

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



Week of 14 December - 20 December 2003

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Equity Market Indicators					
Index	Closing Level (12/19/03)	% Change 1 Week Ago	% Change 1/1/2003	% Change 1/1/2002	% Change 2002 Low
S&P 500	1,088.67	1.4%	23.7%	-5.7%	40.2%
Dow Jones Industrial Avg.	10,278.22	2.4%	23.2%	2.0%	40.6%
Dow Jones Tech. Index	338.08	0.2%	47.2%	0.2%	86.4%
Dow Jones Telecom. Index	180.00	1.2%	21.7%	-13.7%	54.2%
NASDAQ Composite	1,951.02	0.1%	46.1%	-1.4%	75.6%
The Street.com Net	147.06	0.2%	71.7%	-24.8%	136.4%
Japan Nikkei 225	10,284.54	1.1%	19.9%	-5.4%	21.7%
Japan TOPIX	1,008.61	1.0%	19.6%	-4.3%	22.0%
Korea KOSPI Composite	811.20	0.6%	29.3%	11.9%	38.3%
Korea Kosdaq	45.45	-3.5%	2.5%	-39.0%	5.4%
Taiwan Stock Exchange	5,759.23	-1.7%	29.4%	2.8%	49.8%
Singapore Straits Times	1,710.81	-1.0%	27.6%	5.2%	28.9%
Hong Kong Hang Seng	12,371.75	-1.8%	32.7%	9.0%	38.2%
Hong Kong GEM	1,184.29	-1.3%	24.6%	-37.8%	31.1%
China Shanghai (A-Share)	1,515.26	-1.6%	6.8%	-9.6%	10.7%
China Shenzhen (A-Share)	384.79	-3.3%	-6.1%	-21.5%	0.3%
China Shanghai (B-Share)	104.59	-4.1%	-7.9%	-38.1%	-3.7%
China Shenzhen (B-Share)	267.83	-1.5%	43.2%	2.4%	46.6%

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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
12/16/03	Beijing Shougang [000959.CH]	Manufactures and markets rolled steel, steel billets, and other steel products. Through its subsidiaries, the company produces compact discs and software.	12/16/08	US\$241.8	14,356 Shares	12/16/08
12/18/03	Catcher Tech. [2474.TT]	Manufactures aluminum and magnesium die casting products, which are used in notebook computers, cellular phones and hard disk drive bases.	12/18/08	US\$50	2,628 Shares	12/8/08

### 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 12/19/03	% Change From Offer
12/16/03	Webzen Inc. Spons-ADR [WZEN.US] (NASDAQ)	Develops and markets online game software and distributes it through the Internet. Provides gaming website so that users can register, access, and play.	US\$97.2	US\$11.2	US\$10.4	-6.9%
12/16/03	Orbitz Inc. [ORBZ.US] (NASDAQ)	An online travel company that enables travelers to search for and purchase a variety of travel products.	US\$316.7	US\$26	US\$24.11	-7.3%

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Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/19/03	% Change From Offer
12/18/03	Knology Inc. [KNOL.US] (NASDAQ)	A fully integrated provider of video, voice and advanced communications services to residential customers in the southeastern U.S.	US\$54	US\$9	US\$9.14	1.6%
12/18/03	Kintera Inc. [KNTA.US] (NASDAQ)	Provides software for non-profit organizations. Customers use the Internet to increase donations, reduce fundraising costs, and build awareness for their cause by bringing its employees, volunteers, and donors together in an online community.	US\$35	US\$7	US\$10.3	47.1%

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/19/03	% Change From Offer
12/15/03	Firich Enterprises Co. Ltd. [8076.TT] (GRETAI)	Manufactures PC Base POS (personal Computer Base Point of Sale) systems and related peripherals.	US\$3.5	NT\$70	NT\$85	21.4%
12/16/03	Handsome Electronic Co. Ltd. [600570.CH] (Shanghai)	Develops application software for security firms, commercial banks, fund management firms, and other industries.	US\$31.9	RMB15.5	RMB17.3	11.5%
12/17/03	Aplix Corp. [3727.JP] (TSE)	Develops and sells embedded systems for consumer electronics such as cellular phones and audio-visual equipment. Also develops packaged CD and DVD writing software.	US\$70.1	¥1,350,000	¥2,130,000	57.8%
12/18/03	Taiwan Union Tech. Corp. [6274.TT] (GRETAI)	Manufactures Copper Clad Laminate (CCL) and provides mass lamination services to its Printed Circuit Boards.	US\$4.2	NT\$15	NT\$17.1	14%
12/19/03	Wins Technet Co. Ltd. [067160.KS] (KOSDAQ)	Designs, produces, markets, and maintains Internet security solutions.	US\$2.7	KRW 3,200	KRW 3,960	23.8%

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Pricing Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 12/19/03	% Change From Offer
12/19/03	Taiflex Scientific Ltd. [8039.TT] (GRETAI)	Manufactures and markets flexible cooper clad laminates (FCCL) and coverlays. Products are primarily used for flexible printed circuit board manufacturing.	US\$5.3	NT\$39.5	NT\$42.2	6.8%
12/19/03	Bitwin Co. Ltd. [066410.KS] (KOSDAQ)	Develops, designs, manufactures, and markets digital video discs (DVDs) for educational, entertainment, and commercial applications.	US\$4.5	KRW 4,000	KRW 5,940	48.5%

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## Weekly Highlights

### International

#### *Internet*

- **UTStarcom Inc. signed an expansion contract valued at over US\$40 million with Yahoo! BB, a provider of broadband services in Japan.** The contract calls for further deployment of UTStarcom's networking gear for digital subscriber line, or DSL, services. Shipments on this contract are taking place in support of Yahoo! BB's plan to begin promoting its new 45 Mbps high-speed service this month, with services expected to launch by the end of January 2004.

#### *Mobile / Wireless*

- **Ericsson Mobile Platforms signed a license agreement with RealNetworks Inc. under which Ericsson will incorporate RealNetworks' media software into its own wireless telecommunications offerings.** No financial details were disclosed. Under terms of the deal, Ericsson will integrate the media engine of the RealOne Player, the Helix DNA Client, and the RealAudio and RealVideo products.

#### *Semiconductors*

- **Global sales of chip-making equipment fell 14.5 percent month-on-month to US\$2.1 billion in October from a two-and-a-half year high in September.** The October figure was up 0.1 percent from a year earlier, marking the third straight month of year-on-year rise, according to Semiconductor Equipment and Materials International (SEMI) in a preliminary release. The volatile data is largely seasonal. September sales hit US\$2.4 billion, the highest figure since April 2001. Prompted by strong demand for digital cameras, flat-panel televisions and DVD recorders, semiconductor manufacturers have been ramping up production capacity.

### Japan

#### *Hardware*

- **NEC Corp. has developed technology for low-cost production of DVD equipment that will record and play back data under current and next-generation DVD standards.** Current DVD players and recorders use red lasers, and next-generation machines use blue lasers. The firm's new DVD technology has allowed it to create a drive with a single optical head to accommodate both lasers.
- **Sony Corp. is confident of becoming a top supplier of DVD recorders in Japan after the domestic launch Saturday of its "PSX,"** a home-use gadget that can function as a game console and a DVD/hard-disc drive recorder. Bic Camera, a major Japanese discount retailer of cameras and electronics goods, received about 5,000 orders prior to the release of the PSX models on offer. Sony had been lagging in the rapidly expanding DVD/HDD recorder market, and the PSX is regarded as the first big test in its growth strategy of creating a new product category combining game and consumer electronics devices.

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- **NEC Corp. and Hitachi Ltd. plan to jointly develop next-generation routers designed for high-speed Internet connections.** The two electronics giants aim to commercialize the routers by the end of 2006 and to market them to telecommunications service providers. Total development costs over the next three years are estimated at ¥20 billion (US\$185.5 million), with the firms spending ¥5 billion (US\$46.4 million) each. The Ministry of Economy, Trade and Industry (METI) is expected to contribute 10 billion yen (US\$92.8 million). NEC, Hitachi and METI will likely establish a joint venture to develop the routers.

## *Information Technology*

- **Nippon Telegraph and Telephone Corp. has developed an optical fiber that can be bent nearly 90 degrees without cutting off the signal.** Conventional optical fibers cannot be bent sharply without losing the signal. This poses time-consuming problems, particularly when installing circuits indoors. The newly developed fiber makes installation simpler without diminishing signal quality. It should be commercially available as early as fiscal 2004. The core of the new 0.1mm fiber has multiple holes that effectively refract the light signal, enabling smooth transmission even if the fiber is bent. The key to the new NTT development is its method of making the holes of consistent size.

## *Internet*

- **NTT DoCoMo Inc. and three other firms agreed to sell their stakes in DoCoMo AOL Inc. to America Online Inc.** Under the agreement, DoCoMo will sell its 43.2% stake, Mitsui & Co. its 11.9% stake, Nihon Keizai Shimbun Inc. its 3.1% stake and Nikkei Business Publications Inc. its 0.6% stake. Financial details of the transaction were not disclosed.

## *Mobile / Wireless*

- **NTT DoCoMo Inc. started testing cell phones, embedded with Sony Corp.'s FeliCa smart cards, that can be used as train tickets and credit cards.** Participating in these tests will be 27 companies, including East Japan Railway Co., All Nippon Airways Co. and credit card company JCB Co. The trial service is expected to continue until the summer. Five thousand handsets equipped with the FeliCa cards will be used in the tests. They will enable users to deposit electronic money into their cell phones through DoCoMo's i-mode mobile Internet service and make payments.
- **NTT DoCoMo Inc. plans to invest ¥37 billion (US\$344 million) over the next two years in the development of third-generation cell phone handsets.** DoCoMo hopes to accelerate the development of 3G technologies for handset application software running on Linux and Symbian operating system platforms, as well as for high-speed downlink packet access technology. High-speed downlink packet access technology enables downloads of data at speeds up to 14 megabits a second and uploads at speeds of up to 384 kilobits a second. DoCoMo expects to launch an HSDPA-based service sometime in 2005.

## **Korea**

### *Hardware*

- **Samsung Electronics Co. might launch what would amount to a nearly US\$1 billion bailout for its credit-card affiliate,** underscoring the severity of problems plaguing South Korea's consumer-finance industry. Samsung Electronics, the world's largest memory-chip maker, announced a merger plan for its two ailing affiliates in an effort to tackle their bad-debt problems. Under the proposal,

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Samsung Card would acquire Samsung Capital by February. The new entity would then raise one trillion won (US\$841 million) in a rights offering to boost capital.

- **Korea's major MP3 player makers are rushing to adopt digital multimedia features for their top sellers as more users seek functions in addition to music.** Now the makers of MP3 players plan to add a high-powered multimedia player to their product lines next year. The basic concept is that the new product will be fitted with a large-capacity hard disk drive and Microsoft's Portable Media Center operating system, offering video, MP3 music, photos and other digital media content.
- **Korea's industrial personal digital assistant market is showing signs of steady growth, suggesting that PDA makers might find momentum by offering a variety of products customized for different fields.** The user base for industrial PDAs is quickly expanding. Initially, logistics and delivery companies embraced PDAs to connect their networks and handle processes in real time. But a growing number of sectors are now opting for specialized PDAs to reduce costs and bolster efficiency. PDA makers are releasing PDAs armed with bar-code scanners and credit card payment solutions to tailor to clients needs.

## *Internet*

- **Webzen Inc. was listed on the Nasdaq and raised 120 billion won (US\$97.2 million),** and promptly dropped 10 percent in value. Trading under the symbol WZEN, the creators of the popular Internet game "MU" sold 8.7 million American depositary receipts, or domestic shares issued on overseas markets, for US\$11.2 each. Each ADR is equivalent to 10 ordinary shares.

## *Media, Entertainment and Gaming*

- **The dispute over digital TV standards in Korea is expected to continue as a joint fact-finding team wraps up its month-long tour of eight advanced countries without having reached a conclusion.** The Korean government set up the fact-finding team comprising experts from the public and private sectors to determine which digital TV standard - North America's or Europe's - would benefit the country most. The government had already reached a decision in favor of the U.S. standard but faces strong opposition from a number of broadcasters and pro-European standard advocates.

## *Mobile / Wireless*

- **LG Telecom Ltd. reported Industrial Bank of Korea will become the latest lender to participate in LG Telecom's mobile banking services.** Starting April, LG Telecom will allow subscribers to its BankON services with an Industrial Bank account to send money through their mobile handsets. LG Telecom has attracted 230,000 subscribers to BankON since September, when the service was launched commercially, averaging 1.2 million transactions a month. LG Telecom, whose share of the mobile-phone service market rose in November for the first time in eight months, already has mobile banking agreements with Kookmin Bank and Korea First Bank.

## *Telecommunications*

- **KT Corp. hopes to report 2.1 trillion won (US\$1.8 billion) in revenue from its flagship broadband service next year and focus on expanding the portion of premium subscribers.** KT reported premium subscribers account for 13 percent of its broadband users, and it will pour marketing resources to increase the portion and hopefully bolster profitability.



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## China

### *Internet*

- **Ctrip.com International is on the hunt for merger and acquisition opportunities in Hong Kong and the mainland after raising US\$43.7 million from its Nasdaq listing last week.** The travel portal plans to form joint ventures or acquire travel consolidators and ticketing companies in the next six to 12 months, using its US\$52 million cash on hand.

### *Mobile / Wireless*

- **Huawei Technologies Co. announced its first contract to supply a commercial third-generation mobile-phone network based on WCDMA technology.** While the contract, valued at as much as 900 million Hong Kong dollars (US\$115.9 million), with Sunday Communications Ltd. of Hong Kong is relatively small, it underlines how upstart Chinese companies are now vying with Western suppliers to build even the most complex mobile-phone networks.

## Taiwan

### *Semiconductors*

- **Hynix Semiconductor Inc. and Taiwan's ProMOS Technologies Inc. confirmed they have signed a preliminary agreement to form an alliance in technology licensing, foundry service and development of next-generation memory production processes.** Hynix will license certain technology for dynamic-random-access-memory stack process to ProMOS, while ProMOS will offer Hynix access to its 300-millimeter fab capacity.

## Singapore / Malaysia / Philippines / Indonesia

### *Information Technology*

- **Singapore ranks as the second-most technology savvy country in a new study.** After ranking third last year, the Asian nation came in second only to the U.S. in a report by the World Economic Forum, the World Bank and France's INSEAD business school. The annual report ranks 102 countries on such indicators as number of telephone lines, personal computers and Internet users to determine how prepared they are to benefit from technology. Singapore's four million people have the highest per capita rate of home Internet use, and it is one of only five countries where more than half the population has personal computers.

### *Telecommunications*

- **Regulators are forcing Singapore Telecommunications Ltd. to lower its pricing for access to the data cables that link office buildings to global-data networks,** a victory for international carriers, industry groups and U.S. trade negotiators who complained about high local charges. At issue are the fiber-optic cables that connect office buildings to the web of data traffic that crisscrosses the world. In Singapore, as in most of the world's major cities, one dominant phone company owns most of the cables connecting buildings in the city center to cables that send data around the globe.

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## Hong Kong

### *Mobile / Wireless*

- **Hutchison's will receive in March 2.5 million of its third-generation (3G) handsets from NEC.** This delivery will finally mean the company can move past excuses for delays and missed targets for 3's service launch. The launch of 3 in Hong Kong looks perhaps even more challenging than its operations in Europe, which were plagued with delayed delivery of handsets and large licensing cost.

### *Telecommunications*

- **PCCW will be given more flexibility in competing with rivals under a six-year plan to roll back deregulation measures.** The measures have given consumers a huge choice of telecommunications services and some of the world's cheapest prices. The proposed changes will mean PCCW will no longer have to open its "last mile" connection to homes at a mandated rate. The Office of the Telecommunications Authority (OFTA) has accepted PCCW's argument that sufficient competition has developed since new operators were introduced under the deregulation plan. Under OFTA's plan, PCCW will be able to set the rates it charges competitors for using its lines to deliver their services.
- **New World Telecommunications (NWT) plans to invest as much as HK\$50 million (US\$6.4 million) in a new call center joint venture in Guangdong.** Aside from the cash infusion, NWT will also inject into the venture its existing call centers, including 400 operators in Guangdong and 100 in Hong Kong. The venture would have about 1,000 operators within two to three years in Guangdong and Hong Kong.

## United States / Canada

### *Hardware*

- **PalmOne Inc. swung to a loss in the second quarter on restructuring and acquisition-related expenses,** while a decline in interest and other income further hurt the handheld computing company's bottom line. PalmOne reported a loss of US\$4.1 million compared with earnings of US\$3.5 million a year ago. Earnings from continuing operations fell 72% to US\$2.6 million from US\$9.5 million last year.

### *Information Technology*

- **IBM Corp. plans to announce a deal to provide technology services to French bank BNP Paribas SA valued at up to €1 billion (US\$1.2 billion) in revenue to IBM** over an unspecified number of years. Under the BNP Paribas agreement, IBM and the French bank will create a 450-person joint venture to operate BNP Paribas's technology infrastructure. The venture will shift BNP Paribas' technology toward an on-demand model, where the company receives and pays for mainframe computing power and other technology based on how much it actually uses.

### *Internet*

- **Salesforce.com Inc. will seek to raise US\$115 million in an IPO** in which investors will weigh its success in offering software as a subscription service against increased competition from the industry's heavyweights. Salesforce is emphasizing an important distinction from dot-com-era offerings -- profits. The company posted net income of US\$4.7 million on revenue of US\$66 million for the nine months

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ended Oct. 31, according to the filing. For the fiscal year ended in January, Salesforce reported a loss of US\$9.3 million on revenue of US\$51 million. The bulk of this year's profit, however, can be attributed to a US\$4.3 million credit the company recorded in August when it was released from a previous lease obligation.

- **Yahoo! launched an online payment service allowing users to send money to family and friends in 182 countries.** The service, called Yahoo! PayDirect International, will allow users to obtain cash through some 800,000 automatic teller machines (ATMs) around the world through the Cirrus network. After a sender makes an initial remittance, most likely over the web, a PayDirect card is sent to the recipient to allow withdrawal in local currency.
- **President Bush signed the first national anti-spam bill into law, outlawing some of the most annoying forms of junk e-mail and setting jail time and multimillion dollar fines for violators.** The law also lays the groundwork for a "Do-Not-Spam" registry similar to the "Do-Not-Call" anti-telemarketing list that went into effect earlier this year.
- **Microsoft Corp. and New York Attorney General Eliot Spitzer are joining forces to attack unsolicited e-mail, also known as spam.** Mr. Spitzer filed civil petitions alleging that three companies, and their principals, violated consumer-protection laws by sending deceptive and misleading e-mails. Microsoft is expected to pursue similar action in Washington state against the same three companies, alleging that they unlawfully used Microsoft's computers to send misleading, deceptive and unsolicited commercial e-mail to users of Microsoft's Hotmail service.
- **Time Warner Inc.'s America Online and Apple Computer Inc. said AOL subscribers can now preview, purchase and download songs directly off the AOL music site.** In addition, AOL members can pay for the tunes using their AOL Wallet or card-on-file services. Also, AOL is allowing iTunes customers to purchase music from its Sessions@AOL and Broadband Rocks live music programs.
- **Match.com is adding a friend-finding service to its offerings, becoming the latest personals site to expand into the networking territory after the success of Friendster.** Friendster appeared on the dating scene in March as an alternative approach to Internet personals, enabling users to meet new people by listing their friends, and then connecting with their friends' friends. Since its launch, the site has seen spectacular growth and now counts more than three million members.
- **Amazon.com Inc. is expanding its selection by adding a new "health and personal-care" department.** The new department is part of an expansion binge that has seen Amazon get into sales of sporting goods, gourmet food and jewelry in the past several months. Like most of its other new departments, Amazon is partnering with outside retailers that sell health-related products through the Amazon site, allowing it to limit the amount of inventory it stocks in its own warehouses.
- **Kanoodle.com Inc. will compete with industry leaders Google Inc. and Yahoo! Inc. in the burgeoning business of supplying pay-per-click text advertisements to web publishers.** The "contextual" ads, targeted to related articles and content, have in recent months appeared on a growing number of websites. Advertisers bid to pay a certain amount -- usually in the range of five cents to a dollar -- each time users click on the ads, and the resulting revenue is split between the publisher and the company supplying the ads, like Google and, now, Kanoodle.

*Media, Entertainment and Gaming*

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- **Viacom Inc. and Comcast Corp. signed a groundbreaking agreement guaranteeing that Viacom's channels will continue to be carried on Comcast's cable-TV systems for at least five more years.** The agreement is one of the biggest of its kind, reflecting the impact of consolidation among cable-TV operators and media companies like Viacom, which own TV channels carried on cable systems. The pact covers almost all of Viacom's channels, including CBS, MTV, Nickelodeon, VH-1, Spike, BET and Comedy Central. Viacom's pay-movie network Showtime is not included because it signed a similar accord with Comcast recently.
- **Wal-Mart Stores Inc. has begun offering music downloads on a trial basis at walmart.com, selling songs for 88 cents apiece.** The discount retail giant is the latest company to launch an online music store, and the company is looking to leverage its considerable clout and undercut rivals' prices. Presently the new site only supports computers running Microsoft Windows.
- **Time Warner Inc. is in active merger talks with Metro-Goldwyn-Mayer Inc. (MGM),** the largest movie studio that is not part of a larger media conglomerate. Time Warner already owns two major studios -- Warner Bros. and New Line Cinema. MGM's strongest franchise is the long-running James Bond series. MGM would only consider a full-blown merger rather than a sale of individual assets
- **Sirius Satellite Radio signed a broadcast and marketing deal with the National Football League to air all professional football games beginning in 2004.** In a seven-year deal worth US\$220 million, the NFL will receive US\$188 million in cash and US\$32 million in Sirius stock, with the ability to earn warrants to buy an additional 50 million shares. With 200,000 subscribers, Sirius is the second-largest satellite radio broadcaster in the United States.

## *Software*

- **Oracle Corp. once again extended the deadline for its US\$7.3 billion takeover bid for rival PeopleSoft Inc.,** despite faltering support for the offer. Oracle set Feb. 13 as the new deadline for PeopleSoft shareholders to accept its US\$19.5 per share offer. The bid had been set to expire Dec. 31. The extension was not a surprise. The bid is on hold until federal antitrust regulators complete a review of the proposed deal. Oracle said last month that the Department of Justice analysis probably would not be finished until January or February.
- **RealNetworks Inc. opened a new front in the long-running legal battle between Microsoft Corp. and its competitors, filing an antitrust lawsuit that alleges the software titan improperly used its dominance in the personal-computer software business to control the budding digital-media market.** In the complaint, RealNetworks accuses Microsoft of illegally using its Windows operating system to hobble RealNetworks' position in the market for audio- and video-playback software for the PC. RealNetworks alleges that, among other things, Microsoft concealed valuable technical information that has hamstrung RealNetworks' ability to develop software. It also says Microsoft has entered into restrictive licensing agreements with PC makers that enabled it to broadly distribute its digital-media software, called Windows Media Player.
- **Oracle reported better than expected fiscal second quarter results.** The database software developer posted net income of US\$617 million up from US\$535 million a year ago. Oracle reported revenues of US\$2.5 billion, an 8 percent increase from a year ago and ahead of the Wall Street consensus estimate of US\$2.4 billion.

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## *Telecommunications*

- **Qwest Communications International Inc. agreed to acquire telecommunication-network assets from Allegiance Telecom Inc.**, which is under bankruptcy-court protection, for US\$390 million. The deal would further increase competition for business customers among the regional phone companies, which until recently have not competed with each other very strongly.
- **A federal judge approved a US\$50 million settlement between Sprint Corp. and shareholders who sued over its derailed merger with WorldCom Inc.** The agreement covers shareholders who bought Sprint stock between October 1999 and September 2000 and suffered a loss as a result. The lawsuits have alleged that Sprint officials misled shareholders by recommending approval of the merger when the officials knew regulatory opposition probably would prevent its consummation. The lawsuits also alleged that the officials did so because they wanted to trigger the early vesting of US\$1.7 billion in insider stock options.

## **Europe**

### *Internet*

- **The makers of Kazaa cannot be held liable for copyright infringement of music or movies swapped on its free software**, the Dutch Supreme Court ruled. The decision upheld a 2002 appellate-court verdict in Amsterdam that dismissed a suit filed by Buma/Stemra, which protects the interests of the music industry.

### *Semiconductors*

- **Infineon Technologies AG, seeking financial flexibility to expand, will ask shareholders at its annual meeting for approval to replenish a facility that allows the sale of as many as 175 million shares.** Infineon is also asking for permission to extend the terms under which it can use a facility for issuing convertible bonds.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/19/03)	% Change 1 Week Ago	% Change 1/1/2002	% Change 1/1/ 2003	% Change Last 12 Mth.
Japanese yen	¥/US\$	107.8150	0.0%	-18.1%	10.2%	11.7%
Hong Kong dollar	HK\$/ US\$	7.7653	0.0%	-0.4%	0.4%	0.4%
Chinese renmenbi	RMB/ US\$	8.2770	0.0%	0.0%	0.0%	0.0%
Singapore dollar	S\$/ US\$	1.7090	0.1%	-7.5%	1.5%	2.0%
South Korean won	KRW/ US\$	1190.6500	-0.5%	-9.4%	-0.4%	1.2%
New Taiwan dollar	NT\$/ US\$	34.0450	0.0%	-2.7%	1.7%	2.4%
Australian dollar	US\$/A\$	0.7360	-0.8%	44.4%	31.1%	30.5%
New Zealand dollar	US\$/NZ\$	0.6448	-0.3%	54.9%	22.9%	24.7%
Philippine peso	PHP/ US\$	55.3750	0.2%	7.2%	-3.2%	-3.1%
Euro	US\$/€	1.2374	0.8%	39.1%	17.9%	20.4%
British pound	US\$/£	1.7652	1.1%	21.4%	9.6%	10.1%

## Fixed Income Prices and Yields

Note	Currency	Current (on 12/19/03)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	106.0781	4.96%	104.1406	5.09%	105.3906	5.01%
Japan 30-year	¥	103.0295	2.03%	104.4665	1.95%	102.6545	2.05%
Hong Kong 10-year	HK\$	121.8625	3.42%	121.8050	3.44%	121.8000	3.48%
China (10/2027)	US\$	137.5072	4.83%	134.4157	5.01%	139.3744	4.73%
Singapore 10-year	S\$	88.4050	3.70%	87.1492	3.87%	87.5110	3.81%
South Korea 10-year	US\$	120.8539	3.60%	120.0677	3.80%	120.4370	3.78%
Australia 15-year	A\$	106.1230	5.65%	105.0240	5.80%	104.6360	5.86%
New Zealand (07/2009)	NZ\$	105.5726	5.81%	105.1795	5.90%	104.2940	6.09%
Philippines 20-year	PHP	152.7271	11.58%	149.6873	11.85%	150.3954	11.79%
India 20-year	INR	152.8894	5.69%	150.5887	5.85%	153.2334	5.67%
UK 30-year	£	92.9660	4.70%	92.6530	4.72%	90.8287	4.85%
Germany 30-year	€	108.5310	4.92%	107.8423	4.97%	107.0720	5.02%

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