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

Week of 15 June 2009 - 21 June 2009

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Equity Market Indicators					
Index	Closing Level (6/19/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	921.23	-2.6%	1.3%	2.0%	-37.3%
Dow Jones Industrial Avg.	8,539.73	-2.9%	0.4%	-2.7%	-35.6%
Dow Jones Tech. Index	313.96	-2.0%	5.6%	24.9%	-31.6%
Dow Jones Telecom. Index	188.55	-1.4%	1.4%	-5.6%	-39.8%
NASDAQ Composite	1,827.47	-1.7%	5.5%	15.9%	-31.1%
Japan Nikkei 225	9,786.26	-3.4%	8.3%	10.5%	-37.5%
JASDAQ	47.90	1.6%	14.1%	-0.6%	-33.6%
Japan Mothers	425.03	1.0%	20.5%	31.4%	-45.7%
Korea KOSPI Composite	1,383.34	-3.2%	-0.2%	23.0%	-27.1%
Korea Kosdaq	510.27	-2.7%	-6.4%	53.7%	53.7%
Taiwan Stock Exchange	6,231.15	-3.4%	-5.3%	35.7%	-26.7%
Singapore Straight Times	2,339.46	-3.6%	2.1%	32.8%	-32.5%
Hong Kong Hang Seng	17,920.93	-5.1%	5.3%	24.6%	-35.6%
Hong Kong GEM	575.76	-3.6%	13.6%	49.4%	-57.3%
China Shanghai (A-Share)	3,023.84	5.0%	8.6%	58.2%	-45.2%
China Shenzhen (A-Share)	991.74	4.5%	5.6%	70.5%	-34.8%
China Shanghai (B-Share)	184.46	2.0%	6.6%	66.3%	-49.6%
China Shenzhen (B-Share)	469.36	3.8%	16.0%	73.0%	-33.9%

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Technology, Media, Telecommunications and Life Sciences Market Activity						
NASDAQ/NYSE TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings						
Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing						
IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Markets: TMT and Life Sciences Convertibles						
Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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Weekly Highlights

International

Media, Gaming and Entertainment

- **Global entertainment and media spending will increase by 14 percent over the next four years to US\$1.6 trillion by 2013.** The increase will come at a compound annual growth rate of 2.7 percent. The U.S. entertainment and media market will grow at a 1.2 percent compound annual growth rate. PricewaterhouseCoopers' new report suggested that the key to sustainable revenue streams in 2013 lies in providing a content experience that cannot be readily duplicated elsewhere, whether the revenue model is ad-supported, subscription, or a combination. The economic downturn that began in earnest during 2008 has accelerated digital spending, due to digitally driven segments such as Internet advertising and pay television subscriptions. Digital spending will grow from 17 percent of U.S. industry revenue last year to 25 percent by 2013. Also by 2013, worldwide digital and mobile platforms will account for 78 percent of total consumer-end user-access growth to US\$387 billion, as consumers take more control over the content they want to experience.

Telecommunications

- **Of the world's top 20 broadband markets by subscribers, India recorded the fastest growth in the first quarter of this year, adding 1.13 million lines.** That compares with the addition of 16.6 million new connections worldwide, taking the global total to 429.2 million. India posted subscriber growth of 13.4 percent, ending the quarter with 6.11 million connections, making it the 15th largest broadband market in the world. Neighboring Sri Lanka recorded the biggest growth at 18 percent, albeit from a small base. At the end of Q1 the country was home to 118,000 connections, putting it in 71st place globally. China and the U.S. remain ahead of other markets by some margin with 88.09 million and 83.97 million lines respectively. Growth in China was 5.66 percent during the quarter and 4.14 percent in the U.S. China added 4.8 million lines in Q1. Third-placed Japan recorded growth of just over 1 percent to 30.63 million lines, while ninth-placed Brazil was the only member of the top 10 to see bigger growth than China, at 5.81 percent.

Semiconductor

- **Chipmakers are likely to double capital expenditure on wafer-fab factories and invest 90 percent more to buy equipment next year than they do this year.** SEMI, which represents over 2,200 manufacturers in semiconductor and liquid-crystal display segments worldwide, estimates 2009 spending on wafer fab constructions to drop 56 percent to US\$2 billion from last year, the lowest outlay in 10 years by the industry, and capital expenditure on equipment to lose 50 percent. However, first-tier chipmakers including Taiwan Semiconductor Manufacturing Co. (TSMC) will begin to increase spending on fab construction and manufacturing equipment in the second half of this year. SEMI ascribes the equipment-procurement recovery mostly to the introduction of a low-priced 3G iPhone and mainland China's subsidizations for household appliances and information-communications technology products, which have stimulated consumptions of these products.

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Japan

Telecommunications

- **Japanese operator KDDI is merging its South Korean subsidiaries Prism Communications and KDDI Korea.** Following the merger, the merged entity will use the KDDI Korea name. KDDI decided to merge the subsidiaries to efficiently expand the ICT business in Korea.

Mobile/ Wireless

- **The number of mobile phone shops in Japan is expected to contract by 5 percent this year, the Nikkei reports, citing research firm Seed Planning.** The number of shops operated by thirty major retailers is expected to fall by 5 percent to 4,600 in fiscal 2009, from 4,866 in fiscal 2008. This would be the second year of decline. Furthermore, shops selling handsets for different carriers are forecasted to drop by 50 percent to 400 while shops specializing in one carrier are expected to increase by 3 percent to 4,200. The new pricing schedules introduced by the mobile operators, which offered higher handset prices but cheaper calling plans, have made things more difficult for mobile retailers.

Semiconductor

- **Elpida Memory Inc. plans to apply for public funds to shore up its depleted capital.** Elpida, which plans to tie up with a new memory chip firm set up by Taiwan, has been battered by low dynamic random access memory prices even as it chases bigger rivals Samsung Electronics Co Ltd and Hynix Semiconductor Inc.
- **Orders for Japanese chip-making equipment rose for the third straight month in May, suggesting conditions may be leveling off in the semiconductor sector, which has been weakened by slow demand and low prices.** In the latest sign of bottoming out, orders for tools used to make microchips rose 22 percent in May from the previous month to 31.4 billion yen (US\$326 million). Orders were still down 65 percent from a year earlier. The ratio of the three-month moving average of orders to sales stood at 0.66 in May, preliminary figures from the Semiconductor Equipment Association of Japan showed, meaning that for every 100 yen (US\$1.00) of sales, chip makers placed new orders worth 66 yen with Japanese equipment makers. That was up from 0.44 in April, but still well below 1.00. A reading above 1.00 shows that orders are outpacing sales, signaling a recovery in subsequent months.
- **Toshiba Corp. said it plans to mass produce 28-nanometre system chips in the next business year as it fights to stay relevant in an area dominated by the likes of Intel Corp and Texas Instruments Inc.** Toshiba is hurrying to restructure its system chip business, which has been smarting from shrinking demand, high costs and falling prices. Toshiba and NEC Electronics would extend their development agreement with an IBM-led group of firms to develop 28-nanometre chips together. Toshiba had previously said it planned to start mass-producing 32-nanometre chips next year, but it now plans to skip 32-nanometre production altogether at its system chip plants in southern Japan. Systems chips control multiple functions in electronics or cars and look like a maze of circuits on a single sliver of silicon. Producers have been racing to shrink their chips while packing more power into each unit.
- **Toshiba Corp. will shoulder US\$307 million in restructuring costs from shutting down its old system chip and discrete chip lines as it seeks to unload losses.** Toshiba plans to cut production capacity for lines that process 150-millimetre or smaller silicon wafers by 30 percent in the year to March 2010. The move comes after talks to merge Toshiba's system chip operations with NEC

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Electronics Corp floundered at the end of last year, with NEC Electronics announcing in April that it planned to merge with Renesas Technology Corp. Toshiba, which expects losses to continue on its chip operations this year, plans to scrap two lines at its Kitakyushu plant in southern Japan, to stop production at two lines in Himeji in western Japan, and to reduce production at two more plants.

Hardware

- **Sony Corp. chief executive Howard Stringer said the Japanese electronics conglomerate's turnaround efforts, which include job cuts, plant closures and a management reshuffle, were advancing well.** Sony last month forecast a second consecutive year of losses as the global slump hits demand for electronics. To get back to growth, it is implementing far-reaching restructuring such as a headcount reduction of about 16,000 people and closure of eight of its 57 manufacturing sites. Mr Stringer took the helm at Sony in 2005 vowing to deliver growth and get its various divisions to work closely together to compete with new rivals such as Apple in portable music and Nintendo in games. Mr. Stringer's efforts have been hampered by a stronger yen and sluggish demand for its electronics products, which include Bravia liquid-crystal display televisions, Cyber-shot digital cameras, and the PlayStation 3 game console. Sony shareholders also approved a new management set-up at the company that will center power around Mr. Stringer and a team of younger executives.

Internet

- **Rakuten Inc. now intends to take on 100 more new college graduates in the spring of 2010 than previously planned, for a maximum of 400, thanks to growing online sales operations.** The virtual mall operator, which hired 307 college graduates this spring, had earlier eyed a similar number for next year. Its development division, which creates online services, will hire 150 graduates, up 40 percent from the spring of 2009. The other 250 are bound for sales and administration. Roughly 30 percent of this class of 2010 will have science backgrounds. Rakuten headquarters will employ six Chinese in the fall and seven Indians next January. In midcareer personnel, the company is keeping the 2009 figure on a par with last year's, which came to 690. The Rakuten group employs about 5,500 workers overall, a figure that the company says will top 10,000 within a few years.

Korea

Semiconductors

- **MagnaChip Semiconductor said its parent companies filed for Chapter 11 bankruptcy protection in the U.S., after a South Korean investment fund acquired assets of the troubled chip maker.** MagnaChip had signed a deal with a fund led by KTB Securities to acquire MagnaChip and its operating and sales affiliates. Its South Korean operations for production and sales, and sales units in Europe, Taiwan and Japan, are not part of the Chapter 11 filing. The chip maker, formerly a unit of Hynix Semiconductor and bought by CVC and Francisco Partners in 2004, was put up for sale as it struggled under heavy debt and a severe industry downturn. The U.S. parent firms hold all debt owed by MagnaChip, while the KTB fund is acquiring assets, goodwill, and employees of the company. Magnachip, which makes image sensors for mobile phones and display driver chips for flat-screens, supplies to major Asian technology companies including LG Display Co Ltd and Sharp Corp.

Mobile/Wireless

- **Samsung Electronics Co. expects the global handset market to remain weak for the rest of 2009 but remains on target to hit its handset shipments goal set for the year.** The second half of

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this year is unlikely to be much different from the first six months, with Samsung Electronics vice president of overseas marketing for mobile communication Younghee Lee adding that contraction will likely continue. The global handset market will likely contract around 5 to 10 percent this year, in line with industry experts' forecasts at the end of last year. Samsung remains on target to achieve its goal of 200 million handset unit shipments for the year. Samsung had shipped 45.8 million handsets in the first quarter. The global mobile phone market has been hit hard by the broad economic downturn. ABI Research said in a report that worldwide handset shipments fell 11.9 percent during the first quarter from a year earlier to 255.6 million handsets shipped. But Lee said Samsung remains positioned for growth as the company continues to introduce new products in various categories to meet consumer demand, as opposed to concentrating on a specific product or region.

- **Samsung Electronics Co. said its target for 20 percent of the global handset market this year remains intact and it will continue to maintain its market share in the industry next year.** The company is very confident it will increase its market share in advanced nations such Europe and the U.S., and in emerging economies. As of the first-quarter of this year, Samsung Electronics had an 18.7 percent market share for handsets globally, following Nokia Corp.'s 38 percent. In 2008, Samsung's market share was 16.7 percent. The company will continue to focus on the high-end handset segment, especially the smartphone business, in which Samsung is largely considered to be a latecomer compared to other global rivals such as Research In Motion and Apple Inc. Despite the economic downturn worldwide, the company is concentrating on smartphones, touchscreen phones, and message phones this year.
- **Samsung and LG Electronics are scrambling to make up for a late start in a red-hot smartphone market epitomized by blockbuster devices such as the iPhone and the BlackBerry.** The Koreans, who are respectively No.2 and No. 3 in the overall mobile phone market, may have the technological prowess and branding power to take a leap into this fastest-growing segment, but they may have to invest significant chunks of time and effort to become top-ranking global players. Samsung Electronics this week unveiled new phone models boasting features comparable to Apple's iPhone as it tries to muscle in on a smartphone market that could grow 10-20 percent this year against an expected decline in sales of traditional cellphones. "It's going to be very tough for Samsung to grow share later into 2009 and even more so in 2010 as they'll face competitive pressure" from smartphone makers," said Avian Securities analyst Matthew Thornton. The Koreans may also be hampered by a lack of global reach for mobile content and services, vital for smartphones, which are commonly defined as handsets with computer-like capability.
- **Arima Communications Corp. and Mediatek Inc. will benefit from LG of South Korea's effort to raise global shares in the cellphone market.** LG promised to become one of the world's two-largest cellphone brands by 2012, with market share reaching 10 percent this year. Because of the growth in sales of CDMA (code division multiple access) cellphones to the U.S. market and the booming sales of touch cellphones in both the U.S. and Europe, LG sold over 100 million cellphones worldwide as the world's third-largest brand, only behind Nokia and Samsung last year. LG has set a goal to sell over five million of their Arena smartphones to become one of the world's top-two brands by 2012. Skott Ahn, president and CEO of LG's mobile phone section, said he is very confident of LG's development in China this year, stressing that while LG had a mere 2 percent share in China's cellphone market last year, the company will see the market share triple this year due to its promotion of third-generation cellphones.

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Internet

- **The number of Korean internet phone users has surpassed 4 million since beginning service two years ago.** Since beginning services in June 2007, the number of internet phone subscribers has increased to 2.5 million as of the end of 2008 from a mere 370,000 at the end of 2007. The number of subscribers has grown to 3.95 million at the end of May, and industry watchers estimate that the figures have already surpassed 4 million. By company, LG Dacom has the largest number of subscriptions with 1.57 million; KT came in second with 640 thousand subscribers and SK Broadband came in third with 510 thousand. Korea Cable Telecom and Samsung Networks had 450 thousand and 430 thousand subscriptions, respectively. The number of subscriptions is expected to increase further as the time it takes to switch over to internet phones will decrease from the current five days, starting in September this year.
- **According to report by comScore, local South Korean companies represent the majority of top Internet properties in the country.** NHN Corp. ranked as the top Internet destination in South Korea with 22.7 million visitors in April 2009, reaching 81 percent of the total online population. Daum ranked in second place with 20.5 million visitors (73 percent reach), followed by SK Group, which includes CyWorld, with 20.2 million visitors (72 percent reach). According to comScore qSearch, 3.4 billion searches were conducted in South Korea in April, a 61-percent increase versus year ago. NHN, which includes Naver.com, led the search market with 2.1 billion searches conducted on its sites (62 percent search market share), followed by Daum with 680 million searches (20 percent) and Google Sites with 251 million searches (7 percent).

Hardware

- **LGD and Samsung Electronics have decided to increase LED BLU application to 7 units out of 10 among LCD panels for notebook PCs that will be rolled out in the second half of this year.** The two firms have started active LED BLU shipment and are expected to shift the light sources for LCD panels for notebook PCs from CCFL to LED in the second half of this year. LGD and Samsung Electronics, No.1 and 2 in the LCD panel market for notebook PCs will increase the share of LED BLU note LCD panel to 70 percent of overall shipment in the second half. Samsung Electronics plans to carry LED BLU in 2.5 million units of notebook PC LCD panels a month on average in the second half. As the two companies have expanded aggressively into high added-value LED BLU notebook panel shipment, existing CCFL light source will be rapidly replaced with LED in the second half. Display Search, a market survey firm, expected a 53 percent increase in distribution rate for LED BLU notebook panels for the third quarter.

China

Hardware

- **Hisense Electric plans to raise as much as 1.5 billion yuan (US\$219 million) by private placement of up to 150 million shares in order to fund further expansion into upstream segments of liquid-crystal display (LCD) television manufacturing.** The share offer would target both institutional and individual investors at no less than 10.83 yuan (US\$1.6) per share. Proceeds from the placement, which has yet to be approved by the China Securities Regulatory Commission (CSRC), would be used for boosting production capacity in LCD modules and flat-panel television sets. After the expansion, production capacity of LCD modules, a key component for flat-panel television sets, would jump from 1.5 million units to 6.5 million. The manufacturing of LCD

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modules, which usually makes up about 70 percent of the cost of the final product, has been an area of intense competition for domestic television makers. Hisense had attempted to issue additional shares to raise 1 billion yuan to fund an LCD module expansion project in April last year, but the CSRC vetoed the effort for reasons not fully clarified.

Internet

- **Beijing Municipal Government rolled out an informatization infrastructure plan, aiming at transforming the city into an information hub and Internet center.** The municipal government expected to absorb rolling investment of 100 billion yuan (US\$14.6 billion) for the construction of the informatization infrastructure by 2012. To promote related industries' investments of about 200 billion yuan, Beijing plans to take the lead in building the urban-rural integrated high-speed broadband information networks during the implementation of 3G construction. As of the end of May 2009, Beijing boasts 10.4 million internet users, 8.8 million fixed-line phone users, 17 million cell phone users, and four million broadband access service subscribers.
- **MySpace.cn announces that its operations will not be affected by the layoff plan of its parent MySpace.** MySpace's Chinese venture lacks the popularity its parent in the US has seen in the past years. Some believe that MySpace has encountered a setback in its expansion in the Chinese market. In the second half of 2008, Luo Chuan, former CEO of MySpace.cn, joined China Mobile Ltd., MySpace.cn's operating director went to work for Huawei Technologies Co. Ltd., and MySpace.cn's marketing director and product director left their posts as well. In June 2009, it was reported that Myspace planned to cut 30% of its jobs. Even in the US the company faced a big challenge from archrival Facebook. In May 2009, Facebook's user growth doubled from a year ago, while MySpace's user base lessened 5 percent.
- **Sohu.com Inc. announced the introduction of a 3G channel, based on the company's media platform, which will act as a dedicated broadcaster of 3G-related information for users.** Sohu will provide some basic information services, such as a 3G map and product trials, through its 3G channel. The company registered the domain 3g.sohu.com for the channel. It was disclosed that the 3G channel would cooperate with Sohu's entertainment channel to offer an entertaining and fashionable experience to users. The new channel will join hands with Sohu's sports and financial channels.
- **Sina Corp. said online advertising sales would rebound as property and vehicle clients increased spending, after reporting a 31 percent drop in quarterly profit because of a decline in revenue.** Third-quarter advertising sales were expected to increase from the current quarter. Still, the year-on-year comparison is challenging. First-quarter advertising sales fell 9.8 percent from a year earlier, prompting the company to freeze some rates to retain clients, and first-quarter net income dropped to US\$9.75 million from US\$14.1 million a year earlier. Advertising sales fell to US\$43.2 million from US\$47.8 million.

Mobile/Wireless

- **An industry insider reveals that China Unicom will continue the first phase of 3G construction in the remaining 229 cities, after it launched the first batch 3G trial commercial operation in 55 cities in May.** The telecom service operator plans to finish the network construction in the 229 cities by the end of this year, and will have the cities capable of providing services in September, when the cell phone numbers will be released. China Unicom's second batch network construction will cover the country's major prefecture-level cities, while its first batch construction was mainly arranged

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in the provincial capitals and developed cities. Its first phase 3G network construction will cover China's 284 cities with 78,600 base stations established. Key cities and important regions will enjoy complete coverage of China Unicom's 3G network signals.

- **Investment by mainland telecommunications network operators so far this year has exceeded last year's total because of the deployment of the 3G mobile system.** State-owned operators China Mobile, China Unicom, and China Telecom Corp have substantially boosted network investment since Beijing issued 3G licences in January. The increased investment is mainly due to the roll-out of new 3G networks, such as Unicom's deployment of a network covering more than 300 cities this year. China Telecom had opened the tender for the second phase of its CDMA network, which could extend its coverage to more than 500 cities. Beijing estimates the operators will spend more than 300 billion yuan (US\$43.9 billion) on 3G deployment. Unicom had previously said it would spend 100 billion yuan (US\$14.6 billion) on network infrastructure alone this year, while China Telecom plans to spend 80 billion yuan over three years.
- **China Mobile Ltd. obtained approval from Taiwan's Far EasTone Telecommunications Co (FET) to buy a 12 percent stake in the company, sources reported.** Shareholders of FET approved the issuance of up to 444 million new shares valued at NT\$17.7 billion (US\$537 million) to China Mobile to fund mergers and acquisitions or to invest in new business. China Mobile is planning to set up a wholly-owned subsidiary in Taiwan to handle the share transaction. The deal, which still needs regulatory approval, is expected to be the first direct investment by a mainland state-owned company on the island in six decades. China Mobile and FET jointly announced the proposed deal in late April. China Mobile, which just began offering 3G services in mainland China, has been seeking to expand overseas and to enhance its services. The company's first-quarter net profit grew 5.2 percent.

Telecommunications

- **The China Telecom Group signed a long-term strategic cooperation agreement with northwestern China's Shaanxi Province to accelerate the information industry in the province.** China Telecom Group agreed to invest 20 billion yuan within five years in the construction of Shaanxi's communications infrastructure to strengthen its comprehensive information service capability. The telecom giant plans to put four billion yuan into Shaanxi this year to improve the quality of wire and wireless wide band services in the province. It will stretch the coverage and utilization of its rural information network in Shaanxi, a large agricultural province, in an effort to narrow the distance of rural residents within the market and reduce the economic risks for them in operating farm products.
- **JPMorgan buys 31.04 million shares in China Telecom at HK\$130 million (US\$16.8 million).** According to the data of the Stock Exchange, has acquired 31.04 million shares, 0.22 percent issued share capital, of China Telecom, at HK\$4.19 (US\$0.54) apiece.
- **ZTE Corp. is likely to secure the biggest contract in China Mobile Ltd's third round of bidding to supply TD-SCDMA wireless equipment, sources reported.** ZTE is likely to win a 36 percent share of China Mobile's equipment purchases, while Huawei Technologies Co Ltd and Nokia Siemens Networks may win a combined share of 30 percent. Datang Telecom Technology Co Ltd is expected to obtain an 18 percent share. China Mobile, the country's largest telecom operator, is expected to announce the bidding results soon. The telecom operator this year aims to build 85,000 TD-SCDMA base stations in 238 Chinese cities. It currently owns TD-SCDMA base stations in 38 cities in China, and has 514,000 3G network subscribers.

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- **The China Unicom Group will invest 40 billion yuan (US\$5.85 billion) in Henan province in the next five years on its 3G mobile network and fixed-line broadband transmission infrastructure.** The investment is part of a strategic alliance China Unicom Group has reached with Henan to enhance the province's information technology infrastructure. The company is spending 3 billion yuan this year building 7,000 WCDMA 3G base stations across the province. About 1,863 base stations have been undergoing trials since last month. The company will also increase its broadband internet connectivity bandwidth and optimize the network infrastructure in Henan. Analysts believe the massive investments made by telecommunications operators on the mainland will directly benefit equipment vendors such as ZTE Corp. Unicom chairman Chang Xiaobing said such investment plans could help the local economy face the challenges of the tough economic environment.

Media, Entertainment and Gaming

- Chinese digital advertising company Focus Media Holding Ltd reported a narrower-than-expected quarterly loss, and forecast sequentially higher revenue for the second quarter. The company said it would cease expansion of its digital poster frame network in light of uncertain demand. Focus Media posted a net loss of US\$5.7 million, or US\$4 cents per American Depositary Share, compared with a net loss of US\$53.8 million, or US\$42 cents per ADS, a year ago. Net revenue from continuing operations fell 14 percent to US\$66.7 million, while that from discontinued operations fell 23 percent to US\$64.4 million. Analysts on average had expected the company to post a loss of 5 cents a share, according to Reuters Estimates. For the second quarter, the company expects revenue from continuing operations of US\$69 million. Net revenue from discontinued operations is expected to be US\$81.5 million.
- **UTStarcom Inc. will focus on IPTV solutions in China. China and India serve as two major markets for UTStarcom.** While centering its business on broadband in India, the company would prioritize the development of IPTV solutions and related products in China. The company would take initiatives to concentrate its resources on specific business areas, services and markets. It will develop differentiated products with leading technologies to boost revenue and gross margin. The company recently announced plans to downsize global headcounts by over 50 percent and cap annual operating expenses below US\$100 million. The company has set about to move its functional departments in the US headquarters to China. It will retain about 2,000 staff for major markets including India and China.
- **Advertising and consumer spending in the mainland's media and entertainment industry will probably grow 7 percent this year and next.** Despite the global downturn, the mainland will still manage to see a 2.15 percent gain in advertising revenue this year, to US\$20.6 billion. Global advertising revenue was expected to fall 12.1 percent this year and rebound to a 1.4 percent increase in 2011. Video games and the internet were expected to be the leading growth engines on the mainland, with spending expected to grow at a compound rate of 15 percent and 13 percent, respectively, this year and next. Spending on digital music and outdoor media would increase 7.5 percent during the period, the study estimated. Revenue from digital media would account for 39 percent of the total in 2013, up from 28 percent last year. PricewaterhouseCoopers' global leader of entertainment and media practice, Marcel Fenez, said media companies needed to expand their digital operations, as more and more users were getting content online than by traditional means, such as printed and broadcasted media.
- **Perfect World announced that it has updated its revenue guidance for the second quarter of 2009.** Due to stronger than expected ramp-up and traction of the newly launched "Battle of the Immortals," especially in the past month, and better than anticipated results from recently launched

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expansion packs on some of the existing games during the second half of the quarter, the Company now raises its revenue guidance to be between 489 million yuan (US\$71.5 million) and 510 million yuan (US\$74.6 million), which represents a sequential increase of 15 to 20 percent. This compares to the previously announced sequential guidance of a 2 percent decline to a 2 percent increase in revenue.

- **Shanda Games has secured an exclusive operator agreement for Japanese online game company Cyberstep's 3D fighting casual online game Get Amped II and 3D shooting casual online game Cosmic Break in China, according to 17173.com.** Shanda currently operates Cyberstep's 3D online casual fighting game Get Amped.
- **According to reports in local Chinese media, The9 Limited is seeking to cooperate with Kingsoft Limited to extricate themselves from the predicament their in after losing World of Warcraft.** Once they come to an agreement, the9 Limited will be a partner in operating the new knight-errant MMORPG "Jianxia Online 3" which is produced by Kingsoft Limited in China. There are currently no official announcements or other details available..

Software

- **Longtop Financial Technologies Limited, has signed a contract to upgrade the Customer Relationship Management (CRM) system for the headquarters of a leading National Commercial Bank in China.** It was first selected by the customer to develop a customized CRM system in 2008 to improve the quality of client services and increase business efficiencies. In the phase-two project, the company will implement data mining techniques and new analytical functions will be added, including performance appraisal, unified view of customer profile, customer analysis and decision making, statistical inquiry and reporting.

Alternative Energy

- **Yingli Green Energy Holding Company Limited (Yingli) a Chinese vertically integrated photovoltaic ("PV") product manufacturer, announced that its follow-on public offering of 18,600,000 American Depositary Shares (ADSs), each representing one ordinary share of Yingli, was priced at US\$13.00 per ADS.** Of the 18,600,000 ADSs sold in the offering, 15,600,000 ADSs were sold by Yingli Green Energy, and 3,000,000 ADSs were sold by a selling shareholder, Yingli Power Holding Company Ltd., a company beneficially owned by the family trust of Mr. Liansheng Miao, the chairman and chief executive officer of Yingli Green Energy. The offering was increased from its initial announced size of 15,500,000 ADSs. Yingli Green Energy has granted the underwriters an option to purchase up to 2,790,000 additional ADSs to cover over-allotments. The company intends to use the net proceeds from the offering, after deducting underwriting discounts and offering expenses, to repay certain existing indebtedness, including repayment of approximately US\$50.0 million in a loan facility provided to its subsidiary, Yingli Energy (China) Co., Ltd., by Asia Debt Management Hong Kong Limited, and for general corporate purposes. Deutsche Bank Securities Inc. (as Global Coordinator), Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are the joint bookrunners and underwriters for the offering. Piper Jaffray & Co. is the co-manager for the offering.
- **LDK Solar Co., Ltd., in an alliance with China Nuclear Power Engineering Co. and the Belgian Enfinity, has won the bid for China's Dunhuang photovoltaic (PV) station project.** They won the bid at the price of 1.09 yuan/kwh and inked a 25-year contract. The station is in the pilot production phase. Despite that the enterprises can hardly make profits with the tender price now, their profits are expected to be on the rise as the PV station's mass-scale development will gradually cut

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down power generation costs. Dunhuang PV station, as a national exemplary project, will surely be connected to a grid for power generation.

Semiconductor

- **Semiconductor Manufacturing International Corp. (SMIC) said demand in the country for its products was recovering, and orders in the third quarter would be better than the second.** China's 4 trillion yuan (US\$585 billion) stimulus package is spurring domestic demand for chips used in televisions, mobile telephones and other electronic products. Increased sales on the mainland might help SMIC post an annual profit next year. The firm reported losses for each of the past four years. New orders in December last year fell to 20 percent of September levels. Demand began to increase in January and became very strong in March and April. China became the world's biggest buyer of chips in 2005 as Nokia and Sony produced more mobile telephones, gaming consoles and other electronics in the country. Chip sales on the mainland may decline to US\$63 billion this year from US\$73 billion last year. Sales might rebound to US\$70 billion next year. Increased consumer demand had led the chipmaker's clients to restock, fuelling orders for SMIC. Clients, which usually keep six weeks of inventory, reduced their stockpiles to two weeks in December.

Information Technology

- **Despite the economic slump, mainland information technology and financial services companies are pushing ahead with key investments in Britain, with an eye to accelerating their expansion across Europe.** Initiatives from Huawei Technologies, Alibaba.com, China Central Television, China Mobile, Crystal Digital Technology, China Construction Bank Corp and China Merchants Bank were just the cream of 59 new mainland projects in Britain in the past financial year to March. Britain's international business development and promotion group ranked China as the eighth-largest source of foreign direct investment during a strong year in which Britain saw a record 1,742 new projects from 53 countries, up 11 percent from the previous financial year.

Taiwan

Telecommunications

- **Chunghwa Telecom Co. has signed an agreement with Yahoo Inc. to launch the search engine's mobile Web service in Taiwan.** Yahoo said its mobile Web service is now available in 17 markets in Europe, Asia and the Americas.

Semiconductor

- **Powerchip Semiconductor Corp said a majority of investors holding its US\$158 million convertible bond had accepted its offer to reset the terms of the bond, which matured last week.** Powerchip proposed a cash and equity swap plan, seeking to attract more investors to agree to convert the bonds at a lower share price, as the company's share price has fallen sharply during the memory chip sector's worst-ever downturn. Under the original terms, bondholders could start converting the bond issued five years ago into Powerchip shares at NT\$20.17 (US\$.612) each from June 17. The new tender will allow investors to convert the bonds into more Powerchip shares at a lower price. The conversion price will be based on Powerchip's average closing price in the five trading sessions during June 19-25, 2009. Powerchip will offer bondholders US\$400 in cash and another US\$600 worth of shares for every US\$1,000 principal.

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Hardware

- **MediaTek Inc. recently cut its foundry contracts for the third quarter by 30 percent, up from 10 percent, due to a downturn of handset market demand in mainland China.** MediaTek is currently the biggest cellphone-chip supplier in the mainland. Industry watchers pointed out that the mainland's handset demand has been on the decline since the May 1 Labor Day. They said that although the mainland's handset market revived earlier than the markets in any other countries, the growth pace has not been as significant as the mainland's other government-subsidized segments. The moderate mainland market for mobile phones has also promoted Qualcomm to announce that its shipments of chips would likely recess in the third quarter. From past market records, chip vendors usually increase foundry contracts to pure manufacturers in the third quarter in preparation for the mainland's fourth-quarter shopping holidays. So far this year, the mainland handset market has departed from past traditions.

Hong Kong

Hardware

- **TPV Technology is seeing overall orders improve amid rising demand for flat-panel television sets.** The company's first-quarter net profit tumbled 67.2 percent year on year to US\$14.88 million, but beat brokerage CIMB's estimate of US\$12.7 million. Revenue fell 42 percent to US\$1.379 billion. CIMB expected TPV's earnings to resume growth from the fourth quarter on stabilizing flat-panel prices, cost-cutting, and rising demand. The business suffered as firms cut spending on information technology in the quarter. Research firm Display Search said global demand for LCD monitors would decline 4.2 percent year on year to 160 million units this year and could remain flat next year. TPV's first-quarter overall shipments fell 7.3 percent to 11.4 million units, while LCD monitor sales slid to 9.8 million units from 11.4 million units, but LCD television sales almost doubled to 1.5 million units. Firm demand for LCD television sets in North America and Europe could generate 30 percent of group revenue by year-end, up from 25.5 percent in the first quarter.
- **VTech Holdings would expand its operations outside its key market of North America.** The company is seeking to boost its exposure in the Asia-Pacific region and other regions such as South America, where sales have been less affected by the global financial crisis. The company announced a new three-year contract to supply fixed-line phones to Australian telecommunications giant Telstra Corp, its first direct presence in that country. VTech reported a 33.6 percent decline in net profit for the year to March, down to US\$143.2 million on a 6.7 percent drop in revenue to US\$1.448 billion. It declared a final dividend of 41 US cents per share, down from 51 US cents. North America contributed 53.4 percent of VTech's revenue in the financial year. Revenue generated there fell 11 percent to US\$772.8 million. Sales from the Asia-Pacific dropped 1.6 percent to US\$55.2 million but contributed only 3.8 percent of the group's revenue.

Internet

- **Tencent Holdings Ltd.'s chief technology officer Zhang Zhidong sell 1 million shares on June 16, 2009 at HK\$89.3 (US\$11.5) apiece.** Through the deal, Mr. Zhang recovered over HK\$89 million (US\$11.4 million) in cash and decreased his stake in the Chinese online and mobile value-added service provider from 4.1 percent to 4.05 percent. From May 26, 2008 to January 5, 2009, Tencent Chairman and CEO Ma Huateng sold over HK\$600 million (US\$77.4 million) worth of Tencent shares. Martin Lau, Tencent's president, cut his holdings to 0.62 percent on May 12, 2009 via the sale

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of 200,000 shares, valued at HK\$15.9 million (US\$2.05 million) in total. Other senior executives of the company have also cashed in on share sales recently. However, Mr. Ma said that his stake cut was based on personal needs, instead of his pessimism about the company's prospect. Tencent announced that these deals were related to its strategy.

- **Tencent Holdings is interested in listing its shares on the mainland.** The company hopes to provide a channel for its 411 million mainland users to buy its shares, although it has not set a timetable. It could be better for red chips, which refer to mainland firms registered overseas, to list on the mainland before other foreign companies. Tencent is registered in the Cayman Islands. The company had no immediate plans to reduce the size of the board lot on the exchange. Tencent, the country's largest instant message service provider by number of active users, has branched out to other internet value-added services, such as online games and social networking communities.

Singapore/Malaysia/Philippines/Indonesia/India/Australia

Telecommunications

- **Singapore Telecommunications Ltd. is in discussions with the Australian government about divesting its fixed-line assets to a new national broadband network company being formed by the government.** SingTel wants up to a 30 percent stake in the new company that will be set up by the Australian government. The fixed-line assets are worth around A\$1.7 billion (US\$1.4 billion). The talks are expected to be completed by November. SingTel's Australian unit, Optus, had initially sought to build Australia's national broadband network as part of a consortium. But the government said in April that it will scrap the tender process and instead plans to back the A\$43 billion (US\$34.9 billion) high-speed fiber-to-the-home broadband network with investments from the private sector, as the global financial crisis dashed hopes of a single private company completing the project.
- **StarHub has joined a consortium comprising major Asian telecommunications companies that have agreed to jointly plan and develop a proposal to build an international submarine cable system in the Asia Pacific region.** The cable system, known as the Asia-Pacific Gateway (APG), will span 8,000 kilometres across the region, linking nine countries, namely Malaysia, Singapore, Thailand, Vietnam, Hong Kong, the Philippines, Taiwan, Mainland China, Japan and Korea. The APG will use the latest Dense Wavelength Division Multiplexing technology with a minimum design capacity of 4 terabits per second of data bandwidth that will provide additional bandwidth capacity to the carriers.
- **India's telecommunications minister expects at least 250 billion rupees (US\$5.2 billion) from the auction of radio bandwidth for third generation, or 3G, mobile phone and broadband wireless services.** Minister Raja's estimate is higher than the 200 billion rupees (US\$4.2 billion) projected in the interim budget in February. Clarity on the number of licenses to be auctioned and the reserve price to be set will emerge after a meeting between officials of the telecommunications department and the finance ministry. The telecommunications ministry's plan to auction radio bandwidth for 20 of India's 22 telecom service areas has been delayed after the finance ministry suggested that the starting auction price of 20.20 billion rupees (US\$421 million) planned earlier be doubled.
- **Bharat Sanchar Nigam Ltd. has sought initial bids from over 150 retail companies for partnering with the state-run telecommunications services provider to sell its services.** To increase its reach in the world's fastest growing telecom market, BSNL plans to sell its basic mobile

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telephony and third-generation mobile phone services, and broadband services through its retail partners. Retail companies such as Vishal Retail Ltd., Essar Group's The Mobile Store, Aksh Optifibre Ltd. and Happy E-zone Ltd. have submitted their bids, according to two BSNL officials involved with the process. Retailers intending to bid must have a minimum of 50 outlets operating in India with an annual turnover of 500 million rupees (US\$10.4 million) each year for the last two years. BSNL is trying to catch up with bigger rivals such as Bharti Airtel Ltd., Vodafone-Essar Ltd. and Reliance Communications Ltd., which have been able to expand their subscriber base by reaching out to customers through retail outlets. BSNL, India's fourth largest mobile phone services provider with 53.18 million subscribers, now sells its services across the country through 1,200 franchisee outlets. India had 403.66 million subscribers at the end of April.

- **MTN Group Ltd.'s proposed 25 percent stake in India's Bharti Airtel Ltd. will be via global depository receipts.** The GDRs will be listed on the Johannesburg Stock Exchange. MTN will buy a 25 percent stake in Bharti, with another 11 percent held directly by MTN shareholders.
- **Tata Teleservices Maharashtra surged as much as nine percent on the Bombay Stock Exchange a day after Tata Teleservices, in partnership with Japanese firm NTT DoCoMo, announced the launch of its GSM services.** Shares of Tata Teleservices Maharashtra (TTML), the listed entity of telecom operator Tata Teleservices, opened firm on the bourses and witnessed a high of 39.95 rupees (US\$0.84), up 8.56 percent over previous close. Over 11.1 million shares changed hands on both bourses.

Information Technology

- **According to Mumbai local report, Switzerland-based bank UBS is believed to have put its business process outsourcing (BPO) and knowledge process outsourcing (KPO) units up for sale. The bank, which has centres in Poland and Hyderabad, is in talks with Indian IT companies such as Infosys and Wipro, said a person familiar with the possible transaction.** The UBS India Service Centre (ISC), along with its Krakow (Poland) centre, is valued at around \$200 million, according to another source. The story was first reported by ET NOW. When contacted, Infosys CFO V Balakrishnan denied that they were in talks with UBS, while Wipro chief strategy officer and head of M&A KR Lakshminarayana declined to comment on the deal. A UBS spokesman in an e-mail response to ET said: "UBS continually seeks to explore commercial opportunities in all jurisdictions in which it operates that have the potential to be of benefit to the company and its component businesses. However, UBS remains committed to all its activities in India."

Investments/ Ventures

- **Macquarie Communications Infrastructure Group, an investment company that focuses on investing in communications infrastructure asset, said that suitor Canada Pension Plan Investment Board (CPPIB) has agreed to sweeten its bid in a move that is seen as likely to win over investor support.** Macquarie Communications said CPPIB will allow the group to pay a special distribution of 50 cents a security if holders approve CPPIB's A\$1.36 billion (US\$1.1 billion) takeover offer. The special distribution is on top of the A\$2.50 (US\$2.03) a security CPPIB is offering for Macquarie Communications. Macquarie Communications shares rose sharply on the revised offer amid expectations that previously reluctant shareholders will be swayed by the extra payment. Macquarie Communications, which is part owned by Macquarie Group Ltd., was trading up 26.3 percent at A\$2.93 (US\$2.4). The revised offer represents fair value. Credit Suisse analysts said that while they still view CPPIB's offer as opportunistic, there's a very high likelihood that the deal will be approved by security holders.

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United States/Canada

Mobile/Wireless

- **Research In Motion forecast second-quarter profit and sales that fell short of some analysts' estimates.** Profit in the period to August 29 would be US\$0.94 to US\$1.03 a share on sales of US\$3.45 billion to US\$3.7 billion, Research in Motion said. Analysts estimated profit of US\$0.98 and sales of US\$3.61 billion. RIM was spending more to develop and market devices as competition grew from Apple's iPhone and Palm's new Pre. Those costs crimped RIM's profitability in the first quarter and might have disappointed investors, said Matt Thornton, an analyst at Avian Securities. RBC Capital Markets analyst Mike Abramsky estimates less than 4.2 million new users in the second quarter while RIM expects only 4.1 million. RIM added 3.8 million in the quarter to last month, also less than Mr. Abramsky estimated.

Internet

- **Spending on email marketing in the U.S. will soar to US\$2 billion by 2014, a growth rate of nearly 11 percent a year, fueled by falling cost per thousand, a high return on investment and growing use of social email accounts.** Consumers will be slammed with more than 9,000 email marketing messages a year. Forrester Research, Inc. Vice President and Principal Analyst David Daniels said by 2014, direct merchandisers will waste US\$144 million on emails that never reach their target. Successful marketers, he added, will change their tactics to overcome inbox clutter. the growth areas for email marketing include retention email, messages that recipients have given their permission to receive, which will continue to replace paper mail. Retention emails will make up more than a third of all marketing messages in consumers' inboxes by 2014, increasing competition for marketers, the firm noted.
- **Twitter Inc. hasn't figured out how to make money, but that hasn't stopped Web giants Google Inc., Yahoo Inc. and Microsoft Corp. from racing to establish real-time search capabilities.** Real-time search helps Internet users find Web posts, including those from San Francisco's Twitter Inc., seconds after publication. The field has grown in importance amid the exploding popularity of services like Twitter, which lets users blast short messages rapid fire from computers and mobile phones. The growth of Twitter has fueled expectations that real-time search could drive Internet advertising to new heights by allowing marketers to target relevant ads at consumers interested in breaking events, hot topics or their favorite celebrities. Some proponents argue real-time data and search could develop into a billion-dollar market. Just how that opportunity will unfold remains unclear. There is no shortage of real-time search startups - such as OneRiot LLC and Scoopler Inc., not to mention Twitter itself - that are attempting to make sense of the growing universe of real-time user-generated data.
- **Yahoo Inc. said its Yahoo mobile Web service has launched in nine new countries.** The company said the web platform for mobile phones is now available in Singapore, Malaysia, Taiwan, Australia, Mexico, Brazil, Argentina, Spain and Italy. The service is now available in 17 countries across Europe, Asia and the Americas.
- **MySpace is laying off nearly a third of its U.S. staff, or about 420 employees, as the once highflying Internet business tries to rein in costs and contend with fast-growing rival Facebook Inc.** The cuts will leave the social-networking site with about 1,000 employees in the U.S. MySpace declined to say whether it is also cutting back its international operations, in which the company has invested heavily in recent years. Facebook says it employs more than 850 people world-

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wide. The move comes about six weeks after News Corp., which owns MySpace, replaced the site's executive team. The new MySpace leaders have found the business in worse shape than expected. For example, traffic to the site has been falling more quickly than the new managers had expected.

Telecommunications

- **Axia NetMedia Corp. is still interested in Australia's broadband project but requires more information about the government's plans before making a concrete decision.** Axia, a high-speed broadband network builder and operator headquartered in Canada, had submitted a bid to build Australia's national broadband network, but the Australian government scrapped the tender process in April and instead plans to back the A\$43 billion (US\$34.4 billion) high-speed fiber-to-the-home broadband network with investments from the private sector, as the global financial crisis dashed hopes of a single company completing the project.

Europe

Mobile/ Wireless

- **Cable & Wireless PLC has the backing of many of its leading shareholders over proposals to extend its long-term incentive plan.** The Association for British Insurers (ABI) is considering its most serious warning regarding the plans, amid concern from some shareholders that the terms of the new incentive scheme could lead to excessive pay for the company's directors.
- **Mobile phone penetration in Moscow reached 194.3 percent at the end of last month.** The Russian capital was home to 33.01 million mobile subscriptions as of 31 May 2009, up more than 380,000 on the previous month. Penetration in St Petersburg rose to 173.5 percent as customers grew to 11 million, while in Russia as a whole mobile penetration came in at 134.4 percent and subscriptions rose to 195.11 million from 192.82 million a month earlier. Nationwide the lion's share of net customer additions went to market leader MTS, which took 42.1 percent of new subscriptions; its market share rose to 34.1 percent. Second-placed Vimpelcom took just 7.7 percent of net additions last month, leaving its market share at 25.7 percent, closely followed by number three player MegaFon at 22.9 percent of the market. Alternative players are solidifying their position, taking 20.3 percent of new subscriptions to claim 17.3 percent of the total market. The biggest of the alternative operators is Tele2, with 10.95 million customers, while Uralsvyazinform and Sibirtelecom both have more than 5 million subscribers.
- **Nokia Corp. is seeing some stability returning to Asian markets on reduced volatility in foreign exchange rates in the region.** One of the biggest problems caused by the recent global downturn was the uncertain outlook that weighed on consumers' minds. The global mobile phone market has been hit hard by the global economic weakness. ABI Research said in a report that worldwide handset shipments fell 11.9 percent during the first quarter from a year earlier. The Asia-Pacific region managed to outperform despite expectations that the region will feel more than its fair share of pain due to the economic conditions. Shipments in the region fell just 8 percent from a year earlier.

Telecommunications

- **Avanti Communications Group Plc, a broadband satellite operator, has been given preferred bidder status for the rollout of broadband services via satellite to Byrness and surrounding areas in Northumberland located in Northeast England.** The program will provide access to high speed broadband services to a rural village currently unable to receive services via any terrestrial

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alternatives. Avanti will provide services to the village and surrounding area for an initial two year period, with services being migrated to the HYLAS satellite following its launch. The project is partly funded via The North East Regional Portal and has been awarded through the ADIT Broadband & ICT Services Framework.

- **Deutsche Telekom AG will buy an additional 5 percent stake in Hellenic Telecommunications Organization SA for 674 million euros (US\$940 million) as Greece's government exercises an option to sell.** Deutsche Telekom must purchase the stake at 27.50 euros a share. The payment for the extra stake will be 385.5 million euros more than the shares' current market price. The proceeds will aid Greece's drive to reduce debt. Greece's ratio of debt to gross domestic product will rise to 96.3 percent this year. Deutsche Telekom owns 25 percent of Hellenic Telecom plus one share, the same stake as the Greek state, under an agreement forged last year.
- **Deutsche Telekom AG will cut investment to provide broadband internet services in rural areas following a recent regulatory decision on charges.** Germany's incumbent provider will invest 100 million euros (US\$139.3 million) less than previously planned in broadband infrastructure in rural areas, because Germany's network regulator lowered the price Deutsche Telekom can charge competitors for the last mile of cable connecting individual households to the local telephony system. Germany's network regulator said in March that Deutsche Telekom can charge its competitors from April onwards 10.20 euros (US\$14.2) a month for the last mile, down from 10.50 euros (US\$14.6) previously. Deutsche Telekom wanted to invest 300 million euros (US\$418 million) in 2009 to expand its broadband internet network in rural areas.
- **OAo Rostelecom increased profit more than fourfold on gains from asset sales and higher demand for its data-transmission services.** Net income advanced to 12.2 billion rubles (US\$391 million) from 2.8 billion rubles the previous year. Revenue rose 3.1 percent. State-run Rostelecom sold its 11 percent stake in fixed-line telephone and Internet provider Golden Telecom Inc. to cellular company OAo VimpelCom in February 2008, for US\$464 million. Revenue from data transmission last year climbed more than fourfold to 5.4 billion rubles (US\$174 million).
- **Wind Telecomunicazioni SpA plans to sell as much as 2.7 billion euros (US\$3.8 billion) of debt in Europe's biggest high- yield bond issue since October 2006.** The proposed deal is the latest sign of life in the region's junk bond market, which slammed shut with the onset of the worst financial crisis in decades. Companies with below- investment grade credit ratings have started to issue again this year, from German medical equipment builder Fresenius SE in January to IFCO Systems NV this month. Wind is seeking the approval of existing bondholders to sell the new debt and to use the proceeds to redeem so-called payment-in-kind loans. Wind also plans to pay a dividend of as much as 500 million euros to refinance debt of Weather Investments SpA, one of the holding companies that Egyptian financier Naguib Sawiris used to purchase the Rome-based phone company. The bonds will be sold through Wind Acquisition Finance SA. Deutsche Bank AG, Credit Suisse Group SA and Royal Bank of Scotland Group Plc are managing the solicitation to bondholders.
- **Redtel wants the 790 to 862 megahertz band to be divvied up before 2015 as Spain's government has planned.** The digital dividend is the reallocation of spectrum freed up from the switch to digital television that telecommunications operators will be able to use for data-intensive mobile Internet services. The source of revenue could replace a new tax the government has planned for the sector. Spain's government drafted a law to levy a 0.9 percent tax on the gross revenue of telecommunications operators and a 3 percent tax on the gross revenue of private television stations

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to compensate for phasing out public TV advertising. The Spanish government plans to collect 230 million euros (US\$320.5 million) annually from telecoms operators with the new tax.

- **Telecom Italia SpA has hired Credit Suisse First Boston to help it put together the sale of its stake in Telecom Argentina SA.** Telecom Italia is seeking to unload its 50 percent stake in Sofora Telecomunicaciones SA, which holds controlling interest in Telecom Argentina, due to an ongoing antitrust investigation which has blocked the company's ability to exercise a call option to take control of Sofora. Grupo Clarin and a partnership between prominent local businessmen Eduardo Eurnekian and Ernesto Gutiérrez were interested in buying the stake in Telecom Argentina. If the sale goes through, it would mark a major victory for the holder of the other half of Sofora, the Wertheim Group. The Wertheims have been locked in a bitter battle with Telecom Italia for more than a year for control of Telecom Argentina. Telecom Italia complains that the Argentine government has lined up with the Wertheim group to drive it out of the local telecommunications sector.
- **France Telecom submitted a complaint to Egypt's market regulator over the rejection of its bid to buy shares in Egyptian mobile firm Mobinil.** Orascom Telecom and France Telecom are in dispute over their joint shareholding in Mobinil, Egypt's largest mobile operator by subscribers. The two companies took their dispute to arbitration. The arbitration court ruled that France Telecom should buy Orascom Telecom's stake in the company for 273.26 Egyptian pounds (US\$49) per share. Orascom Telecom and France Telecom are joint shareholders in a holding company which owns 51 percent of Mobinil. The court ruling applied to the holding company. Orascom Telecom also holds 20 percent of the freely floated shares of Mobinil. The ruling requires France Telecom to tender for the freely floated shares of the company at the same price, which the French company disputes. Egypt's market regulator has rejected previous offers, which were below the court ordered price, from France Telecom for the freely floated shares. After the regulator's rejection of the bids, France Telecom said the regulator may be favoring Orascom Telecom.
- **Spain's government plans to begin allocating the 2.6 Gigahertz and 3.5 Gigahertz bands by the end of 2009 as the country looks to expand access to next-generation mobile Internet services.** The 2.6 Ghz and 3.5 Ghz frequencies would most likely be used by telecommunications companies to offer high speed mobile Internet and could be used for new technologies such as LTE and WiMax, the Industry Ministry said earlier this year. The auction process would also include the re-farming of second generation 900 Mhz and 1,800 Mhz spectrum -currently used for established services such as voice and text- to third generation uses such as mobile broadband using UMTS technology. Mobile Internet has grown exponentially in recent years and more spectrum is needed for a growing number of laptop data cards and smartphones that use bandwidth-hungry applications like mapping services, music and video.

Media, Gaming and Entertainment

- **Virgin Media has partnered with Vivendi-owned Universal Music to offer its broadband customers unlimited music downloads.** The monthly subscription-based service scheduled to launch later in 2009 will give users the option to stream music or download MP3s, which can then be stored on any compatible device. Customers will have access to Universal's entire catalogue, while Virgin Media said it is currently negotiating with a number of other record labels in a bid to offer a broad range of music by the time the service launches. Its new service will take on the likes of Nokia, which offers unlimited music through Comes With Music, Sony Ericsson, and Apple's iTunes. Virgin Media and Universal are also working together on a range of initiatives to curb piracy.

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Hardware

- **Ericsson Telephone Co. has agreed to buy part of its supplier Elcoteq's Estonian operations for 30 million euros (US\$41.8 million) in order to secure its manufacturing capacity in the country.** Around 1,200 Elcoteq employees will be transferred to the Swedish telecom equipment vendor following the transaction. Ericsson expects to integrate Elcoteq's business rapidly and to start production under its own name by August 1, following approval from competition authorities. Elcoteq, which supplies Ericsson with components for second generation and third generation base stations, is currently consolidating its European business and therefore agreed to sell the Tallin-based operations as part of its restructuring process. Ericsson aims to buy part of the components used in its telecom equipment from outside suppliers, and the acquisition announced Wednesday doesn't mark any shift from that strategy.
- **TomTom NV plans to raise about 430 million euros (US\$607 million) by selling new shares to alleviate its heavy debt burden.** The company denied speculation from last week, however, that Apple Inc was considering taking a stake in the company. TomTom plans to sell a roughly 100 million euros (US\$139.3 million) stake to Cyrte Investments BV, a Dutch technology investor, and Janivo Holding BV, a vehicle of the Netherlands' de Pont family. It will also tap existing shareholders in a rights issue for a total of around 359 million euros (US\$500.3 million), of which 169.3 million euros (US\$235 million) will be bought by TomTom's founders, whose stake will dilute to around 47 percent after the offering. Janivo and Cyrte will buy 30 million euros (US\$41.8 million) of shares in the rights issue and 70 million euros (US\$97.5 million) of shares in a private placement at 6.1234 euros (US\$8.50) each.

Software

- **Microsoft Corp. plans to double its sales in Russia as the country's computer industry expands over the next three years.** Russia has become the single biggest contributor to Microsoft's revenue growth outside the U.S., as Russians are now buying computers with its Microsoft's software pre-installed and local major companies such as OAO Sberbank and OAO Gazprom are modernizing their operations. Microsoft is now focused on forming partnerships with governmental bodies and growing its business outside Russia's two biggest cities. Microsoft will invest 10 billion rubles (US\$321.0 million) there during the next three years, and described the country as strategically important.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 6/19/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	96.2600	-2.2%	0.0%	4.4%	-14.5%
Hong Kong dollar	HK\$/ US\$	7.7495	-0.01%	0.0%	0.0%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8360	0.01%	0.1%	0.2%	-6.4%
Singapore dollar	S\$/ US\$	1.4542	0.3%	-0.7%	-0.5%	0.6%
South Korean won	KRW/ US\$	1,264.2000	1.1%	0.3%	-4.0%	35.1%
New Taiwan dollar	NT\$/ US\$	32.8800	0.3%	-0.3%	0.3%	1.2%
Australian dollar	US\$/A\$	0.8060	-0.8%	5.4%	13.5%	-7.8%
New Zealand dollar	US\$/NZ\$	0.6422	0.0%	8.1%	9.8%	-17.0%
Philippine peso	PHP/ US\$	48.1500	1.4%	1.6%	2.0%	16.9%
Euro	US\$/€	1.3940	-0.6%	2.8%	0.5%	-5.3%
British pound	US\$/£	1.6504	0.4%	7.6%	13.6%	-17.2%

Fixed Income Prices and Yields

Note	Currency	Current (on 6/19/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	95.81	4.56%	93.64	4.70%	101.16	4.18%
Japan 30-year	¥	100.98	2.27%	100.09	2.31%	102.82	2.15%
Hong Kong 10-year	HK\$	95.78	3.16%	95.64	3.18%	93.51	2.32%
China (06/16)	US\$	111.57	2.90%	111.57	2.90%	111.57	2.90%
Singapore 10-year	S\$	98.10	2.74%	97.30	2.83%	116.05	2.09%
South Korea 20-year	KRW	10,246.98	5.50%	10,062.30	5.65%	10,355.96	5.28%
Australia 15-year	A\$	98.19	5.96%	100.64	5.67%	103.93	5.43%
New Zealand (12/17)	NZ\$	99.47	6.18%	99.74	6.13%	103.32	5.37%
Philippines 20-year	PHP	102.27	9.46%	102.25	9.46%	103.13	9.15%
India 30-year	INR	89.90	7.85%	90.00	7.84%	93.33	7.39%
UK 30-year	£	103.47	4.59%	101.42	4.72%	105.89	4.40%
Germany 30-year	€	98.82	4.32%	98.40	4.34%	100.82	4.21%

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