom began by operating Web sites across Asia, but has been transforming itself into a software seller and is trying to capitalize on the manufacturing boom in China.

Japan

Media, Entertainment and Gaming

- **Nintendo Co. cut the suggested retail price on its GameCube console in the U.S. to US\$100, as it looks to revive sales of the videogame machine.** The GameCube and Microsoft Corp.'s Xbox machines lag far behind Sony Corp.'s dominant PlayStation 2. Nintendo sold only 800,000 units globally of its GameCube game console during the quarter ended June. Poor sales of the consoles were largely expected, but the figures renewed concerns over the company's long-term strategy.
- **Nintendo Co Ltd said it will start selling game consoles in China in mid-October.** Nintendo, which created the popular Pokemon and Mario game series, has developed a special console for the Chinese market with a flash memory card to which users can download game software titles at stores. Nintendo believes this would curb pirating and help manage inventory. A local affiliate will handle marketing of the console, which is expected to sell for RMB\$498 (US\$60).

Mobile / Wireless

- **Nokia Corp. will launch a new model compatible with the Japanese language** early next year as part of a move to strengthen its third-generation phone business in Japan. The new handset, shaped like a leaf, will be targeted mainly at young people. The Finnish company, which commands about 40% of the global mobile phone market, has suffered weak sales in Japan and hopes to boost local sales by focusing on 3G models.

Software

- **Oracle Corp. Japan reported pretax profit for its fiscal first quarter came to ¥5.4 billion (US\$47.9 million) on sales of ¥18.5 billion (US\$160.9 million).** Software product sales fell 10% to ¥7.2 billion

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(US\$62.3 million), mostly because the year-earlier period included a number of large orders for business application software. Revenue from support and other service activities rose 9% to ¥11.4 billion (US\$99.1 million) amid a recovery in capital outlays by Japanese companies, strong revenue from support, trading and consulting services. For the fiscal year ending in May, Oracle expects its pretax profit to rise 1.4% to ¥26.2 billion (US\$227.8 million), despite a likely 3.3% drop in revenue to ¥83.4 billion (US\$72.2 million).

Telecommunications

- **Avaya Inc., a U.S. maker of telecommunications equipment, will begin marketing an IP (Internet Protocol) wireless telephone system in Japan** through its local arm in November. With this system, companies can use their wireless LANs and Avaya's special hand-held terminals to build wireless IP telephony networks in factories, business offices and other such limited areas. The hand-held devices are around the same size as regular cellular phones, and up to six people can hold a shared conversation using them. In addition to communicating with one another, they can also access extension phone lines inside the companies and outside lines.

Korea

Information Technology

- **The Korean Ministry of Information and Communication is now under pressure to streamline its sprawling IT promotion funds amid growing skepticism** about its complicated budget allocation and corporate support programs. The Board of Audit and Inspection proposed that President Roh Moo-hyun's administration should terminate 24 funds, including the IT promotion funds offered by the Information Ministry. In the 2002 fiscal year, the IT promotion funds were given 3.59 trillion won (US\$3.1 billion). The ministry now controls 2.5 trillion won (US\$2.2 billion) for use by the IT promotion funds in 2003.

China

Mobile / Wireless

- **China Mobile Hong Kong estimates it will cost 60 billion yuan (US\$7.2 billion) to build its next generation mobile network.** However, China Mobile believes it would cost fixed-line operators - China Telecommunications Group and China Netcom Group - twice as much as mobile carriers to build their third-generation (3G) networks as they lacked a 2G network to build on.
- **Lucent Technologies Inc. will supply CDMA 2000 equipment valued at more than US\$230 million to China United Telecommunications Corp. under a mobile-network expansion contract.** The expansion is aimed at improving the capacity and coverage of China United's network. Under the contract, Lucent will provide the network-expansion service in six provinces served by China United and its Hong Kong- and U.S.-listed unit China Unicom Ltd. The provinces are Guangdong, Shanghai, Zhejiang, Liaoning, Shandong and Inner Mongolia.
- **Itochu Corp. is due to begin in October a service to transmit content, including screensavers and ring tones, to cell phone users in China.** The major Japanese trading house intends to expand its cell phone content business to China, with a view to generating revenues of ¥500 million (US\$4.5

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million) in fiscal 2004 there. The new service is to be offered in an alliance with a start-up in Beijing to users of handsets with color displays sold by China Mobile. The content will be downloaded from China Mobile's Web site and the service will initially offer a total of 500 screensavers. Fees will be collected by China Mobile on behalf of Itochu.

Telecommunications

- **China Telecom is in preliminary talks to buy a stake in Indonesian cell phone company PT Excelcomindo Pratama.** The apparent overture from China's largest fixed-line operator in buying a stake in an Indonesian company is further evidence major Chinese telecommunications companies are interested in expanding their customer base overseas. The Indonesian company has about 16% of the country's cellular market. Officials at China United Telecommunications Corp., parent of China Unicom Ltd., said in August they are considering investing in a joint venture in a neighboring emerging market within the next two years.

Taiwan

Hardware

- **Advances in flat-panel technology are driving Taiwan's makers of notebook computers and monitors to move into the larger business of making televisions.** About 15 Taiwanese manufacturers of computer screens are showing new flat-screen TVs at this week's Computex technology convention. The exhibits indicate that Taiwan's flat-screen industry is not far behind those in Japan and South Korea, which lead in production of liquid-crystal-display computer monitors and TVs as well as the electronic panels that are the base for both products. Five of the top 10 makers of LCD panels and several dozen manufacturers of finished monitors and TVs are based in Taiwan.
- **AU Optronics launched its 46-inch LCD panel for high definition television (HDTV) and expects shipments to begin from the first quarter of 2004.** The panel will be manufactured at a 'fifth-generation' technology plant. By 2005, the company would have two fifth-generation plants and one sixth-generation site to meet demand for liquid crystal display (LCD) TVs. Construction of the sixth-generation plant started at the end of July and it is scheduled to begin mass production in the second quarter of 2005 with an initial monthly capacity of 60,000 panels. AU Optronics's revenues in the six months to June amounted to NT\$42.6 billion (US\$1.2 billion).

Telecommunications

- **Thousands of employees of Chunghwa Telecom demonstrated against the government's privatization plan for the company,** which they claimed would only benefit big business groups. The demonstrators waved banners reading "Rescue national assets" and "Oppose rule by business groups" outside the parliament building as Premier Yu Shyi-kun was delivering a policy report to lawmakers. An estimated 5,000 Chunghwa employees and their families as well as some 700 supporters from other labor groups had joined the protest.

Singapore / Malaysia / Philippines / Indonesia

Mobile / Wireless

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- **Singapore Telecommunications announced it would introduce wireless surfing at broadband speeds of up to 512 kilobits per second in Singapore's 23 public libraries.** Library patrons will be able to access the service using laptops or personal digital assistants (PDAs). In addition to wireless Internet access in libraries, SingTel customers are offered exclusive subscription packages to access the National Library Board's online digital library that houses more than 23,000 electronic books, magazines, journals and databases. SingTel has more than 200 wireless surf zones in Singapore, including a range of fast food and coffee shops, hotels, hospitals, and country and community clubs.

Hong Kong

Mobile / Wireless

- **SmarTone Telecommunications Holdings rewarded its shareholders with a cash dividend payout of HK\$2.2 billion (US\$282.1 million)** as the mobile firm reported a 254 per cent increase in profits last year. The 51 per cent-owned subsidiary of Sun Hung Kai Properties (SHKP) paid out a final dividend of HK\$3.8 per share and returned more than half of its HK\$3.9 billion (US\$500 million) in cash to shareholders.

Telecommunications

- **The Hong Kong government granted a 12-year license to PCCW Ltd. to offer pay television broadcasting over its broadband network.** PCCW started its pay-TV operation this month and has signed up 35,000 clients for the 23-channel service, prompting the company to boost its year-end goal to 100,000 subscribers from 60,000 previously. PCCW offered the service free of charge while it awaited the license. Starting next month, PCCW will let customers subscribe to channels individually rather than in the bundles common with other cable- and satellite-TV services. Pricing will vary between HK\$9 and HK\$21 (US\$1.2 and US\$2.7) a month per channel.

United States / Canada

e-Commerce

- **Amazon.com Inc. is trying to transform itself into an online shopping mall of sorts.** Amazon opened a sporting-goods department where retailers such as Golfsmith International Inc. can sell golf clubs, baseball bats and other athletic gear. Lands' End and online luggage retailer eBags.com Inc. have already set up stores in the apparel section. And Amazon hopes to roll out a gourmet-food store and health-and-beauty shop in time for the holidays. Amazon processes the orders for these departments, but the retailers fill the orders from their own warehouses. Amazon gets a cut of the sales -- and can expand into different businesses without making a big investment in inventory. The retailers receive access to Amazon's most important assets: its customer traffic, US\$1 billion investment in technology and Internet know-how.

Hardware

- **Making a broader push into home electronics, Dell Inc. would soon begin online sales of music and an MP3 player under its own name.** Dell's newest foray will directly compete with Apple Computer Inc., whose iTunes service has sold 10 million songs since its April launch and which has promised a PC version of iTunes by the end of the year. Dell also reiterated its plans to offer flat-screen

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TVs and expand its selection of digital projectors for home-theater use. The return to audio follows a stumble in 2000, when Dell released a digital-music receiver and then quickly withdrew it after poor sales.

- **Cisco Systems Inc.'s board authorized the repurchase of up to an additional US\$7 billion in common stock**, more than doubling the amount available under its existing program as of late July. The additional authorization will leave the networking equipment maker with about US\$12.2 billion remaining under its now US\$20 billion repurchase program, as of July 26. As of that date, Cisco had repurchased and retired 548 million common shares for US\$7.8 billion since inception of the program, leaving US\$5.2 billion remaining under the program.
- **Micron Technology Inc. reported a narrower fourth-quarter net loss and beat analyst expectations.** Net loss for the quarter ended Aug. 28 was US\$123 million compared with a net loss of US\$586.5 million a year earlier. Sales for the fourth quarter were US\$888.5 million, up from US\$748 million a year ago.
- **Research In Motion Inc. swung to a profit as revenue surged 70%, boosted by solid demand for its BlackBerry wireless e-mail devices.** The company reported a profit of US\$2.1 million for its fiscal second quarter ended Aug. 30. In the same quarter last year, Research In Motion had a loss of US\$14.3 million. Excluding a patent litigation provision of US\$5.7 million related to a dispute with NTP, the company reported "adjusted" earnings of US\$7.8 million. Revenue rose 71% to US\$125.7 million from US\$73.4 million in the year-earlier period. Additionally, the company said it gained about 96,000 BlackBerry subscribers from the prior quarter for a total of 711,000 subscribers.

Internet

- **Amazon.com Inc. plans to develop its own Web-search technology, which could pit it more directly against Google Inc. and Yahoo Inc. in an emerging battle over who controls the major paths to online merchants.** Amazon's new foray is called A9, a subsidiary it has set up in Northern California to tap into Silicon Valley's large pool of software engineers. Amazon Chief Executive Jeff Bezos has mandated the new unit with developing software that will help keep the company competitive as online shopping habits evolve. Increasingly, Web shoppers buy products through retailers they found by conducting Web searches, rather than by going directly to retailers' sites.
- **MSN is ending a two-year deal with BellSouth Corp., in which MSN leased digital-subscriber lines from the regional telephone company and resold them under the MSN name to customers wanting high-speed Internet access.** MSN also will end a similar agreement for DSL leasing with SBC Communications Inc. The move is part of MSN's overall strategy to get out of the business of providing high-speed access to the Internet and focus instead on providing software and services for browsing the Web.
- **The ever-expanding market for pirated music will continue to haunt music executives for at least another five years, outstripping growth for the industry's own fledgling online businesses.** The report by Informa Media said global Internet music sales, which includes sales of CDs from retail Web sites such as Amazon.com and song downloads from services such as iTunes, will reach US\$3.9 billion by 2008, up from US\$1.1 billion in 2002. But the value of lost sales due to CD-burning and downloading free songs off so-called peer-to-peer networks such as Grokster and Kazaa will rise to US\$4.7 billion in the same period from US\$2.4 billion this year.

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- **InterActiveCorp, media mogul Barry Diller's e-commerce company, has agreed to buy online discount travel Web site Hotwire.com for US\$665 million in cash to expand its travel services business.** InterActiveCorp, which has been actively buying up a variety of online companies, said it expects the deal to add "slightly" to its 2004 earnings per share. InterActiveCorp, which also owns Expedia and Hotels.com, will control three of the ten most-visited Internet travel sites with the Hotwire acquisition, according to comScore.
- **The U.S. Federal Trade Commission said Time Warner Inc.'s America Online unit had agreed to honor consumer cancellation requests promptly as part of a settlement with the agency.** AOL's CompuServe unit also settled FTC charges that it was late in delivering US\$400 rebates to consumers who signed up for Internet service. Under the proposed settlement, the company will be required to provide rebates within the times specified in promotions, or, if no time is specified, within 30 days. Customers that inquire about canceling their service but then choose to remain as subscribers will get a letter confirming their decision. The FTC had complained that AOL failed to ensure customer requests for cancellation were carried out and, in numerous instances, customers continued to be charged monthly fees.
- **Internet media company Yahoo! Inc., broadening its efforts in the red-hot search services market, rolled out a new search platform that lets users find products, compare prices and buy from various merchants.** Product search is an increasingly competitive market on the Internet, with engines like MySimon and PriceGrabber vying to be the launch point for consumer purchases, generating revenue through commissions or other fees when users click one of their links to buy from a retailer. DealTime Inc. re-launched itself as the Shopping.com Web site, integrating its own DealTime platform with the Epinions user-review service. Yahoo! competitor Google also has a product search platform called Froogle.
- **Microsoft Corp. is shutting down Internet-chat services in most of its markets worldwide** and limiting the service in the U.S. to help reduce criminal solicitations of children through online chat discussions. In most of its 34 markets in Europe, Latin America and Asia, Microsoft MSN has chosen to simply shut down the service. However, MSN will continue to offer chat services to users in the U.S., Canada, Japan and Brazil.
- **In an identical business concept as paid music downloads entertainment companies are trying to sell downloadable movies.** Movielink, a nascent service that sells movies via the Internet, allows users to download movies, which are delivered via broadband. The movies however cannot be copied. Full downloads take 30 to 90 minutes, but viewing can begin within a few minutes of the download's start. The movies are available for 24 hours of play, and will delete themselves from a hard drive after 30 days.
- **Cheating with software add-ons has become a big problem for online computer games and now Ultimate Arena will introduce a variation on instant replay to combat this problem.** The firm electronically records the matches hosted on its computers. After the games, players who suspect that cheating occurred can review replays from their opponents' point of view, and file protests that are reviewed by a team of experts.
- **State and local officials, backed by some of the country's largest retailers, approached Congress asking permission to start collecting sales taxes for Internet shopping.** Lawmakers backing the effort, known as the Streamlined Sales Tax Project, unveiled legislation to give their approval to the new system. Some 20 states have already enacted new tax laws to join the movement. The Internet has

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remained a mostly tax-free shopping zone since the Supreme Court ruled that states cannot force a business to collect sales taxes unless it has a store or other physical presence in the state.

- **AOL Time Warner Inc.'s America Online unit is tapping videogame maker WildTangent Inc. to combine online games with instant messaging** as part of a broader effort to generate revenue from its popular free chat service. AOL announced a service that adds online games to its AOL Instant Messenger. The AIM Games service will allow users to play games over the Internet with other instant-messenger users. The six games, initially available free, include an online version of checkers and arcade games such as BlasterBall 2. The games are integrated with the messaging service, so players can use the chat software to communicate with one another and to invite players to join a game.
- **Sharman Networks Ltd., the company behind the Kazaa file-sharing software, filed a federal lawsuit accusing the entertainment companies of using unauthorized versions of its software in their efforts to root out users.** Entertainment companies have offered bogus versions of copyright works and sent online messages to users. Sharman said the companies used Kazaa Lite, an ad-less replica of its software, to get onto the network. The lawsuit also claims efforts to combat piracy on Kazaa violated terms for using the network.

Media, Entertainment and Gaming

- **In a marketing twist, EMI Group PLC's Virgin Records is encouraging online sharing among fans of musician Ben Harper.** In the novel strategy Virgin launched a free online video channel centered around Harper, and is enticing fans to tell friends about the channel by freeing up unreleased audio tracks taped at Mr. Harper's concerts. For every five addresses that they provide, senders get one track, up to a total of 21 songs for 105 e-mails.

Mobile / Wireless

- **Wireless carrier Nextel Communications Inc. asked a federal judge to stop advertising by rival Verizon Wireless that claims it offers superior walkie-talkie service.** Verizon Wireless's service, marketed as Push to Talk, launched last month to compete with Nextel's popular Direct Connect feature. Both plans allow cell phone users to communicate with each other at the push of a button rather than making a phone call. National ads being aired by Verizon claim its service operates on the "best" and most reliable" wireless network. The ads show frustrated people unsuccessfully trying to use other walkie-talkie phones -- presumably Nextel's.
- **Chip designer Nvidia Corp. launched its first graphics chip for handheld devices, taking advantage of a recent acquisition to tap the burgeoning market for mobile phones with built-in cameras.** Nvidia, best known for high-powered PC graphics chips favored by hardcore computer gamers, entered the market for small, battery-friendly chips used in mobile gadgets after buying privately held MediaQ Inc. for US\$70 million in August. Nvidia was willing to spend the same on research and development and marketing in the fast-growing handheld sector as it had on its main personal computer graphics chips.
- **Texas Instruments Inc. filed suit against Qualcomm Inc. alleging breach of contract in a handset licensing agreement.** Texas Instruments asked the court to require Qualcomm to adhere to the terms of the cross-licensing agreement and for an injunction to prohibit Qualcomm from making false or misleading statements about the companies' respective rights and obligations. The lawsuit marks continued fighting between the two companies. Qualcomm could not be reached for comment.

Software

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- **Microsoft Corp. took another step toward adapting its wares for non-PC uses by announcing it will make a version of Windows** that runs atop an operating system popular with Japanese makers of cars and consumer electronics. Microsoft would adapt a version of its Windows CE software to run on a popular Japanese operating system called Tron. Tron is widely used to control simple electronic processes in everything from cars to cameras to refrigerators. As those gadgets get smarter and more computer-like, however, they need more software to handle the additional functions, and Microsoft is hoping to provide it.
- **Hewlett-Packard Co. plans to indemnify customers that use the Linux computer operating system, to help protect them from possible legal actions from SCO Group Inc.** SCO Group which owns rights to Unix, the operating software program upon which Linux is based, sued IBM for billions earlier this year, alleging it introduced Unix source code into Linux. SCO also is going after companies to pay to use Linux or face litigation. If HP indemnifies its Linux customers, the company will take over litigation and defend against any claims for its clients.
- **Microsoft hired as its Japan Xbox chief Yoshihiro Maruyama, formerly chief operating officer of the U.S. unit of game creator Square Co.** -- now called Square Enix Co. Mr. Maruyama, who will be the first Japanese videogame industry veteran to lead Microsoft's Xbox team in Japan since it began operations three years ago. Microsoft is counting on Mr. Maruyama to duplicate in Japan the success he had at Square in the U.S., where he helped lead an expansion in sales. His effort helped Square raise its U.S. revenue to one-third of its total, compared with less than 5% in 1995.

Telecommunications

- **Dealing a critical blow to the Federal Trade Commission's popular "do not call" registry, a second federal court blocked the program,** saying it violates telemarketers' free-speech rights under the Constitution. U.S. District Court Judge Edward W. Nottingham said the registry was unconstitutional because the FTC allowed telemarketing calls from charities but not commercial enterprises, and violated the First Amendment.
- **AT&T Corp. will repurchase US\$1.1 billion of debt in an effort to strengthen its balance sheet and reduce its interest expenses.** AT&T has been using its strong cash flow and hefty cash cushion to reduce debt from a peak of about US\$65 billion to a target of less than US\$10 billion by year-end. It will use cash for the latest debt buyback. The company has been selling off units and cutting jobs to trim expenses, to offset shrinking revenue and combat increased competition. It has suffered from slack customer demand, pricing pressures and heightened competition as the Baby Bells have moved into the long-distance market.
- **As Americans rapidly drop their landline phones and use wireless connections only, the large telephone companies have one more reason to worry.** The trend is not new, but it has been stronger than most analysts had expected this year, and is cited as one reason for the surprising acceleration of wireless subscriptions in 2003. AT&T Corp., which owns no consumer-wireless business, is vulnerable, but carriers with wireless operations stand to lose as well. While Verizon Communications, SBC Communications Inc. and BellSouth Corp. all have large stakes in jointly owned wireless businesses, they are each likely to lose customers switching to cell phones only.

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Europe

Hardware

- **Infineon is a late entrant to the flash memory market, which is expected to grow twice as fast as the market for the standard memory chips.** Now the company is banking on newer technology to catapult it past the likes of Samsung Electronics Co. While technological prowess and modern production facilities give it a strong hand, Infineon is pursuing a risky strategy. It must convince customers to buy a less-mature product than conventional flash. Infineon is betting on NROM, a technology breakthrough that puts two information bits per storage cell, meaning these chips are considerably smaller than conventional flash devices with identical memory capacity. It uses a simpler manufacturing process and offers cost savings of 30% over conventional flash.

Information Technology

- **Atos Origin SA plans to acquire the bulk of the information-technology services assets of Schlumberger Ltd. for €1.3 billion (US\$1.5 billion) in cash and shares.** The planned acquisition raises the stature of Atos within the European market and starts to bring closure to Schlumberger's expensive foray into the non-specialized information-technology-services sector. Schlumberger will cede the majority of the assets it acquired in its US\$5.2 billion purchase of Sema Group PLC in 2001 as part of this deal.

Mobile / Wireless

- **Nokia Corp. and Visa EU have agreed to work together to improve the security and ease of making payments by mobile phone.** The two companies said their new technology will let cell phone users store personal information in their phones, including user names and passwords for different mobile services, Visa payment card details, addresses and personal notes. Nokia and Visa are demonstrating the technology at the Mobile Commerce World Europe 2003 event in London this week.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/26/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	111.7300	2.0%	-15.1%	6.3%	9.7%
Hong Kong dollar	HK\$/ US\$	7.7496	0.6%	-0.6%	0.6%	0.6%
Chinese renmenbi	RMB/ US\$	8.2773	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7325	0.6%	-6.2%	0.1%	2.7%
South Korean won	KRW/ US\$	1150.5000	1.5%	-12.4%	3.1%	6.7%
New Taiwan dollar	NT\$/ US\$	33.7775	0.8%	-3.5%	2.5%	3.4%
Australian dollar	US\$/A\$	0.6738	0.2%	32.2%	20.0%	24.0%
New Zealand dollar	US\$/NZ\$	0.5887	-0.6%	41.4%	12.2%	25.1%
Philippine peso	PHP/ US\$	55.0325	0.2%	6.6%	-2.6%	-4.7%
Euro	US\$/€	1.1464	0.8%	28.9%	9.3%	16.9%
British pound	US\$/£	1.6592	1.3%	14.2%	3.1%	6.3%

Fixed Income Prices and Yields

Note	Currency	Current (on 9/26/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	106.5781	4.96%	104.5000	5.07%	100.8750	5.31%
Japan 30-year	¥	103.9660	1.98%	104.0425	1.97%	104.8750	1.93%
Hong Kong 10-year	HK\$	122.1298	3.50%	121.7196	3.58%	119.1921	4.03%
China (10/2027)	US\$	148.0491	4.28%	145.0213	4.44%	137.8863	4.83%
Singapore 10-year	S\$	110.1810	2.94%	109.4363	3.07%	108.4225	3.24%
South Korea 10-year	US\$	122.0220	3.58%	121.3925	3.73%	119.3853	4.21%
Australia 15-year	A\$	108.3975	5.37%	107.2260	5.52%	107.0900	5.54%
New Zealand (07/2009)	NZ\$	106.6484	5.64%	106.0025	5.77%	105.9674	5.79%
Philippines 20-year	PHP	149.1766	11.90%	149.4601	11.88%	149.3908	11.89%
India 20-year	INR	152.3585	5.75%	152.0539	5.78%	153.5320	5.68%
UK 30-year	£	93.6900	4.65%	93.0287	4.69%	92.6798	4.72%
Germany 30-year	€	109.9680	4.83%	108.9731	4.90%	108.9982	4.89%

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