



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

Week of 21 September 2009 - 27 September 2009

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



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Equity Market Indicators					
Index	Closing Level (9/25/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,044.38	-2.2%	1.8%	15.6%	-28.9%
Dow Jones Industrial Avg.	9,665.19	-1.6%	1.6%	10.1%	-27.1%
Dow Jones Tech. Index	368.73	-1.4%	4.3%	46.7%	-19.7%
Dow Jones Telecom. Index	214.44	-1.1%	3.3%	7.3%	-31.6%
NASDAQ Composite	2,090.92	-2.0%	3.6%	32.6%	-21.2%
Japan Nikkei 225	10,265.98	-1.0%	-3.0%	15.9%	-34.4%
JASDAQ	49.74	-0.4%	0.4%	3.2%	-31.1%
Japan Mothers	460.55	-0.2%	1.6%	42.4%	-41.2%
Korea KOSPI Composite	1,691.48	-0.5%	4.9%	50.4%	-10.8%
Korea Kosdaq	516.52	-2.8%	1.0%	55.6%	55.6%
Taiwan Stock Exchange	7,345.22	-2.4%	7.4%	60.0%	-13.6%
Singapore Strait Times	2,665.90	0.5%	0.9%	51.3%	-23.1%
Hong Kong Hang Seng	21,024.40	-2.8%	2.4%	46.1%	-24.4%
Hong Kong GEM	650.84	-1.4%	4.4%	68.8%	-51.8%
China Shanghai (A-Share)	2,978.98	-4.2%	-5.2%	55.8%	-46.0%
China Shenzhen (A-Share)	1,025.51	-5.2%	-2.3%	76.4%	-32.6%
China Shanghai (B-Share)	199.08	-2.4%	-0.5%	79.5%	-45.6%
China Shenzhen (B-Share)	508.69	-2.8%	0.7%	87.5%	-28.3%

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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

- **Gartner Inc. again brightened its view for global personal-computer sales this year, saying it doesn't expect as big a decline as it estimated in June, when the research firm also raised its outlook for the industry.** The company now expects sales to drop 2 percent to 285 million units this year. It had projected a steeper drop of 12 percent. Gartner still expects to see shipment growth in the fourth quarter from a year earlier. Research director George Shiffler cited stronger-than expected demand, especially in the U.S. and China. Mobile PC shipments regained substantial momentum, especially in emerging markets. For next year, Gartner predicted shipments could rise nearly 13 percent as mobile PC growth continues to gain momentum and desk-based PC sales growth turns positive as consumers replace older models. The projection was an improvement from its June view for a 10 percent rise.

Media, Gaming and Entertainment

- **Online games based on the book Romance of three kingdoms made by Korea, China and Japan will compete.** Samgukjicheon (Korea), Jukbyeok (China), and KOEI Samgukji Online have started closed test, waging MMORPG competition. The focus is on which nation will dominate the market. Korea will release Samgukjicheon, which will be serviced by Hanbitsoft and developed by GTen Entertainment. The game will begin service in the second half of this year and describe large scale battles between the three nations. The game features realistic battle scenes and differentiated battle system such as horseback battle.

Japan

Hardware

- **Nintendo Co. cut the top-selling Wii's price for the first time and Sony Corp. lowered the cost of buying its PlayStation Portable player in Japan to help revive industry sales.** The motion-sensing Wii's price will fall 20 percent to US\$200 in the U.S. The PSP will be 15 percent cheaper in Japan and sell for 16,800 yen (US\$185). Nintendo became the last of the three major game-console makers to cut prices as the hardware manufacturers bowed to publishers and retailers, who called for cheaper machines to reverse the industry slump. Global sales of the Wii declined for the first time, while Sony sold the fewest number of PlayStation 3 machines in two years. The price of the Wii, introduced in 2006, will be lowered in Japan and in Europe the following day. Sony's PSP in Japan will be cheaper than Nintendo's DSi player.
- **Sony Corp. said it will sell 13 million PlayStation 3 worldwide this year after cutting the price of the video-game console.** U.S. sales of the PS3 surged fourfold since Sony reduced the price by US\$100 to US\$300 in August. Sales of the PS3 are also on a massive trajectory in Asia and Europe, About 24 million PS3 consoles have been sold worldwide since their 2006 introduction. Sales of Microsoft's Xbox 360 Elite machine also climbed after the company cut the price by the same amount last month.

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Mobile/ Wireless

- **NEC, Casio Computer and Hitachi will merge their mobile handset businesses by next April, creating the second-largest mobile phone production company in Japan after Sharp.** NEC is set to be the dominant partner of the merged venture, called NEC Casio Mobile Communications, with a 66 percent stake. NEC will steer the venture's products aggressively into global markets, such as China and the U.S. The founder and CEO of Japanese mobile research, consulting and development firm Infinita, the merger has taken place in an effort to reinvigorate Japan's struggling mobile market. The mobile industry in Japan had faced severe setbacks as foreign handset models have become increasingly popular and the domestic market has reached saturation.
- **Willcom Inc., which provides mobile services using a personal handy-phone system, is planning to ask creditor banks to allow a delay in the payment of some 100 billion yen (US\$1.1 billion) in debts because of the decreasing numbers of subscribers.** To revive its business, Willcom will have to apply for a type of private rehabilitation which combines features of both a court-mandated liquidation and a voluntary liquidation. The company will aim to turn itself around with the help of a third-party body specializing in private rehabilitation while continuing PHS mobile services. Willcom has suffered continuous drops in contracts, registering a net subscription loss of 30,900 in August. Willcom is considering launching a next generation PHS service dubbed "XGP" in October to boost its market share amid intensifying competition among mobile providers. Since the company will have to invest about 140 billion yen (US\$1.6 billion) in the project over the next five years, it resorted to the rehabilitation process as the payment of interest-bearing debts will weigh on it as it copes with losses in net contracts.

Telecommunications

- **Jupiter Telecommunications (Jcom) has seen its total number of subscribers reach 3.24 million in August, up 11.9 percent, or 344,700, year-on-year.** Combined revenue generating units (RGUs) for cable television, internet access and telephony services reached approximately 5.84 million, up 657,600 or 12.7 percent since 31 August 2008. The bundle ratio (average number of services received per subscribing household) increased to 1.80 from 1.79 last year and the cable television digital migration rate went up to 86 percent. Jcom ended August with 2.59 million television customers of which 2.24 million are digital television subscribers. The number of internet subscribers went up to 1.55 million from 1.34 million, and the number of telephony customers climbed to 1.70 million from 1.49 million at end-August 2008.
- **The board of Japanese communications firm eAccess has approved a bond issue of 3 billion yen (US\$33.4 million).** The bonds, underwritten by The Bank of Tokyo-Mitsubishi, carry a coupon rate of 0.9 percent and a term of 3.5 years. The bonds will be placed with qualified institutional investors.

Korea

Telecommunications

- **SK Telecom Co. will have to sell its entire 30 percent stake in SK C&C via the latter's IPO in November to become a holding company in compliance with the relevant regulation.** SK C&C, a technology service affiliate of SK Group, last year planned to go ahead with its IPO in June, but delayed its plan because of a severe economic downturn last year. SK Networks, a global

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integrated marketing company and one of the sister companies of SK C&C, is also considering selling its entire 15 percent in the company through the IPO.

- **KT Corp. will invest 142.7 billion won (US\$119.4 million) in energy-saving technologies and the environmental improvement of existing telecommunications facilities to become a eco-friendly technology company.** The company will cut its greenhouse gas emissions by 20 percent by 2013. The company will also invest in developing eco-friendly services, such as solutions for green automobiles and eco-buildings, cloud computing, green Internet data centers, green mobile communications and smart grids.
- **SK Broadband Co. would boost its profit by improving its bundled product line-ups and wireless services.** For the second quarter, SK Broadband had net loss of 41.6 billion won (US\$35 million). Its operating loss was 20.4 billion won (US\$17 million). Sales dropped 4.7 percent.

Media, Gaming and Entertainment

- **South Korea's computer game exports climbed by 40.1 percent in 2008 year on year, reaching US\$10.94 billion.** It is the sixth consecutive year for South Korea to maintain a trade surplus in the sector. The computer game industry recorded a surplus of nearly US\$7.1 billion last year, as imports of game software totaled US\$3.87 billion. Among the total exports, 97 percent are online games, rising by 43 percent from the previous year. China was the largest importer of South Korean computer games, which accounted for 27 percent followed by Japan with 21 percent.

Semiconductors

- **Samsung Electronics remains cautious about the semiconductor sector's outlook even as the industry emerges from its two-year slump.** It expects the current shortage of high-end DDR3 chips used in many PCs and other electronic devices to be resolved in the short term. The average selling price of a 1-gigabit double data rate 2 (DDR2) memory chip that runs at 800 megahertz has risen about two-thirds in the past three months. The price of 1-gigabit DDR3 chips, which can handle data faster than the current mainstream DDR2 chip, has risen about a third in the same period. Major shareholders for Hynix Semiconductor have started the sale process for a US\$2.75 billion stake in the memory chip maker and are planning to pick a preferred buyer by the end of this year.
- **Hyosung Group has submitted a bid for a major stake in Hynix Semiconductor Inc., the world's No. 2 memory chipmaker.** Hyosung with business interests ranging from chemicals to heavy machinery was the only bidder for the 28-percent stake estimated at 3.65 trillion won (US\$3.04 billion). Creditors claimed four or five domestic companies had expressed their intent to invest in Hynix. Invitations for bids for the combined 28 percent stake in the company were sent to only 43 South Korean companies. KEB will select a preferred bidder by the end of November after conducting due diligence on Hyosung and receiving a final bid from the conglomerate.

Software

- **Opera Software announced its partnership with the Korea-based SK Telecom and offer Opera Mini on several of SK Telecom handsets.** Initially available in early October 2009, Opera Mini will launch on the T*Omnia II from SK Telecom. The browser will be available on select smartphones and feature phones. Opera Mini is currently the world's most used mobile Web browser, with nearly 30 million users. Its popularity is due in part to its renowned surfing speeds, which is the result of Opera Mini's compression technology that remotely compresses data before sending it to the phone. To celebrate SK Telecom's introduction of Opera Mini to the Korean market, Opera Software's CEO, Jon

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von Tetzchner, attended a meeting with Joon-Dong Bae, Executive Vice President and Head of Marketing Division at SK Telecom.

China

Internet

- **Alibaba's online payment subsidiary Alipay recorded a transaction volume of 900 million yuan (US\$131.7 million) through airline reservation payments made between September 14 and September 20.** Alipay trading volume grew 15 percent week-on-week, trading orders increased 10 percent week-on-week and payments per customer jumped by 88 yuan (US\$12.9) on average. Taobao.com released an "air ticketing fast track" service for all users including non-members. More than 800,000 users check air ticket information on the site daily while only around 10,000 tickets are actually paid for through the site each day.
- **Baidu and Google are expected to turn their main battlefield to the Chinese mobile search market in line with the spread of 3G services and smartphones in the country.** More than 600 million Chinese consumers are using cellphones now, and expected to give birth to a mobile search market with revenues of billions of U.S. dollars. Google has ranked No. 1 among all search engines in terms of revenues on the global mobile Internet market, but keeps abreast with Baidu in the Chinese mobile search market with an about 26 percent share. Google estimates its mobile search revenues to exceed PC search revenues within the several years to come.
- **Alibaba Group's consumer-focused e-commerce site Taobao.com began offering a domain name service, which allows shop owners to designate specific letters or numbers to be followed by taobao.com.** The service is currently open to shop owners who have purchased a three-month "Winport" package or are left with more than one year of Winport service. Winport costs RMB 980 per year. As director of company research, Taobao.com has assigned Dr. Wensong Zhang. Zhang will take charge of core software development, optimizing network hardware and software and building a low-cost e-commerce platform.

Mobile/Wireless

- **Focus Media entered into an agreement to issue and sell 75 million ordinary company shares for an aggregate price of US\$142.425 million to Focus Media Executive Chairman Jason Jiang during the twenty consecutive and preceding trading days.** The subscription brings Jiang's holdings in the company to approximately 19 percent and is subject to a six-month lock-up period. Jiang has the right to nominate one new director to take the place of the current executive director under the agreement. Non-independent directors Dr. Tan Zhi and Jimmy Wei Yu had resigned from the board, while the company's acting Chief Financial Officer Alex Deyi Yang has been appointed as a non-independent director.

Telecommunications

- **China Mobile and content providers will split mobile reading revenues 60/40.** China Telecom and China Unicom are developing similar services. China Mobile will invest 500 million yuan (US\$73.2 million) in the next five years to build China's largest mobile book publishing platform. 160 million are mobile Internet users and more than 80 million use mobile reading services. China Mobile attracted two million users for its trial WAP site promoted in June.

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- **Although the Indian government is considering new bills to restrict overseas telecom equipment, particularly China-made products, Chinese telecom equipment and network solution provider ZTE Corp. will continue enlarging its investments in the country.** ZTE has set up its first network operations center (NOC) in India in an attempt to offer better services to local telecom carriers. As the company's largest NOC in foreign countries, the Indian center has about 200 employees during its initial operation. Notably, 80 percent of the employees are local persons. India is ZTE's largest market apart from China. ZTE keeps an annual growth pace of 30 percent in India. It gained operating revenues of US\$1 billion in India last year, accounting for 10 percent of the company's global revenues.
- **China Mobile Ltd. has seen more than 80 million users who read by mobile phones by now, creating 20 percent to 30 percent of its traffic generated from surfing on the Internet by mobile phones.** The company has a user base of 500 million, and 160 million of them surf on the Internet by mobile phones. It has lured 2 million users from its WAP and terminal platforms for mobile phone reading, which was launched in June 2009. Mobile phone reading is an emerging industry and the future of the traditional publishing industry. The top three novel publications by sales volume are all mobile phone novels in Japan, the supreme mobile phone reading market in the world. China Mobile will have to invest 500 million yuan (US\$73.2 million) to form a large wireless book distribution platform. And it will develop special-purpose handheld readers apart from existing mobile phone reading.
- **The China Development Bank (CDB) and Huawei Technologies Co. signed a new strategic cooperation agreement, extending US\$30 billion of credit to Huawei.** The CDB agreed to provide US\$10 billion of credit line to Huawei to support its overseas exploration. The CDB has helped many Chinese firms to explore overseas business, and has become an important bank in providing overseas financing services. The CDB posted outstanding foreign currency loans of US\$80.1 billion. The cooperation between CDB and Huawei has lasted for more than 10 years. CDB provided financing service for Huawei to establish a domestic scientific research and production base.
- **China Telecom had net addition of 2.08 million mobile service subscribers in August, adding the total to 43.81 million.** The telecom operator's fixed-line service users dropped 1.52 million in August to 196.17 million, as a result of intensified market competition and China Telecom's strengthened control in sales initiatives for low-end subscribers to enhance profitable development. The number of the carrier's broadband subscribers climbed 690,000 in the reporting period, down 15.85 percent on month, with the total user base topping 50.56 million. In the first eight months of this year, China Telecom gained 15.9 million mobile users and 6.29 million broadband users, and lost 12.18 million fixed-phone service subscribers. Industrial analysts had previously predicted the carrier's monthly net growth of mobile users to slow down. It will face growing competition pressure from its rival China Unicom's, which has launched large-scale 3G services. The past comparatively loose market environment will change.

Media, Entertainment and Gaming

- **WoW operations alone are expected to boost NetEase's online game revenue by 30 percent year-on-year in 2010 and increase the company's market share by 4 percentage points.** Although WoW operations will drive NetEase's revenues up over the next year, the game operator still faces challenges in the long run. NetEase may have slowly increase in new WoW players in the short term because of the limited distribution network for the game's pre-paid point cards, which are necessary for proceeding past a certain level in the game. The company has obtained approval from

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China from Ministry of Culture (MoC) to operate WoW in China. WoW is still the most popular online game in China with nearly 5 million active users, which accounts for nearly one-third of the game's global user base.

- **Shanda Games priced its initial public offering in the U.S. at the top of the range despite increasing investor jitters over a potential IPO bubble.** Shanda raised US\$1.044 billion in the deal that was priced at US\$12.50 per ADS. The strong performance came as a surprise following weakness in the market over the past two days. A 12 percent drop in the share price of China Metallurgical made investors nervous. The company increased the offering by 33 percent as it was overrun by demand, said people familiar with the marketing of the deal. The deal was 10 times subscribed. The offering comes five months after the successful debut of another Chinese gaming firm. Changyou.com made its IPO in April at US\$16 per share and has since rocketed by 140 percent.

Software

- **CDC Software Corp. will acquire a 51 percent stake in Hejia Software Technology Co. Ltd. in three steps before March 31, 2012.** Hejia is a major provider of enterprise resource planning (ERP) software in China. The two sides would jointly develop software products while Hejia Software would sell CDC Software's OEM products in China. In contrast, CDC Software will help the former advance into the global market. This acquisition is part of CDC Software's strategic plan to expand its geographic footprint and increase sales by acquiring rapidly growing companies. Moreover, the company will continue to pursue other strategic investments in China. CDC Software acquired a majority stake in Integrated Solutions, a provider of ERP solutions for small- and medium-sized discrete manufacturers.
- **CDC Software Corp. will attach more importance to the market in China and is expected to gain US\$50 million of annual revenue in the next three years.** The company's annual sales would hit US\$300 million in the next three years, including those from China, which should increase to US\$50 million, making China its second largest market. The company would achieve the target through growth and acquisition. The company would continue to focus on the business of enterprise management solutions and move the service sector to China to develop the huge market potential. The company would also acquire some companies in China. CDC Software has already acquired two companies since its debut on NASDAQ in April and said that it would make full use of the funds raised on the stock market for expansion.

Alternative Energy

- **ReneSola will buy Dynamic Green Energy Ltd for about US\$88.5 million, mostly in stock, expanding the parts company into the market for solar panels, the final product sold to produce energy.** ReneSola also updated its revenue views for the third quarter and full year and would issue 14.4 million ADRs. ReneSola shareholders will buy all of Dynamic Green shares for 26.8 million ReneSola ordinary shares and US\$10 million in a convertible promissory note issued by ReneSola. ADRs representing two ordinary shares each of company stock closed at US\$5.86 on the New York Stock Exchange, which would value the stock portion of the deal at US\$78.5 million. Dynamic Green manufactures solar products, including wafers and solar photovoltaic panels, through its wholly-owned unit Jiawei Solarchina Co Ltd and other Chinese operating units.
- **ReneSola has lowered its revenue outlook for the full year 2009 to between US\$470 million and US\$500 million from the previously announced US\$500 million to US\$550 million.** Full year shipment expectations are unchanged at 450-500MW. ReneSola had third quarter revenue in the range

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of US\$130 million to US\$140 million, in line with previous expectations. Second quarter net revenues were US\$82.6 million, and the company expected third quarter revenue to raise 60-70 percent sequentially. Third quarter gross margin is expected to be similar to that of the second quarter at 5.1 percent.

Semiconductor

- **SMIC released the financial report for the first half of this year, and had net losses of US\$277 million.** But the firm's turnover in the second quarter was up 82.5 percent from January-March. The firm's capacity utilization rate increased to 75 percent in the second quarter as their logic shipments increased 102 percent on quarter. The advanced logic revenue for 0.13-micron and below grew by more than 135 percent from the first quarter, increasing to 41 percent as a portion of total revenue from 32 percent in the first quarter. Zhang contributed the significant recovery to customers' strong performances in the communications and consumer segments. Demands from the greater China and North America surged in comparison with the first quarter, and the European market also showed signs of recovery.

Taiwan

Telecommunications

- **Chunghwa Telecom Co. and China Telecom System Integration Co. plan to set up a joint venture to develop information and communications technologies in China.** The two companies have signed a memorandum of understanding for the cooperation. The company will merge with China Telecom on information and communications technologies.
- **Chunghwa Telecom Co. will build more 3.5G communication base stations on the island and increase its procurement of related hardware and software starting the end of this year.** The number of registered business and residential users of mobile Internet services reached 16.17 million in the first quarter of this year, accounting for 63 percent of the total Internet users in Taiwan, with Chunghwa Telecom serving some 250,000 of the total. Chunghwa Telecom will going to integrate the two Internet accesses into a 3G WCDMA, WiFi system to provide dual-network services as the first in Taiwan. Dual-network services are growing trends worldwide, with Europe's T-Mobile and Vodafone and Hong Kong's PCCW already launching such services.
- **Far EasTone is interested in expanding into the cable TV business, although the company is interested in MBK's pay TV business in Taiwan.** The telecom operator talked to private equity firm MBK to express its willingness to buy its ownership in China Network Systems (CNS). The move may produce a competition with rival Taiwan Mobile, which struck a US\$1 billion deal with The Carlyle Group, creating Taiwan's largest pay-TV operator. Far EasTone Telecommunications had a meeting with MBK Partners, and were in advanced negotiations on the deal, worth up to NT\$60 billion (US\$1.85 billion).

Media, Gaming and Entertainment

- **The growth of the online gaming industry in Taiwan created a new group of big-money advertisers Taiwan's publishers of insanely popular, massively multiplayer online games (MMOGs) are relying more and more on good old offline mass media to recruit players to their virtual worlds.** TV is the medium of choice, and commercial breaks feature video grabs of evil demons in deadly action, or cloyingly sexy animated pop idols inviting all to dance and sing. This year's advertising onslaught began last spring as university students prepared for final exams. Heavy

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promotion pushed PC/online game adspend to NT\$510.9 million (US\$15.6 million) for the first half of the year. 90 percent went on TV, with six percent spent on OOH, and a mere four percent shared among newspapers, magazines and radio.

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **AFK Sistema's Indian mobile business has been valued at US\$3.4 billion ahead of a possible investment in the company by the Russian government.** The latest version of Russia's federal budget has set aside some US\$676 million to buy a minority stake in Sistema Shyam TeleServices Ltd. (SSTL). Russia's stake in SSTL could be 20 percent and cost US\$680 million using the latest valuation, which was conducted by Avers. Vedomosti cites a Moscow-based analyst who values SSTL at between US\$1.1 billion and US\$1.4 billion.
- **India signed up 15.08 million new mobile subscribers last month, led by Tata Teleservices, which racked up 3.42 million customer additions.** The Telecom Regulatory Authority of India (TRAI) released regulations governing the implementation of mobile number portability (MNP) in India, which will now come into force this year. The regulator revealed that operators in India's 'metro' and 'A' telecoms circles will be required to offer mobile number portability from 31 December 2009, while the regulations will apply to the rest of the country from 20 March 2010. The new regulations include the requirement for operators to complete the porting of a subscriber's mobile number within a maximum of four days, with the exception of Jammu & Kashmir, Assam, and the North East circles, where the process may take a maximum of 12 days.

Telecommunications

- **Reliance Communications Ltd. will have to file a draft prospectus for the initial public sale of shares in its telecom-tower unit, Reliance Infratel Ltd.** The company, which is part of Anil Dhirubhai Ambani Group, will offer a 10 percent stake in Reliance Infratel through the IPO. Reliance Communications is reviving its IPO plan for the unit when India's primary market is witnessing fresh activity after more than a yearlong lull, induced by the global economic downturn. Reliance Infratel's IPO plan was scrapped last year, despite getting regulatory approvals, due to weak markets. It had expected to raise 50 billion rupees-60 billion rupees (US\$1.0 billion-US\$1.3 billion) at that time. Reliance Communications has now indicated an enterprise value of 820 billion rupees (US\$17 billion) for the unit. Excluding debt, this implies an equity value of 670 billion rupees (US\$13.9 billion).
- **Philippine Long Distance Telephone Co. saw profit in the third quarter improve from last year.** The company reported net profit of PHP6.91 billion (US\$145.5 million). Net profit in the third quarter of 2008 was down 28 percent. Smart ended June with 38.5 million mobile phone subscribers, and contributed PHP48.1 billion (US\$1.01 billion) to PLDT's total service revenue of PHP72.9 billion (US\$1.5 billion) in the first half of this year.
- **Telstra Corp. and Coca-Cola Amatil Ltd. have signed a 10-year telecommunications service contract designed to help the beverage giant increase revenues, reduce costs and improve productivity.** It is Telstra's largest exclusive contract in the enterprise and government sector, and will see it provide a range of services to Coca-Cola Amatil's 130 offices in Australia and become preferred provider for its international operations. Technology innovation is a key component of the deal. Several trials are already underway aimed at improving supply chain management for its vending machines and coolers.

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- **Caretel InfoTech Ltd. has received a two-year contract from Mahanagar Telephone Nigam Ltd. (MTNL), to run a call center for the state-run telecom company's wireless users in the western city of Mumbai.** Caretel InfoTech will have to initially have around 200 seats at the call center at Navi Mumbai on the outskirts of Mumbai. MTNL provides fixed-line, wireless and broadband services in New Delhi and Mumbai. The company had 2.5 million wireless users at the end of July in Mumbai, data from the telecom regulator's Web site showed.

Media, Entertainment and Gaming

- **Canwest Global Communications Corp. will have to sell its 50 percent stake in Australia's Ten Network Holdings Ltd. for A\$680 million (US\$592 million) to help pay off debt.** The price sought indicates Canwest is seeking to sell its shares in Australia's third-ranked TV broadcaster at A\$1.30 each. Macquarie Group Ltd. is managing the sale, Winnipeg. Unprofitable Canwest, which owns Canada's Global Television network and National Post newspaper, is ending a 17-year investment in Ten as it continues talks with lenders to restructure C\$4 billion (US\$3.7 billion) of debt. Ten stock has more than doubled since March, buoyed by a rebounding economy and the success of Masterchef, Australia's most-watched TV show this year with 4.1 million viewers for the July 19 final episode. Seven Network Ltd. has seen its shares slump 12 percent. PBL Media's Nine network is the country's No. 2 broadcaster.

United States/Canada

Mobile/Wireless

- **The U.S. achieved a total operating revenue of US\$20.6 billion from the wireless data business in the first six months of 2009, ranking the first place in the world.** The follower was Japan, with operating revenue of US\$16 billion; and China ranked third, with operating revenue of US\$8.6 billion. The huge wireless data revenue of the US mainly resulted from the low charges for surfing on the Internet with mobile phones and iPhone hot sales.

Telecommunications

- **AT&T Inc. and Verizon Communications Inc. continue to release billions of dollars into their networks in anticipation of a bigger payoff down the line, despite a deep recession, rising competition and sluggish stock prices.** AT&T and Verizon normally would have been expected to slash capital investments. The two companies plan to spend as much as US\$35 billion combined in 2009. AT&T's Randall Stephenson and Verizon's Ivan Seidenberg, was concerned about a saturated U.S. wireless market in which nearly every adult owns a mobile phone.

Internet

- **Two companies owned by the founders of Skype, Niklas Zennstrom and Janus Friis, have filed another lawsuit in a Delaware court that could complicate eBay Inc.'s US\$2 billion deal to sell the Internet communications company to a group of investors.** Former Joost chief executive Mike Volpi breached his fiduciary duty by using confidential information to broker a deal announced recently by eBay, which owns Skype, to sell a 65 percent stake in the online communications company to private investors. The suit seeks an injunction for a return of documents that it claims were misappropriated from Joost, and enjoining the defendants from making use of alleged trade secrets. The suit also names Index Ventures Management S.A., a party in the investor group buying a controlling stake in Skype, as a defendant. Volpi recently became a partner at Index Ventures.

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- **Twitter Inc. received a significant round of venture capital financing from firms including T. Rowe Price Group Inc.** Other investors include Insight Venture Partners, Institutional Venture Partners, Spark Capital and Benchmark Capital. Twitter's previous round of funding was US\$35 million in February, bringing its total at the time to more than US\$50 million. The company could use its latest investment for acquisitions and product development. Twitter also could be preparing for an eventual initial public offering, rather than trying to be acquired by a larger company. Twitter was close to raising US\$100 million in funding, valuing the company at about US\$1 billion.
- **Facebook Inc. will announce a deal with Nielsen Co. to address the frustration of the advertisers regarding the performance of their advertisements on the social networking site.** Facebook advertisers will measure the impact of the ads as Facebook shows the number of people who have seen the ads and compare with those of other people who didn't see the ads and will package the data for advertisers. Sheryl Sandberg would introduce the product, Nielsen Brand Lift, in a keynote address at an advertising conference in New York and will deliver it to the marketers in New York. The companies would launch a service that would give data about advertising on other sites.

Software

- **Oracle Corp. is worried about the delay in approval by European authorities of its planned takeover of Sun Microsystems Inc.** Sun is losing US\$100 million a month and the delay contributes a negative effect to anyone. Oracle is hoping for European approval for its takeover of Sun, one of the last hurdles for the US\$7.4 billion acquisition announced in April. The European Union is taking a deeper look at the purchase because of "serious doubts" about competition in the database market. U.S. regulators approved the purchase last month. Oracle will acquire Sun's MySQL, the most popular open-source database program, in the deal. Open-source programs are distributed freely over the Internet. Sun makes money from MySQL by selling related services and software.
- **Oracle Corp. may earn over US\$300 million in restructuring charges this fiscal year.** First-quarter results had a 14 percent decline in new software license sales. The company also effectively clamped down on costs, and delivered a profit that met Wall Street's expectations. Oracle had US\$48 million of its annual restructuring plan in the first quarter of fiscal 2010, and expects to incur the majority of the approximately US\$300 million that is remaining over the following three quarters.

Hardware

- **Garmin Ltd. is competing with Apple Inc., Palm Inc. and other smartphone manufacturers.** Garmin, Olathe, Kan., are releasing a number of devices which will offer some of the features of mobile phones while serving their primary function. Garmin launched its nuvi 1690 in-car positioning system, which will connect to the Internet wirelessly via AT&T Inc.'s EDGE network. The US\$499 device, Garmin's first mobile navigation device with Internet access, can also serve as a speaker for cellphones, although it cannot make phone calls. Garmin also plans to release another product that combines navigation and communication. The cause of the evolution of Garmin's products is the growing numbers of smartphones, many of which can now serve as navigation devices when additional software is loaded onto them.
- **Dell Inc.'s proposed US\$3.9 billion buyout of Perot Systems Corp. reflects the second-largest personal-computer maker's ambitions in the market for health-care information technology.** Dell offered US\$30 a share in cash for Perot, 31 times its earnings in 2009. Hewlett-Packard Co. bought Dallas-based EDS last year for US\$13.2 billion. Dell gains a partner to boost sales of computer

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services as consumers and companies trim PC purchases to cope with the economic slump. Larger services units helped IBM and Hewlett-Packard withstand the recession better than Dell, whose sales slumped 22 percent last quarter. Perot, whose customers include the Centers for Disease Control and Prevention, gets about half of its sales from hospitals, physicians' practices and health-insurance companies. President Barack Obama's will expand health-care insurance coverage to virtually all Americans, if passed by Congress, could boost Perot's health care-related business.

Europe

Mobile/ Wireless

- **Vodafone Group PLC signed a contract with Warner Music Group Corp. to offer music free of anti-piracy restrictions to its customers.** Warner Music's artists, who include Madonna, REM and the Arctic Monkeys, will be available in digital rights management, or DRM-free format. The Warner Music catalogue will be available to Vodafone customers in Germany, Greece, Ireland, Italy, Netherlands, Portugal, Romania, Spain and U.K., as well as partner markets in Austria, Belgium, Bulgaria, Croatia, Cyprus, Slovenia and Switzerland. The two companies will cooperate with each other to offer a range of mobile music products such as value-added album bundles that contain additional multimedia content.
- **Mobile Streams PLC posted a 22 percent drop in first-half sales, largely due to a restructuring of its business, but its pretax loss narrowed by half and is investing in developing new smartphone applications.** In the six months to June 30, the firm's sales fell to GBP3.6 million, hit by the restructuring of certain parts of its business. The company's pretax loss narrowed to GBP600,000. Mobile Streams, which manages mobile games and video content for mobile phone network operators, continued to focus on its core mobile content retailing business, launching mobile Internet services and smartphone platforms in the six-month period. As part of its investment in emerging smartphone platforms, it has opened a smartphone research and development centre to develop application services for Apple's iPhone.
- **Synchronica PLC posted a reduced first-half pretax loss as its sales climbed seven-fold in the period, and believes it can reach sustainable profitability next year. In the six months to June 30, Synchronica's sales climbed to 1.3 million pounds (US\$2 million).** Its pretax loss narrowed to just under 2.5 million pounds (US\$4 million). The firm signed a number of new contracts in the half in the emerging markets of Russia and Latin America, and said its performance was boosted by the launch of its mobile e-mail product Mobile Gateway 4 in the period. The product can be used on any mobile phone. Since the period end, the firm has completed a placing to raise 4.7 million pounds (US\$7.5 million) to fund the development and roll-out of low cost mobile devices and ongoing development of software products. Its results are heavily weighted towards the second half.

Media, Gaming and Entertainment

- **Vivendi SA may decide to sell its stake in NBC Universal.** Vivendi may choose to sell the 20 percent stake because the unit isn't performing as well as the company's majority-owned operations. General Electric Co. owns 80 percent of New York-based NBC. NBC's total enterprise value may be US\$21 billion to US\$23 billion, including an estimated US\$5.1 billion in debt. Chief Executive Officer Jean-Bernard Levy has bulked up all of Vivendi's businesses through acquisitions in the past two years. The company is extending its reach in emerging markets and announced plans this month to buy Brazilian phone operator GVT Holding SA for about US\$3 billion.

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Telecommunications

- **Telefonica SA will buy the television production division of local broadcaster Antena 3 de Television SA.** Telefonica Servicios Audiovisuales plans to widen its reach with the purchase of Antena 3's VSAT, which operates a fleet of 17 broadcast TV vehicles, boosting Telefonica's own fleet of mobile units to around 30.
- **Telco Holding BV has successfully placed 19.1 million shares of Freenet AG, reducing its holding to 10.1 percent from around 25 percent.** At that price, Telco achieved the lower end of the bookbuilding range of between 9.25 euros (US\$13.5) and 9.65 euros (US\$14.1). Goldman Sachs International has been named bookrunner for the deal, which is worth around 198 million euros (US\$290 million). After the transaction, there is no need for write-downs at Permira, because the Freenet share was worth around 3 euros (US\$4.4) in Permira's books. The remaining holding of around 10 percent is an "expression of support for Freenet AG.
- **Estonia's government has accepted its cash offer for the shares in Estonian operator Eesti Telekom AS.** The government accepted the deal after the parties agreed for Eesti Telekom to pay an extra dividend for 2008 and set up a dividend policy for the coming three years. Eesti Telekom proposed an extra dividend of 964 million Estonian krooni (US\$91 million) and a dividend policy for 2009-2011. TeliaSonera, which on Sept. 21 owned 61 percent of the shares in Eesti Telekom is offering EEK93 (US\$8.7) per share in the company.
- **Deutsche Telekom is having meetings over a possible merger between its T-Mobile USA operation and regional prepaid rival MetroPCS.** The two operators are holding discussions about a tie-up that could be worth as much as US\$5 billion. The merging of T-Mobile USA's GSM network and MetroPCS's CDMA network would be challenging; however, Deutsche Telekom plans to strengthen its market position ahead of the adoption of the next generation of mobile technology, hoping that a move to LTE will bring about the convergence of the two standards. Both companies have struggled amid the downturn and rising competition in the U.S. mobile sector. AT&T and Verizon Wireless have been taking high-end market share from T-Mobile. The telco giants have also been driving their low-cost prepaid offerings in a bid to attract increasingly cash-strapped consumers looking to save money on mobile services – a move which has impacted the recent performance of MetroPCS.
- **Avanti Communications Group PLC swung to a fiscal 2009 pretax profit and has two new projects, which can increase capacity as it is confident of the imminent launch of its super fast broadband satellite into orbit.** The firm had a pretax profit of 1.8 million pounds (US\$2.9 million). The strong performance, which exceeded its expectations, was due to sales of its interim satellite capacity and effective hedging. Avanti Communications' interim satellite service operations have enabled it to prepare for a full-scale roll out as soon as its first super fast broadband satellite, Hylas, launches in the second quarter of 2010. Avanti Communications' sales pipeline is strong and it is confident that Hylas will sell out quickly.
- **Deutsche Telekom AG have meetings regarding gaining access to airwaves controlled by Clearwire Corp. and MetroPCS Communications Inc. as the German company seeks to expand U.S. networks.** The company plans to build nationwide networks using high-speed technology. Sprint Nextel Corp., which owns 51 percent of Clearwire, is also involved in the talks with Bonn-based Deutsche Telekom. Clearwire needed US\$2 billion by year-end to complete its own network expansion, and Deutsche Telekom could provide funding in exchange for access. MetroPCS

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and Clearwire each own airwaves suitable for fourth-generation networks, which can provide faster service for Web-equipped phones than their predecessors.

Internet

- **Yell Group PLC will have to raise at least 500 million pounds (US\$800.7 million) through a new share issue in a bid to slash its debt.** The Yellow Pages publisher will have to repay another 300 million pounds (US\$480 million) of debt, which totals 3.8 billion pounds (US\$6.08 million), in the next 18 months, possible through a second equity raising or a bond issue. Yell, which has strengthened its online focus amid a weak advertising market, will have to ask its lenders to extend its debt maturities to 2014. The significant proportion of them is backing its plans. Although the extra funds will appease Yell's shareholders and lenders in the short term, the bigger question is whether Yell's business is structurally viable in the medium term. The proposals will support Yell through the tough economic climate and ensure it is well-positioned for a recovery.

Software

- **Flander will buy China's Symbio expanding its offering and creating one of the largest outsourced product development firms in the world.** Flander will change its name to Symbio. The new firm will be among five largest vendors in the over US\$3 billion global market for outsourced product development. Symbio would have workforce of 1,400 working for its clients, including IBM, Microsoft and Nokia. Its main rivals are Indian IT services firms like Wipro and HCL. The company aims to go public.

South Africa/Middle East/Latin America

Telecommunications

- **Officials from South Africa's Treasury and central bank will discuss regulatory matters regarding the proposed tie-up between mobile operators MTN Group Ltd. and Bharti Airtel Ltd in India with India's minister of finance, regulatory authorities and officials from the central bank.** The South African officials will arrive in India and will stay a couple of days. MTN and Bharti were talk about the agreement that could see the Indian operator buy a 49 percent stake in MTN, and MTN and its shareholders buy 36 percent of Bharti. The talks have twice been extended by one month and are due to expire at the end of the September.
- **Emerging Capital Partners has committed US\$25 million to Wananchi Group Holdings.** ECP's equity investment will be used to upgrade and expand Wananchi's network infrastructure, enabling the company to provide east Africa's first triple-play service of digital pay-TV, high-speed Internet and voice-over-Internet protocol services. East Africa has been characterized by limited supply of pay-TV and Internet services due to high costs and inadequate infrastructure. Penetration rates for cable TV and broadband Internet throughout Kenya and Tanzania stand at less than 1 percent each, while by comparison South Africa's penetration is about 15 percent for pay-TV and 4 percent for broadband Internet. East Africa's demand for these services is growing, spurred by strong economic growth, the emergence of a middle class and the development of undersea fiber lines.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 9/25/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	89.6300	-1.8%	-5.1%	-2.8%	-20.4%
Hong Kong dollar	HK\$/ US\$	7.7503	0.001%	0.01%	0.001%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8273	0.004%	-0.1%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.4158	0.1%	-2.0%	-3.1%	-2.0%
South Korean won	KRW/ US\$	1,184.2500	-1.8%	-4.5%	-10.0%	26.6%
New Taiwan dollar	NT\$/ US\$	32.3900	0.0%	-1.4%	-1.2%	-0.3%
Australian dollar	US\$/A\$	0.8680	0.1%	3.6%	22.2%	-0.8%
New Zealand dollar	US\$/NZ\$	0.7191	1.5%	5.1%	22.9%	-7.1%
Philippine peso	PHP/ US\$	47.2000	-0.9%	-2.9%	0.0%	14.6%
Euro	US\$/€	1.4686	-0.1%	2.7%	5.8%	-0.2%
British pound	US\$/£	1.5952	-2.0%	-2.8%	9.8%	-20.0%

Fixed Income Prices and Yields

Note	Currency	Current (on 9/25/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	106.97	4.14%	104.69	4.27%	103.93	4.27%
Japan 30-year	¥	102.71	2.19%	101.61	2.24%	100.18	2.28%
Hong Kong 10-year	HK\$	100.79	2.57%	100.83	2.56%	99.66	2.61%
China (06/16)	US\$	109.22	3.18%	109.88	3.07%	109.95	3.07%
Singapore 10-year	S\$	100.92	2.41%	100.72	2.43%	99.70	2.54%
South Korea 20-year	KRW	10,015.19	5.59%	10,046.45	5.55%	10,090.73	5.64%
Australia 15-year	A\$	103.56	5.33%	102.99	5.40%	102.34	5.48%
New Zealand (12/17)	NZ\$	102.46	5.70%	102.20	5.74%	101.23	5.79%
Philippines 20-year	PHP	101.60	9.53%	104.12	9.25%	102.96	9.17%
India 30-year	INR	84.70	8.39%	84.80	8.38%	85.30	8.15%
UK 30-year	£	110.99	4.14%	109.54	4.23%	109.78	4.17%
Germany 30-year	€	104.75	3.97%	101.61	4.15%	104.55	3.98%

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