



Corel soars on earnings

SHARES JUMP AFTER PROFIT BEATS ESTIMATES, MONEY & MARKETS, B13

U.S. dollar surges, pushes loonie down

PAGE B3



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REPORT ON BUSINESS

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A New Outlook for Microsoft

Company's new strategy goes far beyond PC sector

BY SIMON TUCK
TECHNOLOGY REPORTER, OTTAWA

Microsoft Corp. has morphed itself to thrive no matter what happens in its legal battle with the U.S. government, analysts say, so yesterday's reversal on the software behemoth's breakup order won't change its strategy.

While lawyers were appealing last year's court ruling that the company be split up, analysts said, Microsoft forged ahead with a strategy to expand into new markets — beyond the personal computer — that largely would be unaffected by its corporate structure.

"It's now an irrelevant argument," said Kevin Restivo, a technology analyst with research firm IDC Canada Ltd. in Toronto. "Microsoft has already forged ahead to a place where the breakup of the company probably doesn't matter much."

Mr. Restivo said yesterday's ruling is just the latest case of the law not being able to keep up with the pace of the technology industry. "It's a case of crying over spilled milk that's already been drying."

The U.S. Court of Appeals unanimously overturned an order yesterday to break up Microsoft, but left intact a finding that it illegally used its monopoly in the Windows operating system.

The seven-judge panel agreed that the company holds a monopoly in the PC operating systems market and that some of its busi-

JUNE 7, 2000

'Microsoft as it is presently organized and led is unwilling to accept the notion that it broke the law or accede to an order amending its conduct.'

U.S. District Judge Thomas Penfield Jackson

JUNE 28, 2001

'While we do not undertake to dictate to the District Court the precise form that relief should take on remand ... it should be tailored to fit the wrong ...'

U.S. Court of Appeals for the District of Columbia Circuit

Tech giant shouldn't take victory as licence to kill



BRIAN MILNER
TAKING STOCK

Microsoft founder Bill Gates, right-hand man Steve Ballmer and their cohorts are no doubt in a celebratory mood today after a federal appeals court struck down an order calling for the breakup of their company.

The real question now is whether they interpret their victory against an over-the-top judge as a licence to continue bigfooting its way through the tech universe — crushing any competitor that gets in the way of its grand vision — or realize that the software giant can still get much of what it wants without spending the rest of its corporate existence fending off antitrust lawsuits.

Yesterday's ruling comes as no surprise to anyone who followed the case closely. But who knew that Microsoft's best friend in its antitrust battles would turn out to be the opinionated presiding judge, who considered company founder Mr. Gates and other top executives a bunch of conniving liars?

See MILNER on page B9



ness practices amounted to illegal use of that monopoly.

Investors seemed to take notice as Microsoft shares gained \$1.60 (U.S.) or 2.3 per cent to close the day at \$72.74 on the Nasdaq Stock Market.

Tom Bittman, a technology analyst at Gartner Group Inc. in Stamford, Conn., said the issue of monopolizing many of its markets

is no longer an important issue because — rightly or wrongly — Microsoft has established itself as the victor. "In terms of what's really happening in the market, it's in the past."

Even as Microsoft and the government squared off in court, the company was restructuring itself and its product line in ways that would blunt the impact of the

court's earlier penalty.

Analysts said Microsoft's new strategy revolves around its .Net platform. It was designed to allow the Redmond, Wash.-based company to sell to new and existing markets, whether it bundled those products either as a single entity or as more than one company.

See STRATEGY on page B9

INSIDE

- The views of its rivals, **B8**
- The judge at the centre, **B9**
- Michael Geist, **B9**
- Mathew Ingram, **B11**
- Vox on Microsoft stock, **B11**

NATIONAL

PMC slashes forecasts

Chip maker PMC-Sierra slashed its earnings forecasts yesterday for the third time this year and warned of possible writedowns as the slowdown in telecommunications spending continues to ripple through the sector. **B3**

Laidlaw presents plan

Transportation giant Laidlaw Inc. says it will emerge from bankruptcy protection within a year as a healthy, U.S.-based company with an estimated profit of \$116-million (U.S.) in 2003. **B2**

MONEY & MARKETS

Visible stock jumps

Shares of Visible Genetics rose nearly 13 per cent yesterday after the U.S. Food and Drug Administration indicated that the company's test kit to identify the genetic makeup of the HIV virus meets its "requirements for clearance." **B13**

360networks seeks court protection

BY PETER KENNEDY, VANCOUVER

360networks Inc. ended weeks of speculation about its future yesterday by filing for court protection in Canada and the United States from creditors owed \$2.8-billion (U.S.).

Headed by former Microsoft Corp. chief financial officer Greg Maffei, 360networks has become the latest victim of an industry suffering from overcapacity and plunging demand for bandwidth services.

"We are taking these steps to restructure our business and financial position in a difficult telecommunications environment," said Mr. Maffei. "While very disappointing, we believe today's filings provide us the best opportunity to reorganize and operate our core business."

A year ago when the company

went public, after promising to circle the world with fibre-optic cable, it immediately became Canada's second-largest telecommunications firm with a market value of \$20.6-billion.

But when trading was halted on Nasdaq Stock Market yesterday, the stock price had plunged to just 21 cents from a high last year of \$24.18.

The company said it has about \$155-million of unrestricted cash, cash equivalents, short-term investments and marketable securities on hand and believes it will be able to complete its North American network.

It said its senior secured lenders have agreed to provide up to \$100-million of debtor-in-possession financing.

See 360NETWORKS on page B6

Standard scoops up radio stations

BY KEITH DAMSELL
MEDIA REPORTER

Standard Broadcasting Corp. Ltd. is acquiring Telemedia Corp.'s 60 remaining radio stations in Ontario and Western Canada, a private deal that makes family-owned Standard the country's largest radio station owner.

"We're talking about a lot of stations," said Gary Slaight, president and chief executive officer of Standard. When the deal closes, the Toronto company will own 73 radio stations from Montreal to Vancouver. Rival broadcaster Corus Entertainment Inc. of Toronto reaches a larger radio audience but owns only 49 stations.

"It's a very potent package," Mr. Slaight said.

See RADIO on page B6

TD sees bank mergers three to five years away

BY JOHN PARTRIDGE

Toronto-Dominion Bank has sent a strong signal that it figures mergers among Canada's big banks could still be years away, despite new federal legislation that theoretically makes them possible almost immediately.

"Mergers may not be on the table today, but are a reasonable possibility within a three-to-five-year time frame," TD chairman and chief executive officer Charles Baillie said yesterday during a forum for analysts and investors at the bank's Toronto headquarters.

Mr. Baillie did not elaborate on the timing of any potential mergers, although he did reiterate past statements that TD expects to be a player "when they are permitted."

TD, Canada's second-biggest bank, and top-ranked Royal Bank of Canada have been pegged by observers as the most likely acquisi-

tors in the next round of consolidation among the banks.

This is the second time since the new financial services legislation received royal assent June 14 that a senior TD official has indicated that banks may not be reading the marriage banns any time soon, despite much anticipation on Bay Street and in the media.

In a June 19 speech in Toronto, TD president and chief operating officer Ed Clark said that unless the government clarifies the criteria by which would-be merger partners will be judged in a so-called Public Interest Review Process to which they will have to submit, "businesses will not want to participate."

The government still is drafting the regulations needed to implement the new legislation, and this is expected to take until at least late September.

See BANK on page B6