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

Week of 23 March 2009 – 29 March 2009

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Equity Market Indicators					
Index	**Closing Level (3/27/2009)**	**% Change 1 Week Ago**	**% Change 1 Month Ago**	**% Change 12/31/2008**	**% Change 12/31/2007**
S&P 500	815.94	6.2%	8.4%	-9.7%	-44.4%
Dow Jones Industrial Avg.	7,776.18	6.8%	8.3%	-11.4%	-41.4%
Dow Jones Tech. Index	264.75	6.3%	14.8%	5.3%	-42.3%
Dow Jones Telecom. Index	177.04	2.1%	4.2%	-11.4%	-43.5%
NASDAQ Composite	1545.20	6.0%	11.0%	-2.0%	-41.7%
Japan Nikkei 225	8,626.97	8.6%	15.7%	-2.6%	-44.9%
JASDAQ	41.33	4.8%	1.2%	-14.3%	-42.7%
Japan Mothers	310.05	6.6%	4.4%	-4.1%	-60.4%
Korea KOSPI Composite	1,237.51	5.7%	17.3%	10.1%	-34.8%
Korea Kosdaq	421.24	5.1%	17.5%	26.9%	26.9%
Taiwan Stock Exchange	5,390.7	8.6%	19.3%	17.4%	-36.6%
Singapore Straight Times	1,779.28	10.5%	3.2%	1.0%	-48.7%
Hong Kong Hang Seng	14,119.50	10.0%	9.5%	-1.9%	-49.2%
Hong Kong GEM	386.99	4.6%	4.7%	0.4%	-71.3%
China Shanghai (A-Share)	2,492.27	4.1%	11.9%	30.4%	-54.9%
China Shenzhen (A-Share)	819.40	3.5%	12.8%	40.9%	-46.1%
China Shanghai (B-Share)	156.98	5.3%	14.3%	41.5%	-57.1%
China Shenzhen (B-Share)	351.48	4.8%	13.2%	29.6%	-50.5%

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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						

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

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Weekly Highlights

International

Telecommunications

- **Industry consulting firm Ovum said that Broadband-service providers will see their revenue from mobile services jump to US$137 billion worldwide by 2014, up 450 percent from 2008.** Ovum said that the number of mobile broadband users will likely outpace revenue growth as competition drives prices lower and because most of the new clients will come from less wealthy users in emerging markets. The number of mobile broadband users - both through handsets and laptop computers should top two billion in 2014, up over 1,000 percent from 181 million in 2008, with the Asia Pacific emerging as a key driver. 40 percent of total mobile laptop users will come from the Asia Pacific region by 2014, powered by increasing usage in China and India, the world's two most populous nations. Handsets are likely to continue to dominate the market for mobile Internet access compared with laptops. In China, there will be 325 million handset users against 52.5 million laptop users by 2013.
- **Denmark and Sweden once again lead the rankings of The Global Information Technology Report 2008-2009, released for the eighth consecutive year by the World Economic Forum.** The U.S. follows suit, up one position from last year, thus confirming its pre-eminence in networked readiness in the current times of economic slowdown. Singapore (4), Switzerland (5) and the other Nordic countries together with the Netherlands and Canada complete the top 10. A further five Asia-Pacific economies made it into the top 20, with Korea taking 11th place, Hong Kong 12th, Taiwan 13th, Australia 14th and Japan 17th. China leapfrogged 11 positions to 46th and India came in 54th in the list of 134 countries. The Philippines was the lowest-placed in southeast Asia, scoring 85th. Emerging markets are now home to 75% of the world's mobile subscribers, the report said, but succeeding in these markets requires different and innovative approaches to help tackle the specificities of these markets.
- **Smartphones will represent at least 16 percent of the handset market in 2009 and will capture up to 23 percent by 2013.** iSuppli estimates that the smartphone industry will grow by as much as 11.1 percent this year, with up to 192.3 million units shipped. Smartphones will represent between 16.6 percent-17.4 percent of the total handset market by the end of 2009, with the smartphone market growing at a CAGR of 21 percent until 2013. Juniper Research has separately estimated that smartphones will represent 23 percent of all handset sales by 2013, with annual sales of around 300 million. In-Stat has also predicted that smartphones will double their share of the handset market to about 20 percent by 2013, with growth driven predominantly by strong sales in the US market.

Japan

Hardware

- **Sony Corp. is still committed to its mobile handset joint venture with Sweden's L.M. Ericsson Telephone Co. and has no plans to divest its stake in Sony Ericsson.** Sony Ericsson expects a first-quarter pretax loss of 340 million euros (US$452 million) to 390 million euros (US$518 million). The loss estimate at Sony Ericsson is already reflected in Sony's net loss forecast of 150 billion yen (US$1.5 billion) for its fiscal full year ending March 31. Sony Ericsson has been largely dependent on high-end devices in developed markets, making it more exposed in areas that have been hardest hit by the economic downturn. It also has faced increased competition from rivals like Apple = with its iPhone, as well as Samsung Electronics and LG Electronics both of which increased their global market share in the fourth quarter at Nokia's and Sony Ericsson's expense.

Telecommunications

- **NTT DoCoMo Inc. has completed its planned acquisition of 26 percent of the common shares of Indian mobile phone carrier Tata Teleservices Ltd. for 250 billion yen (US$2.6 billion).** The Japanese mobile phone giant said it bought a 20 percent portion of Tata Teleservices through the issuance of new shares and purchased a 6 percent stake from existing shareholders in line with an accord signed in November 2008. The move shows how DoCoMo is tying to seek new sources of revenue in fast-growing markets outside Japan.

Korea

Telecommunications

- **KT Corp. and its shareholders have approved the merger with its mobile phone services unit, KT Freetel Co.** The Korea Communications Commission, or KCC, gave its final approval for the deal, while also ordering KT to allow its rivals to have easier access to its infrastructure and requesting that the company should help its subscribers cancel services easily. The KCC is the government agency that overseas telecommunications and broadcasting regulation. The merger is officially due to be completed by May 18, 2009.
- **KT Corp. has clinched a 28-billion won (US$19.9 million) deal with a Bangladesh company to provide network infrastructure there.** The deal with Bangladesh Telecommunications Co. calls for KT to establish a comprehensive, nationwide communications network for Internet access by 2010.

China

Internet

- **Tencent's newly developed Q-style 3D online car racing game called QQ Speed hit a recorded 550,000 peak concurrent users (PCU).** Meanwhile, the company plans to start alpha testing of Da Ming Long Quan, its licensed Ming Dynasty-based 2D martial arts MMORPG by early April. The game was developed by Shanghai Jia You Network Technology Company.
- **Online travel service provider Tuniu.com announced that it has secured the first round of venture capital investment from Gobi Partners.** Details of the funding were not disclosed. Established in October 2006, Tuniu.com is oriented as a B2C e-commerce website providing online booking services nationwide. Tuniu.com has created a new online booking form, by making full use of the Internet resources, integrating tourism industrial chain, and serving customers via calling centers and operating systems. According to Tuniu.com, they are different from other ticket and hotel room booking websites as they focused on the booking of holiday-making products. Based in Nanjing, Tuniu.com currently has subsidiaries and offices in Beijing, Shanghai, Hangzhou and Guangzhou.
- **HC International, a Chinese business-to-business (B2B) e-commerce company, announced that it recorded profit of RMB 1.9 million (US$0.3 million) for the full of year 2008, compared to a RMB 39.4 million (US$5.7 million) loss in 2007.** Revenue was up 12.4% year-on-year to RMB 313.9 million (US$45.2 million) driven by revenue from market research and analysis which grew 49.9% to RMB 49.46 million (US$7.1 million). Online business was up 6.6%. to RMB 114.94 million (US$16.5 million). As of December 31, 2008, the company had about 8.4 million B2B users.

Telecommunications

- **Huawei Technologies Co. Ltd. is in the final running for a significant network infrastructure contract with wireless provider Clearwire Corp.** Clearwire is in the process of selecting vendors to build a wireless broadband network that would cover 120 million people by 2010, offering Internet speeds on par with the cable connections. Clearwire raised US$3.2 billion for the rollout last year from a consortium of tech companies including Google and Intel to build the network based on a fourth-generation technology called WiMax. Other finalists for the contract include Motorola, Samsung Electronics and Nokia Siemens Networks. Clearwire may select more than one vendor for its network and it isn't yet clear what the size of the award will be.
- **ZTE has secured a US$15 billion line of credit to finance its Chinese 3G projects and the company's international operations.** The company signed a five-year financing deal with China Development Bank. Specific terms of the deal are being finalized. ZTE's 2008 net profit grew 32 percent to 1.66 billion yuan (US$243 million) on the back of a 27 percent increase in revenue. The company won around 30 percent of the value of the 3G contracts issued by China's three main carriers over the year. China's 3G and broadband rollout is expected to account for more than half of global telecom equipment spend over the next two years.
- **China Mobile subscribers sent 607.1 billion text messages in 2008, up more than 100 billion over the operator's 2007 SMS totals.** The company's subscriber count is now closing in on the 464 million mark - in all, China boasts about 650 million mobile subscribers nationwide. China Mobile customers purchased 76 million full-track music downloads in 2008, while another 41.5 million paid for mobile newspaper content, up a third over 2007 totals - the carrier now offers 110 different news periodicals. Adoption of China Mobile's Fetion IM service doubled from year to year, with 147 million users in 2008.
- **ZTE aims to make its mark on the global telecoms equipment market by taking a route that its better-established Western rivals are either unable or unwilling to follow: vendor financing.** ZTE revealed that it has agreed a US$15 billion credit line with the China Development Bank. Under the terms of the deal, the pair will work together to set up an investment and financing platform, including expansion to overseas markets. ZTE executives clarified that this does not mean it is looking to grow its business through acquisitions in overseas markets. The downturn means customers are at a financial impasse, and all are potentially interested in this sort of financial solution, he insisted.
- **ZTE's net profit grew 32 percent to 1.66 billion yuan (US$243.2 million) and revenue also grew 27.3 percent in 2008, thanks to significant gains from China's 3G rollout.** ZTE has attributed the result to fresh spending by domestic carriers on 3G and broadband. ZTE won about 30 percent of the total value of the 3G contracts issued by China's three main carriers in 2008. Revenue from international operations grew 33.5 percent to 26.8 billion in 2008, and accounted for 60 percent of the group's total revenue - up nearly three points from 2007.
- **China Telecom Corp. reported its 2008 net profit plunged 96 percent from a year earlier due to impairment losses on assets associated with its low-cost, limited wireless service.** After posting disappointing results, the company slashed its capital spending plan for this year and also will delay plans to seek a strategic investor. The net profit for the 12 months ended Dec. 31 fell to 884 million yuan (US$129 million) while revenues rose 3.3 percent. Personal handyphones offer wireless services within a limited area and last month the government ordered China Telecom to shut down the service to avoid frequency interference with China's 3G technology. China Telecom plans to cut its capital spending to 39.2 billion yuan (US$5.7 billion) this year. The operator said its capital spending in 2008

exceeded its earlier guidance of 47 billion yuan (US$6.9 billion) because of investments related to integrating its services in the fourth quarter of last year.

Media, Entertainment and Gaming

- **Focus Media Holding Ltd, which operates outdoor audiovisual advertising networks in China, announced that it recorded US$800.3 million in net loss for the fourth quarter of 2008, compared to a net profit of US$51.3 million in the third quarter.** Revenue during the fourth quarter dropped 15% to US$192.1 million. Net loss from continuing operations was US$422.2 million, and discontinued operations accounted for US$378.1 million. Focus sold its discontinued operations include the CGEN in-store ad network, wireless advertising business and out-of-home digital networks to Sina last year. It recorded non-cash one-time impairment charges totaling US$220 million for the quarter on the restructuring of CGEN, a US$200 million charge, and wireless termination.
- **Kingsoft has recorded a net loss of around 7 million yuan (US$1 million) from the illegal copy and sale of virtual coins in its MMORPG JX 2 Online.** The company's in-house engineer Ning Miaoyu and associate Wang Like were sued by the company for illegal coin sales that earned them more than 4 million yuan (US$585437). Wang gained access to the company database through Ning and copied more than 160,000 virtual coins to sell on Alibaba's Taobao.com.
- **Changhong launched an online content platform, "Le Jiao," on March 26 with a total investment of 150 million yuan (US$22 million)**. The content will be shown on Changhong's LCD and plasma display panel (PDP) TVs, scheduled to reach shelves in early April, and touch on entertainment, education, daily life information and health. Changhong also partnered with content providers including Tencent to license more than 10,000 films or TV programs for the platform, said the report.

Hardware

- **Dell China booked US$3 billion in fiscal 2008 revenue, accounting for 5 percent of overall company earnings.** The company's domestic computer shipments climbed 28 percent, four times the average growth of similar products in China.

Information Technology

- **Domestic import and export volume for IT products fell 38.2 percent year-on-year to US$42.03 billion in January.** IT exports made up 29.8 percent of the nation's total export volume at US$26.97 billion, down 29.55 percent year-on-year, while IT imports were 29.1 percent of domestic import volume at US$15.06 billion, a decrease of 49.34 percent year-on-year. The pace of IT import growth was 6.3 percentage points slower than imports in all industries in January; IT exports lagged behind total export growth by 12.1 percentage points.

Taiwan

Telecommunications

- **Chunghwa Telecom Co. will subscribe to 48 million common shares issued by its Senao International Co. affiliate in a private placement.** Chunghwa Telecom, Taiwan's largest phone company by revenue, said in a statement that its stake in Senao, its mobile phone and subscriptions distributor, will rise to 40.8 percent from 31.5 percent. The price per share of the private placement will be disclosed after it is approved by Senao's board.

- **Taiwan Mobile Co. refused to pay Chunghwa Telecom Co. NT$17 million (US$503.3 million) in Internet Protocol peering fees for January.** Taiwan Mobile didn't pay Chunghwa Telecom because it believes that routing connections among different Internet services providers should be free, as is the case among the major providers in the U.S., Australia, China and Japan. Several other smaller broadband service providers in Taiwan are backing Taiwan Mobile's move. Taiwan Mobile pays Chunghwa Telecom NT$200 million (US$5.9 million) each year in IP peering fees, the paper added. Internet services generate NT$20 billion (US$592.2 million) in revenue for Chunghwa Telecom each year.

Mobile/ Wireless

- **MediaTek Inc. will launch 2.5G handset chips for use in Microsoft Corp. smartphones from the second half of 2009.** MediaTek has received Microsoft's approval to use its chips in the latter's smartphones. These handsets will be marketed in China like many non-branded handsets that are sold in the counter.

Semiconductor

- **Orders from mobile-phone chipset maker Qualcomm Inc. will likely raise the utilization rate of Taiwan Semiconductor Manufacturing Co.'s 12-inch wafer plants to 80 percent in the quarter ending June 30.** Qualcomm is increasing orders to meet better-than-expected sales of phones in Europe and the U.S., as well as rapidly growing demand from emerging markets including China and India

Hong Kong

Telecommunications

- **Citic 1616 has increased its full-year net income by 26.4 percent but predicts an "unfavorable business environment" in 2009.** The company announced a net profit of HK$332.1 million (US$42.7 million) on sales of HK$2,486.4 million (US$319.6 million). Excluding a one-off interest income from the initial public offering in 2007, earnings would have increased by 49.5 percent. The company would put more efforts into market development and controlling costs in 2009. Revenue in the core IDD business increased 38.8 percent, as traffic increased 44.4 percent. China inbound and outbound voice traffic grew by 54.2 percent to 6.98 billion minutes, accounting for 86 percent of all traffic carried. International SMS revenue expanded 32.3 percent.

Media, Entertainment and Gaming

- TOM Group, parent of TOM Online and TOM Outdoor Media Group, reported full year 2008 revenue of HK$2.7 billion (U$0.3 billion), an increase of 2% year-on-year, but loss increased to HK$1.4 billion (US$0.2 billion), compared to a loss of HK$331 million (US$42.2 million) in 2007. TOM recorded a non-cash impairment charge of HK$1.25 billion (US$0.2 billion) against the carrying value of some older-generation wireless assets. Profits at the internet division jumped to HK$63 million (US$8.1 million) but outdoor advertising division recorded loss of HK$75 million (US$9.6 million) in 2008 compared with a profit of HK$15 million (US$1.9 million) prior year, due to the tough economic condition. Profits at the publishing division amounted to HK$96 million (US$12.3 million), up 5% year on year. Losses from TV and entertainment units ballooned to HK$58 million (US$7.4 million), compared with HK$29 million (US$3.7 million) in 2007.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Sistema Shyam TeleServices Ltd., an Indian mobile services company, plans to invest US$5.5 billion over the next five to six years to expand its services in India.** The company, which is using code division multiple access, or CDMA, technology, will continue to use the platform. Competitors Reliance Communications and Tata Teleservices are now launching global system for mobile communications, or GSM, services because high spending customers in India prefer GSM networks. The Indian mobile services market is the fastest-growing in the world, adding more than 10 million subscribers a month, 70 percent of them in the GSM segment. Three of every four mobile users use the GSM platform in India, the world's second-largest telecommunications market after China. GSM is more popular than CDMA because - having been first on the scene - it offers more flexibility with handsets and better roaming options.
- **Sistema Shyam TeleServices Ltd. (SST) will outsource customer care operations of its MTS brand to Hinduja Global Solutions Ltd.** Hinduja Global will cater to the prepaid MTS customers and hire around 100 employees for the project, scaling up to 300 over the next two years. SST is a 74:26 joint venture company between Russia's Sistema JSFC and India's Shyam Group. SST previously entered into a strategic tie-up with Mobile TeleSystems of Russia to launch MTS in India.
- **Bharti Airtel Ltd. said its foreign partner Singapore Telecommunications Ltd. can raise its stake in the company through a share purchase in the secondary market.** SingTel, Southeast Asia's largest telecommunications firm by revenue, holds around a 31 percent stake in Bharti Airtel.
- **Sasken Communications Technologies Ltd. has received a new order from satellite communications company Inmarsat PLC to develop global satellite telephones.** Sasken will design and test the satellite phone handset, and also provide software solutions.
- **TM International Bhd. has obtained shareholders' approval for its cash call to raise as much as 5.25 billion ringgits (US$1.5 billion).** The proposed 5-for-4 rights issue places us on a firmer footing to weather the volatility of the current economic conditions. The price for the rights shares was fixed at 1.12 ringgits (US$0.31) each. TMI will announce the entitlement date for the rights issue soon and expects to complete the exercise by the second quarter of this year. TMI is well on track with its plans to repay a 4 billion ringgits debt owed to Telekom Malaysia Bhd., which falls due by April 25. TMI also plans to change its name to Axiata Bhd. in April to reflect the company's businesses and strategy.
- **Mahanagar Telephone Nigam Ltd. has received a 5.16 billion rupees (US$102 million) tax refund from India's income tax department.** The refund is toward license fee payment and other deductions for the tax assessment years 2001-02 and 2003-04. Mahanagar Telephone had in January expected a refund of 5.10 billion rupees (US$101 million) from the tax authorities.
- **Telstra has calculated that A$1.28 billion (US$897 million) of its revenue has been put at risk by the government's planned National Broadband Network (NBN) project.** Telstra was excluded from the NBN tender process in December for submitting an incomplete bid. Communications Minister Stephen Conroy is expected to announce the winners of the NGN bidding by early April.
- **Telstra Corp. Chief Financial Officer John Stanhope has urged investors to ignore analyst and media scaremongering as a decision approaches on the national broadband network.** Telstra's estimate was somewhere between 4 cents and 69 cents a share.

- **Globe Telecom Inc. signed a 1 billion pesos (US$20.7 million) loan facility from Land Bank of the Philippines.** Proceeds of the loan will be used to finance the company's capital expenditures. Alberto Larrazabal, head of Globe's treasury division, said the loan has a five-year maturity, with a floating rate that is a premium to five-year debt as quoted on the Philippine Dealing System's treasury reference rates. The company has planned a US$350 million to US$400 million capital expenditure program for 2009.
- **PT Telekomunikasi Indonesia said that its 2008 net profit may fall due to higher foreign exchange losses and lower cellular call tariffs.** Indonesia's largest telecommunication company by assets and subscribers is scheduled to report its audited 2008 earnings by the end of this month. Telkom will propose to shareholders to distribute 50 percent of its 2008 net profit for a dividend payment.
- **Australian ISP iiNet pulled out of the government's ISP filtering trial, dealing another blow to the controversial program.** The company could no longer reconcile participation in the trial with its public position on censorship. The ISP, Australia's third largest had only agreed to participate in the trial to demonstrate that the policy was fundamentally flawed and would not work. iiNet had been frustrated by constant changes to the policy and confused explanations of the purpose of the trial. After a series of talks with the federal government, it was clear that a compromise could not be reached.

Information Technology

- **Infosys Technologies Ltd. sees acquisition opportunities in the U.S. during the downturn.** Companies that operate in the healthcare and pharmaceuticals sectors might make particularly interesting targets, according to Nandan Nilekani, Co-Chairman, noting that Infosys has US$2 billion in cash and no debt. In the interview, Nilekani reiterated Infosys's earlier guidance of about 12 percent revenue growth for the fiscal year ending March 31. That would be a sharp deceleration from growth of 35 percent, as measured by U.S. accounting rules, in the year ended Mar. 31, 2008. Potential customers are holding back both because of the economic crisis and a rise in protectionist sentiment. Infosys is working with customers on alternative payment arrangements, including some that would link fees to business results. Other customers are asking to pay on a per-transaction basis, rather than a lump sum for a system. Rising protectionist sentiment in the U.S. also is affecting customers' decision-making about outsourcing. The economic-stimulus bill, for example, includes a provision preventing participants in the U.S.' financial bailout program from hiring workers with H-1B visas, which are commonly used by non-U.S. outsourcing companies.

United States/Canada

Media, Entertainment and Gaming

- **Charter Communications Inc. filed a prearranged bankruptcy reorganization plan and raised US$3 billion of fresh capital.** Charter raised as much US$2 billion in equity proceeds, US$1.2 billion in rollover debt and US$267 million in new debt to support the refinancing, the company told the U.S. Bankruptcy Court in New York in a Chapter 11 petition filed on behalf of it and 129 affiliates. Charter said last month it would file by April 1. The company, based in St. Louis, plans to cancel US$8 billion of its US$21.7 billion in loans and cut annual interest expenses by more than US$830 million. In court filings, Charter listed assets of US$12.9 billion and debt of US$24.2 billion. The company expects to have enough cash that it won't need so-called debtor-in-possession financing during its bankruptcy. In the debt restructuring, bondholders Oaktree Capital Management LLC, Franklin Resources Inc. and Apollo Management LP agreed to swap part of their Charter debt for equity. The plan is supported by 73 percent or US$2.9 billion of debt at the primary holding company.

- **Time Warner Inc. announced the final distribution ratio for its stake of Time Warner Cable Inc. when the unit is spun off in one week.** The media giant, which owns 85 percent of Time Warner Cable's stock, said each shareholder will receive 0.083670 share of Time Warner Cable stock for each share of Time Warner. That ratio reflects the 1-for-3 reverse stock split of Time Warner Cable shares but not the similar split for Time Warner. The spinoff is intended to transform the conglomerate into a concern more focused on movies, TV programming and magazines and to make both companies more competitive. Fractional shares of Time Warner Cable stock won't be distributed to its stockholders. Instead, these shares will be aggregated and sold in the open market, with the net proceeds distributed pro rata in the form of cash payments to Time Warner stockholders who would otherwise hold Time Warner Cable fractional shares.
- **EMI Group Ltd. said that Douglas Merrill, president of digital business at EMI Music, has stepped down, nearly a year after he was hired away from Google Inc. amid great fanfare.** Mr. Merrill served as Google's chief information officer and vice president of engineering from 2003 until 2008. The executive was outspoken about the need for EMI and the industry to find new approaches to digital business. His plans for doing so, such as re-launching EMI's Web site as a service to sell music to consumers, occasionally generated controversy. The major labels mostly had abandoned direct-to-consumer online efforts several years ago, after they experienced flops with digital-music services they owned called PressPlay and MusicNet. Since then, most in the music business decided to cede that role to middlemen such as Apple Inc.'s iTunes Store.

Telecommunications

- **Nortel Networks won U.S. bankruptcy court approval to sell a piece of its application-delivery business for US$17.65 million to information-technology firm Radware Ltd.** Judge Kevin Gross signed off on the sale at a hearing in the U.S. Bankruptcy Court in Wilmington, Del. The piece of Nortel's Velocity business that's being sold makes switches for use with computer servers and networks. Nortel acquired the business when it purchased Alteon WebSystems for about US$7.8 billion in 2000. Nortel has been trying to unload the unit for months and settled on Radware as a likely buyer before it began insolvency proceedings in the U.S. and Canada. An Israeli maker of hardware and software for computer networks, Radware faced no competition at a bankruptcy court auction. Nortel's distress could lead to a breakup of the company, one of Canada's largest. The transaction approved is one of a series of sales of nonessential businesses that are being jettisoned as Nortel struggles to keep its head above water.
- **Unable to sign up enough new cellphone subscribers, Sprint Nextel Corp. is betting it can outflank rivals by renting the excess capacity on its network to makers of consumer gadgets.** Sprint, which has spent billions rolling out a high-speed data network, already handles wireless book downloads for Amazon.com Inc.'s popular Kindle reader, though Sprint's involvement is largely hidden from the public. The company is now talking with companies such as GPS device maker Garmin Ltd., Eastman Kodak Co. and SanDisk Corp., which makes storage devices, about delivering wireless Internet service for their products. Sprint will rent out its network and generally collect fees from manufacturers based on how much data is transmitted to the devices. Although wholesale subscribers provide less revenue than retail subscribers, Sprint doesn't have to worry about expenses for billing and customer service. Sprint is getting paid by Amazon based on the amount of usage.

While still a small market, wholesale services are a critical part of Sprint's future. There are drawbacks and challenges to the wholesale strategy, however. Sprint, for example, isn't mentioned in the Kindle's marketing and isn't allowed to tout its participation. Wholesale currently makes up about 3 percent of Sprint's revenue and 16 percent of its total subscriber base of 49.3 million. While Sprint's overall subscribers have declined nearly four million since 2006, its number of wholesale subscribers has risen 27 percent to 8.1 million in the same period.

Internet

- **U.S. laws banning Internet gambling break international trade rules.** Ending a formal 12-month investigation into the matter, the E.U. has concluded that U.S. moves to bar European online gambling companies from operating in the U.S. constitute an obstacle to trade. Although proceedings at the World Trade Organization would be justified, the E.U should seek a negotiated solution with the U.S. government on the matter.
- **Skype became the largest long-distance phone company in 2008, delivering 8 percent of all international traffic.** In total, 417 billion minutes worth of long distance calls were made in 2008, up 12 percent from 2007, two points lower than in 2007, where minutes grew 14 percent. International Skype traffic grew 41 percent last year to 33 billion minutes. Around a quarter - 8.4 billion - of these minutes were from Skype's paid-for SkypeOut service, generating revenue for wholesale international carriers. ILD revenues have been mainly flat due to declining call prices. The average price for an international call has fallen by over 80 percent in the last 15 years, and declined 7 percent in 2007. ILD traffic grew from 71.7 billion minutes in 1997 to 343 billion minutes in 2007
- **VoIP specialist Skype has begun a push into the corporate market by tailoring its software to work with SIP-based PBX systems.** Skype for SIP will be targeted at small to medium-sized businesses. Customers will be able to dial out and receive Skype calls directly from their PBX systems, or take advantage of the SkypeOut service to make external calls. Skype, which was bought by eBay for US$2.6 billion in 2005, took in US$550 million in revenue last year, mostly consumer IDD calls. IDC researchers have estimated that 438,000 PBXes were shipped worldwide in 2008. A beta version of the product has been released and is now being trialled. Businesses can sign up to the beta here, on the condition that they have an installed SIP-based IP-PBX and can configure their PBX to support it.
- **Skype has plans to trial its Skype for SIP enterprise voice software, which enables Skype calls to and from a SIP-enabled IP PBX.** Skype estimates that approximately 35 percent of its customers use it in a business capacity; however, the company wants to build a firmer foundation in the enterprise sector and to do so it says it needs to work with companies' existing infrastructure. Skype has been available online and provides minimal customer support. However, the company acknowledges that typically enterprises will require better levels of support - especially if they are paying for the product. Google Voice provides a single number for fixed and mobile phones, voicemail transcripts, call blocking and screening, call conferencing and international calls.
- **Yahoo! Inc. named Elisa Steele to its newly created role of chief marketing officer, part of the Internet giant's push to boost its brand globally.** Chief Executive Carol Bartz, who succeeded Jerry Yang in January, made the decision to re-establish the chief-marketing position after the company went about two years without it. The last officer to hold the CMO position at Yahoo was Cammie Dunaway, who took a position at Japan-based Nintendo Co. Prior to joining Yahoo, Steele was senior vice president of corporate marketing at NetApp Inc., where she led the company's global brand strategy. Steele also served in management positions at AT&T and JavaSoft, a brand of Sun Microsystems Inc. Yahoo's stock tumbled throughout 2008, and last October, the company would cut

its global work force by at least 10 percent. The company has struggled more than rival Google because it is heavily exposed to the slumping Internet display-advertising market and it hasn't been as effective in making money from search ads.

- **Google is cutting its sales and marketing staff by nearly 200 positions, the biggest round of layoffs in the company's history.** The moves, which Omid Kordestani, Google's senior vice president of sales and business development, announced on the company blog, come after the Mountain View, Calif., Internet concern laid off 100 recruiters earlier this year and would eliminate approximately 40 positions in conjunction with closing its radio effort as well. Google ended the 2008 fourth quarter with 20,222 full-time employees. Mr. Kordestani said Google looked at a number of different options but ultimately concluded that they have to restructure the organizations in order to improve effectiveness and efficiency as a business. Those affected which include employees in the U.S. and abroad - will have the opportunity to find other jobs at Google. The move suggests that Google, whose search-ad business has withstood the recession relatively well, expects the tough times to continue and possibly worsen. While it has been trying to diversify, 97 percent of Google's business still comes from online advertising. the cuts were in made response to the economy and because the company had been over-investing in areas like online sales.
- **Google is developing technology to connect its TV-ad brokering business to YouTube and eventually video on other Web sites, as it struggles to lure bigger advertisers to both services.** The company is working on technology that allows advertisers to buy ads across Google TV, which sells on-air commercials; YouTube; and video on other Web sites through the same interface. Google is testing the service, called Google TV Ads Online, with a small group of advertisers, he said. People familiar with the matter say the service which would leverage Google TV's targeting technology is likely to be introduced in the coming months. The company is hoping that the new service will make it easier for bigger brand advertisers to spend across both services, which are under pressure to ramp up their business despite the sour economy. YouTube needs to secure longer-form video such as TV shows and movies, for which users are often willing to tolerate longer ads.
- **YouTube launched a new section of its site that organizes the video channels of more than 100 colleges and universities.** The section, called YouTube Edu, is the result of about a year's work on the part of Google employees using their 20 percent time for outside projects. Several of the search giant's products and services, including Google News and its social-networking site Orkut, had a similar start. Breaking out the academic channels as a distinct section makes them easier for people to find and exposes scholarly content to a broader audience. YouTube Edu lets viewers sort clips by school or number of views, and the schools offer content ranging from complete courses to campus events to information for prospective students. About 200 lecture-based courses in literature, history, law, engineering and other subjects are offered in their entirety through the site. Stanford, which launched its channel with Oprah Winfrey's June commencement address, has about 500 videos on YouTube, a mix of academic and event-related offerings.

Hardware

- **Palm's quarterly revenue plunged dramatically as the company prepares for the release of its highly anticipated Pre smartphone.** The smartphone and OS company lost US$98 million compared to a loss of US$57 million a year earlier. Excluding special items like stock-based compensation and restructuring charges, the company lost US$94.7 million. In addition, its smartphone revenue fell 72 percent to US$77.5 million. Total revenue for the company was US$90.6 million compared to analysts' forecasts of US$105 million. Palm warned of weaker sales in its fiscal third quarter, as demand for existing smartphones in its portfolio dropped in anticipation of the release of its newest product, the Pre. Palm is expected to launch the Pre some time in the first half of the year. Sprint Nextel will have exclusive carrier rights to the device in the U.S.

- **The potential merger of IBM and Sun Microsystems Inc. may force Dell to do some buying of its own.** IBM was in talks to buy Sun, a move that would create a behemoth selling the servers behind corporate data centers. The deal potentially disrupts Dell's server business, which delivered about 10 percent of the January quarter's US$13 billion in revenue. Speculation Dell could be on the prowl pushed share prices of potential targets higher. Dell has US$9.1 billion in cash and short-term investments as of late January, and ample credit supply. It also suspended buying back stock, leaving more money to play with. Chief Financial Officer Brian Gladden recently hinted the company is in the market for an acquisition. In its fiscal fourth quarter, Dell revenue fell 16 percent, net income dropped 48 percent, and nearly all of it's business lines saw revenue declines. Should an IBM-Sun happen, Dell will likely need to beef up its server business, an industry where market share is critical because machines are inexpensive and margins are razor thin. Companies in it remain profitable by adding lots of costumers, something that could be achieved by acquiring another company with a presence in the market.
- **IBM is expected to inform up to 5,000 North American employees in its global-business services unit that their jobs are being eliminated, with the work of many of them being transferred to IBM employees in India.** The planned cuts show that even companies that are successfully navigating the global recession are continuing to slash costs some of them by taking advantage of cheaper Asian labor. The company is expected to tell employees that up to 5,000 positions, mostly in the U.S., are being eliminated. The expected action comes on top of roughly 4,600 job cuts at the company so far this year. The employee union had received unconfirmed reports of up to 4,000 job cuts across the U.S. and Canada. Most of the positions eliminated are expected to be moved to India, where IBM has a large IT services organization. The total number of job losses could be as high as 5,000. IBM reported US$4.42 billion in fourth-quarter earnings, a 12 percent gain. It has forecast profit gains this year, and is discussing a takeover of rival Sun Microsystems Inc. for US$6.5 billion to US$8 billion.

Software

- **Microsoft Corp.'s new Web browser includes privacy functions that may assuage U.S. government concerns about the collection of personal data, a key element of an emerging technology the software giant is counting on to bolster its Internet advertising business.** Microsoft released Internet Explorer 8, commonly known as IE8. The browser has features that when activated can stop advertising networks from seeing which sites Web surfers have visited, which is data needed for the growing - and controversial - field of behaviorally targeted advertising. The browser's blocking features may address concerns expressed by the U.S. Federal Trade Commission, which wants user privacy protected, but Microsoft's ability to collect data needed to deliver targeted ads is still preserved. The privacy settings are cumbersome, so analysts think few Web surfers will likely turn them on. Matt Rosoff, an analyst at Directions on Microsoft, speculated that the company likely watered down privacy functions to allay concerns from its own advertising unit that stringent controls could hamper its attempts to collect data.

Europe

Mobile/ Wireless

- **Nokia Corp. has stopped using subcontractors in parts of its manufacturing chain due to falling demand.** Subcontractors were still being used for tasks like packaging. The company doesn't know when it will require subcontractors for engine manufacturing again. Among the subcontractors Nokia employs or has employed are Hong Kong- listed Foxconn International Holdings Ltd., BYD Co. Jabil Circuit Inc. and Finnish company Elcoteq SE. Nokia has 1,700 job cuts as the company tries to cut costs in response to slowing mobile phone handset demand. Mobile phone sales in the fourth quarter were down 5 percent compared with levels the previous year at 315 million units. Gartner predicted that demand will continue to fall until 2010.
- **Nokia has invested what is believed to be US$70 million in US-based mobile banking firm Obopay, in another sign of its support for the mobile banking market.** Obopay operates in the U.S. and India, links its service to a credit card, and allows users to send money via SMS. It charges a 25c fee to send up to US$1,000. Nokia has not disclosed the size of the investment, but the firm made a regulatory filing this month for the sale of up to US$70 million in stock. Obopay had raised around US$66 million in four funding rounds prior to Nokia's investment. Nokia's head of corporate business development, Teppo Paavolo, will take a seat on Obopay's board as part of the deal.
- **Ericsson has sold its TEMS-branded business to Swiss-based Ascom for 190 million francs (US$169 million), as part of the company's strategic shift towards telecom services rather than products.** The TEMS product business provides tools for air interface monitoring and radio network planning. The business is no longer strategically valuable under Ericsson's new service focus. TEMS has over 450 customers, including the world's 20 largest mobile network operators. The company expects to turn a profit from the acquisition by 2010. As part of the agreement, around 300 Ericsson employees including 180 from Sweden will be transferred to Ascom. The transaction is expected to close in June.

Internet

- **Russian billionaire Mikhail Prokhorov's Onexim holding company has offered to buy 65 percent of struggling Internet firm OAO RBC Information Systems for US$35 million.** RenCap, which Prokhorov half-owns, said it's presenting the offer to RBC's creditors and shareholders as part of a wider proposal aimed at resolving the company's debt problems. The plan envisages RBC issuing new shares in favor of a financial investor - possibly Onexim, with the proceeds to be used to partially repay RBC's debt and to finance ongoing activities and development. All creditors would receive a proportional stake in the company, totalling 10 percent.

Telecommunications

- **Germany's United Internet AG expects overall new customer growth to slow to 500,000 new contracts in 2009.** The company had 800,000 new contracts in 2008, leading to a total of 7.95 million. The company showed a different picture in its DSL, or digital subscriber line, operations. It expects to sell 800,000 new DSL packages, for which the customer doesn't need a separate fixed line from a different provider.
- **Russia plans to merge the regional units of state telecoms holding OAO Svyazinvest into long-distance provider OAO Rostelecom.** The share swaps would be carried out based on current

market values, which would likely favor Rostelecom over Svyazinvest's seven regional operators. The government controls 75 percent of Svyazinvest and has been discussing its privatization for more than 10 years.

- **BT has plans to deploy fiber to the cabinet (FTTC) technology at 29 exchanges across the U.K. by early 2010**. As part of its next generation network project, the U.K. incumbent said its access division Openreach will be able to provide high-speed broadband connectivity to 500,000 homes and businesses. The new infrastructure will sit between the local exchanges and the street cabinets. The premises served by these cabinets will see initial connection speeds of up to 40Mbps, potentially rising to up to 60Mbps. Even though the connection between the premise and the cabinet will still use copper, customers will nevertheless be able to access multiple bandwidth-hungry applications using the new network. Most of the exchanges are located in built-up areas except for Calder Valley near Halifax and Taffs Well near Cardiff in Wales. BT will announce in autumn further planned deployments in locations that will extend high-speed broadband coverage to another 1 million homes and businesses.
- **Vodafone Group PLC and Telefonica SA agreed a pan-European collaboration to share network infrastructure in Germany, Spain, Ireland and the U.K., in a deal expected to save hundreds of millions of pounds for both companies over the coming decade.** Under the agreement, the two companies will jointly build new sites and consolidate existing sites, allowing them to roll out enhanced services more quickly and to deliver mobile broadband to a wider population. The collaboration is the latest evidence of a rising tide of network sharing and outsourcing deals, as operators take a closer look at spending as revenue growth slows. Telefonica has been forced to lower mobile and high-speed Internet rates due to stiffer competition and regulatory pressure, and as consumers look for cheaper alternatives amid a sharp economic decline in key markets. Telefonica is scaling back capital expenditure to 7.5 billion euros (US$77 million) in 2009. While Telefónica and Vodafone would continue to compete strongly against each other in local markets, the collaboration agreement would enable enhanced mobile coverage in more locations, using fewer mast sites.
- **Hellenic Telecommunications Organization SA said its board has appointed Guido Kerkhoff as a director following the resignation of director Karl-Gerhard Eick.** The Athens full-service telecommunications provider said Kerkhoff was appointed March 1 as a member of Deutsche Telekom AG's board, responsible for southeastern Europe. Kerkhoff has been head of Deutsche Telekom Group accounting and controlling since mid-2006.
- **Hellenic Telecommunications Organization SA will take 130 million euros (US$173 million) to 150 million euros (US$199.3 million) charge against its first-quarter profits to pay for an upcoming voluntary retirement scheme.** OTE would proceed with a long-delayed voluntary retirement scheme for about 630 employees in the first quarter of this year. The costs of the scheme would be defrayed by a roughly 200 million euros (US$256 million) share transfer from the Greek state, representing about 4 percent of the company. OTE is also considering a third VRS for later this year that could include up to 2,000 more employees.
- **Telenor ASA has adjusted its net income for full-year 2008 down by 242 million Norwegian kroner (US$37 million) to 14.81 billion kronor (US$2.2 billion).** The cut is related to adjustments to Ukranian mobile operator Kyivstar's financial statements for 2006 to 2008, which were made after Telenor released its fourth-quarter report. Telenor owns 56.5 percent of Kyivstar.
- **Greece's telecoms regulator imposed a total of 7.5 million euros (US$9.7 million) in fines against Hellenic Telecommunications Organization SA, for violating rules governing**

competition in the telecoms sector. The fines are the latest imposed by the Hellenic Telecommunications and Post Commission for what it says are a long list of anticompetitive practices by the one-time monopoly phone company. The company had failed to meet commitments towards alternative service provider Hellas Online, causing material damage to HOL and also delaying the rollout of broadband services in areas around Greece.

- **Hellenic Telecommunications Organization SA expects virtually no revenue growth this year after reporting a worse-than-expected 56 percent drop in fourth-quarter net profit from a year earlier, when results were lifted by the sale of its Infote telephone directory unit.** It expected its operating margins in 2009 to hold steady at around current levels of 33 percent. Revenue rose 0.5 percent. Operating income, before depreciation and amortization, or Oibda rose 3.1 percent. OTE had taken a 25 million euros (US$33.2 million) charge for a special youth account for workers, as well as a 34.8 million euros (US$46.2 million) depreciation charge at its OTE Globe unit. The market reacted negatively to the results in early trade. The fourth-quarter results showed that OTE's Cosmote mobile subsidiary continues to perform strongly - it remains the leading mobile operator in both Greece and the Balkans with more than 20 million customers. For the three months, mobile revenue rose 4.3 percent to 844 million euros (US$1122 million).
- **Alcatel Lucent's chief executive, Ben Verwaayen, has decided not to take his bonus for 2008, which amounts to around 500, 000 euros (US$664526).** Verwaayen joined the group in September 2008. The company posted a net loss of 5.2 billion euros (US$6.9 million) in 2008.
- **Alcatel-Lucent will take over responsibility for operating and rolling out the network of Royal KPN NV's Belgian mobile operator BASE.** Around 29 employees will move to Alcatel-Lucent from BASE, Belgium's third-largest mobile operator with about 3.4 million subscribers. The deal comes on top of a series of outsourcing contracts BASE already had in place with a number of companies. Alcatel-Lucent will now take charge of all network operations and rollout while BASE will still own the network and focus on areas such as network design and customer service.

South Africa

Telecommunications

- **MTN Group Ltd. said its board and the South African competition authorities approved plans to reorganize its black shareholding.** As much as 6 percent of MTN's shares will be offered to new black shareholders as part of a transaction MTN is required to complete in order to comply with local laws on black ownership of assets. The Public Investment Corp., the government's pension fund administrator, is facilitating the transaction. The South African government requires companies from banks to mines to sell stakes to black investors to help make up for discrimination suffered under apartheid, which ended in 1994. Under a deal signed in 2002, black employees of MTN acquired 13.1 percent of the company's shares with funding provided by the PIC.
- **South Africa's MTN Group Ltd. is the front-runner among several suitors discussing buying ZTE Corp.'s 51 percent stake in mobile-phone company Congo-Chine Telecom SARL.** Negotiations to sell the Democratic Republic of Congo's third-largest wireless operator, valued at about US$400 million, may stretch beyond this year because of the financial crisis. MTN, already the largest mobile phone operator in Africa, declined to confirm the discussions.

Other Economic Data

Currency Exchange Rates

Currency	Units	Current Rate (on 3/27/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US$	97.8500	2.0%	-0.5%	6.1%	-13.1%
Hong Kong dollar	HK$/ US$	7.7497	0.00%	0.0%	0.0%	-0.7%
Chinese renmenbi	RMB/ US$	6.8310	0.0%	-0.1%	0.1%	-6.5%
Singapore dollar	S$/ US$	1.5143	0.0%	-1.5%	3.6%	4.8%
South Korean won	KRW/ US$	1,344.0000	-3.8%	-11.4%	2.1%	43.6%
New Taiwan dollar	NT$/ US$	33.9100	0.3%	-2.7%	3.5%	4.3%
Australian dollar	US$/A$	0.6933	1.0%	6.9%	-2.4%	-20.7%
New Zealand dollar	US$/NZ$	0.5697	2.0%	12.1%	-2.6%	-26.4%
Philippine peso	PHP/ US$	48.0000	-0.4%	-0.5%	1.7%	16.5%
Euro	US$/€	1.3298	-2.1%	4.5%	-4.2%	-9.6%
British pound	US$/£	1.4323	-1.0%	0.2%	-1.4%	-28.1%

Fixed Income Prices and Yields

Note	Currency	Current (on 3/27/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US$	97.84	3.65%	97.22	3.69%	96.77	3.68%
Japan 30-year	¥	106.82	2.10%	107.02	2.09%	107.93	1.97%
Hong Kong 10-year	HK$	95.58	2.13%	96.08	2.07%	96.30	2.07%
China (06/16)	US$	111.49	2.97%	111.49	2.97%	111.49	2.97%
Singapore 10-year	S$	116.80	2.04%	116.35	2.09%	117.20	2.01%
South Korea 20-year	KRW	10,363.54	5.29%	10,741.72	4.97%	10,387.77	5.39%
Australia 15-year	A$	109.04	4.76%	112.80	4.38%	110.89	4.57%
New Zealand (12/17)	NZ$	105.14	5.32%	108.84	4.81%	110.67	4.57%
Philippines 20-year	PHP	98.43	9.91%	98.50	9.90%	90.57	10.65%
India 30-year	INR	87.85	8.05%	105.15	8.02%	106.92	7.72%
UK 30-year	£	108.07	4.33%	111.52	4.13%	107.67	4.29%
Germany 30-year	€	105.58	3.98%	106.55	3.86%	108.23	3.76%