



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

Week of 12 October 2009 - 18 October 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 (10/16/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,087.68	1.5%	3.3%	20.4%	-25.9%
Dow Jones Industrial Avg.	9,995.91	1.3%	3.2%	13.9%	-24.6%
Dow Jones Tech. Index	377.33	0.5%	2.1%	50.1%	-17.8%
Dow Jones Telecom. Index	213.42	0.4%	-1.2%	6.8%	-31.9%
NASDAQ Composite	2,156.80	0.8%	2.6%	36.8%	-18.7%
Japan Nikkei 225	10,257.56	2.4%	0.4%	15.8%	-34.5%
JASDAQ	48.79	-1.0%	-3.2%	1.2%	-32.4%
Japan Mothers	437.55	-1.1%	-5.6%	35.3%	-44.1%
Korea KOSPI Composite	1,640.36	-0.4%	-0.8%	45.9%	-13.5%
Korea Kosdaq	508.26	0.4%	-4.4%	53.1%	53.1%
Taiwan Stock Exchange	7,715.10	1.9%	5.0%	68.0%	-9.3%
Singapore Strait Times	2,719.10	1.0%	2.9%	54.4%	-21.5%
Hong Kong Hang Seng	21,929.90	2.0%	5.1%	52.4%	-21.2%
Hong Kong GEM	674.88	2.6%	4.2%	75.1%	-50.0%
China Shanghai (A-Share)	3,123.90	2.2%	-1.9%	63.4%	-43.4%
China Shenzhen (A-Share)	1,080.07	3.2%	-2.1%	85.7%	-29.0%
China Shanghai (B-Share)	203.73	1.7%	-0.7%	83.7%	-44.3%
China Shenzhen (B-Share)	525.18	1.0%	-0.6%	93.6%	-26.0%

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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

- **Global PC shipments in the third quarter increased 2.3 percent from the year before, a sign of continuing recovery.** The first quarter was down 6.8 percent as second quarter also declined 2.4 percent. All regions except Japan either met or surpassed expectations in the third quarter, with portable PCs continuing to account for the majority of volume and growth, and Mini Notebooks still making a substantial contribution. The U.S. PC market increased by 2.5 percent in the quarter, with vendors with a solid retail presence the main beneficiaries as HP regained the top spot. In the EMEA (Europe, Middle East and Africa), the quarter decelerated in growth but sees to improve due to continued consumer demand in Western Europe.

Ventures/ Investments

- **Venture-capital fundraising dropped to its lowest point in six years during the third quarter as financial turmoil continued to buffet universities and pension funds' investments in startup companies.** Venture firms raised US\$1.56 billion in the quarter. The number of dollars committed was the lowest since the first quarter of 2003, while the 17 investment pools raised were the fewest since the third quarter of 1994. Fundraising in the venture-capital industry has been buffeted by the slowing market for initial public offerings, Ray Rothrock, a partner at Palo Alto, California venture firm Venrock said in an interview last month. There have been only 14 IPOs of U.S. startups since the end of 2007. Fundraising may have fallen to its lowest point this quarter, since several firms have almost finished raising money.

Japan

Semiconductor

- **Elpida Memory Inc., which secured a US\$2 billion lifeline in September including public money, is planning to join industry leader Samsung Electronics Co. in a new round of technology spending to widen its lead over smaller Taiwanese makers of dynamic random access memory (DRAM).** Spot prices of DRAM are now more than double what they were a year ago. Analysts credit demand rises for cutting-edge chips for high-performance computers as well as procurement by Chinese brokers following the National Day holiday in early October. DRAM prices will peak in the first half of October.
- **Japan's Elpida Memory Inc. will raise its stake in its Rexchip, its Taiwan venture with Powerchip Semiconductor Corp to above 70 percent by the year's end.** Elpida raised its stake in Rexchip to 64 percent from 52 percent earlier. It has acquired 350 million Rexchip shares from Powerchip Semiconductor Corporation (PSC) as partial repayment of the loan interest and principal to strengthen the management of the consolidated subsidiary's operations. Elpida Memory Co. Ltd. provided PSC with a short-term loan. Elpida and Elpida Memory merged with PSC to settle the loan obligation.

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Telecommunications

- **Japan International Cooperation Agency (JICA) has agreed to finance the construction of a submarine electric transmission cable between Java and Sumatra.** JICA will provide a loan of US\$1.87 billion for the US\$2.2 billion project and PLN, which owns the project, will put up the rest. The loan is for 30 years with a grace period of 10 years carrying an annual interest rate of 0.3 percent. Construction of the 700 kilometer cable project will start in 2011, and it is to be completed in 2016. The project will link the Sumatra systems and the Java-Madura-Bali interconnections.

Internet

- **Interlink Co. of Japan merged with RegistryASP for provisioning of new gTLD registry solutions and services.** Interlink and RegistryASP will be sponsoring the upcoming ICANN meeting Seoul. The two companies will encourage and advocate Asian Internet communities' participation in the new gTLD application as part of the Asia.

Korea

Telecommunications

- **Internet home phone business of LG Dacom will surpass 2 million subscribers this month for the first time in the industry after reaching 1.91million in the end of last month for my LG070 service subscribers.** The firm attributed cheap fee system such as free calling to increase, and word of mouth among house makers were effective. Sales revenue was up 502 percent from Won 18.3 billion in 2007 to Won 109.9 billion last year.
- **LG Telecom Ltd. plans to merge with its two affiliated fixed-line Internet operators, the latest in an industry-wide move to converge the fixed-line and wireless businesses.** The operator is planning on merging with LG Dacom Corporation, a fixed-line Internet operator, and LG Powercom Corp., an Internet service unit. Significance: The merger is essential for LG to compete with its bigger rivals to secure more customers in the nearly saturated local telecom market. LG Group currently owns 37.4 percent and 30 percent stakes in LG Telecom and LG Dacom respectively. LG Dacom has a 40.9 percent stake in LG Powercom, while Korea Electric Power Corporation holds a 38.8 percent stake in LG Powercom.

Internet

- **The number of South Korean subscribers to real-time Internet-protocol television (IPTV) has topped the 1 million mark, helped by the expansion of infrastructure and improved service quality.** KT Corp., SK Broadband Co. and LG Dacom Corp. achieved the landmark, about nine months after the commercial service of IPTV started. IPTV delivers television and movie content real-time through broadband Internet networks instead of using radio frequency or satellite signals as traditional TV does, and also offers video-on-demand (VOD) services. Including VOD subscribers, the number of IPTV viewers totaled 2.01 million.

Networking

- **Cisco is doing smoothly in investment in Korea. The investment of US\$2 billion for 5 years promised by Chairman John Chambers on April will proceed soon.** Cisco invested US\$40 billion in local venture fund on October 3, and has followed original plan such as appointing head of Global Center, which will be established in Songdo. Recently, it has created separate organization related with

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Songdo u City business within Cisco Korea. Cisco appointed Jean Louis Maso, worked in India office, as head of GCIU, which will be established in Songdo International Business Complex. Jean is executive of headquarters. He and his family moved to Korea to begin assignment. Global Center is R&D organization, which was stressed by Cisco as the first investment in Songdo. Global Center will develop application applied to u City, cooperate in eco partnership and smart solution, key R&D for Cisco.

China

Internet

- **Chinese IM software QQ saw a concurrent online user base of 80 million.** China had had an Internet user base of 338 million by the end of June 30, 2009 with about 25 percent Chinese netizens used QQ simultaneously. In addition, the company reached a simultaneous online QQ user base of 50 million, 60 million, and 70 million in February, May, and September, respectively, the company announced in its financial report previously. Total revenue surged 79.9 percent year on year. Net profit was up 84.3 percent. QQ registered accounts 990 million, climbing 5.9 percent. IM active accounts 448 million, rising 9.1 percent. Its market value hit HK\$231.8 billion (US\$29.9 billion) in September, outracing its peers like Ebay, Yahoo, and becoming the third biggest Internet company by market value in the world.
- **Alibaba Group's consumer-focused e-commerce site Taobao.com has recorded more than 10,000 daily transactions through its "Wireless Taobao" service.** Average daily transactions are expected to reach 13,000 in November. Wireless Taobao was established in March 2009, includes both consumer-to-consumer and business-to-consumer services, and currently has over 200 million products.
- **Global Sources has appointed Spenser Au as company Deputy Chief Executive Officer, effective immediately, Global Sources announced.** Merle A. Hinrichs still holds the position of Global Sources Chairman and CEO. Au has worked at Global Sources for the past 30 years, in positions including President of Asian Sales, Regional Sales Manager and Publisher.

Internet

- **ezTravel booked revenue of nearly 4 billion yuan (US\$585 million) in the first three quarters of 2009, compared to 5 billion yuan (US\$732 million) in the full year 2008.** Ctrip.com took nearly 20 percent stake in ezTravel after ezTravel decided to develop global and regional markets in 2006. Ctrip has ordered 250,000 tickets to the Shanghai 2010 Expo and has offered ezTravel 30,000 tickets to resell.

Mobile/Wireless

- **China exported a total of 237 million mobile phones in the first half of 2009, with an export value of US\$16.1 billion.** The nation imported 11.74 million mobile phones in the period, and it saw a mobile phone output of 305 million. BYD Co., Ltd., Samsung, ZTE Corporation, and LG all gained high growths, for instance, Samsung's mobile phone output rocketed 300 percent year on year in its Huizhou production plant, with the highest growth ratio. By contrast, the mobile phone shipments all declined in Foxconn Technology Group, Motorola, Inc., Huawei Technologies Co., Ltd., and Compal Communications Inc. The nation harvested an aggregated mobile phone export volume of 533 million units in the full year 2008, with an export value of US\$ 38.5 billion.

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Telecommunications

- **China's telecommunication sector has been continuously witnessing considerable developments over the recent years.** The telecom industry has experienced double-digit growth over the past decade. And the recent move by the government, aimed at restructuring the domestic telecom industry following the issuance of 3G licenses in early 2009, has brought about a wave of rapid development and deployment of telecom infrastructure throughout the country. Operators continue to invest billions of dollars into the development of world-class telecom infrastructure in the country, despite gloomy economic environment. The issuance of 3G licenses in January 2009 has initiated a wave of investments that has long been waited for.
- **ZTE Corp.'s controlling shareholder Shenzhen Zhongxingxin Telecommunications Equipment Co. Ltd. had bought 7.65 million of its A shares, accounting for about 0.42 percent of ZTE's total share capital.** The controlling shareholder would hold 620 million shares of ZTE after the deal, representing 33.87 percent of the company's total share capital. ZTE has no interest in buying the GSM assets that Nortel Networks Corp. has put up for sale. The company didn't rule out the possibility of any future acquisitions, and it will remain extremely cautious in future acquisitions considering the current market conditions.
- **China Mobile expects smartphone sales to be growing in double digits in the coming years, and at least two-to-three times faster than other phone sales.** Over the next three to five years, 50 percent of customers will migrate to smartphones, Bill Huang, general manager of the company's research institute, said. Currently about 10 percent of China Mobile customers use a smartphone. Huang further expects the average selling price to fall below US\$150 from over US\$300 in one to two years.
- **China Telecom Corporation Ltd. CDMA mobile phone sales volume topped 2.5 million in September 2009, rocketing 600 percent from the period last year.** If the sales volume grows at the above pace, the telecom carrier will be likely to seek a net increase of 35 million in its CDMA subscribers. China Telecom plans to lure 35 million CDMA users this year and the demand for CDMA terminals will be 50 million, said an executive for the telecom operator. CDMA mobile phone sales volume arrived at 2.508 million or so this September, outnumbering 2.5 million for the first time, showed a research report. The telecom operator had no time to consider CDMA mobile phone sales volume in 2008 due to the nation's telecom industry regrouping. CDMA mobile phone sales volume was unsatisfying last year. However, CDMA sales volume started to rebound in November 2008 and was forecasted to seek a year-on-year growth of over 600 percent in September 2009.

Media, Entertainment and Gaming

- **VODone Telemedia Co., Ltd. is scheduled to acquire 70 percent of Dragon Joyce, a mobile phone game maker.** VODone will spend HK\$40 million (US\$5.2 million) in cash and offer about 100.789 million shares for the deal, with a total cost of 168 million yuan (US\$24.6 million). The deal will bring more synergy and opportunities for the two parties, citing the report. Dragon Joyce focuses on the low-cost domestic mobile phone market, and its users are likely to become the consumers who buy lotteries and Shishicai products by mobile phones. So, the acquisition is in line with VODone's business strategy, pointed out the Hong Kong-listed company.
- **MyStarU.com, Inc. will complete the acquisition of the minority ownership of its subsidiary, Subaye.com, Inc. and Subaye's various subsidiaries by October 31, 2009.** Subaye is also refocusing efforts to increase its member and will seek additional advertising, marketing, acquisition,

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joint venture and investment opportunities in the next six months. The Company expects an increase in its membership in the next 12 months. Subaye membership will reach 72,000 unique members. The Company has discontinued its plans to spin off certain assets of the Company due to specific transactional complexities and income tax considerations.

- **Shanghai plans to focus on development of online video and audio industry, and aims to build the city into a center of China's online video and audio resources by 2012.** The online culture industry, including video and audio section, in Shanghai grew rapidly in recent years. It achieved a value added close to 15 billion yuan in 2008 with the growth rate pierced 25 percent. The World EXPO 2010 in Shanghai is believed to provide the city with new opportunities to promote the online video and audio industry. Shanghai has 19 enterprises, which are licensed to provide services for IPTV, handset TV, video sharing websites, video web portals and P2P streaming media. By implementing pilot programs, the industry in Shanghai is now made up of mainly state-own enterprises, as well as other non-state-own businesses, providing various services via different networks.
- **VisionChina Media Inc. has signed an agreement to acquire subway television advertiser Digital Media Group (DMG) for US\$160 million in cash and shares, VisionChina announced.** The transaction is expected to close in the first quarter of 2010. The deal will give VisionChina access to the Shanghai market and create China's largest mobile television advertising network, the announcement said. The merged entity will operate bus networks in 18 Chinese cities, including Beijing, Guangzhou and Shenzhen; hold exclusive subway networks in eight cities, including Beijing, Guangzhou, Shenzhen, Shanghai and Hong Kong's airport express line. Total consideration will be paid in three installments over two years: a first installment of US\$100 million, US\$40 million in cash and US\$60 million in shares at the close of the transaction, and two subsequent installments of US\$30 million each on the first and second anniversaries of the deal.
- **Hurray Holdings said Songzuo Xiang has resigned as CEO and Xiaoqing Guo has resigned as Chief Financial Officer and Vice President for personal reasons, effective immediately.** Shanda Executive Vice President Haibin Qu has been appointed Acting CEO, while Shanda Associate President and Financial Director Li Yao will serve as Acting Chief Financial Officer. Shanda agreed to purchase 51 percent stake in Hurray, a music production, artist development and wireless value-added services provider, for roughly US\$46.2 million in June.

Alternative Energy

- **China plans to limit the increase of polysilicon projects to reduce surplus capacity.** It will strictly regulate the establishment of polysilicon projects in areas that are short of energy supply and apply high electricity prices, because most of China's polysilicon production adopts the improved Siemens process, which is both energy and capital consuming. The country will not approve projects that do not meet environmental protection standards. The production capacity of each new project should reach 30 million tons/year, representing a rise in the investment threshold and allowing companies to enjoy advantages such as economies of scale.

Technology

- **Perot Systems Corp. will buy BearingPoint Inc.'s consulting practice in China to develop in the country.** BearingPoint China Consulting will become part of Perot Systems' commercial solutions business unit. The Chinese unit of BearingPoint's revenue climbed 14 percent to US\$35 million last year. The Chinese operations accounted for about 1 percent of BearingPoint's total sales. Executives

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declined to disclose the terms of the acquisition at the briefing. BearingPoint was spun off from accounting firm KPMG LLP in 2000 and filed a so-called prepackaged bankruptcy plan in February

Investments/ Ventures

- **China lent 516.7 billion yuan (US\$75.7 billion) in new RMB-denominated loans in September, the People's Bank of China said.** In the first nine months of 2009, new loans totaled 8.67 trillion yuan (US\$1.3 trillion), almost 5.19 trillion yuan (US\$760 billion) more than the year-ago period. China lent 410.4 billion yuan (US\$60.1 billion) in new loans in August. The country saw 999.2 billion yuan (US\$146.3 billion) in new deposits in September. M2, the broadest measure of money supply covering all cash in circulation and all deposits, rose 29.31 percent year-on-year by the end of September.

Taiwan

Telecommunications

- **Chunghwa Telecom's nine-month revenues dropped by 2.5 percent year-on-year.** In the year-ago period the company posted revenues of NT\$151.9 billion (US\$4.7 billion). Net income was NT\$33.18 billion (US\$1.03 billion). Fixed-line revenues were down by almost 3 percent. Of the fixed-line revenues, local call revenues fell 4.5 percent while domestic long-distance revenues dropped 9 percent. Broadband services revenues stable. However, within broadband service revenues, ADSL revenues fell 23.6 percent, but FTTx revenues increased by 66.9 percent. Mobile revenues fell 2.5 percent, with handset sales dropping almost 20 percent and services revenues falling almost 2 percent.

Hardware

- **Acer will have third quarter revenue to be up about 5 percent because of a rebound in tech demand as the global economy shows more signs of recovery.** Acer sees PC shipments to increase in the fourth quarter from the preceding three months as demand for computers peak ahead of the holiday shopping season. The company forecast revenue the July-September period at a record high of NT\$167 billion (US\$5.18 billion). Acer will release its official third-quarter results and provide an outlook for the fourth quarter on Oct 30. The last quarter of the year is typically the strongest period for most PC brands, helped by students returning to school and pre-Christmas demand. The launch of Microsoft's Windows 7 operating system is likely to help sales further, as the sale of new system software is typically followed by an uptick in consumer demand for computers.
- **Acer is reducing net book business.** Instead, it decided to increase the proportion of smart book business using smart phone and Qualcomm chip. Acer is the company that has been aggressive in net book market along with Asus. World PC market is led by HP and Dell but Net book has been concentrated by Acer and Asus. Acer turned because of profitability. Profitability of net book has become urgent problem. It has brought fresh change in notebook market, but said as under expectation. In fact, the biggest issue of PC market in this year was net book. In 1Q of this year, over 6 million units were sold worldwide, taking over 20 percent of overall notebook market. It is the same to Korea. It has been growth trend in economic recession. 58,796 units were sold in the first half of this year, up 114 percent from 27,395 units in the second half of last year.

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Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **Axiata Group Bhd. expects a price war and potential introduction of per second billing in India to hurt earnings initially but to benefit the company in the long run.** Axiata's India-based 14.99 percent-owned associate, IDEA, unveiled a new plan offering flat rates for mobile users in Mumbai and for national long distance calls.
- **DiGi.com, which is confident of achieving more than 1.27 billion ringgits (US\$376.6 million) in operating cash flow this year, expects its broadband services to contribute a significant part of its revenue in 2011.** The company had 11,000 broadband users at the end of June and is targeting to raise that to 30,000 by year end. No targets for 2010 and 2011 were given. DiGi.com launched the broadband services in March this year.
- **The total number of mobile phone users in impoverished Bangladesh has reached 50 million, making it one of the fastest-growing telecommunications markets in the region.** The country's telecoms regulator said mobile phone subscribers crossed 50.4 million at the end of September, meaning more than one in three people in one of the poorest countries in the world has a cell phone. Bangladesh issued its first mobile phone license in 1993. Growth was slow in the first 10 years, with total subscribers reaching just 1.5 million in the early 2003. However, the Bangladesh economy has grown rapidly in recent years, fueled by a better-than-expected flow of remittances, and the prices for phone use have fallen sharply due to competition.

Telecommunications

- **Geoff Booth, the head of Telstra Corp.'s National Broadband Network engagement team, believes an agreement acceptable to both the company and the Australia government can be reached on the planned A\$43 billion (US\$39.6 billion) network.** Booth reiterated that the company supports the government's vision to build the new network, and has been in talks with the government and NBN Co. the company set up to run the new wholesale-only network for some time. Many analysts expect Telstra to sell large parts of its fixed line network, including pits and ducts, to NBN Co. The new fiber network will eventually leave large parts of Telstra's copper network redundant.
- **Thailand's National Telecommunications Commission said that the minimum price tag for the upcoming auction of 3G telecommunications service licenses will likely be below 10 billion baht (US\$300.3 million).** The NTC commissioner said the NTC isn't looking to charge a license fee of hundreds of billions of baht for the 3G service. The NTC targets to auction four 3G licenses in the second week of December. The commission has finalized details of the auction documentation and related regulations, which were put to a public hearing late last month. However, there is a risk the auction may be delayed again due to political pressure amid strong opposition by labor unions of state-owned TOT PCL and CAT Telecom, which accused the NTC of lacking legitimacy to call for the auction.
- **PT Telekomunikasi Indonesia said its operating revenue in the first nine months of this year may increase by about 5 percent due to an increase in subscribers.** The slight increase in the revenue could drive the company's net profit higher but didn't give a percentage. Telkom, which has a 65 percent stake in PT Telkomsel had 86 million subscribers at the end of September, up 42 percent.

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- **Quippo Telecom Infrastructure Ltd. is looking to raise around US\$300 million through a stake sale to pay off its debt.** The company holds a 49 percent stake in Wireless TT Info-Services Ltd., or WTTIL, which was earlier named Wireless Tata Telecom Infrastructure Ltd. Wireless Tata Telecom Infrastructure was formed via a merger of the telecom tower operations of Tata Teleservices Ltd. and Quippo in January. WTTIL now has about 25,000 towers. At the time of the deal in January, the combined entity had about 18,000 towers, which gave it an enterprise value of 130 billion rupees (US\$2.82 billion). For its deal with Tata Teleservices, Quippo had taken debt, which it intends to retire by raising money through the stake sale. Demand for passive telecom network infrastructure such as towers is booming in India - the world's fastest-growing telecom market by subscriber additions as new mobile providers opt for leasing infrastructure to reduce costs and roll out services faster.
- **PT Telekomunikasi Indonesia will increase its focus on information, media and educational entertainment services, aiming over the next five years to nearly triple its share of industry revenue from the three sectors.** Telkom will allocate about US\$2 billion for capital expenditure this year, and a similar amount for 2010, which will be used to fund acquisitions and expand its business organically. Telkom may also seek strategic partnerships in the three sectors. Telkom hopes by 2014 to increase to 60 percent its share of industry revenue from the information, media and educational entertainment sectors. Telkom currently has about a 22 percent share of revenue in those sectors. Telkom's shift in strategy will also comprise the divesting of units that don't contribute to its core business.
- **MobileOne Ltd. said that its third-quarter net profit fell by a marginal 0.7 percent due to lower service revenue.** Net profit for the quarter ended Sept. 30 was S\$34.2 million (US\$24.5 million). Operating revenue for the quarter was S\$188.4 million (US\$135.2 million).
- **Bharat Sanchar Nigam Ltd. has given a contract worth 849 million rupees (US\$18.4 million) to ITI Ltd. for upgrading its CDMA network, showed a notice on BSNL's Web site.** ITI, a state-run telecommunications equipment maker, will upgrade the software for BSNL's mobile switching centers by the end of February next year. A mobile switching center is a unit of the wireless telecom equipment and routes mobile phone calls from one telecom tower to another. The upgrade will allow BSNL to offer full roaming to its CDMA users across the country. The company can only offer mobility within a telecom service area. ITI has partnered with the Indian unit of ZTE Corp., a Chinese telecom equipment supplier for the BSNL contract.

Media, Gaming and Entertainment

- **Malaysia's Media Prima Bhd. may soon sell its loss-making 70 percent-owned unit Primedia to Philippine Long Distance Telephone Co. (PLDT).** The Malaysian free-to-air TV station has so far recognized accumulated losses of 68.1 million ringgits (US\$20.2 million).

Semiconductor

- **Telecommunications Consultants of India Ltd., or TCIL, has invited bids for appointing valuers to assess the net worth of its stake in Bharti Hexacom Ltd.** State-run TCIL holds 30 percent of unlisted Bharti Hexacom while the remaining stake is with Bharti Airtel Ltd., India's largest mobile-services provider by subscribers. The move to appoint valuers comes after the federal government late August approved the exit of TCIL from Bharti Hexacom, which offers telephony services in six of India's 22 telecom service areas such as Rajasthan and some northeastern states.

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United States/Canada

Mobile/Wireless

- **T-Mobile USA temporarily suspended selling its Sidekick messaging-centric cellphone following an embarrassing loss of customer data. T-Mobile's Web site lists the Sidekick line of devices as temporarily sold out.** Sales of the phones have been halted. The move puts into question the future of the Sidekick line and T-Mobile's relationship with Microsoft Corp., which owns the company that makes Sidekicks. Microsoft scooped up the unit, Danger, last year in an attempt to make its own Windows Mobile operating system more accessible to consumers. T-Mobile, which is a unit of Deutsche Telekom and the fourth-largest carrier in the U.S., can ill-afford the negative press. The company is struggling with subscriber growth, and speculation is it is ready to mount an aggressive campaign to win back customers with a cheaper plan and better phones.

Internet

- **Google Inc.'s online service Google Editions enabling electronic books to be downloaded to mobile telephones and readers will have some 500,000 publications available in the first half of next year.** The project meant Google could now offer an alternative to the Amazon.com Kindle reader, and one that can be used by a wide range of devices. Google planned to begin selling electronic versions of new books online this year, posing a potential challenge to market leader Amazon. Publishers would determine the price of each book, and Google would collect 55 percent of the profits, passing back most of it to retailers. Publishers would receive the remainder.
- **AT&T Inc. reached a tentative agreement with the Communications Workers of America on a new, four-year contract covering about 26,000 employees in AT&T's Southwest region.** The previous contract expired April 4; employees have continued working under those terms while talks were under way. They will vote on the new agreement soon. The telecommunications giant has reached contract agreements covering workers in five bargaining units. Those contracts are for three years. Negotiations continue in the company's Southeast region, where the contract expired Aug. 8. AT&T and the union have not reached an agreement covering workers in Connecticut.
- **Google Inc.'s third-quarter earnings rose 27 percent as the Internet company provided further evidence of an awakening economy by reporting that consumers clicked on more search ads and that advertisers were paying more to place their ads.** Quarterly results from the company surpassed Wall Street expectations and lifted the stock, already up 72 percent year to date, another 2.9 percent in after-hours trading to US\$544.55. The stock hit a 52-week high earlier at US\$536.90.
- **Google Inc. is open to making large and small strategic acquisitions now that the worst of the economic crisis has passed.** The company was once again in a buying mood, but his earlier comments seemed to downplay the prospect that Google would be willing to consider large deals. Google Chief Financial Officer Patrick Pichette added that while the company ended the third quarter with fewer employees, the improving economy will enable the search giant to step up investment in a targeted and disciplined manner, including accelerating hiring across the company, particularly in engineering and sales.
- **Yahoo Inc. hopes a shout heard around the world can help reinvigorate its brand and drive traffic to its sites.** The company, as part of the "It's Y!ou" brand campaign, seeks to generate buzz using what it calls its best-known brand asset, "the Yahoo! yodel." Yahoo invited consumers to compete for a chance to be featured in the company's global advertising campaign and on its home page by submitting videos of themselves online performing their own rendition of the Yahoo yodel.

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The campaign reflects how major companies are attempting to harness the explosion of user-generated content and online social media to get consumers to tout their brands and products in the digital marketing age.

- **Yahoo Inc. is expected to report declines in profit and sales when it posts third-quarter results, as analysts believe the depressed online advertising market continued to eat into the company's balance sheet.** Analysts polled by Thomson Reuters estimate that Sunnyvale, Calif.-based Yahoo will post earnings of 7 cents a share for the period ended in September, and US\$1.1 billion in net revenue. That compares to earnings of 9 cents a share and US\$1.3 billion in net revenue in the same period last year. Yahoo depends heavily on Internet display advertising, a business that has been sharply undercut by the economic downturn and the corresponding drop in marketing budgets. The company's report will also follow a recent dose of negative news about its online search business. Yahoo's share of U.S. search market slipped to 18.8 percent in September, while its peers Google Inc. and Microsoft Corp. each saw gains in the period.

Networking

- **Cisco Systems Inc. agreed to acquire Starent Networks, a maker of infrastructure equipment used by wireless carriers, for about US\$2.9 billion.** The technology bellwether which has been hurt by the pullback in technology spending will pay US\$35 for each Starent share, a 24 percent premium. The stock has been on an upward climb since November, quadrupling in that time. Cisco doesn't expect the deal to begin boosting its bottom line for several years, and will cut into profit the next two.

Software

- **Symantec Corp. didn't renew a service contract with Digital River.** The agreement to manage Symantec's online store is only due until June 30, 2009. Symantec will move its online traffic to its own e-commerce system. Sales of products to Cupertino, California-based Symantec accounted for almost one-fourth of Digital River's revenue last year. The company's sales have slowed in the past two years. Third-quarter results will meet or exceed the top end of its forecasts. The company expects sales of as much as US\$98.5 million and per-share profit, excluding some items, of as much as US\$0.41.

Semiconductors

- **Contrarians were winning a battle over the results from Advanced Micro Devices Inc, as the chip maker beat expectations.** While analysts called the third-quarter results impressive, as gross margins and sales came in higher than expected, comments that AMD made about fourth-quarter sales, and in particular a potential peak in personal-computer production, were outweighing the positives. But grabbing much of the attention were comments made on the company's conference call by Chief Executive Dirk Meyer about a buildup in computer production before the launch of Microsoft Corp.'s Windows 7. The semiconductor maker said it expected fourth-quarter revenue to be up modestly from the third quarter.

Europe

Mobile/ Wireless

- **Nokia Oyj had its first net loss since the company began reporting quarterly in 1996, hurt by costs related to a joint venture with Siemens AG and weaker demand.** The net loss totaled 559 million euros (US\$834 million), after a profit of 1.09 billion euros a year earlier. Sales declined 20

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percent. If Siemens were to follow Nokia in writing down the entire remaining goodwill in Nokia Siemens Networks, it would result in a charge of about 1.6 billion euros (US\$2.4 billion). Siemens booked a capital gain of 1.6 billion euros (US\$2.4 billion) in 2007 related to the creation of the venture. The figure corresponds to the goodwill that Siemens carries on the joint venture. Nokia Siemens Networks, which is consolidated in Nokia's results, had previously booked operating losses of more than 1.6 billion euros over 2007 and 2008 as it struggled against carrier spending cuts and competition from new entrants in the network- equipment business.

- **Siemens AG faces a 1.6 billion (US\$2.4 billion) write-down for Nokia Siemens Networks, its joint venture with Nokia Corp.** Finnish cell phone manufacturer Nokia reported an adjustment of 908 million euros (US\$1350 million) in its third quarter for this joint venture. NSN reported a loss of 1.11 billion euros (US\$1.6 billion) because of the adjustment. In case of an impairment test, this is the amount Siemens would have to take a look at. So it can't be ruled out that Siemens may have to write down 1.6 billion euros (US\$2.4 billion) on NSN. Siemens transferred its carrier networks operations into the JV in April 2007. The DAX-listed company's Chief Financial Officer Joe Kaeser had warned at the end of September that due to the recent development of NSN, a close look at the intangible value of the JV in Siemens' books could become necessary.
- **Sony Ericsson posted a smaller-than-expected third-quarter net loss on cost cutting and as margins improved, and said it had bolstered its financial position.** The company, a joint venture between Sweden's L.M. Ericsson Telephone Co. and Japan's Sony Corp., reiterated its outlook for a 10 percent contraction of the global handset market in 2009 from 2008. The decline in global handset markets is slowing. Chief Executive Dick Komiyama also said that Sony Ericsson, which had a net cash position of 841 million (US\$1.3 billion) on Sept. 30, had secured external financing to strengthen its balance sheet. The handset maker was in need of financial support from either the parent companies or external sources.
- **Nokia Corp. said Chief Financial Officer Rick Simonson will leave his role to head the company's mobile phone business.** Replacing him as CFO will be Timo Ihamuotila who is currently global head of sales. The world's largest handset maker said Simonson, 51, will also head strategic sourcing for the entire devices unit. Nokia spokeswoman Henna Pelkola said Nokia regards Simonson's new position as a job rotation with new responsibilities, adding that it is quite common for the company's managers to move between different positions. She didn't comment on when or why the company decided on the management change.
- **Monitise PLC has signed its one millionth customer ahead of schedule following a period of rapid growth.** Monitise, which has partnerships with the majority of the U.K.'s high street banks including HSBC Holdings PLC, Lloyds Banking Group PLC and the Royal Bank of Scotland Group PLC, previously didn't expect to reach one million customers until the calendar year end. Customer uptake is growing across its broad range of services. The firm enables customers to use their mobile phones to check their bank balance, pay bills and set up alerts to stop them going overdrawn. Monitise's Mobile Money Manager platform is now handling 25 million transactions a year and the firm said transaction volumes continue to grow.

Hardware

- **Tandberg ASA shareholders with more than 24 percent of the stock want Cisco Systems Inc. to raise its 17.2 billion kroner (US\$3.1 billion) offer for the world's largest maker of videoconferencing equipment.** SEB AB's SEB Enskilda unit in Norway canvassed shareholders and found that 21 owners won't sell at the current offer terms. SEB was acting on behalf of clients. Cisco

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offered 153.50 kroner (US\$30.72) a share for Tandberg to expand in videoconferencing. The offer needs support from 90 percent of Tandberg's shareholders. The Norwegian company's board has recommended shareholders to accept the offer. Cisco had US\$35 billion in cash at the end of July. Cisco's offer was 11 percent more than Tandberg's closing price on Sept. 30. The bid is also a 38 percent premium to the closing price on July 15.

Telecommunications

- **Deutsche Telekom AG does not believe for further consolidation of the U.S. mobile-phone market.** Deutsche Telekom's current focus in the U.S. is expanding its so-called third-generation, high-speed network but it was slow to start building its third-generation offerings in the U.S. It invested US\$3.5 billion euros in the network. Deutsche Telekom had 24 percent of its revenue from T-Mobile USA, ranked fourth in the U.S. in terms of subscribers. Sprint Nextel Corp., and T-Mobile had revenue declined as AT&T Inc. and Verizon Communications Inc. lured away contract customers. Sprint's sales lessened 10 percent last quarter. T-Mobile's was down 2.3 percent. The company is open to the idea of whether to enter into merging.
- **Telecom Italia SpA shareholder Marco Fossati is in favor of spinning off the telecommunications company's fixed-line network into a separate unit to make Telecom Italia more competitive.** Fossati's holding company, Findim, holds a 5 percent stake in Telecom Italia. Telecom Italia Chief Executive Franco Bernabe and shareholder Telefonica SA are against the idea of a network spinoff. Telecom Italia has to make its decisions regardless of Telefonica, which can leave if in disagreement. The deadline (to renew) Telco's pact is an opportunity to clarify.
- **Orascom Telecom could be interested in buying a stake in Poland's top mobile phone operator by revenue, Polkomtel S.A.** The Polish treasury, which is meeting investors in Egypt, is not a direct shareholder of Polkomtel, but it controls Polkomtel's majority shareholders. PGE, which holds 21.85 percent, and oil refiner PKN Orlen with 24.39 percent are preparing to offload their shares in Polkomtel. Copper miner KGHM holds 24.39 percent in Polkomtel. Britain's Vodafone Group PLC also holds 24.39 percent in the firm, but hasn't publicly revealed its strategy toward Polkomtel.
- **Polkomtel SA, Poland's top mobile telecommunications company by revenue, may issue up to 1 billion zlotys (US\$347.8 million) worth of bonds.** Polkomtel is planning an issue of Eurobonds to fund acquisitions, and may wish to take over Poland's top alternative telecom Netia SA. State-controlled Polish power company PGE, which is in the middle of its initial public offering, holds 21.85 percent in Polkomtel. Oil refiner PKN Orlen, copper miner KGHM SA, and Vodafone Group PLC each hold 24.39 percent of shares.
- **Egyptian entrepreneur Naguib Sawiris and his holding company Weather Investments have made a proposal to inject fresh equity into Wind Hellas as part of the restructuring of the debt-laden Greek telecommunications company.** Wind Hellas must make a 67 million euro (US\$99.6 million) bond coupon payment on its 3.2 billion euros (US\$4.7 billion) of debt. The company had a cash balance of 32 million euros (US\$47.5 million) as of June 30. Greek Internet provider Forthnet SA said it had made a non-binding offer to buy Wind Hellas' shares. At the time Hellas II, the parent company of Wind Hellas, said it had received a number of offers from investors and that discussions with several of the unnamed parties would be advanced. Buyout firms TPG and Apax Partners, former owners of the company, which was previously known as TIM Hellas, were also interested in putting new cash in.

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- **Telekom Austria is spending 1 billion euro (US\$1.5 billion) on the first phase of its next-generation network, but the company continues to stress that it will not move on to phase two until it has a clearer idea of regulation of new networks in future.** Telekom Austria CEO Hannes Ametsreiter added that Europe would fall behind the US with fiber rollouts if regulation does not change. Telekom Austria is currently involved in various NGN projects, a key one being the migration of voice services onto an IP network using soft switches and Ethernet-based connections for switching centers. Around 20 switching centers are planned and some 20,000 customers will be migrated onto the new system. In order to meet future bandwidth needs, the operator is also trialing VDSL2, fiber to the kerb, fiber to the building and fiber to the home.

Semiconductor

- **Royal Philips Electronics NV's third-quarter net income is 174 million euros (US\$256 million).** Quarterly profit followed losses of more than 1.2 billion euros (US\$1.8 billion) in the two preceding quarters due to the decelerating economic demand. There's a stabilization of consumer sentiment. Shares increased 7.7 percent in Amsterdam. Earnings before interest, taxes and amortization increased to 344 million euros (US\$511.5 million). Profit increased because of the 87 million euros gain linked to a release of a provision for retiree medical benefits.

Media, Gaming and Entertainment

- **Vivendi SA's board held off on a decision on whether to sell its 20 percent stake in NBC Universal deferring the first step in General Electric Co.'s plan to exit the media unit.** Vivendi's directors are focused mostly on the company's possible purchase of Brazil's GVT (Holding) SA. A US\$3 billion bid by the Paris-based owner of the world's largest music company for phone operator GVT was last week topped by Telefonica SA's US\$3.7 billion offer. GE, NBC's 80 percent owner, is negotiating with Comcast to create a new company combining U.S. cable channels MSNBC, CNBC, Bravo and USA with Comcast's E! Entertainment, Versus and Golf Channel. Vivendi's board favors an eventual sale of the NBC stake. Telefonica offered to buy GVT for about 48 reais (US\$28.11) a share, topping Vivendi's 42-reais (US\$24.59) bid. Unlike Vivendi, Telefonica is already a major operator in Brazil.

Software

- **IBM reported a drop in contract signings and failure to raise its 2009 profit forecast enough to satisfy some shareholders.** IBM slid after saying signed services contracts an indicator of future business dropped 7 percent in the third quarter to US\$11.8 billion, the smallest level in six quarters. Revenue at the world's largest computer-services provider fell for a fourth straight quarter as customers curbed technology spending in the economic slump. IBM, based in Armonk, New York, boosted its full-year earnings forecast to at least US\$9.85 a share.

South Africa/Middle East/Latin America

Telecommunications

- **Etisalat is close to finalizing a bond program aimed at financing foreign acquisitions and expanding into new markets.** The bond program - under which the company will be able to sell conventional bonds and Islamic bonds, or sukuk - is in line with foreign expansion and acquisition activities Etisalat is carrying out in regional and global markets. The bond program is being prepared by global consulting firms and institutions. Etisalat didn't give a size or timeline for the program.

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Etisalat expects its subscriber base to expand in 2010, from a current 85 million subscribers in Etisalat companies or affiliates across 17 markets in Asia and Africa. Etisalat submitted a bid to fully acquire the Sri Lankan operations of Luxemburg-based Millicom International Cellular S.A. The operator already has investments in Saudi Arabia and Pakistan.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 10/16/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	90.8700	1.2%	-0.2%	-1.5%	-19.3%
Hong Kong dollar	HK\$/ US\$	7.7500	0.01%	0.01%	-0.003%	-0.7%
Chinese renmenbi	RMB/ US\$	6.8266	0.02%	-0.03%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.3917	-0.3%	-1.9%	-4.8%	-3.7%
South Korean won	KRW/ US\$	1,162.1000	-0.2%	-4.5%	-11.7%	24.2%
New Taiwan dollar	NT\$/ US\$	32.3000	0.03%	-0.8%	-1.4%	-0.6%
Australian dollar	US\$/A\$	0.9163	1.4%	6.2%	29.0%	4.8%
New Zealand dollar	US\$/NZ\$	0.7410	1.0%	5.2%	26.7%	-4.3%
Philippine peso	PHP/ US\$	46.9800	1.0%	-2.8%	-0.5%	14.0%
Euro	US\$/€	1.4903	1.2%	1.7%	7.4%	1.3%
British pound	US\$/£	1.6357	3.3%	-0.8%	12.6%	-17.9%

Fixed Income Prices and Yields

Note	Currency	Current (on 10/16/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	104.33	4.29%	104.44	4.28%	103.98	4.26%
Japan 30-year	¥	98.93	2.26%	100.45	2.19%	101.88	2.19%
Hong Kong 10-year	HK\$	102.04	2.42%	102.15	2.41%	101.68	2.50%
China (06/16)	US\$	108.93	3.22%	108.93	3.22%	109.88	3.07%
Singapore 10-year	S\$	98.75	2.67%	100.50	2.46%	101.15	2.37%
South Korea 20-year	KRW	9,831.87	5.78%	10,059.03	5.57%	9,928.72	5.57%
Australia 15-year	A\$	100.56	5.68%	103.77	5.31%	102.99	5.40%
New Zealand (12/17)	NZ\$	101.54	5.84%	102.95	5.63%	102.60	5.59%
Philippines 20-year	PHP	104.40	9.22%	103.48	9.32%	103.75	9.08%
India 30-year	INR	82.75	8.60%	83.35	8.53%	84.87	8.20%
UK 30-year	£	109.55	4.22%	111.72	4.10%	111.07	4.10%
Germany 30-year	€	103.70	4.03%	106.00	3.90%	103.13	4.05%

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