



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

Week of 13 July 2009 - 19 July 2009

ideas | reach | growth

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



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Equity Market Indicators					
Index	Closing Level (7/17/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	940.38	7.0%	3.1%	4.1%	-36.0%
Dow Jones Industrial Avg.	8,743.94	7.3%	2.8%	-0.4%	-34.1%
Dow Jones Tech. Index	332.39	7.6%	6.8%	32.2%	-27.6%
Dow Jones Telecom. Index	192.11	4.0%	2.3%	-3.9%	-38.7%
NASDAQ Composite	1,886.61	7.4%	5.0%	19.6%	-28.9%
Japan Nikkei 225	9,395.32	1.2%	-3.7%	6.0%	-40.0%
JASDAQ	48.11	0.7%	1.7%	-0.2%	-33.3%
Japan Mothers	433.23	0.6%	1.9%	33.9%	-44.7%
Korea KOSPI Composite	1,440.10	0.8%	2.9%	28.1%	-24.1%
Korea Kosdaq	485.87	-1.9%	-6.7%	46.3%	46.3%
Taiwan Stock Exchange	6,850.99	1.2%	10.1%	49.2%	-19.5%
Singapore Straight Times	2,473.09	4.5%	5.0%	40.4%	-28.6%
Hong Kong Hang Seng	18,805.66	6.2%	3.5%	30.7%	-32.4%
Hong Kong GEM	595.66	3.9%	3.6%	54.5%	-55.9%
China Shanghai (A-Share)	3,348.36	2.4%	14.9%	75.1%	-39.4%
China Shenzhen (A-Share)	1,139.54	4.0%	18.3%	96.0%	-25.1%
China Shanghai (B-Share)	206.05	3.6%	13.2%	85.8%	-43.7%
China Shenzhen (B-Share)	535.06	4.3%	17.9%	97.2%	-24.6%

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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

Hardware

- **Research firm iSuppli said global personal computer shipments this year were expected to shrink for the first time since the dotcom boom went bust in 2001.** Plunging desktop computer sales and generally lower spending on information technology by companies worldwide will result in a 4 percent fall in shipments to 287.3 million units from 299.2 million units last year. The forecast was made ahead of this week's releases by market research firms Gartner and International Data Corp. of their preliminary estimates for second-quarter personal computer shipments, which are likely to show modest growth in emerging markets such as China. Unit shipments would increase 4.7 percent next year.

Japan

Hardware

- **Konica Minolta Holdings Inc. would start output at its new factory in Japan that makes high-tech film used in LCD panels by autumn 2010 due to a strong recovery in panel and TV demand.** Konica Minolta had planned to begin production at the new plant in autumn 2009, but the company late last year decided to delay the start-up as the global downturn forced panel makers to cut output. Konica Minolta dominates the global market for triacetyl cellulose (TAC) film, which protects the polarisation plates used in LCD panels, with bigger rival Fujifilm Holdings Corp. Konica Minolta, which also competes with Canon and Ricoh in producing copiers and printers, plans to spend 18 billion yen (US\$194 million) to build the new factory, which will be capable of making 50 million square metres of TAC film a year.

Telecommunications

- **NTT DoCoMo president Ryuji Yamada said the Japanese operator is on track for launching its new Long Term Evolution (LTE) mobile network in 2010, reports the Financial Times.** The adoption of LTE will see DoCoMo's handsets become compatible with other operators' 3G networks for the first time since the 2001 launch of its FOMA service, which used a WCDMA standard that was slightly different to the one rolled out by the majority of the rest of the world. DoCoMo has learned a hard lesson from being the first operator in the world to launch 3G services. DoCoMo plans to launch LTE handsets in 2011 that are also compatible with its current 3G network, so customers can still access services if they're outside an LTE coverage area. DoCoMo will use its high-speed LTE network to offer mobile content services in a bid to drive new revenue in the saturated Japanese market.
- **Softbank Corp., Japan's third biggest mobile telecommunications provider, raised 30 billion yen (US\$320 million) from the first BBB rated bonds sold to institutions in Japan by a non-utility borrower since Lehman Brothers Holdings Inc.'s collapse in September.** The Tokyo-based company, priced three-year, 4.72 percent notes to yield 4 percentage points more than the yen swap rate, according to data compiled by Bloomberg. Softbank, rated the second-lowest investment grade of BBB by Japan Credit Rating Agency, becomes the first non-utility company with that rating to sell bonds to institutional investors in Japan for 10 months. Softbank will use money raised from

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the securities to repay debt, it said in a filing with Japan's finance ministry today. The company sold 60 billion yen in 5.1 percent fixed-rate bonds to individual investors in May, Bloomberg data show.

- **Softbank casts its eyes on the Greater China Region and inked a strategic cooperation agreement with Shanghai Media Group (SMG) on June 29, 2009.** Softbank Founder Masayoshi Son and SMG President Li Ruigang signed on the agreement. The two parties will jointly to develop new media digital content business. Softbank is reported to cooperate with Far Eastone Telecommunications Co., Ltd. in August to launch mobile phone cartoon services. Far Eastone is in talks with Softbank subsidiaries in an attempt to introduce Japan's well-known cartoon works into Taiwan as soon as possible.

Semiconductor

- **Japan's Ushio Inc. announced its subsidiary Ushio America Inc. has acquired a 49 percent stake in U.S. firm Necsel Intellectual Property Inc.** Necsel has technology for low-cost mass production of visible-laser light sources, and Ushio plans to leverage this to boost its own competitiveness in the markets for light sources for data projectors and digital cinema display systems. Using the technology, Ushio will be able to broaden its lineup of light sources to include semiconductor lasers across the complete spectrum of visible wavelengths. The company plans to purchase the remaining 51 percent of Necsel over the next five years and turn the unit into a wholly owned subsidiary

Media, Entertainment and Gaming

- **Square Enix Holdings Co. has shipped three million units of its "Dragon Quest IX" video game software in Japan since its release.** In total, global shipments of the "Dragon Quest" series have surpassed 50 million units since the popular franchise debuted in 1986. Sales of the highly anticipated latest installment are going strong, too, with some 2.5 million units flying off the shelves in its first three days on the market -- beating the roughly 2.4 million of "Dragon Quest VIII," which was released in 2004. For the first time in the series, "Dragon Quest IX" runs on the Nintendo DS hand-held system. And through Wi-Fi wireless technology, up to four nearby gamers can play together.

Korea

Telecommunications

- **SK Telecom Co. is considering bidding for Kazakhstan's Mobile Telecom-Service, as part of its recent efforts to seek business opportunities overseas.** Kazakhtelecom, Kazakhstan's incumbent telecommunications operator, said in late June that it plans to sell its 51 percent stake in Mobile Telecom-Service and that it would accept letters of intent from potential bidders by and final bids by Aug. 31. Mobile Telecom-Service, Kazakhstan's smallest GSM operator, was launched in 2007 and provides services under the brand Neo with 920,000 subscribers.

Mobile/Wireless

- **Ericsson plans to invest US\$1.5 billion in South Korea over the next five years.** The company would set up a research centre in the Asian nation to develop environmentally friendly and fourth-generation wireless technologies. Ericsson also planned to increase the number of employees at its Korean unit to 1,000 from 80. The Korean government was determined to provide a level playing field for foreign businesses to compete with domestic rivals. The investment was expected to help boost Korea's competitiveness in the market for long-term evolution, or LTE, high-speed wireless

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technology, backed by Ericsson. AT&T and Verizon Communications are also choosing the standard. Verizon Wireless, the biggest U.S. mobile-telephone company, aims to begin offering a high-speed network in all U.S. regions by 2015 using LTE, which is scheduled to reach 30 markets by next year. LG Electronics, Asia's second-largest mobile-telephone maker, in December said it developed a faster wireless chip used in mobile telephones based on the technology.

Biotechnology

- **Samsung Electronics plans to invest about 500 billion won (US\$389 million) in the biotech medicine business.** Korea's economy minister Lee Youn-ho said that Samsung, the world's top maker of memory chips and flat-screen TVs, would spend the amount over the next five years on the biosimilar business. Biosimilars are versions of biopharmaceuticals whose patents have expired. Samsung declined to confirm the size of the investment but said biosimilars presented a new growth opportunity for the technology giant. Lee signed a letter of intent with several domestic firms, including Samsung Electronics and LG Life Science, on their investment in a government biosimilar industry development initiative, with Korea Development Bank and a state-led fund already committed to providing financial support.

China

Internet

- **China's Ministry of Commerce (MOC) has not ruled against the proposed merger between Sina and Focus Media; documents for the merger have not yet been put on MOC records.** Focus Media CEO Jason Jiang is "quite anxious" about the merger, and said recently that the MOC has continuously asked for more documentation. The companies first submitted an application for their merger in late December 2008.
- **As of the end of 2008, China saw a netizen base of 298 million, and an Internet penetration rate of 22.6 percent, outracing the global average level of 21.9 percent.**

Mobile/Wireless

- **A total of 13.21 million mobile phones were sold in China in May 2009, up 9.6 percent from the previous month.** The number of GSM mobile phones sold in May increased by 12.5 percent month-on-month to 11.06 million units, while only 2.15 million CDMA handsets, which included 39,800 3G CDMA 1xEVDO handsets, were sold in May, down 3.4 percent from April. The dip in CDMA mobile phone sales is the result of China Telecom's shift in focus from 2G to 3G. In addition, both China Mobile and China Unicom implemented subsidies within their 3G service plans in 2009 to attract more users. Five foreign brands, Nokia, Samsung, Motorola, Sony Ericsson and LG, accounted for a 65.6 percent share of China's mobile phone market in May. Nokia had the largest market share of 31.9 percent last month. Domestic mobile phone manufacturer ZTE was the sixth-largest brand in May with a 3.8 percent market share.
- **Z-Obee Holdings, which provides design services for mobile-telephone manufacturers on the mainland, has launched its own handset brand to meet the country's growing demand for stylish wireless devices.** The Singapore-listed company's new "Vim" brand for the mainland mobile-telephone market will cater to price-conscious consumers keen on using fashionable, easy-to-operate handsets. The firm's production road map includes launching a new model every 45 days, which would enable it to introduce at least eight models in Hong Kong and on the mainland each year. The

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initial batch of Vim handsets being introduced on the mainland includes a his and hers model designed for couples that has a text message authentication function. This allows text correspondence between the pair to be decoded with a specific password for privacy. Each Vim handset has a voice diary function, allowing users to record appointments on the phone and be automatically reminded by the device at the designated time.

Telecommunications

- **China Mobile Ltd. will invest 70 billion yuan (US\$10.2 billion) in building and upgrading its telecommunications networks, and promoting the use of its 3G services in the country's vast rural areas over the next three years.** The ministry will help it promote the adoption of 3G-enabled applications in rural areas.
- **China's three telecoms carriers, China Mobile, China Unicom and China Telecom, injected more than 100 million yuan (US\$14.6 million) in online advertising for two consecutive months of May and June.** Their online ads expenses amounted to 198 billion yuan in May, when it welcomed the World Telecommunications Day on May 17, and China Unicom started trial operation of WCDMA. China Unicom's online ads input reached 78.79 million yuan on that month. In the same period, the carriers paid large amount of money in TV advertising as well, shouldering into prime time of CCTV, China's leading television station. Their expenses on online advertising fell, but still stayed above 100 million yuan to 115 million.
- **ZTE Corp. has captured 34 percent of the latest 8.6 billion yuan (US\$1.3 billion) 3G network expansion tender by China Mobile Communications Corp.** Huawei Technologies won 22 percent while partner Nokia Siemens Networks claimed 7 percent. Datang Mobile Communications Equipment and domestic partner FibreHome Technologies ranked third with a 21 percent share. The rest went to China Putian, New Postcom and Ericsson, each winning five to six percent. ZTE and Huawei were helped by their offers of a free upgrade in China Mobile's existing TD-SCDMA equipment, which was installed in the previous two phases of network construction. Industry watchers said China Mobile's preference for supporting domestic vendors and homegrown technologies also enabled ZTE, Huawei and Datang to take a bigger share. As a result, foreign vendors' share was shrinking. The latest tender was the third by China Mobile for a network covering 200 cities or 70 percent of the areas on the mainland. The original contract size was about 8.6 billion yuan for the installation of 39,000 base stations.
- **China Unicom aims to go up against market leader China Mobile for high-end users as early as October, thanks to its exclusive sales agreement for the popular Apple iPhone handset.** Unicom and Apple are expected to announce a schedule for the iPhone's introduction soon. Meanwhile, industry sources have confirmed that Apple has already submitted the device to a Ministry of Industry and Information Technology laboratory for official approval. Unicom and Apple could not be reached for comment on the deal, but telecommunications sources said Unicom would launch the handset in the fourth quarter when its 3G mobile network will cover 284 cities across the country, up from 55 cities at the end of last month. The full commercial launch of its 3G network plus the exclusive deal with iPhone is expected to put pressure on China Mobile to defend its high-end users.

Hardware

- **Greater China is expected to see an almost fourfold increase in demand this year for mini-notebooks, commonly known as netbooks, as computer makers aggressively market the low-cost devices amid the economic downturn.** That growth spurt is likely to boost sales for the

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market's leading notebook personal computer suppliers - including mainland Lenovo Group, Hewlett-Packard, Dell, Toshiba, Acer and AsusTek Computer and operators of high-speed 3G mobile networks. Netbook shipments on the mainland, Hong Kong and Taiwan are forecast to hit 3.9 million units, up nearly 260 percent from 1.1 million units last year. The market research firm said total industry shipments would reach nearly 33 million units, up from its earlier estimate of 27 million units. That would result in a global netbook penetration of about 20 percent and flat year-on-year demand for pricier, full-featured laptops. Many buyers were adjusting their discretionary spending and were buying netbooks as lower-priced alternatives to traditional laptops. Netbooks are smaller than typical laptops, carry few software applications and are mainly used for wireless internet access.

- **Lenovo Group plans to expand its sales network coverage from more than 100 Indian cities to more than 300 within 2009.** The company is currently restructuring to divide its global business into mature and emerging markets. Lenovo previously will open 30 retail locations in India to bring its store total to 150 and expand its service centers from 130 to 250.
- **Shenzhen-based Coship Electronics Co., Ltd. has won an order worth US\$21 million from EMB, an old customer in South America to supply digital TV set-top boxes.** The order from EMB represents about 6.79 percent of Coship's total operating revenue in the entire 2008 and is the first overseas contract that Coship makes public this year. In November 2008, Coship got a set-top box order valued at US\$12.21 million from the South American company. Coship had sold set-top boxes worth 120 million yuan (US\$17.5 million) to EMB as of June 30, 2009, eight months after it secured the first order from the latter. The Shenzhen company, engaged in the production and sales of digital TV equipment and electronics, saw its digital TV set-top box software and hardware sales revenue account for 93.94 percent, 96.83 percent, and 95.94 percent of its revenue from major business in 2003, 2004, and 2005, respectively.
- **TCL Corp. said that its net profit may plunge 80 percent from a year earlier to 85 million yuan (US\$12.4 million) during the first half of this year.** TCL Communication Technology Holdings Ltd, one of TCL's subsidiaries, saw sales of handsets and accessories slide 12.32 percent year on year to 1.02 million units last month, while its first-half sales declined 24.69 percent from a year earlier to 5.06 million units. TCL Multimedia Technology Holdings Ltd, another subsidiary of TCL Corp, sold 616,898 LCD TVs in June, up 60.3 percent from a year earlier, and 342,353 CRT TVs, down 56.1 percent year on year. TCL sold more than 2.31 million LCD TVs in the first five months of this year, representing a year-on-year increase of 103.7 percent. The sales volume of LCD TVs in the first five months accounts for nearly 60 percent of the company's sales in 2008.

Alternative Energy

- **Suntech Power Holdings plans to invest 30 billion yuan (US\$4.4 billion) in the four projects with a combined capacity of 1.8GW that it signed up to in recent weeks.** The money represents just the initial investment. China's long term plan for the PV industry is 70 percent of projects will be on-grid and 25 percent building integrated PV.
- **LDK Solar Co. has purchased a 70 percent stake in Italian systems integrator Solar Green Technology for an undisclosed sum.** The move is expected to enhance LDK Solar's presence in the Italian photovoltaic sector. In addition, the deal will help Solar Green Technology grow further through its partnership with LDK Solar for several projects in Italy and Europe.
- **ReneSola Ltd. has successfully commenced trial production on the first batch of polysilicon from Phase 1 of its two-phase, 3,000 metric ton annualized capacity polysilicon manufacturing**

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facility located in China's Sichuan province. ReneSola's two-phase, 3,000 MT annualized capacity polysilicon manufacturing facility utilizes the Siemens process and a closed loop system to produce polysilicon. Phase 2 of the facility, representing approximately 1,500 MT annualized capacity, is scheduled to reach mechanical completion in September 2009.

Taiwan

Telecommunications

- **Taiwan's largest phone company Chunghwa Telecom Co. expects its income before tax to be NT\$11.8 billion (US\$358.8 million) in the third quarter and revenue in the third quarter to be NT\$45.85 billion (US\$1.4 billion), down 1.8 percent on year, due to the economic slowdown, stiffer competition among peers, and tariff reductions imposed by the telecom regulator.** The company's operating cost is expected to increase 5 percent on year in the third quarter, mainly due to higher electricity rates and increased handset costs.

Hardware

- **Hon Hai Precision Industry Co., Ltd. posted better-than-expected sales of NT\$128 billion (US\$3.9 billion) for June, sharply up 39.7 percent from NT\$91.6 billion (US\$2.79 billion) in May and 19.1 percent from last June to hit a single-month high of this year.** Institutional investors indicated that as shortages of supply of key electronic components, like display panels, have been easing recently, Taiwan's major EMS providers and IT product suppliers hence have seen their shipment and sales significantly turn around in June. Hon Hai reported aggregate revenue of NT\$592 billion (US\$18.05 billion) for the first half of this year, effectively improving its revenue decline to only 3.79 percent from a year earlier. Edmund Ding, spokesman for the Hon Hai Group, noted that increasingly strong demand for PCs and consumer electronics, like Apple's iPhone 3GS, has helped to fuel his firm's sales growth in the month.
- **Flextronics International Ltd. plans to add 1,500 Taiwan-based research and development employees before the end of 2009 as the company seeks to expand its notebook computer contract manufacturing business, Peter Ju, general manager at its notebook division.** Flextronics, which competes with the Foxconn Group to make electronics for clients including Dell and Hewlett-Packard, expects its notebook computer shipments and revenue to grow by double-digits in 2009 from a year earlier. Flextronics plans to increase its notebook computer manufacturing capacity to 1.5 million units a month in the second half of 2010, sharply higher from its monthly production capacity of around 300,000 units earlier this year. Flextronics hires 700 R&D workers in Taiwan, most of whom develop desktop PC products.

Semiconductor

- **With demand for LED (light emitting diode) staying strong, Epistar Corp. scored a single-month high of NT\$1.147 billion (US\$34.98 million) in sales for June, up 17.2 percent from May and 35.7 percent from last June.** The firm has total sales of NT\$3.1 billion (US\$94.9 million) for the second quarter of this year, surging 50 percent from the first quarter. However, affected by a slow market in the first quarter, the firm suffered a 7.52 percent annual decline in its aggregate revenue to NT\$5.1 billion (US\$156.7 million) in the first half of the year. Epistar indicated that popularity of LED backlights used in notebook PCs and LCD (liquid crystal display) TVs has boosted market demand for LED chips. Epistar's Taiwanese counterpart Formosa Epitaxy Inc. also saw its June revenue hit a record high of NT\$168 million (US\$5.123 million), up 3.95 percent from May and 35.8

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percent from last June. Formosa posted aggregate revenue of NT\$466 million (US\$14.21 million) for the second quarter and NT\$708 million (US\$21.59 million) for the first half of the year.

- **Delta Electronics, Inc. recently participated in local DynaPack's private fund raising.** DynaPack is the second-largest maker of notebook PC lithium-ion battery packs in Taiwan. The firm issued NT\$1 billion (US\$30.6) worth of convertible bonds, in which Delta bought the majority of NT\$860 million (US\$26.5 million). Industry sources pointed out that Delta's move is not aimed at notebook PC battery business but the high-potential automotive battery field. Delta claimed that major considerations of its investment in DynaPack include good operation efficiency and strong battery-cell packaging capability of the investment target. Delta lacks such technologies and the investment also opens possible future partnerships.

Hong Kong

Telecommunications

- **Richard Li Tzar-kai, chairman of PCCW Ltd, the biggest telecom carrier in Hong Kong, recently again raised his shareholding in PCCW to 28.75% from the previous 28.74%, according to the bourse operator Hong Kong Exchanges and Clearing.** HKEx said that Li bought 744,000 shares of the company on July 10 for HK\$1.48 million (US\$0.19 million). The average share price of the transaction was HK\$1.99 apiece. This is the fifth time Li has increased his stake in PCCW since the buyout offer for the telecom operator was rejected. On July 7, Li bought 2.614 million of PCCW shares for HK\$4.31 million (US\$0.56 million) with an average share price of HK\$1.99 and on July 3, Li bought 4.28 million shares of PCCW at HK\$1.989 per share.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Bharat Sanchar Nigam Ltd., or BSNL, is planning to spend I78.19 billion rupees (US\$3.7 billion) during the current fiscal year to increase wireless capacity.** BSNL has licenses to provide mobile phone services using both technologies across the country, except for the northern Indian city of Delhi and the western Indian city of Mumbai. Another state-run operator, Mahanagar Telephone Nigam Ltd. (MTNL), is licensed to provide services in these two cities. The government is considering a proposal by the country's telecom regulator - Telecom Regulatory Authority of India - to amend the law to give it more powers, including the imposition of penalties on telecom operators. The telecom regulator only has the power to recommend policies relating to the sector and doesn't have the authority to penalize erring telecom companies.
- **MTNL has invited expressions of interest from global technology companies or their Indian units for a franchise deal to sell its third generation mobile phone services on a revenue-sharing basis.** MTNL will sign an agreement with the franchisee company for 10 years, but the deal will be reviewed after the first three years, the document said. MTNL didn't provide any financial details of the proposed contract. The company introduced 3G services in Delhi in December and in Mumbai in May. It had 400 subscribers at the beginning of June. Companies interested in MTNL's deal will have to ensure 300 million rupees (US\$6.2 million) in revenue from 3G services in the first year for each of the two telecom service areas of Delhi and Mumbai. The companies will also need to have the capability to attract and retain customers, provide customer care, set up payment collection

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systems, create sales and distribution networks to promote the MTNL brand or create the franchisee's own branding, among other services.

- **India's OnMobile Global Ltd. has signed agreements with Telefonica Internacional S.A.U for providing value-added services to the Spanish company's customers in 13 Latin American countries.** OnMobile will invest more than US\$50 million over the period of these contracts. OnMobile, whose clients include Vodafone Group PLC, provides technology and value-added services such as ring-back tones and music downloads.
- **The Indian government plans to sell its 30 percent stake in Bharti Hexacom, a subsidiary of Bharti Airtel Ltd.** All ministries involved have cleared the stake sale and the department will now seek approval from the cabinet for divestment. The government holds its 30 percent stake via the state-run Telecom Consultants of India Ltd.
- **Ericsson has finished upgrading part of Vodafone Essar's GSM network two months ahead of schedule.** The Swedish equipment vendor said it replaced 10,500 of the operator's GSM radio sites in four of India's telecom circles in a bid to improve quality of service for 13 million subscribers. Ericsson reached a peak rate of replacing one site every minute without interrupting Vodafone Essar's services for its customers based in the Punjab region of India as well as the cities of Delhi, Mumbai and Kolkata. The network modernization project began in February 2008 and was completed 13 months later. In total, Ericsson replaced 16,000 base station cabinets and 250 base station controllers. Ericsson installed mobile packet backbone network (MPBN) and microwave transmission equipment in order to expand Vodafone Essar's core network.
- **Bahrain Telecommunications Co. has paid an additional US\$38.8 million in the second phase of its deal to buy a stake in Indian telecom operator S Tel, bringing its holding in the company to 42.7 percent.** Batelco would buy a 49 percent stake in S Tel for US\$225 million in a bid to move into the fastest growing mobile market in the world. Batelco aims to launch full services from S Tel in the fourth quarter of this year, and its plans are on target. It also plans to continue its regional expansion drive through targeted acquisitions of other operators and licences in MEA, India and Asia Pacific. Batelco held 36.9 percent of S Tel and would increase its shareholding in coming months to 49 percent.
- **Tech Mahindra Ltd. has opened a business process outsourcing unit in the eastern Indian city of Kolkata to provide backoffice services to telecom operators.** The new centre, its fifth such in the country, will have an initial capacity to seat around a 1,000 employees. It will add 500 seats by the end July, and 500 more by the end of August. The company has one BPO each in the southern city of Chennai; Noida and Chandigarh in north India; and in the western city of Pune.
- **MobileOne Ltd. said second-quarter net profit fell 9.7 percent from a year earlier on weaker service revenue.** Net profit for the quarter ended June 30 was S\$37.1 million (US\$25.5 million) with operating revenue for the quarter of S\$190.5 million (US\$131.2 million). Net profit for the current financial year is likely to be comparable with last year's S\$150.1 million (US\$103.4 million).
- **StarHub announced its founding president and CEO Terry Clontz will step down in January 2010 to be replaced by ex-MobileOne CEO Neil Montefiore.** Neil Montefiore is set to take on his new role in January pending regulatory approval. He stepped down as chief executive from StarHub rival MobileOne in February. Under Clontz' leadership StarHub in 2005 became profitable for the first time and took the number two spot in Singapore's saturated mobile market. The company reported first-quarter net profits had risen 3 percent to US\$82.5 million, up from US\$80.1 million a year earlier.

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- **Pilipino Telephone Corp. (Piltel) said it completed its acquisition of a 20 percent stake in Manila Electric Co.** The deal, first announced in March, will transform Piltel into an investment holding company from being the country's third-largest mobile phone service provider. Piltel paid a total 20.07 billion pesos (US\$415.5 million) for 223 million shares of Meralco, which it acquired from First Philippine Utilities Corp., a unit of First Philippine Holdings Corp.
- **Philippine Long Distance Telephone Co. said its wholly-owned unit Smart Communications Inc. has raised its stake in Blue Ocean Wireless, a company delivering digital communications capability for the merchant marine sector.** Smart has invested US\$6.26 million in Blue Ocean, which will raise the mobile service provider's stake to 51 percent from 28.3 percent. Blue Ocean, founded in 2007, now has a customer base and order book of over 650 vessels. The additional equity from shareholders, which also include Japan's NTT DoCoMo and Altobridge, will be used by Blue Ocean for the rollout of its fleet broadband product, which provides global broadband voice and data service simultaneously through a compact antenna.

United States/Canada

Mobile/Wireless

- **Research in Motion Ltd. will open facilities in Indonesia and Blackberry smartphones will continue to be imported and sold in Indonesia.** Indonesia's Department of Communication and Information Technology in June placed a ban on imports of new Blackberry models to Indonesia and has said it would extend the ban to imports of all Blackberry models if RIM didn't set up a local facility. The ministry still intends to extend the ban despite RIM's plan to build the facility, meaning Blackberry imports to the country will likely be totally halted for around one month. Blackberry users in Indonesia are currently forced to send the handheld devices overseas to be serviced. The ministry has said the number of Blackberry users in Indonesia may rise to 1 million by the end of this year, from around 300,000 currently.
- **Research In Motion Ltd. has settled a patent dispute with closely held Visto Corp., a move that will see the Blackberry maker receive a perpetual and fully paid license on all Visto patents and the transfer of certain Visto intellectual property.** As part of the definitive agreement, Waterloo, Ont.-based RIM will make a one-time payment of US\$267.5 million to Visto. The settlement is expected to be completed next week. RIM expects to expense the majority of the payment as an unusual item in its fiscal second quarter, with the remainder being classified as an intangible asset.

Telecommunications

- **Brightpoint Inc.'s preliminary second-quarter revenue figures fell short of analysts' expectations but earnings are set to likely top views as the wireless telecommunications-services provider announced a stock offering by one of its shareholders.** The company, which provides outsourced services to the global wireless telecom industry, said it expects to report earnings, excluding items, of 7 cents to 13 cents a share and revenue of US\$722 million to US\$727 million. Analysts polled by Thomson Reuters expected earnings of 7 cents and revenue of US\$740 million. One of the company's shareholders, NC Telecom Holding AS, will offer 15 million shares through a public offering. NC Telecom is the former owner of Danish firm Dangaard Telecom, which Brightpoint bought in 2007 for about US\$340 million in stock. The planned sale will cut NC

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Telecom's stake in Brightpoint, which has some 79 million shares outstanding, roughly in half. Up to 2.3 million more shares could be sold to cover excess demand.

- **Private-equity firm MatlinPatterson Global Advisers is preparing a bid for assets of Nortel Networks Corp., which is in chapter 11 proceedings in U.S. bankruptcy court in Delaware.** MatlinPatterson has assembled a team of telecommunications experts to advise it on the bid. The team is led by Dion Joannou, former president of Nortel North America. Already, a joint venture of Nokia Corp. and Siemens AG, Nokia Siemens Networks, has set a floor price of US\$650 million for certain Nortel assets - including research and development capability for the next generation of wireless products. MatlinPatterson's bid would be for all of Nortel. Any initial bid would be for only the assets sought by Nokia Siemens. The company said it may later seek to acquire other parts of Nortel, possibly along with strategic partners.
- **Sprint Nextel Corp. expanded its Boost Mobile US\$50 monthly plan to include prepaid customers on the CDMA network as the struggling wireless carrier continues to seek growth in the low end.** In doing so, it is making the cheap offering available on a faster and more reliable network. It's also the latest price cut in an industry that is aggressively targeting customers unwilling to sign contracts. Boost offered the US\$50 plan to customers on the Nextel network, which uses different technology than the Sprint side. The cheaper offering was designed to spur growth and fill extra network capacity on Nextel.

Internet

- **News Corp. will position its MySpace unit as a Web site for accessing entertainment and related information.** The strategy follows other recent moves by News Corp. to try to reinvigorate the social networking site as it steadily loses ground to Facebook Inc. News Corp. Chief Executive Rupert Murdoch said MySpace needs to be refocused "as an entertainment portal. Murdoch described his vision for MySpace as a place where "people are looking for common interests. The entertainment plan follows announcements last month by MySpace that it would cut 30 percent of its U.S. staff and up to two-thirds of its international staff. The cuts will leave the company with 1,000 U.S. employees and 150 international employees.
- **Google's second-quarter earnings rose a better-than-expected 19 percent on the Internet giant's ability to manage costs, but revenue growth slowed, indicating that advertising conditions remain challenging.** For the quarter ended June 30, Google reported earnings of US\$1.48 billion, or US\$4.66 a share, compared with US\$1.25 billion, or US\$3.92 a share, a year ago. Excluding stock-based compensation, earnings rose to US\$5.36 a share from US\$4.63, surpassing the average analyst estimate of US\$5.09 on Thomson Reuters. Revenue rose 2.9 percent to US\$5.52 billion. Traffic-acquisition costs, or commissions paid to marketing partners, totaled US\$1.45 billion, or 27 percent of advertising revenue. Revenue excluding TAC was US\$4.07 billion, slightly above the Thomson Reuters estimate of US\$4.06 billion and similar to the first quarter. Google's business metrics indicate the still tough conditions. The company's U.S. paid clicks - a measure of how frequently consumers clicked on its ads, grew 15 percent from a year earlier but were down 2 percent from the first quarter.
- **Google Chief Financial Officer Patrick Pichette said the Internet search giant's wildly popular YouTube video site should be profitable in the not-too-distant future.** He acknowledged the company decided to tout YouTube's "very credible business model" in the wake of a spate of negative analyst reports and press stories that questioned the company's ability to make money from its video site. Pichette made his comments during two conference calls with analysts after the company

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reported slightly better-than-expected second-quarter results. Nikesh Arora, president of global sales operations and business development, said on the call that branded advertising has picked up significantly on YouTube, as well as other display properties. The company indicated it was monetizing billions of views of partner videos every month, roughly triple the number of monetized views from one year ago.

- **Digital Sky Technologies (DST) has begun the process of purchasing shares from Facebook Inc. employees, kicking off part of its previously announced plan to acquire a stake in the company.** DST will purchase common shares of Facebook at US\$14.77 apiece, valuing the company at US\$6.5 billion. DST has agreed to spend as much as US\$100 million to acquire the shares. DST had previously said it will pay US\$200 million for a stake of Facebook's preferred shares. If it spends the total amount, DST will have approximately a 3.5 percent stake in Facebook. DST, run by Russian businessman and Internet investor Yuri Milner, is known for its stakes in Russian Internet companies including Mail.ru, one of the country's largest Web sites. For current and former Facebook employees, the stock-sale program is an unusual opportunity. Employees at most closely held companies typically have to wait for a sale or a public offering to reap gains from their shares. But five-year-old Facebook is maturing fast, with more than 850 employees. It has no current plans to go public.

Hardware

- **Dell said its profitability might suffer this quarter because it was paying more for parts and was not passing on those costs to customers.** Competitive pricing and the higher cost of components would cause a modest decline in second-quarter gross margin. Demand had stabilised and sales probably rose from the first quarter. Chief executive Michael Dell is axing jobs and cutting back on output to save US\$4 billion by 2011. Dell is adjusting to a slump in information-technology spending, which Goldman Sachs expects to drop 8 percent this year. Analysts had predicted sales of US\$12.5 billion in the second quarter. But sales dropped 23 percent to US\$12.3 billion in the first quarter. Gross margin, the percentage of sales left after production costs, was 18 percent in the first quarter. Dell has not been providing forecasts in its quarterly reports, so the announcement gave Wall Street its first financial targets in some time.

Software

- **MSC Software Corp a simulation and software services company, has agreed to a US\$360 million buyout by private equity firm Symphony Technology Group and private investment firm Elliott Management Corp.** The transaction is expected to close late in the current quarter. It was unclear how Symphony and Elliott would split control of MSC, which reported \$53.6 million in revenues in the first quarter. About 14 percent of shareholders have agreed to vote for the takeover, including MSC's board, management, as well as Elliott, which manages some US\$14 billion in assets. Symphony's web site says its nine portfolio companies have combined revenues of US\$2.5 billion.

Europe

Mobile/ Wireless

- **Sony Ericsson posted a narrower than expected net loss for the second quarter, but sales remained well down, hit by continued weak consumer spending and the company's failure to bring high-end smartphones to market quickly enough.** Sony Ericsson posted 213 million euros (US\$300.3 million) net loss for the three months to June 30. The report marks Sony Ericsson's fourth consecutive quarterly loss, although the result improved on the 293 million euros (US\$413 million) net

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loss in the first quarter. The mobile phone maker, reporting only hours before Finnish rival and market leader Nokia Corp., said second-quarter sales fell 40 percent. It made an operating loss of 274 million euros (US\$386 million).

Telecommunications

- **Turkcell Iletisim Hizmetleri AS will bid for a Libyan license for fixed-line and mobile telecommunication services.** The company will bid in the tender directly or via one of its units or in a consortium. Libyan General Telecommunication Institution will hold the tender.
- **Tele Norte Leste Participacoes SA, or Oi, announced a stock restructuring aimed at simplifying ownership following the acquisition of rival Brasil Telecom Participacoes SA.** Following the conclusion of the public offering for Brasil Telecom voting shares, Oi will collapse the wholly owned subsidiaries Copart 1, Copart 2 Invitel and Solpart into Coari, which is controlled by Telemer Participacoes. Oi announced the acquisition of a controlling stake in rival operator Brasil Telecom for 5.37 billion Brazilian reais (US\$2.7 billion). Oi is still awaiting approval from anti-trust regulators to merge share structure and operations.
- **Mid Europa Partners had completed its acquisition of UPC Slovenia from Liberty Global, Inc., further cementing its position as a leading provider of telecommunications across Central and Eastern Europe.** Mid Europa paid 119.5 million euros (US\$168.5 million) for the cable and broadband operator. The deal was funded with cash and debt and is the first leveraged buy-out transaction in Central and Eastern Europe since the fourth quarter of 2008. UPC provides analogue and digital cable, as well as broadband, servicing approximately 40 percent of the pay TV households in Slovenia through its nation-wide network. Mid Europa, which invests exclusively in Central and Eastern Europe, has already built up a strong presence in the telecom sector in the region.
- **France Telecom will appeal the rejection if its new bid to buy all of the shares in Egyptian Co. for Mobile Services by the Egyptian stock market regulator.** The Egyptian stock market regulator rejected France Telecom's third bid to buy all of the shares it doesn't yet control in ECMS, just hours after France Telecom filed its latest offer. The Egyptian Financial Supervisory Authority said it rejected the offer because it breached the equal opportunity principle between shareholders. France Telecom's new offer, the value of which neither it nor the regulator disclosed, was a fresh attempt to resolve a complicated and protracted row with Orascom Telecom Holding SAE over their joint ownership in ECMS's parent company, Mobinil, as the French group tries to cement its position in a potentially high-growth market. Mobinil is Egypt's largest mobile phone operator by subscribers.
- **Ericsson Telephone Co. has signed a multi-year managed service contract with Telefonica O2 UK, building on a significant number of outsourcing deals won over the past few months, including from Sprint in the US and Zain in Nigeria.** The Stockholm-based network equipment vendor will provide field maintenance and other services for Telefonica O2 UK's second generation (2G) and third generation (3G) networks. Telefonica O2 is the U.K.'s largest mobile provider by number of customers. Ericsson, which has previously supplied mobile core network technology to Telefonica O2 UK, said the new agreement marks the first time it will undertake day-to-day operations for the customer.
- **Negotiations between Vodafone Group PLC and Deutsche Telekom for the usage of Deutsche Telekom AG's very high speed digital subscriber line, or VDSL, is close to breaking down.** The negotiations are moving rather backwards and the company will have to go to the regulator in order not to lose more time. Deutsche Telekom reached an agreement with a unit of

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United Internet AG for usage of VDSL, which allows customers to surf the Internet at speeds of up to 50 megabits a second.

- **Vodafone has set a deadline for the talks with Deutsche Telekom to be completed by mid-July.** Deutsche Telekom continues to be in negotiations with Vodafone and other competitors. Deutsche Telekom wants to find a solution that is helpful for the sector as a whole and is in negotiations with several competitors. Bids from interested companies for Orascom Telecom's Internet subsidiary Linkdotnet will be considered.
- **The Egyptian Company for Mobile Services, or Mobinil, Vodafone Egypt, Telecom Egypt, and Etisalat are among some of the companies competing for Linkdotnet.** OT delegated Egypt's investment bank EFG-Hermes to handle the selling of the company. Financial analyst Delilah Heikal at Pharos Holding said that OT will be fair in selecting Linkdotnet buyer. The tender offer should remain unbiased since OTH will most probably seek out the highest bidder to secure its own financial interests. Heikal is too early to predict who will win the bid. It is difficult to speculate on who will buy Linkdotnet, or how much the process will raise at this point.

Software

- **Alterian PLC has acquired social media monitoring firm Techrigy Inc. for up to US\$4.1 million in shares and will also assume Techrigy's shareholder loans of US\$900,000.** The acquisition, which would be earnings enhancing in the first full year of ownership, would enable marketers to gain a better understanding of the marketing landscape by listening to their consumers online. Alterian will pay an initial US\$600,000 through the issue of 308,650 Alterian shares at a price of 120 pence each. The remaining payment of up to US\$3.5 million is subject to certain performance targets and will be made through the issue of up to 1,800,408 Alterian shares at 120 pence each.

Semiconductor

- **Germany-based semiconductor maker Infineon Technologies AG will issue up to 337 million new shares with a subscription price of 2.15 euro (US\$3.0) a share for its upcoming 725 million euros (US\$1.0 billion) rights issue.** New York-based Financial investor Apollo Global Management LLC has agreed to acquire up to 326 million new, unsubscribed shares, subject to certain conditions, effectively underwriting the placement. Apollo will have the right to name the chairman and one other member of the supervisory board if it gets a stake of at least 15% in Infineon. If it doesn't reach the 15% stake, Apollo can back out of its subscription obligation and would receive a lump sum payment of 21 million euros (US\$29.7 million) from Infineon, according to the prospectus. Apollo is targeting a stake of between 15% and 30% in Infineon.
- **Infineon Technologies AG has signed an agreement to sell its wireline communications business to an affiliate of U.S-based private equity firm Golden Gate Capital for 250 million euros.** The WLC business provides broadband access products and solutions. Under the agreement, employment contracts for approximately 600 WLC employees will be transferred to the new company. The transaction is expected to close by September 2009.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 7/17/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	94.2000	1.9%	-2.3%	2.1%	-16.3%
Hong Kong dollar	HK\$/ US\$	7.7499	0.0%	0.0%	0.0%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8309	-0.02%	-0.04%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.4505	-0.8%	-0.8%	-0.7%	0.4%
South Korean won	KRW/ US\$	1,257.0000	-1.6%	0.1%	-4.5%	34.3%
New Taiwan dollar	NT\$/ US\$	32.8300	-0.6%	-0.1%	0.2%	1.0%
Australian dollar	US\$/A\$	0.8024	3.1%	1.2%	13.0%	-8.3%
New Zealand dollar	US\$/NZ\$	0.6443	2.7%	2.5%	10.2%	-16.7%
Philippine peso	PHP/ US\$	47.8900	-0.6%	-0.4%	1.5%	16.2%
Euro	US\$/€	1.4101	1.2%	1.9%	1.6%	-4.2%
British pound	US\$/£	1.6328	0.8%	-0.4%	12.4%	-18.1%

Fixed Income Prices and Yields							
Note	Currency	Current (on 7/17/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	95.23	4.60%	100.94	4.24%	96.27	4.48%
Japan 30-year	¥	102.44	2.20%	103.09	2.17%	100.27	2.27%
Hong Kong 10-year	HK\$	100.59	2.59%	100.50	2.60%	97.60	2.96%
China (06/16)	US\$	111.57	2.90%	111.57	2.90%	111.57	2.90%
Singapore 10-year	S\$	99.94	2.52%	100.60	2.45%	98.67	2.65%
South Korea 20-year	KRW	10,195.76	5.58%	10,468.37	5.33%	10,122.93	5.52%
Australia 15-year	A\$	101.62	5.56%	103.06	5.40%	100.20	5.99%
New Zealand (12/17)	NZ\$	101.71	5.82%	102.28	5.73%	98.19	5.96%
Philippines 20-year	PHP	102.23	9.46%	101.60	9.54%	101.95	9.28%
India 30-year	INR	88.50	7.99%	88.90	7.95%	89.88	7.70%
UK 30-year	£	104.41	4.52%	106.25	4.42%	102.07	4.63%
Germany 30-year	€	101.42	4.16%	103.31	4.07%	98.77	4.30%

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