



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

***Week of 6 April 2009 - 12 April 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 (4/10/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	856.56	1.7%	26.6%	-5.2%	-41.7%
Dow Jones Industrial Avg.	8,083.38	0.8%	23.5%	-7.9%	-39.1%
Dow Jones Tech. Index	284.47	1.8%	31.2%	13.2%	-38.1%
Dow Jones Telecom. Index	180.49	-1.2%	15.7%	-9.7%	-42.4%
NASDAQ Composite	1,652.54	1.9%	30.3%	4.8%	-37.7%
Japan Nikkei 225	8,964.11	2.4%	26.5%	1.2%	-42.7%
JASDAQ	41.72	1.7%	8.9%	-13.4%	-42.2%
Japan Mothers	321.49	3.0%	14.6%	-0.6%	-59.0%
Korea KOSPI Composite	1,336.04	4.1%	24.7%	18.8%	-29.6%
Korea Kosdaq	493.26	12.3%	30.2%	48.5%	48.5%
Taiwan Stock Exchange	5,781.96	4.6%	24.9%	25.9%	-32.0%
Singapore Straight Times	1,891.31	0.9%	21.8%	7.4%	-45.4%
Hong Kong Hang Seng	14,901.41	2.4%	25.0%	3.6%	-46.4%
Hong Kong GEM	406.87	1.6%	14.6%	5.6%	-69.9%
China Shanghai (A-Share)	2,565.50	1.0%	11.4%	34.2%	-53.5%
China Shenzhen (A-Share)	864.34	2.5%	19.7%	48.6%	-43.2%
China Shanghai (B-Share)	161.86	1.6%	17.8%	45.9%	-55.8%
China Shenzhen (B-Share)	359.21	0.9%	14.4%	32.4%	-49.4%

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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

### Japan

#### *Hardware*

- **Sony has been given a vital boost in the battle for the multibillion-dollar video game industry, with a survey showing its PlayStation 3 outsold Nintendo's Wii in Japan for the first time in 16 months.** Japanese sales of the PS3 surged 80 percent in the five weeks to March 29 from a year earlier to 146,948 consoles, while demand for the Wii plunged almost 63 percent to 99,335. The PS3 got a boost from the release of popular new games such as Resident Evil 5, putting the console ahead of the Wii for the first time since November 2007, when Sony was lifted by the launch of a new slimmed down version. Nintendo has already sold so many Wii consoles that it appears to be struggling to find new buyers, but it should continue to enjoy strong demand for games and accessories. The Wii, launched in 2006, is known for its innovative motion-sensitive controller which has appealed to people buying a video-game machine for the first time. While Sony put the emphasis on chip power and ultra-realistic graphics for the latest addition to the PlayStation series, Nintendo opted to develop a cheaper, easy-to-use console that would appeal to a wider audience.
- **Sharp Corp. doubled its loss estimate for 2008 on a slump in sales of its TVs and panels, but it brought forward plans for a cost-efficient new factory to cut costs.** The company would shift overseas some output of key components such as panels and solar cells with local partners to lessen the impact of foreign exchange fluctuations and rein in capital spending, in a departure from its usual strategy of making core products at home. But market players said Sharp faces an uphill task to make the new business model work. Sharp, which trails Samsung Electronics and Sony in LCD TVs, said panel demand was recovering, prompting it to move up its start-date for production at its new plant by five months to October.

#### *Telecommunications*

- **NTT DoCoMo Inc. agreed to buy a 51 percent stake in TV shopping company, Oak Lawn Marketing Inc., for 31 billion yen (US\$309.4 million) in a bid to expand its electronic commerce business.** Oak Lawn Marketing is best known for its "Shop Japan" TV shopping service. For NTT DoCoMo, the deal is the mobile phone giant's latest attempt to diversify revenue sources as the Japanese mobile communications market remains competitive and the country's population shrinks.

#### *Mobile/ Wireless*

- **NTT DoCoMo signed up 60 percent more new users in March, as its lower phone prices won back customers in a key sales month ahead of the new academic year.** DoCoMo, which revamped its brand last year with bigger discounts for long-time users and cheaper cellphones, signed up 278,200 new users on a net basis compared with the same month a year earlier. DoCoMo push out second-ranked KDDI, which gained 223,100 net new users, but continued to trail third-ranked Softbank, which gained 381,700 net sign-ups. Subscriber gain at Softbank was down 30 percent, but it beat its rivals for the 22nd straight month helped by low-cost fee plans and aggressive advertising. No.4 eAccess signed up 121,900 net new users, on strong sales of wireless data cards sold with smaller and cheaper laptops such as Asusek Computer's Eee PC. PHS provider Willcom added 6,100 subscribers in March to reach a total of 4.56 million subscribers. Yahoo Japan, Usen to merge media content arms.

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## *Internet*

- **Yahoo Japan Corp. acquired Usen Corp's loss-making online video site to cut costs as it competes with Google's YouTube.** Yahoo Japan, owned 41 percent by Softbank Corp. and 34.1 percent by Yahoo Inc. will pay 530 million yen (US\$5.3 million) for a 51 percent stake in Usen's GyaO site and eventually merge their platforms. The move may herald further consolidation within Japan's loss-ridden online content industry, battered by dwindling advertisement revenues. Losses in Usen's video and contents business dragged down the broadband contents provider to a net loss of 53.9 billion yen in the year ended in October, as it also struggles with licensing fees.
- **Alibaba.com Japan released a new paid product, "Ali Zhong Ri Tong" ("Ali's China-Japan Express"), targeting users of Alibaba.com's paid "Gold Supplier" service.** Since it was officially launched on 2008, Alibaba.com's Japanese site has recorded 120,000 members, 1.4 million product listings, 100,000 average daily page views and 500,000 maximum daily page views. Japanese purchasers account for 40 percent of alibaba.co.jp members. Alibaba.com Japan is a joint venture between business-to-business e-commerce company Alibaba.com and Softbank Corp.

## **Korea**

### *Telecommunications*

- **KT Corp. is looking to grow its operating income this year by 30 percent, spurred by its recent merger with a mobile phone affiliate.** Since Lee Suk-chae, 63, former minister of information and communications, joined KT as new CEO in January, he successfully closed a merger between KT and the country's second-largest mobile carrier KTF Co. two months later in an effort to boost the company's competitiveness, as its customer base was shrinking. The merged entity is scheduled to launch on June 1. The newly merged company will be divided into independent operating units called Company in Company (CIC), including units serving home customers, individual customers and business customers. The company has set a goal of 2 trillion won (US\$1.51 billion) in operating income from 1.6 billion won (US\$1.2 million), which was the combined operating profit of KT and KTF Co. in 2008. To achieve the ambitious objective, KT will shift some of the focus of its marketing activities from retail customers to industrial customers. A mobile Internet Protocol Television (IPTV) service, a broadband-based television service channeled through mobile phone networks, will be soon developed.
- **KT Corp.'s home-based services such as landline telephone and internet services operate under the brand name QOOK.** The company has been promoting the brand with a series of teaser advertisements that showed scenes of extreme hardship ending with a phrase meaning that time away from home can be very stressful. The QOOK brand represents the transformation of KT and the trend of bundling various services together. With the launch of the QOOK brand name, all of the company's services provided to individual households will be renamed to include the prefix QOOK.
- **The Korea Times reports that the country's VoIP subscriber base passed the three million mark earlier this month, up from 2.5 million at the end of 2008.** With the improvement in number portability policies, the number of VoIP users will rise by an even faster clip after May, according to the Korea Communications Commission (KCC). 5 million VoIP subscribers are expected by the end of 2009. LG Dacom, which had only 336,000 traditional telephony users at the end of February, leads the VoIP market with 1.32 million subscribers, stretching its lead over Samsung Networks and KT Corp, who have around 400,000 each. Korea Cable Telecom (KCT) boasts 300,000

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VoIP subscribers, while SK Broadband has just over 270,000. KT Corp, the dominant traditional fixed line operator, has been reluctant in the past to commit to VoIP over concerns that PSTN to VoIP migration would result in a decline in overall ARPU. However, in the first two months of the year its PSTN customer base fell by more than 250,000 to 19.62 million, and its continued decline is thought to have finally convinced KT to embrace VoIP.

## *Mobile/Wireless*

- **Nokia Corp. is reentering the South Korean market with a third-generation cellphone through an arrangement with carrier KT Freetel Ltd., vying for market share with Samsung Electronics and LG Electronics.** Nokia joins Sony Ericsson which announced its South Korean debut last month. The two handset makers are attempting to break into a market that is highly penetrated and already dominated by Samsung and LG. South Korean manufacturers controlled 95 percent of the domestic cellphone market at the end of March, while foreign cellphone makers account for the remaining 5 percent. For Nokia and Sony Ericsson, tapping the high-end segment of the mobile market with 3G phones would help to boost their sagging profit margins, which has been hurt by tepid demand for cellphones amid the weak global economic slowdown. Nokia failed in its first try at the South Korean market in 1990s. It made another attempt in 2001 with a line of more mid-range phones, but the models failed to gain popularity among fashion-conscious South Korean consumers. Most Nokia phones operated on global systems for mobile communications technology, while South Korean phones ran on the code division multiple access network.

## *Semiconductors*

- **Creditors of Hynix Semiconductor Inc. have agreed to allow the company to raise 1.2 trillion won (US\$889.9 million) this year, including up to 700 billion won (US\$531.5 million) in a rights offering.** The creditors had decided on the fund-raising plan after an informal meeting. Korea Exchange Bank, a lead creditor of Hynix, said nothing had yet been decided on the plan.

## *Technology*

- **Spansion Inc. has settled its patent litigation lawsuits with Samsung Electronics.** As part of the settlement, Samsung will pay Spansion US\$70 million and Spansion and Samsung Electronics have exchanged rights in their patent portfolios in the form of licenses and covenants subject to a confidential settlement agreement. The settlement ends the patent disputes between the two companies and is a significant step forward in Spansion's reorganization process, demonstrating the company's intense focus on improving its financial position in the current economic climate.
- **Samsung Electronics Co. signed a patent license with the U.S.-based Intertrust Technologies Corp. on digital electronics.** Intertrust develops and licenses intellectual property for digital rights management and trusted computing.

## **China**

### *Internet*

- **Sohu is expected to receive 2 million yuan (US\$292.6) from the Zhongguancun Science and Technology Park to subsidize the cost of spinning off game unit Changyou.com.** The has established directives to encourage companies to list overseas. Changyou.com raised US\$128.3 million before its IPO closed on Nasdaq. Sohu has advertised its online business on China Central Television's Channel 1, 2, 10 and news channels. Ads are also displayed on bus bodies in major cities

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nationwide, including 1,000 Beijing buses. Sohu is targeting entertainment and fashion as its new fields for 2009.

## *Telecommunications*

- **Datang Telecom will aid in the joint construction of Taiwan's TD-SCDMA trial network.** The network will be established by the Industrial Technology Research Institute of Taiwan, with chip maker MediaTek and handset manufacturers HTC and OKWAP participating in the trial. TD-SCDMA related products including handsets, adapters, laptops and chips should be released in the second half of 2009.
- **Guangzhou Global Telecom Inc. reported US\$44.8 million in revenues in 2008 compared to US\$21.5 million in 2007, increase 109 percent.** Renwoxing and Beijing Lihe, two newly acquired subsidiaries, contributed US\$10.5 million in revenues. The revenue increase mainly resulted from the company's geography expansion strategy. Gross profit increased 181 percent to US\$3.5 million during from US\$1.2 million in 2007.
- **China Mobile Ltd. plans to add 140,000 TD base stations in the period from 2009 to 2011.** After completion, all Chinese cities will be covered by the 3G network based on the TD-SCDMA technology with over 160,000 base stations. The ongoing third phase construction of its 3G network, which is expected to be completed by the end of 2009, will add 238 cities in its 3G networks. China Mobile finished building the TD network in 10 Chinese cities. The company planned to invest 58.8 billion yuan (US\$8.6 billion) into the construction of 60,000 base stations in 2009 as part of its efforts to expand its 3G mobile phone network.
- **China Mobile Ltd. will spend 70 billion yuan (US\$10.2 billion) on its rural network over the next three years.** China Mobile spent 19.5 billion yuan (US\$2.8 billion) on its rural network in the last five years. The 70 billion yuan (US\$10.2 billion) will mostly be invested in the company's 2.5G network.

## *Media, Entertainment and Gaming*

- **Open Beta Test for EA SPORTS FIFA ONLINE 2 to Begin on 22 April 2009 in China .** FIFA Online 2 is the latest online version of EA Sports' officially licensed FIFA football video games. Xiaowei Chen, President of The9 said, "EA SPORTS FIFA ONLINE 2 epitomizes a global sports game. During the closed beta test in China, it received not only extremely positive feedback from game players but has also generated awareness and anticipation among football fans. The9 has been working actively with EA to add features that are tailor made for local players and to prepare for all aspects of the game's operation in the Chinese market. From April 22nd gamers and football fans will enjoy the fun and excitement in this brand new online sports game." According to Jon Niermann, President of EA Asia Pacific, "Bringing EA SPORTS FIFA ONLINE 2 to China is an important step for EA. The game is successful in several Asian markets, and the efforts and full support of our partners The9 and FIFA have made it possible to extend the franchise to this market. We're looking forward to giving Chinese football fans and gamers a chance to play what is the most authentic football gaming experience."
- **The9 Limited gained the approval from its board of directors to revise its shareholder right plan that was first implemented at the beginning of 2009.** The9 is entitled to lift the exercise price for each ordinary share pursuant to the exercise of a right to US\$19.50 from US\$14.50. One right, granted in accordance with per ordinary share issued, will become exercisable only when a person or a group holds a stake accessing to more than 15 percent of the voting right in the company. Kicked off

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on January, the initial shareholder right plan was considered to be a poison pill plan that keeps the online game operator away from a hostile takeover and protect the interests of its shareholders, pointed out market observers.

## *Alternative Energy*

- **LDK Solar, China multicrystalline solar wafers manufacturer and German Q-Cells SE announced the formation of a non-exclusive joint venture that will focus on large PV systems and market development in Europe and China.** A joint project pipeline is already in place and the first 40MW project has commenced. The projects of the joint venture will utilize 100 percent solar wafers from LDK Solar and 100 percent solar cells from Q-Cells. The joint venture is already in discussions with potential buyers of the first turnkey project, which will be in Europe, and is in the planning stages for future joint projects in the emerging Chinese market. The partnership is not intended to be exclusive, but rather, to focus on developing specific projects of mutual benefit, with the shared goal of accelerating the move to grid parity.

## *Telecommunications*

- **Chunghwa Telecom Co. Chairman Shyue-Ching Lu led a delegation of senior executives from Taiwan's telecommunications services providers to Beijing to discuss possible cooperation.** The delegation, which also includes Far EasTone Telecommunications Co. Chairman Douglas Hsu, will meet China Mobile Ltd. Chairman Wang Jianzhou, China Unicom (Hong Kong) Ltd. Chairman Chang Xiaobin and China Telecom Corp. Chairman Wang Xiaochu.

## *Hardware*

- **HTC Corp.'s first-quarter net profit dropped 30 percent from a year earlier amid a global economic slowdown and delayed shipments of some new products.** The Taiwan smartphone giant's net profit fell to NT\$4.89 billion (US\$147 million) and quarter revenue fell 3.4 percent. The preliminary first-quarter results compared with a net profit of NT\$8.09 billion (US\$238 million) on a revenue of NT\$47.38 billion (US\$1.4 billion) in the fourth quarter of 2008. HTC said its first-quarter revenue only reached 96 percent of its forecast because shipments of some new products were delayed. HTC's Taiwan-listed shares ended 4.8 percent. HTC's average selling price this year will likely fall by a mid-single-digit percentage because of the weak global economy. Vincent Liao, an analyst at KGI Securities in Taipei, said HTC's first-quarter results were in line with expectations. Liao expects HTC's revenue to increase 10 percent in the second quarter from the first quarter, and growth to exceed 20 percent in the third quarter.
- **HTC Corp. sees signs the global smartphone market is picking up in the quarter after a relatively weak first quarter.** HTC remains optimistic about its full-year forecast for double-digit revenue growth. He said the company is starting to ship new smartphone models again this quarter, and that in 2009 it plans to introduce 15 new models of smartphones, which are handsets that include wireless email, video and other fancy data functions. Smartphones were one of the few fast-growing sectors in the technology industry in 2008, with more than 20 percent growth globally in unit sales. HTC believes smartphone will increasingly become a mainstream product.

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## Hong Kong

### *Telecommunications*

- **Hong Kong's securities regulator said it would appeal after failing to block the deal over allegations a shareholders vote was rigged.** High Court Judge Susan Kwan rejected contentions from the Securities and Futures Commission that the deal should be stopped because many shareholders got blocks of shares in exchange for favoring the buyout in a vote Feb. 4. The regulator would try to bring the matter to the Court of Appeal and asked the judge to stay her ruling. The court's decision was a huge victory for PCCW Chairman Richard Li. But the decision is certain to generate much controversy. The judge had to halt a hearing as some shareholders began to complain loudly that the decision was unfair, but she reconvened after two shareholders were ejected from the courtroom. The SFC had alleged that Francis Yuen, a member of Li's buyout group and a longtime associate of Li, had attempted to manipulate the shareholder vote by instructing a top manager at Fortis NV's Asian insurance arm to distribute PCCW shares to about 500 Fortis agents who would profit if the deal went through.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Telecommunications*

- **Aircel Cellular is in talks to buy Loop Mobile (previously BPL Mobile).** Aircel and Loop Mobile, which is currently managed by Ruias of the Essar Group, have not reached an agreement over the valuation of the Mumbai-circle operator as market conditions have changed since the talks started over seven months ago.
- **Telekom Malaysia Bhd signed an agreement with the Malaysian government to implement the Malaysian Emergency Response System 999, or MERS 999 Project, for 344 million ringgits (US\$95.7 million).** Telekom accepted the letter of award from the government in January and signed the agreement with the government on the project. Telekom will develop, supply, deliver, install, test, commission, operate and maintain the MERS 999 System.
- **Telstra Corp.'s chief executive, Sol Trujillo, hopes that an announcement on the Australian government's broadband network will ease uncertainty surrounding the company.** Telstra will upgrade 67 mobile towers by June and 366 exchanges that deliver high-speed broadband in the second half of the year. A decision on the national broadband network is expected this week.
- **Australia's government will build a A\$43 billion (US\$31 billion) high-speed broadband network, leading a new private-public company, after rejecting bids by companies that it said failed to offer value for money.** The government would ask private companies to join the country's biggest infrastructure project to build a network that would be up to 100 times faster than the current network. Australia has slower and more expensive Internet services than many developed countries, raising concerns about competitiveness, but the project will be made more difficult by the country's vast distances and inhospitable terrain. The center-left government would sell its majority stake five years after the network, which still requires parliamentary approval, was fully operational. A consortium comprising wealthy Australian businessmen and telecoms industry veterans had been a favorite to win the project ahead of Optus, which is owned by Singapore Telecommunications, and Canada's Axia NetMedia.

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- **Vietnam Mobile Service Co. is expected to sign three contracts with foreign firms in the second quarter to upgrade its network to provide third-generation, or 3G, services.** VMS, a subsidiary of the state-run Vietnam Posts and Telecommunications Group, will sign the contracts with Alcatel-Lucent, Ericsson and Huawei Technologies Co. VMS, which provides mobile phone services under the MobiFone brand, is scheduled to start providing 3G services from the third quarter. Vietnam awarded licenses to four mobile phone operators to upgrade their networks to provide 3G services. The other three firms are Vinaphone, the military-run Viettel, and a consortium between EVN Telecom and Hanoi Telecom. The four companies have pledged to invest VN\$33.82 trillion (US\$1.99 billion) within the next three years to develop 3G infrastructure.

## *Hardware*

- **Satyam Computer Services Ltd. is trying to limit its liability by saying a pension fund can't join U.S. litigation sparked by the scandal.** The Mississippi Public Employees' Retirement System, which claims it lost US\$12.7 million, isn't qualified to join in a dozen U.S. securities-fraud lawsuits filed by other investors because it bought Satyam's common shares rather than its American depositary receipts, the focus of the litigation. The Indian company is putting itself up for sale as it faces the proposed class-action, or group, lawsuits filed on behalf of ADR buyers. Satyam's shares and ADRs have lost most of their value after Chairman Ramalinga Raju revealed an accounting fraud. Investor complaints don't state total losses.

## **United States/Canada**

### *Mobile/Wireless*

- **Enterprises continue to purchase BlackBerry devices.** When Research In Motion posted a 24 percent revenue jump for the company's fourth fiscal quarter last week, much of Wall Street's attention was centered on the surprising strength of the company's Blackberry smartphone sales to consumers. RIM added approximately 3.9 million net new BlackBerry subscriber accounts in the quarter ended Feb. 28, boosting the total BlackBerry subscriber base to more than 25 million. The unsung hero in the company's latest results was the continuing strong sales of Blackberry handsets to enterprises, which currently account for 30 percent of the company's handset shipments. The BlackBerry mobile voice system had one of its best quarters ever as enterprise customers became increasingly open to exploring new types of cost-saving initiatives.
- **T-Mobile plans to use Google's Android operating system for some of its devices.** The company plans to sell a home phone and tablet computer next year that both run Android. The handset will plug into a docking station and come with another device that synchronizes data as it recharges the phone's battery. The tablet-sized computer, meanwhile, looks like a small laptop without a keyboard and has a seven-inch touch-screen. The company has plans for several devices running the Android software.
- **Motorola Inc. expects to record an additional pre-tax charge of US\$123 million in the first quarter from its plan to lay off thousands of employees.** Most of the charge, about US\$110 million, will be for employee severance. The new disclosure, together with previous charges, will bring the first-quarter pre-tax charge to about US\$229 million. The Schaumburg, Ill., company already made most of the severance payments to employees in the first quarter. All its business segments, as well as various corporate functions, are impacted by its restructuring plans. Motorola has cut thousands of jobs over the last few months.

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## *Media, Entertainment and Gaming*

- **Time Warner Inc. is asking some bondholders to change credit terms, a move expected to pave the way for a spin-off of its beleaguered Internet unit AOL.** The media conglomerate said the change in credit terms will allow for a possible change in ownership at AOL. The unit was once how most people found their way onto the Internet but it has since been left behind as a relic as cable and phone companies picked off subscribers and Google and others swooped in to dominate online advertising. Time Warner Chief Executive Jeff Bewkes lured former Google Inc executive Tim Armstrong to head AOL with the possibility of leading a spin-off. The company estimates that AOL would be valued at US\$2.4 billion on a stand-alone basis, a far cry from some estimates of up to US\$10 billion last year. The company is offering each bondholder that agrees a payment of US\$5 for each US\$1,000 principal amount of debt. As part of the offer, Time Warner said the new agreement will be guaranteed by using HBO Inc as collateral.

## *Telecommunications*

- **Qwest Communications International Inc. said first-quarter sales fell short of analysts' estimates as customers dropped lines to fend off the economic slump.** Revenue was less than the US\$3.25 billion average projected by analysts in a Thomson Reuters survey and analysts surveyed by Bloomberg estimated US\$3.2 billion. Chief Executive Officer Edward Mueller is cutting jobs and spending less on network upgrades to shore up profit as Qwest's business customers scale back spending and home-phone customers cut their lines in favor of newer technology.
- **AT&T Inc. agreed to continue labor contract talks with a union representing about 90,000 workers in its land-line unit, averting a potential strike at the telecommunications giant.** The workers agreed to continue to report to their jobs under the terms of their previous contract while negotiations continue. Union members have already authorized a strike if discussions with AT&T fail to produce a satisfactory deal on issues such as health-care costs for workers and job security. The AT&T labor negotiations are being watched closely to see whether workers would strike in the current economic environment, and whether a company that has fared relatively well during the recession can extract significant concessions from its workers. AT&T reported US\$12.9 billion in profit last year, driven mostly by the growth in its wireless unit. Its land-line business is shrinking as consumers switch to cellphones and businesses reduce spending on telecom services. AT&T, which has roughly 300,000 workers, wants to shift some health-care costs to employees. The company needs to extract compromises from workers now to avoid the kind of crises engulfing the auto industry.
- **Cable and telephone companies are gearing up for a fight as regulators begin work on a national broadband strategy that could bring major changes to how Internet services are delivered to American homes.** The US\$787 billion government stimulus package requires the Federal Communications Commission to provide a road map for how potentially billions of future taxpayer dollars should be spent to build or upgrade Internet lines across the U.S. The agency will map out how the U.S. can ensure that every American not only has access to broadband, but has service that runs much faster than what's available. It will also look at how to update policies that haven't kept pace with the way Americans get phone, cable-TV and Internet services in their homes. Implicit in the review is that the federal government plans to invest more money in broadband infrastructure than the US\$7.2 billion promised through the economic-stimulus plan. Rules for how companies can apply for those stimulus funds are expected in the next month or so. The broader infrastructure plan is "the biggest responsibility given to the FCC since the Telecom Act of 1996," acting FCC Chairman Michael Copps.

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- **Tektronix Communications has acquired Arantech, a provider of Customer Experience Management (CEM) solutions for wireless communications providers.** The terms of the acquisition are not being disclosed. Mobile carriers are seeing a rapid increase in the use of smart phones, which is driving increased use of wireless data services. In order to identify new revenue opportunities and to more efficiently resolve service problems, carriers desire a more complete view of the user experience.
- **Former Brocade Communications Systems Inc. finance chief Antonio Canova will pay US\$369,000 to resolve a U.S. regulatory lawsuit over his role in the company's backdating of employee stock options.** Canova settled Securities and Exchange Commission claims that he engaged in business practices that defrauded investors and falsified records. The SEC, which originally sued him in 2006, dropped an assertion that he knowingly committed fraud. Brocade, the biggest maker of switches for data-storage networks, restated results twice in 2005 and paid US\$7 million to settle SEC claims. Former Chief Executive Officer Gregory Reyes was convicted in 2007 of conspiracy and fraud for backdating hundreds of option grants in 2001 and 2002.

## *Internet*

- **4D Media, Inc. has reached an agreement with Diversified Enterprises, LLC to acquire the wholly owned subsidiary GetSeats.com, LLC.** The GetSeats.com site will continue to operate and grow its diverse offering of tickets to races, concerts, sporting events and theaters nationwide. The next-generation online marketing and ticketing platform by GetSeats.com will include full-coverage syndication of local event news, community views and social media solutions for racetrack owners and event promoters. The network of website participation and local event intelligence will give GetSeats.com an edge to powerfully enter primary markets. Terms of the acquisition are not disclosed.
- **Yahoo Inc.'s Yahoo Music plans to announce a feature that will pull together music content from companies like Amazon.com, Apple's iTunes and Google's YouTube in an area of the site called Artist Pages.** The goal is to create one place to find content about hundreds of thousands of artists that is now scattered around the Web. It is all part of Yahoo's plan to open up many of its properties to features it can't or doesn't want to build itself. It is doing so to keep its Web sites from Yahoo Sports to Yahoo Mail relevant to users spending their time across a broader range of services. Another front of the effort is geared at third-party developers, including small startups as well as bigger companies like Netflix Inc. Yahoo has released tools to allow those companies to build applications that can run in Yahoo Mail or on its homepage, although most are still in testing phase. Artist Pages will be one of the biggest open undertakings to launch to date. As such, it will be an interesting test case for whether pointing to more outside services can help move the needle and boost engagement.
- **Yahoo would add as much as US\$450 million a year to earnings by combining its search engine with that of Microsoft, according to Sanford C. Bernstein & Co. analyst Jeffrey Lindsay.** Yahoo and Microsoft are battling Google for share in the slowing Web-advertising market. Yahoo rejected Microsoft's takeover offer of as much as US\$47.5 billion last year. Microsoft Chief Executive Officer Steve Ballmer said last month that the two companies should combine resources. Yahoo chief Carol Bartz has said that any negotiations would be private. Bartz, who is reorganizing Yahoo after taking over as CEO in January, will probably be able to squeeze "top dollar" from Microsoft. The positive impact to Yahoo's earnings before interest, taxes, depreciation and amortization would likely be US\$250 million to US\$450 million a year. Ballmer has spoken with Bartz on the phone and that they will meet when it's appropriate.

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- **Google will have to defend itself against a trademark lawsuit over advertisements linked to certain keyword searches.** The Second Circuit Court of Appeals vacated a lower court's ruling dismissing a trademark case brought by Rescuecom Corp. over Google's Adwords program, which allows advertisers to link to search keyword searches, and its Keyword Suggestion Tool, which recommends potential keyword links to advertisers. The case was remanded for further proceedings. Rescuecom had alleged a user might be easily misled or confused by a link to a rival's ad in a keyword search for Rescuecom's trademarked name. Google had argued, in part, that the use of Rescuecom's trademark in its internal search algorithm doesn't constitute an actionable trademark use. The three-judge appeals panel noted Google's recommendation and sale of Rescuecom's mark to its advertising customers are not internal uses. If the appellate court were to adopt Google's argument, the operators of search engines would be free to use trademarks in ways designed to deceive and cause consumer confusion.
- **YouTube and Universal Music Group would create an online hub for music videos and related content.** The agreement is the latest of many efforts by YouTube, which is owned by Google, to put more professionally produced content in front of its huge audience, and in turn, earn more money from advertising. Music videos of Universal's artists will be available both on Vevo.com, which will be owned by Universal and powered by YouTube's technology, and on a Vevo channel on YouTube. Google and Universal planned to introduce Vevo this year. They said they were working to persuade other major labels to join the site. Industry executives and analysts said the partnership appeared to be an effort to emulate the success of Hulu, an online joint venture between NBC and Fox for television shows and movies. While Hulu's audience is much smaller than YouTube's, the site has been able to attract major advertisers who view YouTube's eclectic collection of video clips with some trepidation. Music companies were among the first in the media industry to license their content to YouTube in 2006, and their videos have been among the most popular content on the site. But those clips have not produced the revenue that music companies or YouTube had hoped, creating new tension between the two sides.

## Europe

### *Telecommunications*

- **France Telecom will acquire Orascom Telecom Holding's stake in Egyptian mobile phone operator Mobinil for approximately 530 million euros (US\$699 million), as a result of a favorable court ruling.** Based on 2008 results, the consolidation of mobile operator Egyptian Company for Mobile Services, or ECMS, which is majority-owned by Mobinil and offers services under the Mobinil brand, could add over 360 million euros (US\$475 million) to France Telecom's full-year revenue and 165 million euros (US\$218 million) to its ETBIDA. It should also improve organic cashflow. The Arbitration Court of the International Chamber of Commerce ruled that Orascom must transfer its entire 28.75 percent stake in Mobinil to France Telecom. That stake represents 9,070 Mobinil shares. The decision means France Telecom can now reinforce its footprint in a market where the group is already present, in line with its growth strategy. France Telecom is present in 15 countries across Africa. Mobinil had 20.1 million customers. The ruling in favor of France Telecom follows a litigation initiated by Orascom in 2007 that sought to order the French company to transfer its Mobinil shares to Orascom Telecom following a disagreement over Mobinil's budget.
- **France Telecom will acquire a further 9.87 percent of Senegal's national telecommunications company Sonatel from the Senegalese government to strengthen its partnership with the**

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**operator.** The acquisition will increase France Telecom's stake in Sonatel to 52.2 percent from 42.3 percent. France Telecom will acquire the stake for a total of EUR209 million (US\$278 million), based on a price per share after the distribution of the dividend and an exceptional payout of EUR76 million (US\$101 million) paid by Sonatel to its shareholders. The Senegalese government will remain Sonatel's second-largest shareholder with 17.28 percent of its capital. The strengthening of the partnership will enable the group to further its development in Senegal's neighboring countries. Sonatel had 3.8 million customers in Senegal and a further 3.4 million in surrounding countries. The transaction should take effect by the end of the first half of 2009. France Telecom will acquire Orascom Telecom Holding's stake in Egyptian mobile phone operator Mobinil for approximately EUR530 million (US\$705 million), as a result of a favorable court ruling.

- **KPN NV Chief Executive Ad Scheepbouwer confirmed the firm's targets of 2010 revenue at 15 billion euros (US\$19.7 billion) and 2010 EBITDA at 5.5 billion euros (US\$7.2 billion).** The company expects full-year free cash flow in 2010 at 2.4 billion euros (US\$3.2 billion). KPN has already initiated preemptive measures in order to maintain its targets, including 1,400 jobs cuts at its Getronics unit, which were announced last week. KPN reported a 2008 EBITDA of 5.1 billion euros (US\$6.7 billion), and said it has suffered no material impact from the economic downturn.
- **Telefonica SA is open to reaching agreements with competitors to share networks, make joint investments or develop new services, in line with the mobile network sharing agreement signed recently with Vodafone Group PLC.** Telefonica and Vodafone reached an agreement to share their mobile network in Spain, Germany, Ireland and the U.K. Both telecommunications operators have expect the agreement will generate roughly 100 million euros (US\$131.9 million) in cost savings over the next ten years. The companies had already studied a network sharing agreement, but the financial crisis had accelerated the process. Telefonica hasn't been immune to the drop in consumer spending or the growing competition among telecommunications companies in the countries where it operates. Latin America, its traditional growth engine, has barely been affected by the financial crisis. The company continues to look to Brazil, Mexico and Germany for selective acquisitions to bulk up its operations. Telefonica is studying the possible purchase of German Internet provider HanseNet from Telecom Italia SpA.
- **Netia SA increased its guidance for 2009 EBITDA to 290 million zlotys (US\$88.7 million).** Netia upgraded its EBITDA forecast due to increased profitability in the first quarter. Mid-term cost reductions would be higher than previously planned and increased forecast EBITDA margin for 2010 and 2012 by three percentage points to 23 percent and 28 percent respectively.
- **France Telecom SA's Orange is considering buying the recently halted video-on-demand joint venture Project Kangaroo.** Project Kangaroo, a joint-venture between British Broadcasting Corp., ITV PLC and Channel Four Television Corp. is a Web-based service that would give viewers access to recently aired television programs through the broadcasters' Web sites, together with archive content. The U.K. Competition Commission blocked the project saying the venture would substantially limit competition in the supply of video-on-demand content at both the wholesale and retail level. The Project Kangaroo partners invested about 20 million pounds (US\$29.3 million) developing the technology behind the project.

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## South America

### *Telecommunications*

- **NII Holdings Inc. added fewer-than-expected new subscribers to its network during the first quarter amid weakening economic conditions in Latin American markets.** The company cut its subscriber growth estimates for the year. The telecom company has a significant presence in Latin America, with operations in Mexico, Brazil, Argentina, Peru and Chile, and analysts have warned the company's operations in Latin America could hamper growth as the dollar strengthens. The wireless telecommunications company said it added 266,000 subscribers in the quarter amid particularly weak conditions in Mexico, which led to higher churn rates. The company also lowered its forecast for new subscribers for the year to 1.1 million to 1.2 million, down from its previous view of 1.28 million to 1.35 million. NII had 6.2 million subscribers at the end of last year. The company is assessing the potential impact of the lower subscriber numbers on its revenue, operating income and capital expenditures forecasts for the year.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 4/10/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	100.2200	-0.1%	1.4%	8.7%	-11.0%
Hong Kong dollar	HK\$/ US\$	7.7495	-0.01%	-0.1%	-0.01%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8333	0.0%	-0.1%	0.2%	-6.4%
Singapore dollar	S\$/ US\$	1.5155	0.7%	-2.1%	3.7%	4.8%
South Korean won	KRW/ US\$	1,328.0000	-0.6%	-13.8%	0.9%	41.9%
New Taiwan dollar	NT\$/ US\$	33.7810	1.4%	-2.9%	3.1%	4.0%
Australian dollar	US\$/A\$	0.7194	0.6%	13.8%	1.3%	-17.7%
New Zealand dollar	US\$/NZ\$	0.5828	-0.5%	18.3%	-0.4%	-24.7%
Philippine peso	PHP/ US\$	47.8000	0.2%	-1.4%	1.3%	16.0%
Euro	US\$/€	1.3186	-2.2%	4.6%	-5.0%	-10.4%
British pound	US\$/£	1.4670	-1.1%	6.5%	1.0%	-26.4%

## Fixed Income Prices and Yields

Note	Currency	Current (on 4/10/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	95.58	3.78%	96.48	3.73%	98.70	3.57%
Japan 30-year	¥	103.67	2.24%	105.46	2.16%	107.43	1.99%
Hong Kong 10-year	HK\$	94.04	2.32%	95.31	2.16%	95.96	1.98%
China (06/16)	US\$	111.50	2.92%	111.49	2.97%	111.49	0.03%
Singapore 10-year	S\$	116.80	2.03%	116.30	2.09%	117.25	2.00%
South Korea 20-year	KRW	10,432.63	5.25%	10,467.56	5.21%	10,383.96	5.18%
Australia 15-year	A\$	108.67	4.80%	110.43	4.61%	111.84	0.04%
New Zealand (12/17)	NZ\$	103.89	5.50%	105.10	5.33%	110.99	4.54%
Philippines 20-year	PHP	96.86	10.11%	98.61	9.89%	90.17	10.70%
India 30-year	INR	90.65	7.77%	88.80	7.95%	104.83	7.89%
UK 30-year	£	107.35	4.35%	106.65	4.40%	112.05	4.04%
Germany 30-year	€	103.59	4.06%	103.38	4.07%	109.99	3.69%

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