

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



Week of 7 December - 13 December 2003

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Equity Market Indicators					
Index	Closing Level (12/12/03)	% Change 1 Week Ago	% Change 1/1/2003	% Change 1/1/2002	% Change 2002 Low
S&P 500	1,074.14	1.2%	22.1%	-7.0%	37.9%
Dow Jones Industrial Avg.	10,042.16	1.8%	20.4%	-0.3%	37.4%
Dow Jones Tech. Index	339.71	-0.1%	47.9%	0.7%	87.3%
Dow Jones Telecom. Index	177.59	1.0%	20.1%	-14.8%	52.2%
NASDAQ Composite	1,949.00	0.6%	45.9%	-1.5%	74.3%
The Street.com Net	146.76	1.5%	71.3%	-25.0%	134.0%
Japan Nikkei 225	10,169.66	-2.0%	18.5%	-6.5%	21.3%
Japan TOPIX	998.70	-2.0%	18.4%	-5.2%	21.5%
Korea KOSPI Composite	806.08	2.1%	28.4%	11.2%	35.5%
Korea Kosdaq	47.11	0.1%	6.2%	-36.7%	7.2%
Taiwan Stock Exchange	5,858.32	-0.7%	31.6%	4.6%	52.4%
Singapore Straits Times	1,727.73	-0.3%	28.8%	6.3%	29.2%
Hong Kong Hang Seng	12,594.42	2.3%	35.1%	11.0%	41.7%
Hong Kong GEM	1,199.66	-0.5%	26.2%	-37.0%	32.2%
China Shanghai (A-Share)	1,540.38	1.4%	8.5%	-8.1%	11.6%
China Shenzhen (A-Share)	398.02	0.2%	-2.9%	-18.8%	2.1%
China Shanghai (B-Share)	109.07	-1.7%	-3.9%	-35.5%	-2.6%
China Shenzhen (B-Share)	271.79	-0.5%	45.4%	3.9%	46.3%

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Technology, Media, Telecommunications and Life Sciences Market Activity

Asian Markets: TMT and Life Sciences Convertibles

Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
12/10/03	Pantech Co. Ltd. [025930.KS]	Manufactures wireless telecommunication devices such as cellular phones using CDMA technology.	12/10/06	US\$25	1,341 Shares	11/10/06
12/10/03	Horng Technical [6193.TT]	Manufactures and markets screen and monitor glare and radiation blocking filters for computers. Also produces computer related products like mouse, speakers, disk containers, and mouse pads.	12/10/08	US\$8	17,262 Shares	11/25/08
12/11/03	Hitron Tech. [2419.TT]	Distributes telecommunication products and computer workstations. Also manufactures transmission products such as digital loop carrier (DLC) systems, high-bit-rate-digital subscribers lines (HDSL) transmission systems, cellular repeater boosters, and videophone systems. Also is a Taiwanese Internet service provider.	12/11/08	US\$10	27,481 Shares	11/25/08
12/12/03	Sekonix Co. Ltd. [053450.KS]	Manufactures a variety of optical lenses such as CD-ROM and DVD pick up lenses, optical filters, charge coupled devices (CCD), and projection TV lenses. Provides its products to computer and camera manufactures.	12/12/05	US\$2	341 Shares	11/12/05
12/12/03	Phihon Technology Co. Ltd. [2457.TT]	Manufactures powers supply equipment. Main products are universal adaptors, battery chargers, direct current converters, open frame switchers, chassis mount switchers, computer power supplies, and switching game power supplies.	12/12/08	US\$30	15,501 Shares	11/12/00

NASDAQ/NYSE TMT and Life Sciences IPO Filings

File Date	Issuer	Industry Sector	Size (\$MM)	Description	Book-Runner	Co-Manager
12/9/03	Motive Communications Inc. [MOTV.US]	Internet	N/A	Provides e-service software for online customer care. Company's software products provide technology vendors, service providers, and large enterprises with the infrastructure for delivering personalized service over the Internet.	Morgan Stanley	J.P. Morgan

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NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/12/03	% Change From Offer
12/9/03	Ctrip.com [CTRP.US] (NASDAQ)	A consolidator of hotel accommodations and airline tickets in China.	US\$75.6	US\$18	US\$39.3	118.3%
12/10/03	NPTest Holdings Corp. [NPTI.US] (NASDAQ)	Designs, develops, and manufactures advanced semiconductor test and diagnostic systems and provides related services for the semiconductor industry.	US\$175.2	US\$12	US\$11.25	-6.3%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/12/03	% Change From Offer
12/8/03	Oncotherapy Science Inc. [4564.JP] (TSE)	A biopharmaceutical company primarily focused on the research and development of medicine, treatments, and gene-analysis on cancer.	US\$139	¥1,000,000	¥2,210,000	121%
12/9/03	Compal Comm. Inc. [8078.TT] (Taipei)	Develops and manufactures GSM and GPRS (Gound Penetrating Radar & Ground Probing Radar) mobile phones.	US\$63	NT\$110	NT\$122.5	11.4%
12/10/03	Hunan Copote Science & Tech. [600476.CH] (Shanghai)	Develops customized software and provides system integration to the postal and telecommunications industries.	US\$22	RMB5.2	RMB 12.2	135.5%
12/12/03	Nihon Aim Co. Ltd. [2383.JP] (JASDAQ)	Provides outsourcing services to electronics manufactures. Company specializes in semiconductor and LCD related products.	US\$11.1	¥400,000	¥464,000	16%
12/12/03	Bandai Networks Co. Ltd. [3725.JP] (JASDAQ)	Provides Internet content services for cellular phone users. The company also operates electronic commerce site to sell character goods.	US\$24	¥470,000	¥530,000	12.8%

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Weekly Highlights

International

Internet

- **A controversial plan to grant governments broad controls over the Internet has stolen the spotlight of a United Nations conference on IT next week.** Leaders from nearly 200 countries will convene in Geneva for the World Summit on the Information Society (WSIS) Dec. 10-12, an inaugural conference with lofty goals to discuss bridging the digital divide and fostering press freedoms. But a contentious political move to grant an international governing body such as the U.N.'s International Telecommunication Union (ITU) control over Internet governance issues -- from distributing website domains to the public to fighting spam -- has all but obscured the more virtuous aspects of the event.

Media, Entertainment and Gaming

- **Bertelsmann and Sony have agreed on a merger of their music units in the latest move to consolidate an industry grappling with a four-year crisis.** The 50-50 joint venture, Sony BMG, would be the world's second-largest record label, combining the recorded music units of Bertelsmann's BMG and Sony Music, but excluding music publishing and CD production. The new label would rival market leader Universal Music's 25.9 percent share of global music sales, with a share of 25.2 percent based on 2002 sales. The deal still needs the approval of both European and U.S. competition watchdogs, which have blocked earlier attempts to merge any two of the world's top five music labels.

Mobile / Wireless

- **Global demand for mobile phones is expected to rise 5.8 percent to 479.4 million units in 2004, fueled by strong customer growth in developing markets such as China and India,** according to the Japan Electronics and Information Technology Industries Association (JEITA). That compares to an estimated 453 million units in 2003, a 10.9 percent increase from the year before.

Semiconductors

- **Demand is so strong for cell phones with cameras and other electronics that use chips that some leading semiconductor makers will keep factories open during the year-end holidays in contrast to recent years.** Texas Instruments Inc. the world's top supplier of microchips for cellular phones, joined the ranks of chipmakers that will keep factories up and running instead of closing them from Christmas through New Years. In addition to raising its forecast for the current quarter, TI said it would keep plants open late this month, a move coming amid better-than-seasonal demand.

Japan

Hardware

- **Japanese electronics makers got the jump on their global rivals in 2003 by dazzling consumers with the latest in digital cameras and mobile phones, and they look set to leverage their expertise in 2004 as the market for digital products explodes.** As mobile phones loaded with such extras as cameras and color displays increasingly catch on overseas, firms such as Sharp Corp. and

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Matsushita Electric Industrial Co. have a huge potential market for the gadgets that helped fuel their growth in 2003. Japanese companies' lead in flat-screen televisions and DVD recorders also means they are set to benefit as consumers replace analog equipment with the better audio and visual experience offered by new digital home entertainment systems.

- **Toshiba Corp. has jointly developed with Sony Corp. technology to mass-produce customized semiconductors with 65-nanometer circuit widths.** Chips made with the technology are likely to be used in Sony's next generation game console, PlayStation 3. Toshiba is aiming to begin sample shipments in March 2004 and mass production of the chips during the first half of the fiscal year starting April 2005.
- **Sanyo Electric Co. plans to raise its production capacity for digital cameras by 74% to 20 million units in fiscal 2004 to meet increasing orders.** The electronics manufacturer is the world's largest producer of digital cameras, supplying more than 90% of its output to other camera manufacturers on an OEM basis. About five companies, including Nikon Corp. and Olympus Corp., are believed to outsource digital camera production to Sanyo.

Internet

- **Softbank Corp. is planning to raise as much as ¥230 billion (US\$2.1 billion) through the sale of new shares and convertible bonds,** as the highflying Internet-services firm struggles to stay afloat amid huge losses from its broadband business. Softbank hopes to raise around ¥50 billion (US\$463.4 million) through the sale of 14.5 million new shares to overseas investors -- mainly in Europe -- with the option to sell as many as 2.2 million more if demand is strong. If all the stock is sold, Softbank's shares outstanding will increase by about 4.9% to 353.6 million shares. The company also is aiming to raise an additional ¥150 billion (US\$1.4 billion) with the sale this month of three sets of yen-denominated convertible bonds to investors in Europe and Asia.

Media, Entertainment and Gaming

- **Seven months after seeing its merger offer to Sega rejected, a Japanese entertainment company has become the largest shareholder in the video game publisher.** Sammy Corp., best known in Japan as the maker of "pachinko" pinball tables, has acquired a 22.4 percent position in the company from CSK Corp. Sammy, which previously held just 100,000 shares of Sega, bought another 39,148,600 for ¥43.5 billion (US\$406 million). Sammy and Sega announced plans to merge in February, but abandoned those three months later when they were unable to agree on a buyout price. Sega also discussed merging with fellow video game publisher Namco, but failed to reach a deal.

Mobile / Wireless

- **KDDI Corp. has decided to adopt Sony Corp's technology in smart cards for use in third-generation mobile phones** that it will develop with Hitachi Ltd. The move will further increase the likelihood that Sony's FeliCa contactless card technology will become the industry standard. NTT DoCoMo Inc., which commands nearly 60% of the domestic cell phone subscription market, also decided to use the FeliCa technology earlier. The smart card will be designed to be inserted into KDDI's au brand cell phone handsets. Sony's FeliCa technology is already used in the Suica automated ticketing system operated by East Japan Railway Co. and KDDI plans to market in the latter half of next year cell phones that allow users to go through ticket gates by simply swiping.

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Software

- **Sophia Cradle Inc., a Kyoto-based developer of mobile phone software, plans to release software that allows cellular phone users to access up to four sources of content simultaneously** and switch between them without having to close any. The software called "Sophia Windows," can be automatically downloaded by cell phone users if it is already integrated by providers in their contents being accessed. Sophia Windows is compatible with the BREW platform of Qualcomm Inc., an operating system for cell phones.

Korea

Information Technology

- **Exports of Korea's representative IT products reached US\$29.3 billion during the first 10 months of the year, accounting for 63.8 percent of all outbound shipments by the information and telecommunications sector.** According to the International Cooperation Agency for Korean IT, the items including mobile handsets, memory chips and display panels and accounted for 18.7 percent of total outbound sales by the nation over the period. The agency noted that mobile handsets took up 22.4 percent of IT sector exports with memory chips and modules at 18.5 percent, followed by thin-film-transistor liquid-crystal display panels with 12.9 percent.

Internet

- **eBay Inc. boosted its stake in Internet Auction Co., a South Korean online trading company, to 62% from about 50%, and does not plan to make another tender offer.** eBay agreed to purchase 1.6 million shares for about US\$92 million in a tender offer that will settle Dec. 17. The new deal is a more modest offering than the online auction company's proposal on Nov. 16 to buy the portion of Internet Auction it does not already own -- about 6.4 million shares -- for US\$382 million. Other shareholders of the Korean company threatened to block the sale and thwart eBay's move to delist Internet Auction unless the U.S. auction company raised its tender-offer price.

Mobile / Wireless

- **The brand value of Anycall, Korea's hottest-selling mobile phone made by Samsung Electronics Co., has increased as much as six-fold over the past five years,** according to joint research by Korean and U.S. economists. Anycall's brand on the local market is worth 3.3 trillion won (US\$3 billion), according to EQUITYMAP II, a Stanford University-devised method of evaluating brand value based on incremental market share. The figure is a six-fold increase from 524.4 billion won (US\$400 million) five years ago and is up 60 percent from last year.
- **LG Electronics Inc. took the top spot on the worldwide code division multiple access mobile phone market for the first time,** according to Strategy Analytics. Among the 26 million CDMA phones sold during the third quarter this year, LG sold the most units with 6 million and achieved a 23-percent market share. The third quarter marked a 1.7-million unit improvement compared to the previous quarter, and a 62-percent increase in sales from the same time last year. LG surpassed mobile phone heavyweights Samsung Electronics Co. and Motorola significantly, which sold about 5.1 million units each and took a 19.6-percent combined market share.

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Semiconductors

- **Samsung Electronics Co. is expected to retain its top share of the global market for dynamic random access memory, or DRAM, chips this year**, according to iSuppli, a semiconductor industry research firm. In a report of chipmakers' global market shares, the research company predicts that Samsung will lead the pack with a 28.1-percent share of DRAM chip markets worldwide, trailed by U.S. rival Micron Technology Inc. with an estimated 18.8 percent share. But Samsung's DRAM sales revenue is forecast to drop to US\$4.9 billion this year from US\$5 billion in 2002, as the Korean chipmaker is shifting the focus of its semiconductor venture to flash memory chips.

China

Internet

- **Mainland travel portal Ctrip.com International raised the price for its American depositary receipts (ADRs) to US\$18 each**, as global investors flocked to the initial public offering amid resurgent enthusiasm for China Internet plays. The sale of 4.2 million ADRs raised US\$75.6 million -- about US\$27 million of which will go into the pockets of company executives and investors, with the remainder being used for working capital, capital expenditure and possible acquisitions. One ADR represents two of the company's ordinary shares. The issue price was at the high end of an indicative pricing range of US\$16 to US\$18, which was raised from US\$14 to US\$16 during the one day book-building process.

Media, Entertainment and Gaming

- **Online game developer Shanda Networking was the mainland's fastest-growing company in the telecommunications, media and technology (TMT) industry this year**, according to Deloitte Touche Tohmatsu. Revenue at the Nasdaq-listing candidate grew 10,342 percent over the past three years, though it still trailed its Taiwan-based counterpart Chinese Gamer, which had a growth rate of 20,402 percent. Shanda's revenue growth far outpaced TCL Mobile Communications, which registered growth of 2,964 percent in the three-year period, according to Deloitte. Shanda has filed for an initial public offering on NASDAQ for next year and hopes to raise US\$300 million to US\$500 million. The four-year-old portal earned US\$25 million last year on revenue of US\$50 million and expected both to double this year.
- **Mobile entertainment services provider Mtone Wireless is hoping to take advantage of the rapid rise in mobile gaming in the mainland by launching a wireless game simultaneously with a popular Chinese film.** The game, *Cell Phone*, coincided with the release of the film of the same name by director Feng Xiaogang, best known for his dual language comedy *Big Shot's Funeral*. Mobile games have soared in popularity in China as users seek new ways of interacting through their mobile phones. The games are played using the short-messaging service (SMS) system through one of China's two networks, China Mobile or China Unicom.

Mobile / Wireless

- **Ningbo Bird hopes to ship 20 million handsets next year as overseas sales account for a greater portion of its revenue.** The Shanghai-listed A-share company expects to ship 12 million units this year. The handset maker expects overseas markets to account for 10 percent of total sales next year-- a figure it hopes will rise to 30 percent by 2006. Ningbo Bird, along with domestic rivals such as TCL Mobile

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Communications and China Kejian, are turning to overseas markets as fierce competition at home has led to a glut of inventory, driving down margins and profit.

- **China has ordered computer makers at home and abroad to use its own encryption standard for wireless local area networks (LANs)**, ensuring stronger government control and giving domestic manufacturers a slight respite from foreign competition. The new rules, which took effect last week, ban the importation and sale of all equipment used in wireless LANs that does not comply with China's new standard. Products contracted, imported or produced before the ban's effective date were given a six-month grace period, according to government notices posted on the website of the China Broadband Wireless IP Standard Work team.

Taiwan

Mobile / Wireless

- **Latest-generation 802.11g technology accounted for 38.6 percent of the volume of all WLAN equipment shipped from Taiwan in the third quarter**, according to the island's Market Intelligence Centre (MIC). Taiwan is the world's largest supplier of wireless networking equipment, accounting for more than half of global shipments. Overall, the third-quarter volume of WLAN equipment shipments from Taiwan rose 30 percent from the previous quarter to about 9.2 million units.

Semiconductors

- **TSMC indicated fourth-quarter sales would beat forecasts and hit a record high.** Taiwan Semiconductor Manufacturing Co. reported November sales surged from a year earlier but were flat or fell from October levels, triggering a sell off of U.S. chip shares.

Hong Kong

Internet

- **Chinadotcom is buying struggling software concerns in North America and Europe and bringing their products to China.** In some cases, it is moving software development to its lower-cost programmers in Shanghai. During the past four months, the company has agreed to spend about US\$145 million for three software firms and the license to one software product. The latest came together this week, when it won a three-way battle for Pivotal Corp. of Vancouver, British Columbia. Chinadotcom's plan is to build a portfolio of software products to sell to China's surging manufacturing businesses, many of which still rely heavily on clipboards and carbon paper to manage information. In the process, the company hopes to gain application-development expertise it later can offer to overseas firms.

United States / Canada

e-Commerce

- **After years of false starts and minor experimentation, live video of pro and college games went online in a big way this year.** Major League Baseball webcast about 1,500 of its regular-season games - - 60% of the total schedule. The Women's National Basketball Association showed 11 during its

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summer season. However, live web video still looks blurry when expanded to fill computer screens, but it's already about halfway to TV-like resolution and could make up that ground quickly.

Hardware

- **Ciena Corp. posted a narrower fiscal fourth-quarter loss, compared with year-earlier results that were weighed down by a hefty goodwill charge.** For the quarter ended Oct. 31, the maker of optical-networking systems reported net loss came to US\$115 million compared with a year-earlier net loss of US\$754.8 million.
- **Home personal computer sales are rebounding as many users are choosing to replace their old PCs with new ones.** Holiday sales of personal computers could see a jump of 19 percent from the same period last year, after declining for three straight years, according to a study by industry watcher NPD Group.
- **IBM made an advance in nano-technology that could make it easier to build smaller, better performing microchips for electronics such as computers and cell phones.** Researchers at IBM combined the ability of molecules to arrange themselves into tiny patterns, called self-assembly, with standard chip-making tools and built a tiny computer memory device. The device acts as a type of flash memory, which retains recent information when an electronic device is turned off, making it useful for handheld computer devices and cell phones.
- **Cisco Systems Inc. will offer a new version of its high-end routers, devices that direct data on networks, that customers could upgrade instead of replace.** The company said the new routers are designed to save telephone companies money and network upgrade headaches, especially since they still are reeling from a severe downturn.

Information Technology

- **The loss of a highly prized United Kingdom computer-outsourcing contract could cost Electronic Data Systems Corp. three cents to four cents a share in earnings next year.** The computer-services company failed to make Inland Revenue's final cut for negotiating a 10-year deal valued at as much as US\$5.2 billion. The U.K. tax-collecting and reporting agency chose to begin negotiations with rival Cap Gemini Ernst & Young, dismissing incumbent EDS.
- **IBM has won an eight-year information-technology outsourcing contract from French tire maker Michelin SCA valued at €1 billion (US\$1.2 billion).** Under the deal, IBM will take over the maintenance and management of Michelin's IT infrastructure in Europe and North America. About 600 Michelin employees, two-thirds of them in Europe, will move to IBM. IBM will take over responsibility for IT operations ranging from user support to computer-server management.
- **Sungard Data Systems Inc. agreed to buy Systems & Computer Technology Corp., which provides technology services and software to U.S. universities, for about US\$584 million.** Sungard, which has served as an incubator and acquirer of many technology companies, will pay US\$16.5 in cash for each SCT share.

Internet

- **Google Inc. plans to open an engineering research and development center in India, its first outside the U.S., early next year.** The company will open a center in Bangalore in March, and hopes to hire about 100 engineers initially. Google has been looking to expand the pool from which it selects

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employees with computer-science and engineering backgrounds. It realizes it will be restricted in that goal if it requires those employees to work in the U.S., because many people can't obtain work visas.

- **America Online launched a new online dating service, banking on making a match in financial heaven from the millions of singles flirting in its bustling chat service.** The new service, Love.com, is being built on the AOL Instant Messenger service, which already has 50 million users. It will compete with longstanding online dating services like Match.com, which lets users communicate by traditional e-mail. Love.com is initially being offered at no cost, but AOL, the Internet unit of media conglomerate Time Warner will begin charging by Valentine's Day. The service is expected to add immediately to earnings once fees are charged.
- **U.S. Internet advertising surged 20 percent in the third quarter to the highest level in two years, further evidence the sector is emerging from its dot.com slump.** The study, conducted by PricewaterhouseCoopers and sponsored by the Interactive Advertising Bureau (IAB), estimated third-quarter ad revenue at US\$1.8 billion, up from US\$1.5 billion a year earlier. The figure is an estimate based on the top 15 online ad sellers and that actual results will be reported along with fourth-quarter revenue in early 2004.
- **America Online will launch a service allowing video game players to enter tournaments to compete for bragging rights and prizes.** The new AOL Ladders service, a partnership with Case's Ladder, a division of eUniverse Inc., will be offered for games on Sony Corp.'s PlayStation 2 console. Support for Nintendo Co. Ltd.'s GameCube is planned for next year. The service, free to AOL subscribers, comes as game publishers and console makers, looking for new sources of revenue, take steps toward launching their own game leagues.

Media, Entertainment and Gaming

- **Time Warner Cable, a unit of Time Warner Inc., forged a deal with telecommunications titans Sprint and MCI to deliver Internet-based phone service nationwide.** The companies will launch the service, which allows voice services to be sent over Internet networks to allow calls between computers, telephones, and broadband devices, in Time Warner Cable markets across the country. Using so-called Voice over Internet Protocol technology, Time Warner Cable and other cable companies aim to mine the telephone market as a new growth market and combat competition from the Baby Bells.

Mobile / Wireless

- **Intel Corp. will reorganize its communications chip business, less than a week after announcing a surprise US\$600 million charge due to sluggish prospects for its wireless business.** The company would pull together its Intel Communications Group (ICG) and Wireless Communications and Computing Group into one organization. The new unit, to be called Intel Communications Group, will be headed by Sean Maloney, who had led ICG. Intel added that Ron Smith, who headed the old wireless and computing group, will retire early next year.

Software

- **Adobe Systems Inc. posted a quarterly profit that doubled from a year earlier, beating company and Wall Street targets, on strong sales of its Acrobat software for sharing documents.** Adobe, which saw stable demand in the United States, Europe and Japan, forecast higher year-over-year revenue and earnings for the current first quarter and planned to hire modestly throughout the company in fiscal year 2004.

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Telecommunications

- **AT&T Corp.'s marquee unit, which serves businesses and provides about 70% of its revenue, is having a tougher fourth quarter than expected.** The company indicated that revenue in the business-services division would decline about 6% in 2003 as prices continue to drop. That means the division's revenue in the current fourth quarter will plunge about 11% from US\$6.6 billion in the fourth quarter of 2002, a much steeper drop than expected.
- **The U.S. unit of U.K.-based Cable & Wireless PLC won interim permission to borrow US\$25 million in debtor-in-possession financing from the bankruptcy court overseeing its Chapter 11 case.** The money will come from the web hosting company's British parent, and is the first piece of funding expected to support the U.S. unit until it can be sold. Cable & Wireless has proposed making a total of US\$100 million in DIP (debtor-in-possession) financing available.
- **Verizon Communications Inc. will record US\$3.7 billion in charges, primarily for severance payments and pension settlements.** In the fourth quarter, the company will record a charge of US\$2.8 billion to cover the costs of an early retirement incentive plan accepted by 21,260 employees. The company also will record a charge related to pension settlements in the range of US\$700 million to US\$900 million, mostly in the first quarter of 2004.
- **AT&T Corp. is joining the rush to offer consumers phone service using Internet technology.** The technology, known as voice over Internet protocol, or VoIP, will allow the company to sell cheaper local and long-distance service without having to rent local-phone lines from its archrivals, the regional Bells. AT&T expects to register more than one million consumers in the next two years.

Europe

Telecommunications

- **BT Group PLC launched an aggressive move against its cable-based rivals by offering a low-cost Internet telephone service that makes use of their own systems.** The firm which for years has been battling competitors who offer services while piggybacking on BT's own network, will now offer a new service called Broadband Voice which in turn piggybacks on the networks of cable-television companies. The service will allow people with high-speed Internet lines from NTL Inc. or Telewest Group PLC to make calls with BT using a special box that plugs into their cable link and carries the calls over the Internet. BT's move makes it the first major European carrier to launch a consumer service based on the Internet technology known as voice over Internet protocol or VoIP.
- **KPN NV's pretax profit will fall next year as sales at its main fixed-line division have declined faster than originally expected.** The Dutch telecommunications operator expects pretax profit of €1.4 billion (US\$1.7 billion) in 2004, down from an estimated €1.5 billion (US\$1.8 billion) in 2003. Sales from the fixed-line division will fall as much as 7% in 2004 and 5% in 2005, according to forecasts published by KPN during an investor day presentation. The company had been targeting a drop of up to 3% in 2004 fixed-line revenue.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/12/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	107.9000	-0.2%	-18.0%	10.1%	11.7%
Hong Kong dollar	HK\$/ US\$	7.7633	0.0%	-0.4%	0.5%	0.5%
Chinese renmenbi	RMB/ US\$	8.2771	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7101	0.4%	-7.4%	1.4%	2.1%
South Korean won	KRW/ US\$	1185.0500	0.5%	-9.8%	0.1%	1.6%
New Taiwan dollar	NT\$/ US\$	34.0280	0.2%	-2.8%	1.8%	2.1%
Australian dollar	US\$/A\$	0.7418	0.7%	45.6%	32.1%	31.2%
New Zealand dollar	US\$/NZ\$	0.6466	0.3%	55.4%	23.3%	25.7%
Philippine peso	PHP/ US\$	55.4700	-0.3%	7.4%	-3.4%	-3.4%
Euro	US\$/€	1.2277	0.9%	38.0%	17.0%	19.9%
British pound	US\$/£	1.7457	0.9%	20.1%	8.4%	9.8%

Fixed Income Prices and Yields

Note	Currency	Current (on 12/12/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.1563	5.09%	104.5781	5.06%	103.9375	5.11%
Japan 30-year	¥	104.4665	1.95%	102.2210	2.07%	103.1270	2.02%
Hong Kong 10-year	HK\$	121.8050	3.44%	120.5105	3.67%	120.2160	3.75%
China (10/2027)	US\$	134.3985	5.01%	136.0555	4.92%	136.5725	4.89%
Singapore 10-year	S\$	87.0990	3.87%	86.8200	3.92%	85.7700	4.05%
South Korea 10-year	US\$	120.0677	3.80%	119.9162	3.85%	119.7456	3.95%
Australia 15-year	A\$	105.0240	5.80%	104.6410	5.85%	103.9590	5.95%
New Zealand (07/2009)	NZ\$	105.1795	5.90%	104.4577	6.05%	103.9664	6.16%
Philippines 20-year	PHP	149.6873	11.85%	150.0759	11.82%	150.3844	11.79%
India 20-year	INR	150.5223	5.86%	150.1597	5.89%	154.7491	5.57%
UK 30-year	£	92.5900	4.72%	91.8204	4.78%	90.8815	4.84%
Germany 30-year	€	107.7920	4.97%	107.4504	4.99%	106.6269	5.05%

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