

# THE WALL STREET JOURNAL

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## Tough Medicine

### For Obese Teens, A Radical Solution: Stomach Surgery

Stapling Can Slash Weight; Critics, Insurers Question Its Use in Young People

Ms. Moore Sheds 148 Pounds

By RON WINSLOW  
And RHONDA L. RUNDLE

CINCINNATI—Heather Grill was four years old when she was first teased about her weight. Other kids told her fat people can't go to heaven because they are too heavy to fly with angel wings. In middle school, she remembers being pushed down a flight of stairs by "guys who thought it was fun to watch me roll."

Now 16, and after countless diets, Ms. Grill weighs 472 pounds. She has high blood pressure and an enlarged heart, and is borderline diabetic. She fears going to sleep because her body fat can crush her airways.



Heather Grill

She has chronic joint pain and takes an antidepressant. "Every day you're in front of the mirror looking for someone else because you don't want to believe it's you standing there," she says.

So Ms. Grill is ready for an extreme measure. She is talking to doctors at Cincinnati Children's Hospital about having a procedure called bariatric surgery that would permanently shrink her stomach by more than 90%.

In the past two years, as many as 150 teenagers around the U.S. have had the surgery, by some estimates, and the numbers are likely to grow. A dozen children's hospitals either offer the procedure or plan programs to meet surging demand. One pediatric surgeon estimates that 250,000 adolescents in the U.S. could be candidates.

The emerging teen-age market for this drastic operation illustrates how serious America's obesity epidemic has become. The National Center for Health Statistics says 15% of children between ages 6 and 18 were obese in 2000, compared with 6% in 1980, and experts believe the numbers are still increasing. The reasons aren't fully understood, though the likely causes include high-calorie diets and insufficient exercise.

Although surgery candidates constitute a tiny percentage of overweight adolescents, health-care experts believe they represent the leading edge of a troubling phenomenon: a generation of children poised to enter adulthood already burdened with maladies such as diabetes and heart disease that will shorten their lives and result in huge medical bills for society. Some worry that obese children pose such a severe problem that their generation could be the first in American history with a shorter life expectancy than their parents'.

Such concerns are helping to erode professional resistance to the procedure, which is not reversible. Two years ago, colleagues urged Mary L. Brandt, a professor of surgery and pediatrics at Baylor College of Medicine in Houston, to begin a program in bariatric, or obesity, surgery. "Absolutely not," she replied. Now, she has changed her mind because "it has become clear that there are children who need this operation," she says. Skeptics remain. David Ludwig, a pediatrician who runs an obesity-prevention program for children at Children's Hospital Boston, advocates other remedies, including better insurance coverage for rigorous obesity prevention programs and new regulations, similar to antibiobacco laws, on how fast-food and soft-drink companies market their products to children. Bariatric surgery for teens may be appropriate in "extreme cases," he says. "It is a sad comment on our society if we have to resort to this procedure frequently" for adolescents, he adds.

Most insurers are refusing to cover the surgery, which can cost as much as \$40,000. They say there aren't any conclusive data demonstrating that it works for adolescents and health-care costs are already soaring. Some insurers privately

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## What's News—

Business and Finance World-Wide

**MOTOROLA PLANS** to split off its long-struggling semiconductor business into a separately traded company. The move would allow Motorola to focus on its main business of making cellphones and other telecom equipment, in which it has lost ground to rivals in recent years. The company provided no timetable for the plan.

(Article on Page A3)

**The Supreme Court refused** to intervene in a discrimination suit against Sodexo's U.S. food-services unit and sent back a damage award against Philip Morris.

(Article on Page A3)

**The World Bank is releasing** a survey finding that the least amount of business regulation fosters the strongest economies.

(Article on Pages A2)

**The office market continued** to deteriorate in the third quarter, while the apartment sector showed moderate improvement.

(Articles on Pages A2 and A10)

**The IRS is reviewing** hundreds of millions of dollars of deductions for potentially overvalued patent donations by companies.

(Article on Page A2)

**Stocks extended** their October gains. The Dow industrials rose 22.67 points to 9594.98; the Nasdaq added 12.89 points to 1893.46.

(Article on Page C1)

**AmerisourceBergen** has become enmeshed in civil lawsuits and a criminal investigation, underscoring recent difficulties of the drug-wholesaler business.

(Article on Page B1)

**Martha Stewart** has asked a federal judge to dismiss the obstruction-of-justice and securities-fraud charges against her.

(Article on Page C12)

**ConocoPhillips** will sell its Circle K convenience and gasoline outlets to Alimentation Couche-Tard for about \$821 million.

(Article on Page A8)

**An Egyptian concern** and two groups with Kuwaiti participation won licenses to provide Iraq with nationwide cellphone coverage.

(Article on Page B2)

**Ford plans to invest** an undisclosed amount to expand a Mexican plant to produce its new Futura sedan starting in 2005.

(Article on Page D5)

**Mesa Air proposed** to acquire Atlantic Coast Airlines in a \$512 million deal that would create the largest U.S. regional airline.

(Article on Page D4)

**Amtrak is cutting back** its aggressive seasonal-fare promotions, in a major marketing shift.

(Article on Page D4)

**A U.S. appeals court ruled** the FCC erred when it found that cable Internet isn't at least in part a telecommunications service.

(Article on Page B5)

**Royal Bank of Scotland** agreed to buy First Active for \$1.03 billion, giving it a slice of the Irish mortgage and savings market.

(Article on Page C4)

**Mizuho more than doubled** its fiscal first-half profit forecast, citing a rise in Japanese stock prices and an improving economy.

(Article on Page C13)

**REPUBLICANS AIM TO TRIM** Bush's Iraq reconstruction request. House GOP lawmakers proposed cutting \$1.65 billion from the \$20.3 billion aid package, striking some costly projects while requiring more accountability about how the money is spent. The White House moved to tighten oversight of Iraq and Afghanistan rebuilding efforts, putting Rice in charge of a working group focusing on counterterrorism, economic issues, political institutions and communications. A Security Council session on a U.S. draft resolution on Iraq ended with little progress. (Page A6)

**Turkey's government moved** to force a vote in parliament on whether to send soldiers to Iraq. NATO asked the U.N. for permission to expand the alliance's peace-keeping mission in Afghanistan.

**Californians decide** today whether to recall Democratic Gov. Davis. Republican Schwarzenegger remains atop the polls as the leading candidate to succeed him, despite allegations in the Los Angeles Times of sexual harassment. The paper is facing a reader backlash. (Pages A3 and B1)

**Bush declined** to criticize Israel's airstrike on Syria in retaliation for the Haifa bombing. Gunfire erupted across the Israeli-Lebanese border, killing one Israeli soldier. Arafat swears in a cabinet today. Qureia said he won't forcibly disarm militants as younger Palestinians take control of the streets. (Column 4)

**An ex-Air Force acquisition official**, now working for Boeing, had several personal ties to the aerospace company while she was negotiating on the government's behalf a plan to lease jetliners as refueling tankers. The Pentagon is investigating. (Column 5)

**Bush sidestepped** calls for a special prosecutor in the inquiry over a CIA agent's leaked name, saying he is confident Ashcroft's office will do a thorough job in what he called a "criminal matter." White House staffers have until 5 p.m. EDT today to turn over relevant documents.

**Kenyan President Kibaki** asked the U.S. for more help in stabilizing neighboring Somalia during his state visit. Bush didn't address lifting warnings against trips to Kenya imposed amid concerns about terrorism.

**Sen. Graham withdrew** from the crowded Democratic presidential race, citing fund-raising troubles and a late start for his campaign.

**Chechens elected** Moscow-backed Akhmad Kadyrov president in a vote Putin hailed as a sign of hope but the Bush administration criticized as a "missed opportunity" to advance democracy in the republic.

**An Iranian official** said Tehran is supplying U.N. inspectors with lists of parts it imported via third parties for its nuclear program and will disclose where the gear is stored to dispel doubts about its atomic aims.

**Episcopal conservatives** meet today in Dallas to plan strategy ahead of next week's international Anglican Communion summit on U.S. church decisions to elect an openly gay bishop and bless same-sex unions.

**Liberian leaders and rebels** agreed to a weapons-free Monrovia by Friday. U.N. peacekeepers plan to enforce the ban with citywide searches.

**Kidnapped U.S. contractors** urged officials not to risk a jungle rescue attempt but to negotiate with Colombian rebels for their release. The three were abducted in February.

**China is poised** to launch its first manned spaceflight as early as this weekend from a Gobi Desert base. Beijing hasn't disclosed flight details.

**Children who diet** may gain more weight in the long run due to metabolic changes and binge eating, doctors said in the journal Pediatrics.

**The Nobel in medicine** went to American Paul C. Lauterbur and Briton Sir Peter Mansfield for work leading to the development of MRI.

**Online Today—**  
**Fund Fiend:** Trying to find a mutual fund that will deliver consistent returns? Ian McDonald looks at some criteria to consider and some that are best ignored.

**Daily Fix:** Baseball's pennant matchups are set. Which teams will advance and which one will win it all? Read our picks and make yours.

**World Press Reacts:** Israel's airstrike on Syria drew varied responses in the media. See a global overview.

## Thug or Robin Hood, Mr. Zubeidi Fills Void In West Bank Town

Israel Hunts Him, Palestinians Haven't Reined Him In; His Own Rough Justice

By GUY CHAZAN

JENIN, Israeli-occupied West Bank—Zakariya Zubeidi was expounding his theory of armed resistance over a cup of sweet, black coffee in Jenin's sprawling Palestinian refugee camp recently, when one of his two cellphones rang. After a brief conversation, he took a last drag on his cigarette, mumbled an apology and abruptly dashed out the door.

Ten minutes later, Israeli tanks, jeeps and armored vehicles trundled down the dusty, potholed streets of this West Bank town. As gunfire crackled, soldiers imposed a curfew and blew up a nearby house belonging to another fugitive local activist.

Mr. Zubeidi wasn't the target this time, though he has eluded three past Israeli attempts to catch him.

The 27-year-old regional chief of the Palestinian paramilitary group Al Aqsa Martyrs Brigades, Mr. Zubeidi is the poster boy for a new generation of violent young guns who are increasingly taking control of Palestinian streets.

Openly defiant of the old-guard Palestinian leadership around Yasser Arafat, Mr. Zubeidi and others like him are calling the shots in places such as Jenin, a town of about 50,000 long known as a hotbed of Palestinian militancy.

Mr. Zubeidi's power illustrates the conundrum dogging the U.S.-backed Road Map initiative designed to put Israelis and Palestinians back on the path to peace and pave the way for a Palestinian state by 2005.

Israel says the Palestinian Authority must break up and disarm militant factions such as the Brigades for the peace plan to work. Until it does, the Israelis say they have no choice but to pursue and contain men such as Mr. Zubeidi themselves.

Palestinians say they can't fight the militants while Israel's occupation continues. The matrix of checkpoints, closures, curfews and military incursions, they say, has cut off West Bank towns from each other, making it impossible for any nationwide Palestinian security force to do its job—and creating an opening for local strongmen.

The blockade is "destroying the fabric of society, our institutions and systems of authority," says Hanan Ashrawi, a Palestinian legislator. "Local men are taking matters into their own hands. We're seeing a regression to tribalism, especially among the young."

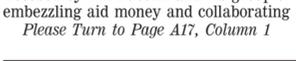
That is vividly clear in Jenin, a town plagued by lawlessness and poverty. With 15,000 refugees jostling for space in crowded slums near the center, Jenin is seen by Israel as a breeding ground for suicide bombers. It was a 29-year-old female lawyer from Jenin, Hanadi Jaradat, who blew up a Haifa restaurant Saturday, killing 19 people.

The town is still recovering from last year's devastating refugee-camp battle that left 52 Palestinians and 23 Israeli soldiers dead. But the longest-lasting damage has been to Jenin's few institutions of civil authority. Years of such clashes have reduced police stations, courts and prisons to rubble. That has left a vacuum of power Mr. Zubeidi has stepped in to fill.

With a silver Smith & Wesson glinting in his belt and a face speckled with black burn marks from a grenade explosion, Mr. Zubeidi oozes a menacing charm. Tall and slim, he sees himself as a Robin Hood fighting to protect his people. "It would be a catastrophe if we didn't exist," he says.

Mr. Zubeidi burst onto the scene last July, when Jenin was rocked by the abduction of its governor, Heydar Irshaid. Accused by Mr. Zubeidi and his group of embezzling aid money and collaborating

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Zakariya Zubeidi

## Juicy Details

### Going for 'The Gold' Turns Pineapple World Upside Down

Rush Is On to Grow Versions Of Fresh Del Monte's Fruit; Patent, Lawsuits, Guards

Mystery of the Seven Seeds

By ROBERT FRANK

BUENOS AIRES, Costa Rica—In the global search for the perfect pineapple, no fruit has come as close as the "Extra Sweet Gold." And few have started a bigger fight.

Fresh Del Monte Produce Inc.'s "Gold" pineapple, sprouting up from the red, volcanic soil in this remote farming valley, is so sweet, so juicy and so durable that it has become the best-selling pineapple in the world.

Since the launch of the "Gold" pineapple in the mid-1990s, fresh-pineapple sales in the U.S. have tripled and Fresh Del Monte has earned hundreds of millions of dollars in profits from the fruit. Fresh Del Monte secured a patent—a first for a pineapple in more than 50 years—and sent threatening letters to other scientists and farmers trying to reproduce it. The company hired guards at its Costa Rica plantation to stand watch over the plants 24 hours a day.

"A fruit like this comes along only once in a lifetime," says C.J. Ingles, executive vice president of Texas-based Le Best Banana Co., a competing pineapple producer. "It's even more rare that one company would control it. Del Monte had a beautiful ride."

Until now. Sowing the seeds for a world-wide fruit fight, Dole Food Co. Inc., Chiquita Brands Inc. and others are planting thousands of acres of competing pineapples in Central America, hoping to break the hold on one of the most profitable chunks of the produce aisle. After a court ruling made it clear that Fresh Del Monte had patented a different pineapple, competitors are expected to start flooding the U.S. with their versions of the Gold later this year and next.

"We're planting as fast as we can," says Alberto Esquivel, chief executive of Red Crown Development, a pineapple grower in Costa Rica that sells mainly to Chiquita. "There's finally real competition in this business."

At stake is a world-wide market valued at more than \$1 billion a year. After pa-



Fresh Del Monte's "Gold" pineapple, left, and its predecessor, the Champaka

Robert Frank

paya, pineapples are the fastest-growing fruit in the U.S., measured by per capita consumption. Fresh Del Monte now controls 70% of the fresh, whole pineapple business in the U.S., according to analysts. The battle has included lawsuits, allegations of stolen plants, a Hawaii-based company controlled by America Online co-founder Steve Case and an agricultural mystery in Costa Rica known as "The Seven Seeds."

Fresh Del Monte downplays any threat. The company didn't return repeated calls and didn't respond to faxed questions. In analyst calls and investor meetings, Fresh Del Monte has said its pineapple is superior to competitors' and that demand continues to outstrip supply. With so much fruit ready to drop, however, the price of Gold—which retailers sell for as much as \$6 per fruit—is starting to fall in some markets.

Based in the Cayman Islands and separated years ago from packaged-foods maker Del Monte Foods Co., Fresh Del Monte has grown increasingly dependent on the Gold. Pineapples accounted for 65% of its gross profit in 1998, the last year the company broke out the numbers. Of its \$2 billion in revenue in 2002, \$440 million came from pineapples.

Fresh Del Monte's stock price has nearly doubled since April, driven by an increased dividend, takeover rumors and hopes for new business. It reported net income of \$81.2 million for the second quarter, up 22% from last year, helped by currency gains and the sale of a business.

Apart from pineapples, the company is

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## Air Force Ex-Official Had Ties To Boeing During Contract Talks

By ANNE MARIE SQUO

A former Air Force official who now works for Boeing Co. had several personal ties to the aerospace giant while she was negotiating on behalf of the government a controversial plan valued at over \$20 billion to lease Boeing jetliners as airborne refueling tankers.

Arleen Druyun, during her tenure as deputy acquisitions chief for the Air Force, agreed to sell her Virginia home to a Boeing attorney working on the tanker-lease arrangement, according to information compiled by a conservative nonprofit research group in Washington. In addition, her daughter and her son-in-law were and still are employed by the Chicago-based company.

These relationships have emerged in the wake of a decision last month by the Pentagon's inspector general to formally investigate whether Ms. Druyun provided Boeing with proprietary data from a rival bidder for the tanker lease. The government said it launched the probe after it found "sufficient credible information" but didn't elaborate on it.

Ms. Druyun, 56 years old, left the Air Force in November 2002 and began working at Boeing in January in the newly created post of deputy general manager of missile-defense operations. The move made her the latest in a long list of Pentagon officials who have taken jobs at companies whose fortunes are made in large part through government contracts. Pentagon officials say there's no law against taking such jobs. The only restriction is a limit on personal contact with the Pentagon for a year or two, depending on the job.

But these career shifts and their poten-

tial conflicts have grabbed more attention in recent years due to defense industry consolidation. Just this past May, Edward "Pete" Aldridge, the Pentagon's chief weapons buyer, joined Lockheed's board within weeks of retiring, even though he remains a key adviser to Defense Secretary Donald Rumsfeld on a major effort to overhaul how the military purchases weapons. A Lockheed spokesman said Mr. Aldridge isn't involved in day-to-day management of the company's programs.

Ms. Druyun's relationship with Boeing prior to her employment with the company raises questions about whether she violated federal procurement laws and rules of ethical conduct. The investigation into whether she wrongly provided information to Boeing in the tanker negotiations has just begun and no conclusion has been reached. It isn't clear whether her home sale and family relationships constitute a breach of government rules.

According to documents collected by National Legal and Policy Center and reviewed by The Wall Street Journal, Ms. Druyun and her husband, William, agreed to sell their home to Boeing attorney John Judy while Ms. Druyun was making contract decisions related to the company, including the pending lease and other programs.

Prior to recusing herself on all Boeing decisions on Nov. 5, 2002, Ms. Druyun and her husband agreed to sell their four-bedroom house in Dunn Loring, Va., to Mr. Judy and his wife, Judith. The sale closed on Jan. 3, the same day that Ms. Druyun joined Boeing. The Druyuns, who listed their home with a real-estate agent, sold it to the Judys for \$692,000, which was \$77,477

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## INSIDE TODAY'S JOURNAL

### 'We've Got That, Too'

Racing foreign rivals, U.S. manufacturers are customizing standard parts with almost everything else buyers need—but thought they had to buy elsewhere. Part of the series "Battling Imports." PAGE B1

### Nafta-Shocks From Mexico

A decade after the accord spurred a boom in trade between the U.S. and Mexico, a series of disputes have spurred anger and threats of retaliation. A18

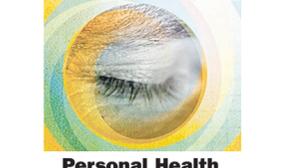
### The Doctor Will Lobby You Now

An oncologist and insurance chairman has a big challenge: keeping malpractice overhaul alive. Follow him on a whirlwind tour of Capitol Hill. A4

### 'What Results?'

With public institutions pressed to disclose private-equity performance, the venture capitalists they invested in are batten down the hatches. C1

## PERSONAL JOURNAL



**Personal Health**  
Hypnosis Casts a Spell On Mainstream Medicine  
High-Speed Chemotherapy May Boost Results  
Plus: Dividend Fever, a Guide

# U.S. Ex-Aide Had Boeing Ties

*Continued From First Page*  
more than they paid for the house 17 months earlier. The Judys' purchase price appears to be in line with others in a hot real-estate market there.

Mr. Judy is a Boeing vice president and assistant general counsel in the company's Washington operations. He has been working on Boeing's proposed tanker lease, which is still pending congressional approval. In response to questions, Mr. Judy said he found out about the Druyun home through his real-estate agent when he and his family were relocating from St. Louis. Ms. Druyun declined a request for an interview. Her attorney said she didn't think it was necessary to report the house sale to Air Force ethics officials because it was a public transaction.

A Boeing spokesman said the company stands by its decision to hire Ms. Druyun, who in late 2002 was negotiating employment with several companies, including Lockheed Martin Corp. An Air Force official confirmed that Ms. Druyun had recused herself from decisions affecting Boeing, as well as other companies, but declined to detail which companies and when. A Boeing spokesman said that Ms. Druyun's job has nothing to do with Air Force-related programs and that she isn't working on the tanker lease.

Yesterday, however, the conservative

group in Washington raised questions about the real-estate deal in a letter sent to Pentagon Inspector General Joseph Schmitz, as well as the agency's investigative arm, the Defense Criminal Investigative Service. In addition, the letter says Ms. Druyun's daughter, Heather, 27, has worked since at least 2001 in Boeing's St. Louis operation as a resource manager and is married to a Boeing employee. A Boeing spokesman confirmed employment of the couple.

An attorney for Ms. Druyun said Air Force ethics lawyers were informed about and signed off on her daughter's employment.

"The public has a right to expect government officials not to show favoritism to corporations in the hopes of future employment," said Ken Boehm, chairman of the conservative group, which focuses on government-ethics issues. "Ms. Druyun and her family were rewarded by Boeing even before she rushed through the revolving door" between the Pentagon and the defense industry, he said. A spokesman for the inspector general didn't return a call for comment about the letter. An Air Force spokesperson said that government employees are free to sell personal property to government employees or people outside the government.

In the Druyun case, Inspector General

Schmitz decided after a preliminary inquiry to commence a formal probe into whether Ms. Druyun provided Boeing with critical cost information regarding an offer to provide the Air Force with Airbus-made tankers. An April 2002 e-mail written by Boeing executive Andrew Ellis says Ms. Druyun told him and other company representatives "several times" that rival European Aeronautic Defense and Space Co. "was \$5 million to \$17 million cheaper" per aircraft than Boeing's.

Though the leasing arrangement was initially conceived with Boeing in mind, EADS had offered the Air Force a much lower price in an effort to capture the potentially lucrative business. In March 2002, the month before the e-mail, Air Force officials informed EADS they'd only negotiate further with Boeing, citing capability weaknesses of the A340 jetliner among other things.

The tanker lease prompted heated debate almost from the moment it was proposed in late 2001. The fallout from Sept. 11, 2001, prompted several key legislators to champion the idea of leasing 100 of these aircraft to the Air Force as refueling tankers. The current fleet has an average age of 40 years, and service officials say corrosion and other problems result in high maintenance costs.

Sen. John McCain, an Arizona Republican, immediately declared the lease a corporate bailout. He and his staff have worked feverishly over the past two

years to poke holes in the Air Force's arguments about the need for the new aircraft and the cost for leasing them. Even so, it looked as though the lease would easily win congressional approval, with three out of four required committees signing off on it.

But the process stalled last month after members of the Senate Armed Services Committee began raising questions about the higher cost of leasing versus buying. Sen. McCain released numerous e-mails and other documents he'd obtained from Boeing, the Air Force and the Pentagon, including the one that led to the current Pentagon investigation of Ms. Druyun.

The documents also highlight the close and tangled relationships that exist between former Pentagon and military officials and the handful of major defense contractors. One January 2003 e-mail by Boeing's Mr. Ellis said that David Jeremiah, a retired Navy admiral, and Ronald Fogelman, a retired Air Force general, "are consultants" who were lobbying top Pentagon leaders on behalf of Boeing for the lease. But both men were also members of the Defense Policy Board, whose mission statement says it was established to provide the Defense Secretary with "independent, informed advice and opinion concerns matters of defense policy."

When asked about the potential conflict, a Pentagon spokesman said having other commitments is "appropriate" for members of the Defense Policy Board.

# Motorola to Split Off Chip Unit

*Continued From Page A3*  
munication systems, although that division returned to profitability last year.

Motorola slipped out of the world's top 10 semiconductor producers in this year's first half, according to IC Insights, a research firm. After massive restructuring that led the division to eke out a small profit in last year's second half, the division began losing money again during this year's first two quarters. Lehman's Mr. Luke said the semiconductor business appears poised for a return to profitability in 2004.

Motorola's chip business is divided into three segments that sell to the automotive and industrial, mobile phone, and data-networking markets. The automotive and industrial section has been do-

ing well, but the other two parts, which together account for about half the division's sales, have been faltering, said Mr. Luke.

"There is opportunity to trim fat and improve," said Adam Parker, an analyst at Sanford C. Bernstein in New York. Although this isn't a strong moment in the IPO market, Mr. Parker said, the chip industry seems to be entering a more positive phase and chip makers have been able to tap the capital markets.

Motorola is still working out details of the planned offering, including what to do with the proceeds, according to Don McLellan, director of mergers-and-acquisitions for the company. The options include keeping the cash, giving it to the split-off company or paying it to Motorola shareholders as a dividend. "It's too early to speculate if it's all, some, two of three, or some other options or permutations," said Mr. McLellan.

Goldman Sachs is acting as the company's adviser on the deal, Mr. McLellan said. Though the IPO market has shown signs of improvement recently, it remains tepid. Even so, Mr. McLellan said, "we believe that it is the right time in the semiconductor cycle to be considering this. We're not going to speculate on whether the IPO market is robust enough, rather just to say that as a strategic matter, this is the right thing for shareholders."

Company executives didn't give details about how a split-off would affect the semiconductor unit's sales to other parts of Motorola. Mr. Galvin said 20% to 25% of the semiconductor division's sales are to the rest of the company.

—Kevin J. Delaney  
contributed to this article.

## Silicon Graphics Inc.

Silicon Graphics Inc. raised its fiscal first-quarter revenue estimate and put its loss for the period at \$40 million to \$45 million. The Mountain View, Calif., company expects revenue of \$215 million to \$220 million for the quarter ended Sept. 26, up from its previous revenue forecast in July of \$200 million to \$210 million. The first-quarter results will include a previously announced restructuring charge of \$20 million. For the year-earlier quarter, Silicon Graphics had a net loss of \$41.1 million, or 21 cents a share, on revenue of \$241.7 million. In August, the company, best known for its high-end graphics servers and workstations, said it planned to cut a further 600 jobs, or nearly 17% of its work force, in its latest effort to keep costs in line with sagging revenue. In 4 p.m. composite trading on the New York Stock Exchange, the stock was up one cent to 95 cents.

**Journal Link:** WSJ.com subscribers can read the transcript of Motorola's conference call discussing the split-off, at [WSJ.com/Technology](http://WSJ.com/Technology).

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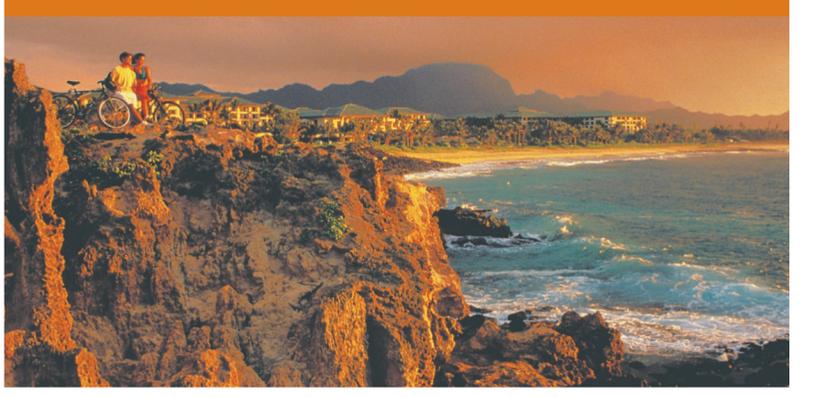
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