

▲ **DOW** 56.15 at 9,777.94
 ▲ **NASDAQ** 12.78 at 1,925.14
 ▲ **AMEX** 1.91 at 1,020.28

▲ **NYSE** 23.56 at 5,930.68
 ▲ **S&P 500** 5.36 at 1,044.68
 ▼ **10-YEAR NOTE YIELD** 4.384%, down from 4.390%

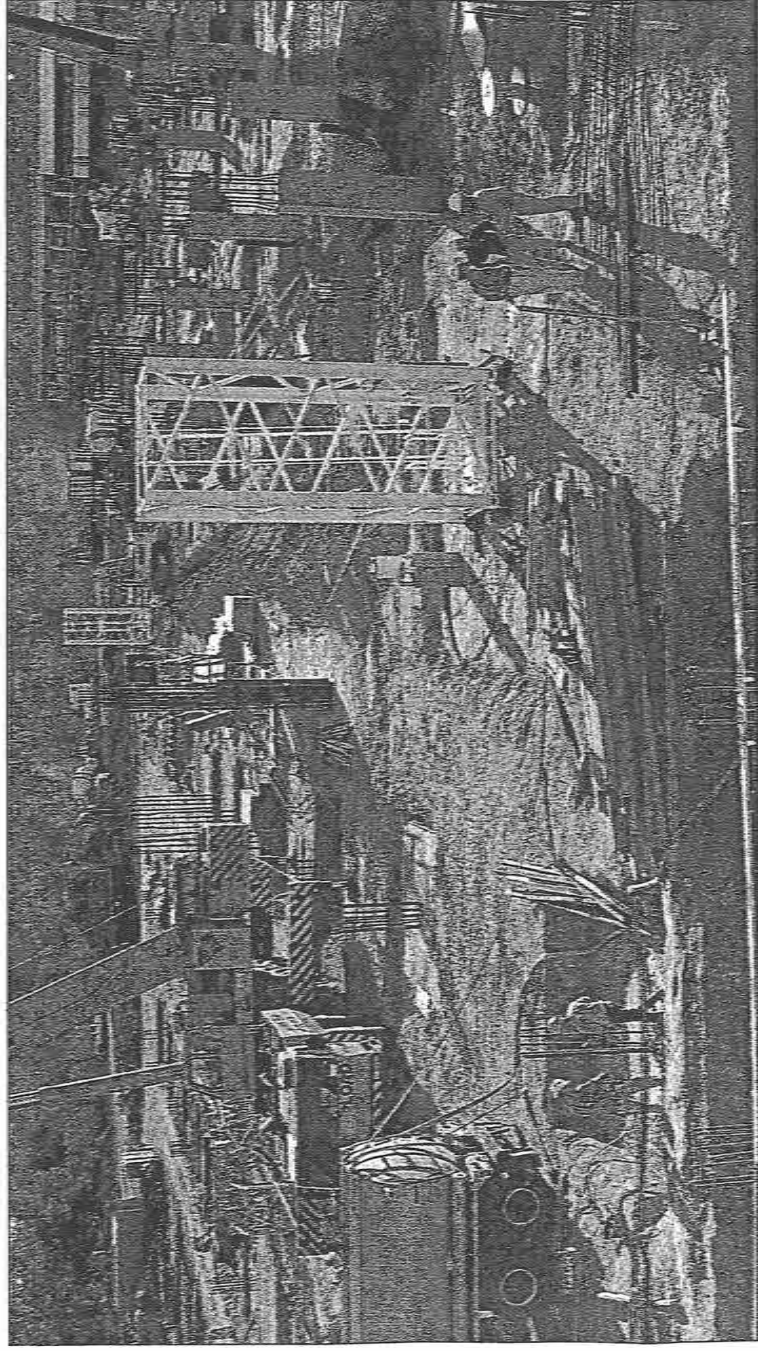
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BUSINESS

COMING WEDNESDAY
ON THE NEWS

Do you really need a cell phone that car and send pictures? Phone companies are working hard to get more people to say

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The new North Hills is to look like a village, with an open-air shopping environment plus a hotel, two office towers, 300 apartment units and 50 condos.

STAFF PHOTO BY SHER STONEMAN

North Hills skeleton rising

Target among stores that will join Penney

By SAMANTHA THOMPSON SMITH
 STAFF WRITER

RALEIGH — What was once North Hills Mall is now a mess of red clay and maze of steel beams.

But give it a year. By then, Target will be selling Halloween costumes. The Marquee Cinemas will be showing the latest spy thriller. And Pulse Athletic Club will be signing up new members.

Six months since the Triangle's first started demolishing the Triangle's first mall, John Kane's new creation — a distinctive, \$200 million shopping, dining, office and residential complex — is starting to take shape at Six Forks and Lassiter Mill roads.

Already, Target has a roof and a date for opening: Oct. 10, 2004. The steel beams for the 14-screen movie theater are visible from Six Forks Road. And all the red clay has been moved off to

the side for a new underground parking deck. Despite the progress, Kane is still fielding questions, trying to help people understand just exactly what the project will be.

"When it opens, everyone is going to get it," said Kane, who owns Kane Realty in Raleigh. "Right now, they don't have a clue."

One of the best ways to describe it is by what it's not. It's not a mall, although it will still have the former mall's J.C. Penney building (and J.C. Penney as a tenant) and its name, North Hills. Nor will it be a big-box shopping center, even though Target, synonymous these days with big-box, is one of the key anchors.

Mixed in between Penney's and Target, in an open-air shopping environment, will be a day spa, a hair salon, a sports bar, at least a dozen restaurants, fashion boutiques, a 200-room upscale hotel, two office towers, a 300-unit

SEE NORTH HILLS, PAGE 6D



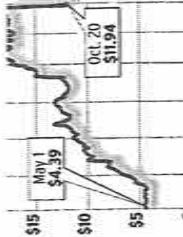
Raleigh's redeveloped North Hills will open next year, but the final phase will not start until 2005. This model shows the project at Six Forks and Lassiter Mill.

JIM SINK PHOTOGRAPHY



partners. In early September, Pozen signed a \$10 million deal with Xcel Pharmaceuticals of San Diego to sell and market MT 300. Another company, Nycomed, has comeled, has the rights to sell MT 100 in Denmark, Sweden, Norway and Finland. Pozen has yet to announce an MT 100 sales partner for the United States.

But the largest deal was an agreement with GlaxoSmithKline that could be worth up to \$160 million in milestone payments alone. Under that deal, GSK agreed to manufacture and



Source: Bloomberg News
WOLFGANG PETER/AGF / THE NEWS & OBSERVER

market MT 400, Pozen's third migraine drug. Analysts believe MT 400 has blockbuster potential, which means it could rack up sales of more than \$1 billion per year.

*Bloomberg News
contributed to this report.*

Staff writer Sabine Vollmer can be reached at 829-9992 or svollmer@newsobserver.com.

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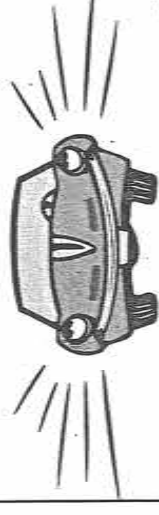
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NORTH HILLS

CONTINUED FROM PAGE 1D

apartment building and a 50-unit, eight-story condominium building.

That's in addition to the Harris Teeter, Brothers dry cleaners, Blockbuster Video and Kerr Drug that are already a part of the complex across from the mall at Lassiter at North Hills.



The News & Observer

"I think, to me, it's like a European village," Kane said. "It's just unduplicated around here."

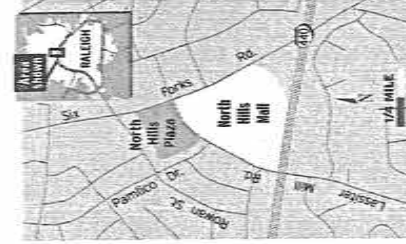
What also makes the center unique is the underground parking lot, where the lower level of North Hills Mall used to be. Shoppers can park there and take an escalator to the top level and walk around the center, which Kane said will be packed with chairs and benches, tree-lined walkways and outdoor seating at restaurants.

Kane's restaurant at this point to talk about tenants, other than the ones that have already been announced, including Target and Marquee Cinemas. Some of the

lease deals are still being negotiated. Kane said he hopes to be able to announce more tenants and which company will be the brand behind the hotel in the next two months.

A few restaurant owners have already said they're coming to North Hills: Q Shack, the new barbecue restaurant created by Durham restaurateur Scott Howell; Charlotte-based Firebirds Rocky Mountain Grill; and the '40s-themed burger chain Johnny Rockets.

Pulse Athletic Club, which Kane also owns, plans to take about 50,000 square feet around the



The News & Observer

When the project is completed, it will be the third life for the 40-year-old mall that started as a small strip center anchored by a Winn-Dixie grocery. In 1967, it was converted into a mall, one of the first enclosed malls between Washington and Atlanta.

But the mall's status as a shopping leader faded quickly as the competition began swarming. Crabtree Valley Mall opened nearby five years later with more stores and more space, eclipsing North Hills. North Hills never regained its status, in part because of owners over the years who made renovation promises they couldn't keep.

Staff writer Samantha Smith can be reached at 829-4563 or samantha@newsobserver.com.

more than 500 homes will occur, saying only that "you've got to go through some farm fields." Installation will probably begin within three to four weeks, Oja said, and it will be ready to operate by the end of the year. The trial will run through mid-2004. Progress Energy is partnering with EarthLink to handle customer support and services. It also will determine pricing.

Progress Energy cautions that its customers shouldn't start firing up their computers yet. It must determine whether the technology will work on a large scale and how much it will cost to operate the system. In addition, it must decide how to market it — through a partnership with a company like EarthLink or on its own.

"We may decide it's a viable business, but it's not for us," said Keith Posson, a Progress Energy spokesman. "It's truly a trial."

Encouraged, it decided to move into the second phase of testing. Oja declined to disclose where the expanded trial that will reach

both power lines and the air-waves. It enters customers' homes and businesses using a wireless antenna and receiver, not the electrical socket.

"We, frankly, were surprised at how well it worked," Oja said. The company began testing the service in July 2002. It installed equipment in the Wakefield and Spring Forest commercial areas and did its first real-world trial between February and July.

peeling vaccine technology with the potential to fight a variety of diseases that pose serious health threats; the technology's military origins and its continued relationship with the military, which might make government scientists more comfortable; and the increased threat of bioterrorism, which wasn't nearly so great a concern when AlphaVax was incorporated in 1998.

The two federal grants the company announced last month, worth a total of \$16.6 million, were to develop vaccines against a pair of biological agents that could be used by terrorists. The company's technology was developed by scientists at the University of North Carolina at Chapel Hill and the U.S. Army Medical Research Institute of In-

fectious Diseases. The institute is collaborating with the company on three vaccines against diseases that could be used by bioterrorists.

The company's technology applies genetic engineering to create a vaccine that triggers the body's immune response without the potentially negative side effects associated with traditional vaccines. The AlphaVax AIDS vaccine that began Phase I clinical trials in July involved a single, altered HIV gene. The company's latest federal grant will be used to add more genes, which has the potential to create a more potent immune response.

Staff writer David Rauli can be reached at 829-4877 or drauli@newsobserver.com.

back of the complex near Target. The club will have a pool, gym, day-care services, steam room and sauna and space for yoga and other classes.

Those tenants will join Penney, which has kept its North Hills Mall store open during the demolition and construction.

The project will be completed in phases over the next few years, with a bulk of the stores and restaurants opening next fall. Other parts of the complex, such as the condominiums, will take longer to open, because construction won't start until early 2005.

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**401 Chaos? Work & Money, Sunday.
Money matters with Holly Nicholson.**

BLOOMBERG NEWS
The dollar had its big one-day gain against the yen almost four months after Treasury Secretary John Snow a London newspaper that month's agreement for the exchange rates was a U.S.-led call for a lower dollar.

Snow said his comment during the meeting of finance ministers from the Group of Seven most-industrialized nations were incorrectly interpreted as evidence that United States wanted the dollar to decline.

The dollar advanced 0.1 cent to \$1.38 yen and 0.1 cent to \$1.1635 per euro New York.

Windows get legal complain
The Associated Press
Nearly a year after Microsoft agreed to end its anticompetitive conduct, the government is raising concerns that the world's largest software maker is trying to use its dominance to win its way into Windows operating system influence where customer their music online.

Lawyers for the Justice Department and 19 state attorneys general have complained to a federal court about a design feature that compels consumers to buy music online, only Microsoft's Internet browser and steers them to Microsoft Web site.

Guilford Mill may look for buy
The Associated Press
A year after emerging bankruptcy protection, Ford Mills said it will be selling the business if the buyer is found.

The Greensboro textile plant, which a big seller to textile fabrics, said it retained Goldman Sachs financial adviser to help it decide whether to sell the company or take other steps to maximize shareholder value. The company posted a quarterly loss of \$1.5 million in the quarter that ended June.

Raleigh ad agency to open N.Y. S
STAFF REPORTS
French/West/Vaughan advertising and public relations agency based in Raleigh tends to open an office in New York City in December to a new division of an existing client, Wrangler, as well as other accounts.

The 80-employee agency previously had a New York office that it closed after the Sept. 2001 terrorist attacks. Taylor, senior vice president and agency co-founder, runs the new New York office.

Interest increases on T-bills
The Associated Press
Interest rates on short-term Treasury securities rose as the Treasury Department sold \$17 billion in three-month bills at a discount rate of 0.920 percent, up from 0.905 percent last week. The three-month rate was the highest since Sept. 2, the six-month rate was the highest since Sept. 2.