

BUSINESS DIGEST

SOFTWARE

A Microsoft rival to iPod, iTunes to debut this year

SEATTLE — Microsoft Corp. confirmed Friday that it's working on music and entertainment products that are expected to compete with Apple Computer Inc.'s wildly popular iPod and iTunes music service.

The software maker said the first of these products, to be called Zune, will be available this year.

Microsoft refused to provide more details beyond the statement. Microsoft has been briefing music industry executives on the project for some time.

Jupiter Research analyst Michael Gartenberg, one of a handful briefed on the project, said Microsoft probably feels that it has to get into the portable player market because it is such an important jumping-off point for other technologies.

Apple's iPod has a whopping 75 percent share of the digital music player market. The company shipped 8.1 million iPods during the second quarter.

SEMICONDUCTORS

German memory maker plans \$1 billion offering

WASHINGTON — German memory-chip maker Qimonda AG became the latest big company to file for a big initial public offering with the Securities and Exchange Commission.

Qimonda, a unit of chip maker Infineon Technologies AG, registered Friday to sell up to \$1.5 billion in American depository shares on the New York Stock Exchange.

The 63 million shares of stock, which will trade under the symbol QI, are expected to price between \$18 and \$19 a share. Qimonda's market capitalization, if it prices at the high end of its range, will be \$6.16 billion.

Qimonda's offering is expected to take place in the second week of August, likely before any of the other \$1 billion-plus IPOs that are planning to tap the U.S. market.

CONSUMER ELECTRONICS

RadioShack shares drop on quarterly loss report

DALLAS — RadioShack Corp. said it lost \$3.2 million in the second quarter as the electronics retailer posted restructuring and legal settlement costs.

RadioShack's shares fell 52 cents, or 3.3 percent, to close at \$15.24 on the New York Stock Exchange. Shares hitting a 52-week high of \$27.24 last summer, the stock has steadily declined, hitting a year-low of \$13.73 earlier this month.

Quarterly losses amounted to 2 cents per share for the three months that ended June 30, compared with a profit of \$2.3 million, or 33 cents per share, for the same period a year earlier. Revenue edged up to \$1.1 billion from \$1.09 billion last year.

Fort Worth-based RadioShack recorded pretax charges of \$2 million for restructuring activities including lease terminations, store liquidations and other actions, and \$3.5 million to settle wage-and-hour class-action lawsuits.

Monday is the first official day for the company's new CEO, Julian Day.

Items compiled from staff and wire reports.

COMING SUNDAY



Bumpy road to a Wi-Fi city

In Anaheim, Calif., EarthLink is learning that creating a citywide Wi-Fi network is no easy task. Scores of other cities are watching closely.

In Business & Personal Finance

▼ Dow Jones	-59.72
10,868.38	-0.55%
▼ Nasdaq	-19.03
2,020.39	-0.93%
▼ S&P 500	-8.84
1,240.29	-0.71%

Stocks, F2 Dividends, F2
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CENTRAL TEXAS HOMES

CLOSEUP: COASTAL LIVING

For developers, surf's up

With the first baby boomers in Central Texas and across the nation hitting retirement age, demand for coastal living is rising. And builders have taken notice. On the few miles of coastland where construction is allowed, projects are under way that will transform Galveston and Mustang islands.



The twin 27-story towers of the Palisades Palms condominium project rise above Galveston's East Beach. How hot is the market here on the Gulf Coast? Of the project's 288 condos, 237 already are sold.

Kevin Bartram FOR AMERICAN STATESMAN

Galveston: Still historic and charming, with a sea of condos on the horizon

By Shonda Novak

AMERICAN STATESMAN STAFF

GALVESTON — It's all still there. Institutions such as Galdo's, serving fresh seafood since 1911. Timeworn hotels. Oceanfront beachwear stores and tackle shops. Stately historic mansions. Balmy brown saltwater and the sense of calm that comes as the Gulf of Mexico announces itself and the rest of Texas disappears behind the causeway into town.

Galveston retains much of its old character and charm, just as it has for decades. But there are jarring signs that a transformation is under way in this coastal city of 60,000 southeast of Houston.

Two giant cranes — not the avian variety — soar over the island's eastern end, where twin luxury condominium high-rises are under way.

Signs hawking \$500,000 residences are posted on the Mayflower Inn, which will be razed to make way for the luxury Tuscan Beachfront Condominiums on Seawall Boulevard. Elsewhere along the eastern seawall, Emerald By the Sea is rising, a 15-story condominium with units called Topaz, Diamond, Princess, Sapphire and Ruby.

On the west end of the city, the lime-green-and-white 10-story Ocean Grove Condominiums urge prospective buyers to call 1-866-SEE-GULF. Developers are charting a new course for Galveston, one that is bringing high-rises, new businesses, more residents and new challenges for city leaders.

The surge of new development is ushering in new businesses, including chain restaurants overlooking the Gulf of Mexico such as Chili's, Saltgrass Steak House and soon, a

See COASTAL, F6

Coastal building boom

The Texas coast is crowded with construction cranes as developers launch dozens of projects to build condominiums and single-family homes. **Graphic, F6**



Port Aransas is at the north end of Mustang Island, a barrier island near Corpus Christi that is poised for growth as retirees seek coastal homes.

Rich Oppel AMERICAN STATESMAN

Mustang Island braces for a wave of retirees

Fishing villages, birding centers will make way for condos, golf courses

By Rich Oppel

AMERICAN STATESMAN EDITOR

PORT ARANAS — Alan and Kim Fon of Round Rock so loved being near the Gulf that in 2000 they bought a second home in Island Moorings, a yacht club and marina community on the southern end of Port Aransas.

But when Alan, an executive with Dell Inc., was transferred to Atlanta, the couple had to sell the house. When it seemed as if they would return to Texas last year, they began looking at lakefront properties in Central Texas.

Then Kim Fon received an e-mail

from a Port Aransas friend: "Don't know if you'd be interested, but your old home here is about to go on the market."

The next morning, Kim was on a plane. They are now retired — he's 50, she's 49 — and living full time in Port Aransas.

"I really didn't look at this as retirement," he said. "I looked at this as an opportunity to do what I want to do next. I see it more as a transitory place."

The Fons are among the early arrivals in a wave of baby boomers and early retirees expected to transform Mustang Island and its environs from historic fishing villages and birding centers into retirement communities, golf resorts and condominium towers.

Port Aransas anchors the north See MUSTANG, F3

Dollars and sense

From insurance to pilings, here are a few things to keep in mind before making a down payment on a second home or retirement abode along the coast. **Story, F9**

Lakeshore living

You say your furnishings don't go with steel, concrete and glass? Modern home on Lake LBJ comes with its own custom-built furniture. **In the Spotlight, F5**

Area job growth weakens in June

Hiring rate lowest since October '04, but most sectors are adding jobs

By Claudia Grisales

AMERICAN STATESMAN STAFF

The hot Central Texas job picture cooled a bit in June as the hiring rate dropped to its lowest level in 20 months.

It was still a healthy 3.1 percent, but that was down from 4.1 percent in June 2005, when the Austin economy took off.

Meanwhile, the unemployment rate reached 4.4 percent as schools let out for the summer, a decrease from 4.5 percent last year. The statewide figure, which is adjusted for such seasonal changes, remained at 5.1 percent.

The statewide job growth rate was 2.7 percent.

On an annual basis, Central Texas employers added 21,300 jobs in June, according to figures released Friday by the Texas Workforce Commission. Excluding agricultural jobs, that's a total work force of 715,700 in Travis, Williamson, Hays, Caldwell and Bastrop counties.

"This shows strong growth," said J.D. Dossert, an economist for the commission.

In May, the region's work force reached a record 716,700 jobs.

The moderating growth can be blamed in part on summer hiring See JOBS, F2

Biodiesel coming to area pumps

Austin firm bringing B20 blend to Shell stations

By Asher Price

AMERICAN STATESMAN STAFF

It's a fact Bio Willie could be proud of. On Friday, Austin Biofuels, a locally owned manufacturer of biodiesel, and state officials announced that 19 Austin-area Shell stations would be carrying a biodiesel blend.

Biodiesel is a cleaner-burning renewable fuel made from domestically produced materials such as soybean oil.

The biodiesel blend that will be sold at the Shell stations is called B20 because it uses 20 percent biodiesel and 80 percent standard diesel. The biodiesel has a higher cetane level than standard diesel and creates lower emissions.

The B20 sells at the same price as standard diesel, about \$2.89 a gallon, and diesel engines need no modification to use it.

"This is a big deal for the community," said Jeff Plowman, who heads Austin Biofuels, which began selling B20 in 2005. Plowman said Austin now has the highest concentration of B20 pumps in the country.

B20 is one of a series of eco-friendly gasolines being touted by the state. Earlier this year, state officials heralded commercial sales of E85, an ethanol-based fuel, in Dallas and Houston. The H-E-B grocery chain

See BIODIESEL, F2

Comics industry powwow attracts media titans



Deepak Chopra

Author jumps into comics industry with new company.

By Bob Keefe

WEST COAST BUREAU

SAN DIEGO — There are guys dressed in Spider-Man suits and Superman T-shirts and even the occasional Incredible Hulk.

But also among the more than 100,000 attendees that are expected at the annual Comic-Con International convention is a more surprising face: self-help guru and best-selling author Deepak Chopra.

In addition to hosting a panel

discussion on the Seven Spiritual Laws of Super-Heroes, Chopra is in San Diego to pitch his latest publishing venture: comic books.

Launched earlier this year with son Gotham Chopra and entertainment megapreneur Richard Branson, Virgin Comics LLC plans to produce comic books and animated movies based on Eastern mythology.

"In many ways, the industry is now reaching its adolescence, its

See COMICS, F2



David Murphy, left, and Gene Arena decided to go all out for the Comic-Con International convention in San Diego on Thursday.

Denis Porey ASSOCIATED PRESS