



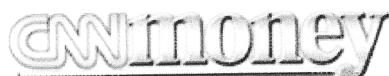
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Sujet: L'indice Dow Jones se renouvelle: qui est « in » et qui est « out ».

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## AT&T, Kodak, IP out of Dow

AIG, Verizon, Pfizer are the newest additions to the world's most widely watched stock index.

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By *Chris Isidore, CNN/Money senior writer*

**NEW YORK (CNN/Money) - The Dow Jones industrial average, the world's most widely watched stock index, is changing again.**

Long-time components AT&T Corp. and Eastman Kodak Co., both in the average since the Depression, are being dropped. International Paper, in the Dow since 1956, is also out.

They will be replaced by Verizon Communications Inc., a company formed by the breakup of the old AT&T, insurer American International Group Inc., and Pfizer Inc., the nation's biggest drugmaker.

The shift is meant to, "recognize trends within the U.S. stock market, including the continued growth of the financial and health care sectors," said a statement from Paul Steiger, managing editor *The Wall Street Journal*, which selects the components of the index. The newspaper is published by Dow Jones & Co.

After the change, only a third of the 30 stocks in the Dow will be involved in heavy manufacturing or the oil industry, excluding companies that make technology, consumer or health care products. As recently as the late 1980s, two-thirds of the components came from those old-line industries.

When the average was launched in 1896, it had 12 companies. It went to 20 in 1916 and 30 in 1928, a year before the stock market crash that helped usher in the Great Depression.

The changes announced Thursday, the first since 1999, will be effective at the open of trading April 8. The number used to calculate the 30-share Dow from its components' stock prices will be adjusted so that there is no change in the index level prior to the opening that day.

The news sent the prices of the three stocks being removed from the average down at least 2 percent apiece initially although all three had recovered some ground by midday. It also lifted the three new components at least 2 percent each.

### Changing times

AT&T (T: down \$0.31 to \$19.26, *Research, Estimates*), which once handled almost all the nation's phone traffic and now primarily handles a long-distance service, had been a member from 1916 through 1928 and then rejoined the index in 1935.

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In the late 1990s, the company tried to expand out of the low-margin long-distance phone business. But last year it sold its cable business to Comcast and it had already spun off its wireless phone operation.

Responding to the move by Dow Jones Thursday, AT&T issued a statement stressing that it's still a major force in telecommunications.

"While AT&T and the entire telecommunications industry have reflected the effects of soft demand and overcapacity since early in 2000, AT&T is a Fortune 40 company with \$34.5 billion in revenue last year," said a statement from AT&T.

Verizon (VZ: up \$0.67 to \$37.21, Research, Estimates) becomes the second spin-off of the old AT&T to join the average, following SBC Communications Inc. (SBC: Research, Estimates), which was added in 1999.

While both Verizon and SBC started life as regional providers of local phone service, they have grown to become major players in other telecom businesses, including wireless, Internet and even long-distance. Verizon's revenue of \$67.8 billion in 2003 was nearly double AT&T's total.

Verizon issued a statement that it was pleased with the recognition of the strength of its business and its leadership in the communications industry.

Kodak (EK: down \$0.74 to \$25.43, Research, Estimates), which has seen its core film business eaten away by the growth of digital photography, has been a component since 1930, giving it the third-longest continuous tenure in the Dow after only General Electric and General Motors.

A Kodak spokesman said being dropped from the index would have no impact on the company's strategy of trying to respond to consumers' shift to digital photography.

"It's not our place to comment on the composition of the Dow," said Kodak spokesman Gerard Meuchner. "We believe the transformation occurring at Kodak is representative of broader changes occurring in the economy, as more and more industries adapt to digital technology."

International Paper (IP: down \$0.26 to \$42.00, Research, Estimates), the world's largest forest products company, has been shed about \$3 billion worth of assets in recent years as it sought to focus more on its core businesses. Printing paper is its largest unit in terms of revenue, followed by industrial and consumer packaging.

"There are no pre-determined criteria for a stock to be added or deleted, though we intend that all components be established U.S. companies that are leaders in their industries," said a statement from John Prestbo, editor of Dow Jones Indexes. "For the sake of continuity, composition changes are rare by intention."

Insurer AIG (AIG: up \$2.13 to \$73.48, Research, Estimates) is the nation's second-largest financial service firm in terms of revenue, trailing only Dow component Citigroup (C: Research, Estimates). It is the No. 10 stock ranked by revenue on the Fortune 500 list of major companies.

Pfizer (PFE: up \$0.54 to \$35.59, Research, Estimates) in 2000 became the nation's largest drugmaker with its acquisition of Warner Lambert. It joins drugmakers Merck & Co. (MRK: Research, Estimates) and Johnson &

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Johnson (JNJ: Research, Estimates) on the average.

This change is somewhat less dramatic from the last change in 1999, when chipmaker Intel Corp. (INTC: Research, Estimates) and software provider Microsoft Corp. (MSFT: Research, Estimates) became the first two Nasdaq stocks to be included in the index. Retailer Home Depot (HD: Research, Estimates) and SBC also joined at that time.

The four companies removed at that time were Sears Roebuck & Co., Goodyear, Union Carbide and Chevron. ■

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