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IRG Technology, Media and Telecommunications
and
Life Sciences Weekly Market Review

Week of 26 January 2009 – 1 February 2009

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IRG Technology, Media and Telecommunications and Life Sciences Weekly Market Review

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Equity Market Indicators					
Index	**Closing Level (1/30/2009)**	**% Change 1 Week Ago**	**% Change 1 Month Ago**	**% Change 12/31/2008**	**% Change 12/31/2007**
S&P 500	825.88	-0.7%	-8.6%	-8.6%	-43.8%
Dow Jones Industrial Avg.	8,000.86	-0.9%	-8.8%	-8.8%	-39.7%
Dow Jones Tech. Index	243.26	0.6%	-3.2%	-3.2%	-47.0%
Dow Jones Telecom. Index	177.82	-1.2%	-11.0%	-11.0%	-43.3%
NASDAQ Composite	1,476.42	-0.1%	-6.4%	-6.4%	-44.3%
Japan Nikkei 225	7,994.05	3.2%	-9.8%	-9.8%	-48.9%
JASDAQ	43.95	-1.9%	-8.8%	-8.8%	-39.1%
Japan Mothers	339.69	3.0%	5.0%	5.0%	-56.6%
Korea KOSPI Composite	1,162.11	6.3%	3.3%	3.3%	-38.7%
Korea Kosdaq	364.90	3.4%	9.9%	9.9%	-48.2%
Taiwan Stock Exchange	NA	NA	NA	NA	NA
Singapore Straight Times	1,872.35	11.1%	6.3%	6.3%	-46.0%
Hong Kong Hang Seng	13,278.21	5.6%	-7.7%	-7.7%	-52.3%
Hong Kong GEM	362.42	1.7%	-6.0%	-6.0%	-73.1%
China Shanghai (A-Share)	NA	NA	NA	NA	NA
China Shenzhen (A-Share)	NA	NA	NA	NA	NA
China Shanghai (B-Share)	NA	NA	NA	NA	NA
China Shenzhen (B-Share)	NA	NA	NA	NA	NA

Note: China and Taiwan markets closed from January 26th to January 30th, 2009 for Chinese New Year.

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Technology, Media, Telecommunications and Life Sciences Market Activity

NASDAQ/NYSE TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Markets: TMT and Life Sciences Convertibles

Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US$MM)	Per US$10,000 converts to	Convertible Until
N/A						

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Weekly Highlights

International

Mobile/ Wireless

- **Global mobile phone shipments fell 10 percent year-over-year, to reach 295 million units in fourth quarter 2008.** An economic downturn in developed and emerging markets caused the industry's slowest growth rate since 2001. Bonny Joy, Senior Analyst at Strategy Analytics said, global mobile phone shipments fell to 295 million units during fourth quarter 2008, down a significant 10 percent from 329 million units in fourth quarter 2007. Retailers have been de-stocking due to credit tightness, while consumers delayed purchases because of fears of a recession. Three of the big 5 cellphone vendors recorded negative annual growth rates in fourth quarter 2008. Motorola declined 54 percent, Sony Ericsson 21 percent and Nokia 15 percent. With volumes and revenues contracting sharply this year, much of the mobile industry's focus will inevitably be on controlling costs and restoring profitability during 2009. Samsung performed best among the big five vendors during fourth quarter 2008. Samsung's global market share hit an all-time high of 18 percent. Apple shipped a lower-than-expected 4.4 million iPhones worldwide in fourth quarter 2008. Apple's annual growth rate of 88 percent was far below the 516 percent it registered in the previous quarter.

Semiconductor

- **Semiconductor companies' increasingly dreary earnings reports and uncertainty ahead suggest no area of chips is immune to the economic downturn, and any hope of rebound is premature.** Wrenching declines in quarterly income and revenue have mostly come from memory makers and companies highly exposed to PCs and other consumer electronics. But low visibility at chip giants like Intel Corp. and shifts of fortune at Samsung Electronics Co. among others likely mean companies soon to report, like Texas Instruments Inc. and Broadcom Corp., are also set to disappoint. Intel hit its reduced outlook numbers, but avoided formal guidance and instead provided a US$7 billion internal estimate for first-quarter revenue. First-quarter revenue would decline from the fourth quarter. Samsung, one of the strongest companies in the tech sector, posted its first loss since it began reporting quarterly results in 2000.

Japan

Hardware

- **Panasonic Corp. will cut 560 jobs in Asia due to the closure of two plants in the region, while declining to confirm a report saying the Japanese electronics giant will likely suffer its first net loss in six years.** The company will shut down a factory in Malaysia and another plant in the Philippines to cope with a rapid change in the global electronics market. The closures come as Panasonic is in the middle of a US$9 billion takeover of smaller Japanese rival Sanyo Electric Co. to become one of the world's biggest electronics companies. Around 500 workers at the Malaysian electronics parts plant in Malacca will be out of work, while some 60 employees at the Philippines battery factory will also lose their jobs. Panasonic also runs two electronics parts plants in the central Malaysia state of Selangor. The spokesman said the company will merge them into one by September. Panasonic may incur a net loss of about 100 billion yen in the fiscal year ending March 2009. It would mark the first net loss in six years for Panasonic. Panasonic's operating profit will be also worse than its forecast of 340 billion yen. The paper did not give any projection for the operating profit.

- **Toshiba Corp plans to cut costs by US$3.3 billion next business year by slashing capital spending and contract jobs, as a weak chip sector and a global slowdown put the Japanese electronics group on course for its worst-ever annual loss.** The company and Samsung Electronics are struggling in a near two-year sector downturn caused by chronic oversupply and weak demand for digital cameras and other electronic gadgets. Semiconductor makers have slashed output to revive prices, but anaemic consumer demand in a deep economic slump has capped price gains, forcing some firms to seek government support. Toshiba said it would halve capital spending in the year starting in April, by delaying construction on two new flash memory chip plants and reining in LCD ramp-ups. It will eliminate 4,500 contract posts but rehire 500 as staff in its one profit-making business, power plants and elevators. Toshiba has rejigged its operations in recent years, pooling resources to focus on its NAND flash memory chips -- used in digital music players such as Apple's iPod and in mobile phones. The global flash memory market shrank by a third in the last quarter from a year earlier.
- **Sony Corp. swung to a quarterly operating loss and reiterated a forecast for its first annual loss in 14 years, battered by a firmer yen and weaker demand while highlighting deepening woes at the electronics conglomerate.** The loss announcement was expected as Sony cut its annual outlook last week for the third time this business year and unveiled preliminary results for October-December. Sony, which competes with Samsung Electronics Co. Ltd. in LCD TVs and with Canon Inc. in digital cameras, is struggling as the global financial crisis grows into a broad recession and hits consumer demand for gadgets. The Japanese maker of Bravia LCD TVs and Cyber-shot digital cameras reiterated its latest forecast of a record 260 billion yen (US$2.9 billion) operating loss for the year ending March 31. That would be a sharp reversal from a 475.3 billion yen (US$5.3 billion) profit in the previous year but in line with the consensus forecast for a 264 billion yen (US$2.9 billion) loss in a poll of 10 analysts by Reuters Estimates. As inventories pile up and prices tumble, Sony is feeling the pinch of the downturn in every part of its operations, which range from semiconductors to movies and insurance.
- **Advantest Corp. reported a 10.7 billion yen (US$118.3 million) group net loss for the nine months ended Dec. 31, tumbling from a 19.9 billion yen (US$221.2 million) profit a year earlier, due to waning demand for semiconductor testing devices.** Hit by the earnings decline, the company will compile a restructuring plan by February that will include job cuts. And it is now unsure about its fiscal-year-end dividend, having retracted a planned 25 yen (US$0.3) per share payout. Sales plunged 55 percent to 67.1 billion yen (US$746 million). The semiconductor market sank further toward year's end, forcing South Korean and Taiwanese memory makers, as well as U.S. microprocessor manufacturer Intel Corp., to slash or delay capital investments. Advantest received 8.9 billion yen in orders for the October-December quarter, a 71 percent plunge on the year and 51 percent less than the July-September period. The company suffered an operating loss of 15.5 billion yen (US$172.3 million) for the April-December period, falling from a 25.5 billion yen (US$283.5 million) operating profit a year earlier. The loss was particularly severe in the three months ended Dec. 31, hitting 11.6 billion yen (US$129 million).
- **Canon Inc. said its net profit fell by over a third last year, as the stronger yen ate into its overseas profits and sales were lower for almost all of its products.** The company said it had a dismal fourth quarter and expects this year to be even worse than 2008, forecasting a 70 percent plunge in profit. Net profit for 2008 fell to 309.15 billion yen (US$3.47 billion), a 37 percent drop from the 488.3 billion yen (US$5.4 billion) it made last year. Revenues fell nine percent to 4.09 trillion yen (US$411 billion). Over the last three months of the year, net profit was less than one tenth of

what it was a year earlier, at 11.6 billion yen versus 127.8 billion yen (US$1.4 billion). For 2009, the company said it expects profit to drop to 98 billion yen (US$1.1 billion) as revenues slide to 3.5 trillion yen (US$39 billion). Like its peers at home and abroad, Canon's sales have plunged as the consumers and companies that buy its products cut back on spending. It reported lower sales of major products including business copiers and computer printers.

- **NEC Tokin Corp. announced a massive restructuring plan that includes halving its domestic and overseas full-time work force of 19,000 workers and factory shutdowns.** The NEC Corp. unit, which produces such products as batteries and electronic components, seeks to expedite cost-cutting measures due to a sharp decline in parts demand from consumer electronics manufacturers and automakers, which have seen a marked drop in sales. NEC Tokin plans to slash about 9,000 full-time positions overseas at such locations as its Chinese, Vietnamese and Thai factories, as well as at local sales bases. In Japan, it will trim around 450 jobs through late March by soliciting early retirement from among its 2,800 domestic full-time workers. Of NEC Tokin's seven domestic plants, the Tochigi manufacturing facility and two other locations will be subject to closure this year. The company will withdraw from some unprofitable segments, such as lithium ion batteries used in mobile devices. NEC Tokin saw a group net loss of 18.6 billion yen US$208.54 million) for the April-December 2008 period due to impairment charges for some restructuring measures. And as of December 31, the company fell into a negative net worth of 10.6 billion yen (US$118 million).
- **Sharp Corp. said it had been ruled against in a U.S. LCD patent row in which South Korea's Samsung Electronics Co. sought to stop it importing some related products to the United States.** The decision by an administrative law judge at the U.S. International Trade Commission was still preliminary and that it would not stop Sharp from import and sales activities there. The company, the world's third-largest LCD TV maker behind Samsung and Sony Corp , planned to appeal, and that a final decision by the commission would likely come in late April. The commission is also looking into Sharp's complaint over alleged LCD patent infringements by Samsung, but a decision on that case has yet to be made. Sharp sold 4.8 million LCD TVs outside Japan in the year ending in March 2008, and the United States accounted for about half of those overseas sales.

Semiconductor

- **Toshiba Corp. announced that it has signed a definitive agreement with SanDisk Corp., under which Toshiba will acquire part of the 300mm wafer lines currently owned and operated by Flash Partners, Ltd. and Flash Alliance, Ltd.** The agreement was reached following a non-binding memorandum of understanding on reallocation of wafer capacity and equipment ownership at the two JVs that Toshiba and SanDisk signed. Under the definitive agreement, Toshiba will acquire part of the manufacturing equipment currently owned or leased by the joint ventures and used in Fab3 and Fab4 for a total sum of about 160 billion yen (US$1.8 billion). Toshiba plans to acquire the equipment in a series of purchases, and expects to complete the entire transaction by the end of March 2009. The transaction allows Toshiba to increase its production capacity on 300mm wafer lines in Fab3 and Fab 4. By securing already operating production equipment and lines, the company is expanding production capacity under more reasonable terms and conditions than required to install new facilities with new equipment.

Korea

Telecommunications

- **SK Telecom's income declined 22 percent in 2008, falling to 1.27 trillion won (US$918.8 million), due to price discounts, heavy infrastructure investment and sinking wireless internet revenue.** Revenue increased 3 percent overall to US$8.39 billion, but wireless internet revenue fell 13 percent to US$1.75 billion. Wireless internet's contribution to total revenue fell 4 percent to 23.4 percent. The company spent a record US$1.37 billion on network investment, particularly W-CDMA investment. Marketing expenses increased 7.3 percent to US$2.2 billion due to especially fierce 3G competition in the first half of the year. Total subscribers improved 5 percent to 23.03 million, but ARPU declined 3 percent overall because of various discount plans and an 18 percent fall in wireless internet ARPU. MOU remained relatively unchanged at an average of 200 per month. SK Telecom CFO Dong-Hyun Jang pledged to turn around the company's wireless internet business.
- **KTF said that its fourth-quarter earnings had almost doubled from a year earlier, thanks largely to reduced marketing costs.** Net income stood at 101.9 billion won (US$73.7 million) in the October-December period. The bottom line was also up 38.5 percent from three months earlier. Sales rose 0.4 percent on-year and operating profit soared by 60.9 percent. For all of 2008, however, net profit tumbled 32.6 percent on-year due to increased marketing expenses and investment. Sales climbed 14.4 percent to 8.4 trillion won (US$6.1 billion) with operating income rising 3.1 percent. KTF attributed the improved fourth-quarter net to lower marketing costs. The company said its marketing costs fell 8 percent on-year. KTF had 14.4 million customers, up 4.7 percent from a year earlier. Sales will remain sluggish due to weak demand and severe competition.
- **SK Telecom has said that it plans to invest a total of 262.4 billion won (US$191.7 million) in the first half of this year.** Without elaborating the specific capex targets further, the operator stated that the money will be spent on enhancing network capacity and improving the quality of its mobile services. The key driver for SK Telecom's investments in the South Korean wireless sector is mainly its 3G infrastructure and related services, meant to add to the operator's competitive clout against KT Freetel, the runner-up cellco, which is planned to be merged with fixed-line carrier KT in May. SK Telecom reported that its revenue grew by four percent over the final quarter of 2008.
- **LG Telecom saw its net income fall in fourth quarter, on the back of flat revenues. Revenues were 1.18 trillion won (US$857 million), up less than 1 percent from 1.17 trillion won (US$850 million) in fourth quarter 2007.** Service revenues were up 5 percent year-on-year due to increases in the subscriber base and higher value customers, and handset sales generated up 9 percent. EBITDA rose 22 percent. However, net income dropped 28 percent. LG Telecom ended the year with 8.21 million subscribers but ARPU fell to 34,752 won (US$25.2) from 35,640 won (US$25.9) in 2007.

Mobile/Wireless

- **More than nine out of ten Koreans owns a mobile handset, Arirang News reports citing figures from the Korea Communications Commission (KCC).** At the end of last year, there were some 45 million mobile users in the country, representing 93 percent of the population. However, the KCC said it expects the number of mobile subscribers to fall due to the economic downturn while the number of VoIP users is expected to increase.

Alternative Energy

- **Korea Advanced Materials (KMA) has signed a US$600 million deal with Hyundai Heavy Industries Co. to supply polysilicon.** Under the deal, KMA will provide the essential raw material for solar cells to the world's top shipbuilder between 2010 and 2015. KMA is a joint venture that was set up by Hyundai Heavy and KCC Corp., South Korea's leading paint maker, to produce polysilicon.Hyundai Heavy clinched on Jan. 19 a deal with Woongjin Polysilicon, a unit of Woongjin Holdings Co., to buy polysilicon worth US$508 million between 2011 and 2015.

Hardware

- **Samsung SDI Co. expected plasma panel demand to grow 12 percent in 2009 but predicted a deepening oversupply in batteries.** Samsung SDI is recovering from a tough series of losses from its plasma screen business helped by healthy results in rechargeable batteries. The company adopted large-scale restructuring last year, spining off its mobile display business into a joint venture with affiliate Samsung Electronics and transferring management of its plasma unit to Samsung Electronics.
- **Samsung Electronics has announced the appointment of Chang-Soo Choi as president and chief executive of Samsung Electronics America.** Choi will take over in February from Dong Jin Oh who is retiring after 35 years with the company. Prior to his new role, Choi served in various leadership positions within Samsung Electronics' Telecommunications, Information Systems, and Computer Systems Divisions in Korea. He most recently served as executive vice president of its Mobile Communication Division. The company also promoted Tim Baxter as president of Consumer Electronics Division, and Young Hoon Eom as co-president of the unit. Samsung Electronics recently reported a net loss of 22.2 billion won (US$15.5 million) for its fourth quarter 2008.
- **LG Display had signed a deal with U.S.-based Cree Inc. to secure supply of LED (light emitting diodes) chips for its flat screen products.** LG Display said that the agreement had been signed in early January. LEDs are considered an energy-efficient, environmentally friendly alternative to current CCFL (cold cathode fluorescent lamp) backlights, which are a key part of LCD panels. Analysts and investors have cited Cree as a potential beneficiary of the new U.S. administration's planned federal investments in efficiency and improvements to the country's electricity grid.

China

Software

- **IBM Global Services China, the services and consulting arm of IBM China, has acquired a 1.56 percent stake in Sichuan Changhong Electric from its parent company and largest shareholder, Sichuan Changhong Group for US$15.8 million**. In addition to television sets, Changhong also produces air-conditioners and other electronics products, including MP3 players, set-top boxes and DVD players. The company is also an IBM customer, having adopted the Product Innovation Management model developed by IBM Global Services.
- **Microsoft's plan to lay off 5,000 employees globally will have little effect on its China region business and employees.** The insider did not disclose how many employees would be laid off in China. Microsoft invested US$280 million in a Beijing research center that will accommodate 5,000 and be complete in 2010.

Mobile/Wireless

- **Nokia saw sales in China fall to 12.9 million units in the fourth quarter of last year, down 36.1 percent year on year and down 34.8 percent from the previous quarter.** In 2008, Nokia's sales in China accounted for 13 percent of the company's total sales. As a result of the economic turmoil, most handset users are reluctant to replace old cell phones, leading to the decline of new phone sales, one insider noted. By the end of last year, the average price of a Nokia handset was 71 euros (US$91.2), lower than the average of 83 euros (US$106.6) a year earlier.
- **China's mobile phone market is likely to grow 7.7 percent in 2009 despite the downward trend in the global market, with handset shipments rising to 239.1 million units.** Partly boosted by the Chinese government's initiative to provide subsidies to rural residents for home electronics purchases, the world's largest mobile phone market is expected to see its new subscribers exceed 90 million this year. Chinese mobile phone makers would ship over 360 million units to both domestic and overseas markets, representing a year-on-year rise of 20 percent. Currently, China has more than 600 million mobile phone subscribers. China's three leading telecom carriers recently said they will invest around 100 billion yuan (US$14.6 billion) into third-generation (3G) networks this year. However, the research firm said that China will not see its 3G handset output increasing dramatically this year, with only 3 percent of the total, or 8 million, 3G mobile phones being produced.
- **China TechFaith Wireless Communication Technology said that it and Chinese smartphone brand QiGi have signed a cooperation agreement to launch four new high-end smartphones for China Telecom and China Unicom customers in the second quarter.** The company will launch two CDMA1X smartphone, one a CDMA phone powered by an Android operating system, the other running on the Windows Mobile 6.1 operating system. The other two models will include an EVDO Windows Mobile 6.1 smartphone and a WCDMA Windows Mobile 6.1 smartphone, both designed for the 3G network recently rolled out in China.

Telecommunications

- **Huawei topped the list of international patent applications in 2008.** It applied for 1,737 patents, as Chinese and Korean firms filed an extra 12 percent more for patents than 2007. Chinese firms made some 6,000 patent applications and Korean companies nearly 8,000. However, the US maintained the number one spot, accounting for nearly a third of the applications over 53,000. Panasonic filed the second most patents, with 1,729 applications. Japanese inventors filed the second-most patents after the US, and Japanese companies took 28 spots on the list of the top 100 patent filing companies. Patent applications grew by just 2.4 percent in 2008, compared to an average 9.3 percent growth rate in the previous three years.
- **China Mobile plans to buy equipment for its new third-generation network from Ericsson and Nokia Siemens Networks.** Still, local telecoms equipment makers Huawei Technologies, ZTE and Datang Telecom will likely get the bulk of orders. China Mobile, the world's largest mobile carrier, recently obtained government approval to operate the nation's homegrown TD-SCDMA technology for its 3G network. China Mobile will spend 58.8 billion yuan (US$8.6 billion) in 2009 to build out its TD-SCDMA network, the government said earlier this month. The relative immaturity of TD-SCDMA handsets was the major obstacle to the technology's development, but that he was confident there would be a strong range of handsets available by the end of this year.
- **NTT Communications Corporation has agreed with China Telecom Shanghai, a subsidiary of China Telecom Group, to launch the Yuanqu Data Center in Shanghai.** NTT Com also

announced that the data center will introduce Global e-VLAN point of presence (POP) to provide international wide-area Ethernet service on February 2. Customers will be able to connect their servers and systems to a high-speed backbone network directly on the premises of the data center, thereby minimizing connection costs. Data centers are a key way that NTT Com supports secure, stable, optimized operations of corporate customers on a worldwide basis. NTT Com data centers in 27 cities of Asia-Pacific, North and South America and Europe place a special emphasis on providing globally consistent solutions for multinational customers. The rapid increase of global companies operating in China has raised the demand for high-quality, high-reliability data centers offering seamless connection to international wide-area networks, such as the new Yuanqu Data Center.

- **China's telecom industry reported 2.2 trillion yuan (US$328.1 billion) in business volume in 2008, up 21 percent on year; and 814 billion yuan (US$119 billion) in revenue, up 7 percent.** China's fixed phone users in 2008 decreased 2.5 million to 340.8 million. Included were 16.6 million in urban areas and 8.2 million in rural areas. The number of local wireless phone users fell 15.6 million to 68.9 million, and the proportion in the number of fixed phone users dropped to 20.2 percent, 2.9 percentage points lower than the year-end of 2007. More Internet users of basic telecom enterprises inclined to adopt broadband access service. In January-December 2008, the number of Internet dialing users dropped 5.0 million to 14.4 million, while that of Internet broadband access users rose 17.0 million to 83.4 million. Revenue from mobile communications and data communications in 2008 increased by 15.1 percent and 35.1 percent, respectively, with the proportion in the total revenue of telecom industry climbing up 3.9 percentage points and 2.04 percentage points. The total duration of long-distance calls in 2008 amounted to 421.3 billion minutes, up 2.5 percent on year. The duration of traditional fixed-line long-distance calls and IP calls dropped 15.8 percent and 6.4 percent, respectively, while that of mobile long-distance calls went up 23 percent.
- **China Mobile Ltd. has won the bid for Hong Kong's Broadband Wireless Access (BWA) license.** China Mobile acquired the license for HK$494.7 million (US$63.8 million). Two local operators, CSL New World Mobility and Genius Brand Ltd, which is a joint venture comprising PCCW Ltd and mobile player Hutchison Telecommunications International Ltd, also won bids. China Mobile had not revealed any details about the services it will offer under the license. However, industry analysts said the company could use the frequency band to deploy its TD-SCDMA service in Hong Kong. BWA is a radio access technology that can support a variety of wide area high-speed wireless data services.

Media, Entertainment and Gaming

- **Zoom to Acquire TCB Digital Zoom Technologies, Inc. announced that it has entered into a definitive agreement to acquire Tianjin Communication Broadcasting Group Digital Communication Company Limited (TCB Digital).** TCB Digital is primarily engaged in research and development, manufacturing, and sale of advanced mobile phones, and also manufactures other electronic products. Zoom will initially own 51 percent of TCB Digital by issuing 4,225,219 Zoom shares. Another 29 percent of TCB Digital may be exchanged for an additional 2,402,576 Zoom shares, resulting in Zoom owning 80 percent of TCB Digital. Zoom will also have options to acquire five other companies that are under the ownership of TCB Digital's majority shareholder, with the option price of each company based on the higher of a minimum price or a multiple of that company's net income. TCB Digital currently has over 1,000 employees including about 700 EMS manufacturing operators, over 100 sales executives, over 80 R&D engineers, and over 90 after-sales service technicians. TCB Digital generated revenues of US$49 million and comprehensive net income of US$2.47 million, and ended 2007 with US$11.8 million net assets.

- **Online game operator Perfect World said that "Chi Bi", one of its multimedia online role-playing games (MMORPG), has signed an agreement with KTHitel (KTH), the portal network operator and content provider of the Republic of Korea.** The game, featured in warcraft in ancient China, has been rolled out in Taiwan Island, Malaysia and Japan since its launch in China in January 2008. "Chi Bi", with advantages in systematic structure and technology, is sure to gain favors from Korean players. Chi Bi's debut in Korea provided chances for both Perfect World and KTH to expand web game operation in the future.
- **Advertising and media company CCID Media, a subsidiary of China Center for Information Industry Development is expected to record a net loss of 20 million yuan (US$2.9 million) for 2008.** The company credited the loss because of the shrinking market demand, which caused the profitability of advertising
- **Beijing Gehua CATV Network is expected to announce revenues for the fiscal year 2008 amounting to 1.4 billion yuan (US$199 million), an increase of 14.75 percent year-on-year.** Net profits on the other hand, amounted to 331.1 million yuan (US$48.4 million). The company will have the net profit to decline 30 percent year-on-year in the first quarter of 2009 as increasing costs outweigh gains in revenue.

Internet

- **KongZhong Corp. announced that its Chief Financial Officer of Mr. Sam (Hanhui) Sun has indicated his intention to leave the Company to pursue other interests.** Mr. Sun plans to remain in his position until February 1, 2009, but will continue to stay on with the Company for a brief transition period. The Company will appoint Mr. Jay Chang as the Chief Financial Officer on February 1, 2009. Previously we worked as Chief Financial Officer of TOM Online and the Director of Equity Research at Credit Suisse, responsible for covering the Internet and telecommunications sectors in China. Most recently, Mr. Chang was the President of 56.com, an online video provider in China.
- **Sina announced the members of its new nine-member board of directors.** The board will comprise of four Sina and four Focus Media executives including President and CEO Charles Chao. Focus Media Chairman and founder Jason Jiang will be among the members and has pledged not to sell his Sina shares for at least six months. He will concentrate on Focus online advertising subsidiary Allyes. Chao will become a non-independent director of Focus Media.

Semiconductor

- **The Chinese semiconductor market is likely to slide by 5.8 percent in 2009 and to rebound in 2010 by about 9 percent, according to a market research institute.** The institute also predicted that semiconductor inventories would be mostly digested by the third quarter of this year. The shrinkage of market demand and the consequent increasing inventories will result in the dull period for semiconductor sales in 2009. In the fourth quarter of 2008, overstock of electronic products almost doubled in China. The supportive policies for software and integrated circuit sectors released by Chinese government and the pickup of consumer's confidence in wake of rewarming of the entire economic environment will be main driving force behind the growth of the industry.

Alternative Energy

- **Yingli Green Energy Holding Co. Ltd. announced that** Yingli Energy (China) Co. Ltd., its **wholly-owned subsidiaries, has entered into a credit agreement for a three-year loan facility with a fund managed by Asia Debt Management Hong Kong Limited ("ADM Capital") to secure additional financing for its business expansion.** Pursuant to a credit agreement, ADM Capital has agreed to provide a three-year loan facility of up to US$80.0 million to Yingli China for its production capacity expansion and general corporate use.

Taiwan

Hardware

- **Winbond Electronics and Inotera Memories have a combined NT$4.35 billion (US$129 million) in exposure to insolvent German DRAM memory chip maker Qimonda.** Of the pair, Inotera, a joint venture between Taiwan's Nanya Technology and U.S. firm Micron Technology, has the bigger exposure, with the German chipmaker owing it NT$3.4 billion (US$101 million). Winbond is owed about NT$950 million (US$28.2 million). Qimonda became the first major maker of dynamic random access memory (DRAM) chips to file for insolvency as a result of huge industry price declines and a global financing squeeze. The sector has been mired in its worst-ever downturn for more than a year, with all major players now reporting losses on their operations due to a large oversupply of the chips used mainly in PCs.

Hong Kong

Hardware

- **Lenovo announced the company has acquired Seattle-based Switchbox Labs, Inc. for an undisclosed amount, and Switchbox co-founders Michael Sievert, Robert Dickinson and Blake Ramsdell will join Lenovo.** Switchbox Labs is a start-up that focused on developing new consumer technologies. The company's development projects are confidential, but will continue under Lenovo ownership. It is expected that Switchbox technologies will be integrated into Lenovo products in the future. Prior to co-founding Switchbox Labs, Sievert was corporate vice president, Microsoft, and has held senior management positions at AT&T Wireless and E* TRADE Financial.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Telenor has abandoned plans for a rights issue to fund its new Indian venture and will instead fund startup Unitech Wireless through loans.** The company had intended to issue NKr12 billion (US$1.8 billion) worth of new shares to fund the acquisition of a 60 percent stake in Unitech, but this proposal has drawn resistance from shareholders ever since the merger was announced in October. Instead, the company has signed a US$1.2 billion loan, and will pay the remainder of the estimated costs of the merger with its existing cashflow. Due to the new loan, Telenor has proposed that shareholders will not receive dividends for either 2008 or 2009. Telenor has agreed to pay US$1.1 billion for the stake, but the start-up will need to spend at least US$2 billion in rolling out a mobile network from scratch.
- **Singapore Telecommunications Ltd. has received government approval to offer long-distance services in India.** SingTel will be able to carry STD and ISD traffic, as well as offering communication and internet services to corporates and institutions. SingTel has formed a joint venture with Bharti and Leela Lace Software Solutions to hold a 26 percent stake in the Indian joint venture, the Web site said. Bharti will own 9.9 percent and Leela Lace Software Solutions will hold the

remaining stake in the venture. Under existing policy, there is a cap of 74 percent on foreign direct holdings in telecom services.

- **Bangladesh's Anti-Corruption Commission (ACC) is investigating the state-owned Bangladesh Telecommunications Company (BTC) over allegations of a US$5 million telegraph fraud.** BTC has spent over 297.6 million taka (US$4.2 million) since 2001 operating 460 telegraph offices, which combined employ 883 members of staff, despite receiving only US$28,000 in telegraph revenue over the period, the ACC alleges. At least US$123,000 was taken out over budget. The ACC has recommended the government force BTC to close all of its existing telegraph offices, as next to nobody still uses the antiquated technology. At least one still-operational BTC telegraph office takes in less than US$3.00 per month. The ACC has also accused BTC employees of misappropriating thousands through the illegal provision of transport licenses to 34 employees. The commission intends to file charges against 38 BTC employees accused of pocketing a combined US$5 million.
- **The Indian government could give the go-ahead for the allocation of 3G mobile licenses, having assessed various proposals surrounding the base price of spectrum.** The Cabinet is likely to make its decision on the allocation of 3G licences and on the price issue at a meeting. Once the Cabinet has given the nod, the licensing process will take place soon, allowing for the rollout of services in the second half of this year. India's 3G auction had been due to take place, but was delayed pending government approval. To further complicate the situation, the country's finance ministry proposed doubling the previously agreed reserve price. The ministry is keen to set a base price of 40.2 billion rupees (US$820 million) for pan-Indian 3G spectrum, double the 20.1 billion rupees set by the Department of Telecom (DoT). The driving force behind moves to raise the reserve price is the relative lack of interest shown by potential market newcomers, including foreign companies. The government aims to raise 400 billion rupees (US$8 billion) from the 3G auction, but market watchers are more conservative in their estimates, with figures ranging from US$4 billion-US$6 billion.

United States/Canada

Mobile/Wireless

- **Sprint Nextel Corp. will cut about 8,000 jobs, or roughly 13 percent of its work force as it looks to streamline its operations in the face of further subscriber losses.** The company said it's aiming to reduce labor costs by US$1.2 billion a year with the move, which it expects to complete by March 31. While further cuts are a possibility, the company said the current round would be sufficient for a while. Sprint expects to take a charge of more than US$300 million in the first quarter for severance and other costs. The company could close as many as 20 outsourced call centers this year. Customer care would not be affected. It's believed that the job cuts in the service area will be minimal.
- **Sprint Nextel Corp.'s Chief Network Officer Kathy Walker is leaving the company at the end of the first quarter.** News of her departure comes as the Overland Park, Kan., wireless carrier announced 8,000 job cuts, part of a reorganization it says will save US$1.2 billion. Sprint, which is struggling with flagging sales and mounting subscriber losses, expects to complete the headcount reductions by March 31. Ms. Walker oversees the planning, design and operation of Sprint's wireless and wireline networks and is responsible for the company's information technology. Sprint has been considering restructuring the division to outsource network and IT functions to third parties, which could result in further significant headcount reductions.

- **Verizon Communications Inc. posted a 15 percent increase in fourth-quarter profit due to strong wireless growth, but a slowdown in spending by businesses took a toll on the company's landline unit.** The telecom provider posted net income of US$1.24 billion. Revenue rose 3.4 percent to US$24.7 billion. Verizon Wireless, a joint venture of Verizon Communications and Vodafone Group PLC, reported a revenue increase of 12.3 percent year-over-year to US$12.8 billion, partly because of growth in data services like text messaging, email and Internet access. That helped drive the unit's adjusted operating margin to 47.2 percent, up from 43.6 percent a year ago. The company introduced the touch-screen BlackBerry Storm, a rival for Apple Inc.'s iPhone, and has sold 1 million units of the device since then.
- **Verizon Wireless jointly owned by Verizon Communications Inc. and Vodafone Group PLC touts its network in justifying its higher prices and ability to sign most of its customers to annual service contracts.** But its approach may prove to be flawed as that market shrinks and more consumers opt to stay away from contracts, particularly as thousands of them lose their jobs. Verizon Wireless has been wildly successful in attracting the best customers. Its margins are high, and the turnover rate is consistently the lowest in the industry. It's hard to argue with a track record like the one Verizon Wireless has posted in the last few years. Tiny cracks are forming in the picture. Verizon Wireless added 1.2 million subscribers in the fourth quarter. The additions were lighter than they expected. The turnover rate, traditionally the lowest in the industry, ticked up to 1.35 percent. AT&T Inc., in comparison, added 2.1 million net new customers and 1.3 million net new postpaid subscribers. The carrier's turnover rate fell to 1.2 percent.
- **Security firm Certicom has agreed to be acquired by VeriSign less than a week after BlackBerry-maker Research In Motion (RIM) ended its hostile takeover bid.** The US$1.68 per share offer represents a 20 percent premium on Certicom's closing stock price on the Toronto Stock Exchange and a 40 percent increase over US$52.4 million, hostile offer. The deal is valued at US$73 million. Certicom's board is recommending shareholders accept the offer at a meeting to be held in March. California-based VeriSign sells domain name, SSL and authentication services. Certicom specializes in wireless VPN security and encryption. It rolled out the first wireless VPN for cellphones in 2002 and has worked with a variety of handset makers, including Motorola. Certicom received an injunction from the Ontario Superior Court of Justice to stop RIM's bid because RIM and its subsidiary had violated a nondisclosure agreements that Certicom and RIM had made in 2007 and 2008 by using confidential information from Certicom to make its bid.

Media/Entertainment

- **The U.S. Senate approved a bill that would delay until June the date when television stations must broadcast in an all-digital format.** Without congressional action, all TV stations by law must stop broadcasting their programs in analog format Feb. 17. Congressional Democrats quickly moved to bring legislation forward. The delay means that people who rely on over-the-air TV will have until June 12 to either buy a digital television or converter box, or subscribe to a cable or satellite TV service. The digital TV transition hit a snag earlier this month when the U.S. Commerce Department was forced to set up a waiting list for people applying for US$40 coupons to offset the cost of converter boxes. Similar legislation in the House is expected to be voted out of the Energy and Commerce Committee later this week. That bill would extend the expiration date for all outstanding or not-yet-issued converter box coupons to Sept. 15. People who previously ordered coupons and didn't redeem them would be allowed to reapply.

Telecommunications

- **AT&T Inc. added a hefty 1.9 million iPhone accounts in the fourth quarter, but net income fell 23 percent and the company issued a conservative forecast for 2009.** AT&T's surprising wireless strength, combined with solid results by Verizon Communications Inc., shows phone carriers are performing better than most U.S. companies amid a deepening recession. Verizon reported a 15 percent increase in quarterly earnings. Yet mirroring Verizon, AT&T also showed painfully sharp erosion in traditional phone-calling business. Voice revenue fell 10.3 percent from the year-ago quarter and primary local-phone lines in service dropped a sharp 11.4 percent. Some customers switched to cable service while others went entirely wireless to save money. Dallas-based AT&T also indicated that adjusted earnings in 2009 could fall well short of Wall Street's current forecast of US$2.76 a share.
- **Nortel Networks' U.S. subsidiary can pay millions of dollars owed to its key vendors, which the telecommunications company said was crucial to its bid to reorganize its business under court protection.** The judge approved Nortel's request to pay its key vendors and suppliers. The company had argued that failure to pay the vendors could have jeopardized its global supply chain and could have thrown its reorganization efforts into turmoil. At issue were outstanding bills for goods and services that Nortel ordered before, but that vendors delivered after, the company filed for bankruptcy last week. U.S. bankruptcy law treats such claims differently, giving priority to the post-bankruptcy claims. The company wants to treat its U.S. and its foreign vendors similarly, and it's concerned that non-payment in the U.S. may negatively impact shipments and delivered globally. Nortel believes the outstanding orders may total some US$16 million per day, based on estimates of historic amounts.
- **AT&T's iPhone and IP services helped the company reach a higher full-year profit, despite a weaker fourth-quarter result.** Full-year revenue was up 4.3 percent to US$124 billion and net income was 7.7 percent higher at US$12.9 billion. Fourth quarter net fell 23 percent to US$2.4 billion while revenues grew 2.4 percent to US$31.1 billion. The carrier predicted a solid year ahead, with growth in the low single-digit range, mostly from wireless and IP data services. The iPhone continues to power AT&T's numbers, with the operator predicting a significant increase in wireless margins as the iPhone 3G customer base matures. It activated 4.3 million iPhone devices in the second half of 2008, including 1.9 million in the fourth quarter, of which 40 percent were new customers. iPhone customers helped boost wireless data revenues by 51.2 percent in the fourth quarter – its 12th consecutive quarter above 50 percent. Data accounted for 26.6 percent of quarterly wireless service revenues, up from 19.9 percent a year ago. ARPU from iPhone subscribers was approximately 1.6 times higher and churn rates significantly lower than the operator's overall postpaid subscriber base.

Internet

- **Talks between Time Warner, Yahoo and Microsoft over troubled Internet company's future are ongoing.** AOL, the online media segment of Time Warner Inc., will lay off 700 employees, or 10 percent of its work force, as the foundering business continues to be a headache for its corporate parent. It's unclear how AOL's latest actions will affect negotiations over its future, but a source familiar with the situation confirmed that talks among Time Warner, Yahoo Inc. and Microsoft Corp. over a potential deal for AOL are still taking place. Meanwhile, discussions with EarthLink Inc. about the dial-up Internet access side of the business have ended. The stock has dropped 34 percent over the last year as the company has slashed jobs in its film and magazine divisions and prepared to spin off its cable arm in an effort to remake itself as a pure branded-content company for the age of digital media. Time Warner Chief Executive Jeff Bewkes is under pressure to find an answer to the open question of where and in what form AOL's future lies. He can either continue to operate it at Time Warner, spin it off or split it into some combination with Internet media counterparts Yahoo or Microsoft. The value of AOL is in decline and weighing heavily on its parent's stock price. Google Inc., which owns a 5 percent stake in AOL and manages its search functions, wrote down the US$1 billion investment it made in the business in 2005 by US$726 million.

- **Yahoo Inc. swung to a loss and warned that the bleak advertising market will continue to hurt sales, intensifying the pressure on new Chief Executive Carol Bartz to turn around the Internet giant.** In her first earnings conference call, Ms. Bartz didn't join Yahoo to simply sell all or parts of the company, a move some Yahoo investors have vigorously encouraged. She is encouraged by the enormous amount of traffic generated by major properties such as the Yahoo homepage and Yahoo Finance. Ms. Bartz joined Yahoo after the company concluded a two-month search for a CEO to replace Jerry Yang, whose year-and-a-half tenure included an unsuccessful takeover bid from Microsoft Corp. and a search alliance with Google Inc. that was scuttled. Yahoo reported a net loss of US$303.4 million, compared with net income of US$205.7 million last year. It was the first quarter the company posted a loss since 2002. Revenue for the fourth quarter was US$1.81 billion, down 1.4 percent from the same period the previous year.

Semiconductors

- **Qualcomm Inc. reported a 56 percent drop in net profit for its fiscal first quarter, reflecting sharp declines in the value of securities the company holds as well as slowing growth in cellphone sales.** The company, which makes chips for mobile phones and earns patent royalties from companies that manufacture them, forecast that operating income would fall 26 percent to 38 percent in the current quarter on revenue projected to drop 6 percent to 14 percent. Qualcomm, based in San Diego, also cut its financial projections for the fiscal year ending in September. Qualcomm's first-quarter earnings were lower than analysts had expected, primarily because the company took a US$388 million impairment charge reflecting the lower value of its marketable securities. But revenue increased 3 percent, and was at the high end of a range previously projected by the company.
- **FormFactor Inc. posted a quarterly loss as revenue slumped 67 percent due to sagging demand for memory devices, would not provide an outlook for the first quarter.** In the fourth quarter, almost 78 percent of its revenue came from the dynamic random access memory market, which is reeling under snowballing losses due to oversupply and rapidly declining electronics demand. DRAM makers have been seeing their worst-ever downturn for more than a year, with all major players reporting losses on their operations due to a large oversupply of the chips used mainly in personal computers. Global sales of DRAM chips are expected to fall 4 percent in 2009, extending their decline for the third year in a row amid a prolonged industry downturn and chronic oversupply. FormFactor is not providing a revenue outlook due to the uncertainty in the current environment.

Hardware

- **Apple Inc. has won a U.S. patent for touch-screen controls and gained a potential legal weapon against iPhone competitors.** The U.S. Patent is awarded to Apple for the method of detecting one or more finger contacts with the touch screen display to command computing devices. A multi-page patent available online at the U.S. Patent and Trade Office details iPhone or iPod Touch commands such as finger or thumb swiping, twisting, or spreading to flip pages, rotate views, or enlarge images. The patent was issued last week, a day before Apple Jan. 21 announced record-high quarterly profits. Word of the patent provides ominous context for a warning made by Apple Chief

Operating Officer Tim Cook during a conference call that followed release the California firm's earnings report.

- **Weak results from technology bellwethers Microsoft Corp. and Intel Corp. show a brutal plunge in demand for personal computers that will likely continue and spread to hurt other tech companies.** Among the more vulnerable is No. 2 PC maker Dell Inc., whereas larger rival Hewlett-Packard Co. benefits from a more diversified business and recurring revenue streams from its tech services, like IBM. Microsoft, whose Windows software is in nine out of 10 personal computers, and Intel, whose microprocessors are in eight out of 10 PCs, has posted disappointing profits for the December quarter, blaming weakness in PC demand. The world's top software maker also pointed to the popularity of small netbook computers, which are roiling the industry as their lower selling prices cut into the sales of more expensive laptops, and the margins of tech vendors. Intel's inexpensive Atom chip dominates the netbook market, which is good for the company, but as risks to Intel's gross margin if Atom becomes a more mainstream platform. List prices on Atom are as low as US$20, whereas Intel's Celeron low-end mobile processor costs US$70 or more.

Europe

Mobile/ Wireless

- **BT eyeing mobile venture with T-Mobile.** CEO Ian Livingston has ordered a strategic review of U.K. incumbent's mobile strategy. BT remained tight-lipped on reports that it is mulling a return to the mobile market as part of a three-way joint venture with T-Mobile and 3 UK. The three operators have held informal talks concerning branding, cost and revenue. Both T-Mobile and 3 are exploring options for their U.K. operations. BT already has an existing agreement as managed network services provider to 3 UK's and T-Mobile's shared 3G network joint venture Mobile Broadband Network Limited (MBNL). The telco has come up against increased competition as mobile operators have begun to offer mobile broadband products including USB dongles and subsidized laptops.

Telecommunications

- **Alcatel-Lucent CEO Ben Verwaayen has defended the telecoms equipment manufacturer's decision to retain its loss-making unit that builds mobile network gear.** Verwaayen has insisted that the W-CDMA unit is an important part of Alcatel-Lucent's plans to develop LTE. The company is trailing rivals Ericsson, Nokia Siemens Networks and Huawei in the 3G network segment by some distance. Verwaayen said the company had more than 50 W-CDMA customers, including AT&T. The company is hoping to make an operating profit this year. By 2011, Alcatel-Lucent is seeking an operating margin in the mid to high single digits. WCDMA unit has made a loss since the merger of Alcatel and Lucent in 2006 as between them, the companies had three W-CDMA product lines. The three have been reduced to two.
- **Telefon AB L.M. Ericsson has refuted reports in the Chinese media that the telecommunications group has been awarded a large share of China Unicom's multi-billion-dollar third-generation network contract.** Ericsson sees good chances of getting a substantial part of the order. The Sweden-based company expects to maintain its 30 percent market share in China, and that would be difficult without securing a part of the contract. China Unicom was awarded a 3G license earlier January and expects to invest 60 billion yuan (US$8.8 billion) to build 3G networks in 282 cities this year. Ericsson and its partners had secured a 25.6 percent share of its network equipment tender.

- **Chile's planned 3G license auction in April and will almost certainly see a new player enter the market.** A Supreme Court ruling will allow for 3G spectrum to be reserved for a newcomer. The court also removed another hurdle by decreeing that the licensing process can go ahead prior to the introduction of number portability. The court decision essentially means that Chile's existing mobile operators will play no major part in the upcoming auction. The regulator described the ruling as a milestone for the telecoms space and a very important victory for competition and for consumers. Subtel and a number of other parties had appealed to the court to have spectrum reserved for a new market entrant. The Supreme Court agreed, and 60 MHz of spectrum will now be reserved for a newcomer. The court placed a cap - of 60 MHz - on the amount of spectrum any one operator is permitted to hold, thereby effectively excluding the incumbents from the auction.
- **Vodacom's South Africa market share slipped during the last quarter of 2008 despite user base increasing by 4.8 percent.** Revenue rose almost 14 percent in the first three quarters of its fiscal year as it added additional customers. Revenue for the nine months to Dec. 31 was 40.5 billion rand (US$4.05 billion) while its subscriber base rose 14 percent to 37.8 million. During the December quarter, total subscriber numbers rose 5.8 percent, having risen by 13 percent in the previous three months. Vodacom, South Africa's largest operator by customers, is equally owned by Pretoria-based Telkom and England's Vodafone. Telkom in November said it plans to sell a 15 percent stake in Vodacom to Vodafone for 22.5 billion rand (US$2.2 billion) and spin off the remaining holding to its shareholders. In South Africa, Vodacom's market share during the final three months of 2008 fell one percentage point to 52 percent, although its customer base in the country rose 4.8 percent to 26.45 million and average revenue per user was 2.3 percent higher compared with the previous quarter. Customer numbers rose by 8.6 percent, while in the Democratic Republic of Congo subscribers rose by 7 percent. It increased subscribers by 8.7 percent in Lesotho and by almost 12 percent in Mozambique.
- **Tellabs Inc.'s fourth-quarter net income doubled amid a tax gain as the telecommunications-equipment maker was hit by belt-tightening at its phone and Internet clients.** The supplier of voice, data and video systems also forecast first-quarter revenue of US$345 million to US$375 million. Analysts polled by Thomson Reuters were looking for US$385 million. Tellabs reported net income of US$12.8 million up from US$6.3 million a year earlier. Excluding items the tax benefit and restructuring charges, per-share earnings rose to 9 cents from 4 cents. Analysts expected 5 cents. Revenue fell 13 percent to US$408.3 million. The company projected revenue in the low US$400 millions to US$424 million, below analysts' then-estimates. Gross margin rose to 41.6 percent from 33.4 percent amid cost cutting.
- **Vodafone Group PLC will partner with the United Arab Emirates' mobile and fixed-line telecoms provider Du to offer its products and services in the country.** The deal expands Vodafone's footprint in the Middle East, where it already has a partner market in Bahrain, and its own mobile license and operations in Qatar and Egypt. As the Middle East continues to grow into a business hub, business customers who frequently travel to, or have offices there increasingly require a single communications provider across their operations. Du is a relative newcomer to the U.A.E. telecoms landscape, winning the country's second license to operate fixed and mobile services in 2006. Future offerings from the partnership will include mobile broadband products for PCs as well as secure, remote mobile access for small business users and converged email solutions.
- **Telco, the major shareholder in Telecom Italia SpA, rejected a request from Brazil to launch a bid for the minority stakeholders of Telecom Italia's Brazilian unit TIM Participacoes SA.** Telco, which includes Italian banks Intesa Sanpaolo, Mediobanca SpA, insurer Assicurazioni Generali

and the Benetton family, together with Spanish phone giant Telefonica SA considers the request unfounded. Telco would consult its lawyers and take all necessary measures. Telco holds 24.5 percent of Telecom Italia, Italy's largest telecommunications company. Telecom Italia holds 81.3 percent of ordinary shares in TIM Participacoes, Brazil's third-biggest mobile-phone operator and one of the Italian phone group's core markets. A buyout of the minorities in TIM Brazil could cost Telco's shareholders up to 500 million euros (US$642.5 million).

Media, Gaming, and Entertainment

- **Shares in U.K. television and broadband provider British Sky Broadcasting Group PLC rose more than 7 percent after it reported a steep increase in second quarter net profit and sales, boosted by a rise in broadband and pay-television subscriptions.** The company also said it would create about 1,000 new jobs in its customer service and installation teams. Revenue for the second quarter was 1.4 billion pounds (US$2 billion), up from 1.3 billion pounds (US$1.9 billion) in the same period last year. Sales for the six months to Dec. 31 were 2.6 billion pounds (US$3.8 billion). Net profit for the second quarter rose to 93 million pounds (US$136 million). Cazenove described the results as very strong. The group had added 171,000 net new customers in the second quarter compared to 167,000 in the same period last year which takes the total customer base to 9.24 million.
- **Unitymedia added 111,000 new Internet customers in the fourth quarter of 2008, taking its total Internet base to 630,000 by the year-end.** The broadband Internet space is a key battleground for the German cable company as it aims to take market share away from incumbent operator Deutsche Telekom. The cable operator remains some way behind Deutsche Telekom, which reported having 10.24 million retail fixed broadband lines in its domestic market at the end the third quarter (to 30 September 2008), but in terms of net additions, it is holding its own. Deutsche Telekom added 344,000 broadband customers in the third quarter; it has yet to release fourth quarter numbers. Unitymedia revealed that it added 55,000 telephony subscriptions in fourth quarter, to end the year with 363,000.

Semiconductors

- **Qimonda filed for insolvency but the industry's recovery depends on a pick-up in demand.** Makers of dynamic random access memory (DRAM) chips, used mainly in personal computers and increasingly in mobile devices and game consoles, are fighting a long supply glut and falling demand in a global downturn that is causing them to lose money on each chip they make. Although the direct impact on chip supply would be limited, Qimonda's troubles should give investors a reason to focus on leading players, such as Samsung Electronics, Hynix Semiconductor and Elpida Memory. Qimonda, ranked as the world's fifth-largest memory chip maker in the second quarter of 2008, filed for insolvency as a result of huge industry price drops and a credit squeeze.

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 1/30/09)	% Change 1 Week Ago	% Change Month to Date	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US$	89.9200	1.2%	-0.8%	-2.5%	-20.1%
Hong Kong dollar	HK$/ US$	7.7538	-0.02%	0.1%	0.05%	-0.7%
Chinese renmenbi	RMB/ US$	6.8345	-0.1%	0.2%	0.2%	-6.4%
Singapore dollar	S$/ US$	1.5087	0.5%	5.5%	3.2%	4.4%
South Korean won	KRW/ US$	1,380.0000	-0.8%	9.4%	4.8%	47.5%
New Taiwan dollar	NT$/ US$	33.7000	0.1%	2.9%	2.8%	3.7%
Australian dollar	US$/A$	0.6385	-2.5%	-9.7%	-10.1%	-27.0%
New Zealand dollar	US$/NZ$	0.5081	-4.2%	-12.9%	-13.1%	-34.3%
Philippine peso	PHP/ US$	46.4500	-1.8%	-2.0%	-1.6%	12.7%
Euro	US$/€	1.2820	-1.2%	-8.3%	-7.6%	-12.9%
British pound	US$/£	1.4535	5.4%	-0.6%	0.1%	-27.1%

Fixed Income Prices and Yields

Note	Currency	Current (on 1/30/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US$	116.27	3.63%	121.97	3.35%	138.71	2.61%
Japan 30-year	¥	108.45	2.03%	109.79	1.97%	111.62	1.80%
Hong Kong 10-year	HK$	98.00	1.84%	101.20	1.49%	102.43	1.35%
China (06/16)	US$	111.49	2.97%	111.49	2.97%	108.35	3.41%
Singapore 10-year	S$	117.00	2.05%	118.25	1.92%	115.70	2.19%
South Korea 20-year	KRW	10,863.63	5.03%	10,969.16	4.94%	9,470.89	5.98%
Australia 15-year	A$	114.64	4.21%	109.41	4.10%	115.56	4.13%
New Zealand (12/17)	NZ$	112.02	4.40%	112.43	4.35%	107.52	4.95%
Philippines 20-year	PHP	90.25	10.98%	87.96	11.30%	88.20	10.97%
India 30-year	INR	112.65	7.39%	114.95	7.21%	118.99	6.79%
UK 30-year	£	105.90	4.44%	101.57	4.71%	118.83	3.70%
Germany 30-year	€	106.60	3.88%	102.12	4.16%	113.16	3.54%