



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

Week of 21 December 2009 - 27 December 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 (12/25/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	1,126.48	2.2%	1.9%	24.7%	-23.3%
Dow Jones Industrial Avg.	10,520.10	1.9%	0.8%	19.9%	-20.7%
Dow Jones Tech. Index	403.03	3.3%	5.3%	60.3%	-12.2%
Dow Jones Telecom. Index	219.04	1.8%	0.4%	9.6%	-30.1%
NASDAQ Composite	2,285.69	3.3%	5.4%	44.9%	-13.8%
Japan Nikkei 225	10,494.71	3.5%	11.6%	18.5%	-33.0%
JASDAQ	48.11	1.6%	6.7%	-0.2%	-33.3%
Japan Mothers	414.78	2.3%	9.3%	28.2%	-47.0%
Korea KOSPI Composite	1,682.34	2.1%	4.7%	49.6%	-11.3%
Korea Kosdaq	511.19	-0.5%	7.5%	53.9%	53.9%
Taiwan Stock Exchange	7,972.59	2.8%	3.3%	73.6%	-6.3%
Singapore Straight Times	2,927.95	1.2%	4.6%	66.2%	-15.5%
Hong Kong Hang Seng	21,517.00	1.6%	-4.0%	49.6%	-22.6%
Hong Kong GEM	673.23	4.3%	-5.8%	74.7%	-50.1%
China Shanghai (A-Share)	3,294.71	0.9%	-2.6%	72.3%	-40.3%
China Shenzhen (A-Share)	1,226.48	3.6%	-0.6%	110.9%	-19.4%
China Shanghai (B-Share)	247.06	2.8%	2.1%	122.7%	-32.5%
China Shenzhen (B-Share)	607.25	4.1%	-0.1%	123.8%	-14.4%

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Technology, Media, Telecommunications and Life Sciences Market Activity

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

NASDAQ/NYSE Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Filings

Filing Date	Issuer	Industry Sector	Size (US\$MM)	Description	Book-Runner	Co-Manager
N/A						

Asian Equity Markets: TMT and Life Sciences IPO Pricing

IPO Date	Issuer (Exchange)	Description	Size (US\$MM)	Offer Price	Price on 2/15/08	% Change From Offer
N/A						

Asian Markets: TMT and Life Sciences Convertibles

Issuance Date	Issuer [Equity Ticker]	Description of Issuer	Maturity Date	Size (US\$MM)	Per US\$10,000 converts to	Convertible Until
N/A						

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Weekly Highlights

Japan

Mobile/ Wireless

- **The Nikkei reports that NEC Casio Mobile Communications, the entity which will be created through the merger of the mobile businesses of NEC, Casio and Hitachi, aims to ship some 5 million handsets overseas in fiscal 2012.** This would be an increase of 200 percent of the aggregate shipments for fiscal 2008. NEC Casio Mobile Communications will launch new handsets, including smartphones, in North America, as well as in Mexico and Australia, by the end of fiscal 2011.

Semiconductor

- **Panasonic Corp. has developed a rechargeable battery that can store 10 percent more power than a model introduced earlier.** Panasonic increased the lithium-ion battery's power to at least 3.4 amperes per hour. The consumer electronics maker said on Dec. 18 that it began mass production of a 3.1 amperes per hour rechargeable lithium-ion battery suitable for laptop computers. Panasonic estimates the global market for such batteries will increase fivefold from this year to 3.2 trillion yen (US\$35 billion) in 2018, driven by expansion of low-emission vehicles and mobile electronics.
- **Panasonic has received regulatory approval from the Federal Trade Commission Bureau for the acquisition of SANYO Electric, under the condition that SANYO Electric will sell its portable nickel metal hydride battery business.** SANYO Electric will sell the business to FDK Corp., a subsidiary of Fujitsu Ltd. Panasonic has received regulatory approval from the China's Anti-Monopoly Bureau, the European Commission and the Japan Fair Trade Commission to acquire SANYO Electric.

Telecommunications

- **Softbank Mobile will terminate its 2G (PDC) service on March 2010.** Softbank has informed its 2G subscribers of the imminent discontinuation and is encouraging them to migrate to its 3G services. Rival NTT Docomo earlier announced that it would end its 2G (Mova) service but will not terminate until end-March 2012.
- **The telecommunication equipment market in Japan is expected to be approximately 3.3 trillion yen (US\$36.1 billion) this year, a 8.5 percent drop from the previous year.** As mobile phone upgrade cycles continue to grow longer and the global recession depresses demand, the market is forecast to hit bottom in 2010 and remain flat or show slight growth in 2011. The Communications and Information Network Association of Japan (CIAJ) forecasts total market value in 2014 would have a decrease of 6.0 percent over the figure for 2008. In 2008, the Japanese equipment market saw continued large-scale investment in infrastructure, including preparation for NGNs, but with the maturity of the mobile handset market and the launch of new sales plans, upgrade cycles grew longer and drastically reduced demand.

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Korea

Telecommunications

- **South Korea's unification ministry said that a new military telecommunication line will soon link South and North Korea.** It is set to be ready by early January and will promote better inter-Korean communication. South Korea started working on upgrading the existing communication equipment by installing fiber-optic cables last October. Chun Hae-sung, South Korean unification ministry spokesman said that the cable connecting operations are being conducted in the east and west sea area between the north and south. He also said that once the cable is launched, it expects more prompt and stable exchanges of information regarding crossing the border and better traffic for its people.

Hardware

- **Samsung Electronics targets a 30 percent share of the Taiwanese handset market and hopes to overtake Nokia as the number one handset brand next year.** The company currently has a 22 percent share on the Taiwanese handset market and is the number two supplier, which is lower than the company's market share in other regions. Samsung recently launched the Pixon12 M8910 and 18910 HD mobile phones in Taiwan. The M8910 comes with a 12-megapixel camera with a 28mm wide angle and 5x optical zoom, while the 18910 HD features an AMOLED touchscreen, 720p HD video recording, and a 8-megapixel camera.

Semiconductors

- **Hynix Semiconductor Inc. raised its investment budget for 2010 to 2.3 trillion won (US\$2 billion). Its capital spending plan for next year will be more than 1.5 trillion won (US\$1.3 billion).** The expenditure for 2010 may change depending on market and business conditions. The chipmaker will use most of its 2010 investment to upgrade to a more advanced computer-memory chip processing technology and for research and development. Hynix had its first quarterly profit in two years in the third quarter on higher prices helped by an industry wide production cut.

Media, Gaming and Entertainment

- **CJ Shopping Co. will buy a controlling stake in On*Media Corp. for 434.5 billion won (US\$369 million) to help expand its customer base.** CJ will acquire a 55.17 percent of On*Media, which operates channels ranging from movies to cartoons to online games, from Orion Corp., the owner of the largest stake, and other shareholders. It will pay 6,669 won per On*Media share. The purchase will ease competition in the industry and may help CJ Group to turn around its unprofitable media businesses, said Lee Sang Hun, an analyst at HI Investment & Securities Co. CJ Group also operates CJ Media Co., a program provider, and cable operator CJ HelloVision Co.
- **Wemade Entertainment said that it reached an agreement with Samsung Electronics to cooperate in the gaming and content business.** With the agreement, various gaming contents developed by Wemade will be inserted to personal computers and smartphones made by Samsung Electronics. In addition, the gaming contents of Wemade will be distributed to all around the world through the sales channel of Samsung Electronics. As the first phase of the cooperation, Samsung Electronics will manage the global service of Wemade's latest game. This agreement will give a strong momentum for the growth to Wemade which has been a frontier of the Chinese gaming market. By taking advantage of strength that the both companies have, the two companies will create a win-win situation in the global business.

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China

Internet

- **The Ministry of Industry and Information Technology (MIIT) called on domain name registration management and service institutions nationwide to improve management measures to prevent websites evading supervision by changing domain names.** The MIIT requires institutions to establish or update blacklist systems to keep track of owners of websites that had been shut down. It also require to keep tabs on domain name applicants to provide true and accurate registration information, and to require re-registration for domain names that are transferred to other people. This will prevent the publication of websites for which domain names are not registered, and to suspend website publication if government departments confirm that they contain pornographic content or are involved in illegal operations. This would also solve associated problems including those related to promotional partners, co-operation models, promotional models and network connections.
- **China's instant messaging (IM) user numbers will reach 277 million by the end of 2009, a 23.7 percent increase year on year.** Among total users, one-third accessed IM via their mobile phones, with the number hitting 91.41 million. Most IM users' age between 20-29 years, the number of whom amounts to 111 million, accounting for 40.2 percent of the total. The IM user age structure shows that younger people are more inclined to use the Internet application. However, the age group requires advice and instructions when using IM software, since they are vulnerable to outside influences and can't easily distinguish between healthy and harmful information. When using IM software, 75.5 percent of users believe that account number security is the most concerning issue, and 48.7 percent of users have lost their accounts to theft or forgetfulness. Meanwhile, the general security awareness among IM users is low, as 74.2 percent of them never or seldom change their account passwords.
- **Alibaba.com expects profits to climb in 2010 on the back of its growing subscriber base, rising domestic consumption and the mainland's improving foreign trade.** The company also intends to target new investment opportunities. Alibaba Group made 1.2 billion yuan (US\$175 million) last year. Alibaba.com's net profit fell in the past three quarters because of investments in increased marketing worldwide, key acquisitions and hiring more staff to support marketing and product development programs. The company had 10,796 employees at the end of September, up from 6,895 last year. In the past quarter, the company's deferred revenue and customer advances increased 42.1 percent.

Mobile/Wireless

- **ChinaVision Media Group has acquired all shares of an integrated wireless value-added channel Youline Technology Company, which will allow it to become a value-added business partner with the mobile telecommunication operators in China.** Youline provides personalized information and entertainment services to mobile handset users via the internet and other modern technologies in the form of SMS, MMS, WAP, interactive voice response, Java applications, CRBT, and other value-added services. Youline holds a PRC value added telecommunication services permit and its key management team has signed agreements with the group to continue to serve the company.
- **Amoi Electronics Co. Ltd. has found a buyer for its handset manufacturing assets.** Amoi had tried selling its handset manufacturing assets, including the brand and patents, in a public auction but received no bids. The assets were offered at a starting price of 146.78 million yuan (US\$21.48 million) at the auction. A new joint venture between Jiuzhou Electric Group Co. Ltd. and Chinese venture

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capital firm China Science & Merchants Investment (Fund) Management Co. Ltd., successfully bid for the assets at 135 million yuan (US\$19.76 million) during a second auction. Former Lenovo Mobile head Liu Zhijun will preside over the new JV. Amoi had invested aggressively in expanding its 3G handset manufacturing capabilities, which subsequently plunged the company into financial troubles.

Telecommunications

- **China Telecom had a total of 191.09 million fixed-line subscribers by the end of November, after losing 1.84 million during the month, while the carrier's broadband subscriber base grew by 690,000 to 52.84 million at the end of November.** China Telecom's mobile user base increased during the reporting period by 3.07 million to a total of 52.99 million, including CDMA and PHS subscribers. China Unicom had the previous day that it added 605,000 2G users in November to reach a total of 144.21 million 2G subscribers. Unicom added 801,000 3G users in November to a total 1.82 million. The company gained 325,000 broadband users in the month to reach 38.33 million, while fixed-line users fell by 1.25 million to 104.93 million.
- **China's integrated telecom tariff level will drop 9 percent in 2009 compared with that of the previous year.** China has made steady progress in the structural reform of the telecommunication industry and the telecom infrastructure sharing has achieved positive results. The 3G network construction and business promotion have been in full swing after China issued 3G licenses. It is estimated that investment in 3G mobile technology will reach 143.5 billion yuan (US\$21 billion) in 2009, with 285,000 3G base stations built and more than 10 million of the nationwide number of 3G users. The total telecom business will grow about 12 percent in 2010 and business revenue will increase about 4.5 percent, while the integrated telecom tariff level will drop about 9 percent. The software and IT services revenues will raise 20 percent.
- **UTStarcom Inc. which makes telecommunications terminals has signed a contract to sell production assets in Hangzhou City, Zhejiang Province, for 950 million yuan (US\$139.1 million) to the Zhongnan Group of Companies.** UTStarcom will sell a 2.6 million square foot manufacturing facility, research and development department as well as related real estate to Zhongnan Group. UTStarcom will lease some of the offices from Zhongnan Group to continue its operations in Hangzhou. The deal is scheduled to be completed in the first quarter of 2010.
- **In November, China Mobile Ltd. added 4.58 million users from a month ago, which boosted the total number of users to 518 million.** The company's 3G subscribers increased by 670,000 to 2.98 million last month. In the first 11 months of this year, the company's net addition of customers was 60.9 million. China's mobile users increased 17.3 percent year on year or 1.3 percent month on month to 717 million in November.
- **Revenue of China's telecom industry will grow 5 percent year on year in 2009, said Li Yizhong, Minister of Industry and Information Technology.** Li predicted that the telecom sector's total business volume will increase 14 percent this year. The number of telephone users will reach 1.06 billion by the end of this year, including 740 million mobile phone subscribers, said Li. Investment in 3G network construction is expected to hit 143.5 billion yuan (US\$21 billion) this year, and 285,000 base stations will be built. The number of 3G users will exceed 10 million by the end of this year. For 2010, China aims to achieve a 12 percent growth in total telecom business volume and a 4.5 percent rise in telecom business revenue, said Li, adding that overall charges in the telecom industry will drop 9 percent next year.

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- **China United Network Communications' WCDMA user base exhibited faster growth than that of China Mobile's TD-SCDMA service in November.** China Unicom had 1.82 million WCDMA users as of Nov. 30, 2009, an increase of 43.96 percent month-on-month, while its major competitor China Mobile saw its TD-SCDMA user base grow by 22.41 percent from October to 2.98 million. China Telecom added 3.07 million new CDMA service subscribers in November, bringing its total number of mobile phone subscribers to 52.99 million, up 5.79 percent from October. It has yet to disclose its CDMA2000 user figures for November. China Mobile's GSM network subscriber base grew by only 0.76 percent to total 515.07 million as of Nov. 30, 2009, while China Unicom's GSM network subscribers inched up by 0.42 percent from the previous month to total 144.21 million as of the end of November.
- **China Telecom will issue 10 billion yuan (US\$1.5 billion) in five-year bills on the inter-bank market.** This batch of bills will be issued at face value and the coupon rate will be determined during the process of book building. The proceeds from the issuance will be used to replenish working capital and repay bank loans. Both value date and payment date will be 29 December. China Merchants Bank and Agricultural Bank of China have been assigned as the main underwriters for the sale.
- **Minister of Industry and Information Technology (MIIT) Li Yizhong expects the total traffic volume of the telecommunications industry this year to have increased by 14 percent while telecom business revenues are expected to have grown 5 percent this year.** China has invested 143.5 billion yuan (US\$21 billion) the industry and built more than 285,000 base stations, the report said. Average charges for telephone services have dropped by 9 percent compared to last year. The telecommunications industry business revenues are expected to grow 4.5 percent year-on-year while traffic volume is set to increase 12 percent and telecommunication charges slide another 9 percent. Revenues for the software service industry are expected to increase by 20 percent.

Media, Entertainment and Gaming

- **Beijing-based online game company Fantasy Age has raised US\$40 million from several investment companies in its first round of financing.** The capital raised will be spent on game development over the next two years. The company has conducted three rounds of technology testing of its in-house developed oriental myth-themed online game Xiyou Tianxia.

Alternative Energy

- **LDK Solar has agreed with VMS Investment Group to sell between US\$50 million and US\$80 million of shares in a to-be-created subsidiary which will hold and operate LDK Solar's polysilicon business.** The polysilicon business is valued at US\$1.30 billion to US\$1.65 billion. The investment is expected to close by the end of March 2010. LDK Solar expects to increase its total annualized polysilicon capacity to 18,000 metric tons (MT) by the end of 2010. LDK Solar said that it is offering 18.9 million American depositary shares (ADS), to raise net proceeds of approximately US\$164 million, of which the company will use US\$120 million to pay off short term debt. The company had a net working capital deficit of US\$1.15 billion as of September 30, 2009, and faced uncertainties in obtaining additional funding for capital expenditures and working capital. LDK Solar will use around US\$30 million dollars from the share issue to fund on-going construction of the polysilicon plant, as well as expanding its module business, with a target capacity of 1.5GW.
- **JA Solar's Board of Directors has approved a share repurchase program, effective Dec. 14, 2009.** Under this program, JA Solar is approved to repurchase up to an aggregate of US\$75 million of its ADSs representing its ordinary shares. The purchases will be made subject to restrictions relating to

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volume, price and timing. The timing and extent of any purchases will depend upon market conditions, the trading price of our ADSs and other factors.

Taiwan

Semiconductor

- **Taiwan Semiconductor Manufacturing Co. (TSMC) will comprehensively raise employees' base salary by an average of 15 percent from January of 2010 and pay bonus of 2009 and 2010 next year.** Chairman and chief executive officer Morris Chang said the company's business results will be excellent in 2010. Talents are the company's most important assets and the company had worked on the latest hike and bonus project for a while. Some industry executives consider the lucrative pay hike as the company's trick of luring talents away from competitors, which they expect would soon offer pay hikes to retain their talents. Industry watchers estimate the pay hike project will cost TSMC an additional NT\$1.2 billion (US\$37 million) in salary spending and the bonus pay will cost it around NT\$6.5 billion (US\$203 million) throughout 2010. Staff bonus accounts for 15 percent of the company's after-tax net income.

Hong Kong

Telecommunications

- **Hong Kong ended September with 11.936 million mobile users, up from 11.917 million in August.** Of the total, 5.663 million were prepaid users, down from 5.676 million in end-August, and the number of postpaid users stood at 6.273 million, up from 6.240 million a month earlier. Furthermore, the number of 3G users was 3.303 million, growing from 3.234 million during the previous month. Some 818,281 mobile users connected through an MVNO, down from 827,417. Total SMSs sent reached 493.480 million, or 46 per subscriber, from 46 per subscriber in the prior month. The mobile data usage increased to 96.9 MB per 2.5G/3G customer, up from 92.8 MB in the prior month.
- **PCCW is terminating the payment service for all unaffiliated third-party providers of content and application services using the PCCW mobile network.** There have been considerable concerns and complaints from customers of content service providers using the payment service platforms provided by mobile network operators in Hong Kong. Few of these complaints concerned PCCW. However, to prevent any misunderstanding on these payment relationships, the company has decided to terminate all payment services for third-party content providers. PCCW hopes that the termination of payment services will encourage direct payment arrangements between content providers and their end-users.

Singapore/Malaysia/Philippines/Indonesia/India

Telecommunications

- **Reliance Communications Ltd. will raise 63 billion rupees (US\$1.34 billion) to finance group company operations.** The company will initially raise 35 billion rupees (US\$752 million) through an issue of commercial paper and non-convertible debentures. The Group companies will raise the remainder.

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- **Citibank has sold its stake in the infrastructure unit of Bharti Airtel Ltd. to JPMorgan, without any gain from the US\$50 million investment it made more than two years ago.** The deal, described as a distress sale, values Bharti Infratel Ltd. a little more than US\$10 billion.

Internet

- **Host Union International Ltd. will acquire a 65 percent stake in Acentic GmbH, a Germany-registered international provider of digital and Internet protocol converged services to hotels, tourism facilities and healthcare facilities.** The deal is scheduled to close on Jan. 11, 2010. PhilWeb will use internally generated funds to fund its share of the Acentic acquisition, while ISM will use funds raised from its recent stock rights offering and private placement of shares. The purchase will provide its Internet gaming offerings immediate access to around 200,000 hotel rooms under contract with Acentic in Europe. Acentic is also rolling out its services in Asia.

United States/Canada

Mobile/Wireless

- **Motorola Inc. has drawn first-round bids from a number of private-equity firms for its unit that makes television set-top boxes and wireless networking gear.** Bidders include Bain Capital LLC, TPG Capital LP, Blackstone Group LP, Silver Lake Partners and Kohlberg Kravis Roberts & Co. Motorola didn't allow joint offers in the initial round of bidding. Motorola was exploring the sale of the unit, its largest, as part of a broad split-up of the technology company. The unit, which had 2008 sales of US\$10.1 billion, could fetch as much as US\$5 billion.

Media, Entertainment and Gaming

- **General Motors Co., reaching outside the auto industry for a new chief financial officer, hired Microsoft Corp.'s Chris Liddell as vice chairman and CFO.** Liddell succeeds CFO Ray Young, who becomes GM's vice president of international operations on Feb. 1. The move helps Chairman and Chief Executive Officer Ed Whitacre bolster a financial operation faulted by the Treasury's auto task force and deepens his imprint on management since CEO Fritz Henderson's ouster.
- **Liberty Media Corp. named former HBO Chairman Chris Albrecht to lead Starz LLC.** Albrecht will be president and chief executive officer of Starz, as well as Overture Films, Anchor Bay Entertainment and Film Roman, Englewood. Current Chief Executive Officer Bob Clasen is retiring. Albrecht was fired by HBO in 2007 after being arrested for a fight with his girlfriend outside a Las Vegas casino following a boxing match sponsored by the network. After leaving the Time Warner Inc. network, Albrecht joined talent agency IMG to head its global media business and founded Foresee Entertainment.
- **CBS Corp. is in talks to offer television shows through a subscription-based online service planned by Apple Inc., the maker of the iPhone and iPod media players.** Walt Disney Co.'s ABC is also holding discussions with Apple. The talks are preliminary and an accord may not be reached, said the person, who sought anonymity because negotiations are private. The service would give iPod and iPhone users an alternative for downloads bought through Apple's iTunes service. Apple wants to introduce the subscription product next year. Owners of Apple TV, a device that allows iTunes media files to be viewed in living rooms, would be able to buy subscriptions to TV shows. Apple offers more than 50,000 TV episodes for sale.

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- **Time Warner Cable Inc. Chief Executive Officer Glenn Britt said his cable-television company will avoid buying content providers to focus on distribution, diverging from the strategy of rival Comcast Corp.** Investing in high-speed Internet and the commercial business will allow the company to sell more things to more people, making it the best option for growth, said Britt. The cable operator would consider buying rivals such as New York's Cablevision Systems Corp., or Charter Communications Inc.'s Los Angeles assets, at the right price. Comcast bought a majority stake in General Electric Co.'s NBC Universal, paying GE US\$6.5 billion in cash and contributing cable channels valued at about US\$7.3 billion to a joint venture. Time Warner Cable has proceeded in a different direction this year since media giant Time Warner Inc. spun it off, separating programming assets from the cable business. Time Warner Cable had US\$1.5 billion in free cash flow in the first nine months of 2009.

Telecommunications

- **UTStarcom announced Kenneth Luk has been appointed Senior Vice President and Chief Financial Officer.** Luk served as Chief Financial Officer for China Sunergy Company from December 2007 to March 2009. From April 2004 until June 2007, he was Corporate Controller, Asia/Japan of Freescale Semiconductor Hong Kong, a spin-off business of Motorola.

Internet

- **Twitter Inc. will make about US\$25 million from Internet-search deals with Google and Microsoft, enough to turn the site into profitability.** An agreement that made Twitter's messages searchable on Google's site will generate about US\$15 million. A similar deal with Microsoft's Bing search engine will earn Twitter about US\$10 million. The multiyear agreements will allow Twitter to make a small profit in 2009, said the people, who estimate that its operating costs are about US\$20 million to US\$25 million a year. The San Francisco-based company, which started in 2006, has about 105 employees. The company attracted millions of users with a free service that posts 140-character messages, known as tweets. Chief Executive Officer Evan Williams said two months ago that the company was spending almost all its time improving the product, rather than seeking ways to make money.
- **Google paid no taxes on the 1.6 billion pounds it earned in advertising revenue in the U.K. last year.** The Internet giant transferred all its advertising earnings from customers in Britain to its Irish subsidiary. The Times estimated Google should have paid Her Majesty's Revenue & Customs 450 million pounds (US\$718.3 million). Google's total tax bill in the U.K. last year was about 141,000 pounds (US\$225,064) mostly from interest income.
- **AT&T Inc. raised its quarterly dividend a penny to 42 cents, marking the 26th consecutive annual increase for the telecommunications giant.** The company and its main rival, Verizon Communications Inc., have largely weathered a poor economy because of their sheer size and big lead over rivals in the wireless business. Cost-cutting and the sale of Internet services have helped results, but AT&T has lower profits over the past several quarters amid continued weakness in its wireline business. Based on AT&T's roughly 5.9 billion shares outstanding, the 2.4 percent increase will boost annual payouts by US\$236 million.
- **ReachLocal Inc., the Internet-advertising company whose investors include Galleon Group, filed for a US\$100 million initial public offering to accelerate the move of local ads from Yellow Pages books to the Web.** The company will use the proceeds for working capital and general corporate purposes. It may also buy technology, products or services that complement its business.

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ReachLocal helps locally focused companies buy online advertising, earning a commission. The company serves 14,500 advertisers that spend as much as US\$3,000 a month with it. A substantial majority of the advertising ReachLocal buys for clients is on sites owned by Google.

Content

- **Limelight Networks Inc. said it will pay up to US\$129 million in cash and stock to acquire privately held EyeWonder Inc., which helps create video advertising campaigns.** The purchase will give the company a firm whose ad-servicing platform is projected to service more than US\$500 million in media spent globally this year. It will pay US\$62 million and issue 12.7 million shares of stock; there are currently about 84 million outstanding. Up to another 4.9 million would be issued in 2011 as EyewWonder meets certain targets next year. The deal is expected to close by midyear. The combined company will have relationships with more than 2,500 online businesses. Limelight is periodically the subject of takeover speculation as the online video business continues to consolidate. In the latest quarter, it posted a sharply narrower loss as overhead costs were more than halved while revenue fell 1.8 percent. The company also gave a downbeat fourth-quarter revenue view.

Semiconductors

- **Micron Technology Inc. had its first profit in more than two years after memory prices rebounded.** First-quarter net income was US\$204 million, or 23 cents a share, compared with a loss of US\$718 million. Analysts had estimated a profit of 6 cents a share on average. Factory closures, bankruptcies and improving personal-computer demand helped the industry pull out of a chip glut and increase prices. There's little danger of the industry starting to produce too many chips again soon, said Chief Executive Officer Steve Appleton. Spending on new plants and equipment plummeted to US\$4 billion last year from US\$22 billion in 2007, and there isn't a single new plant under construction. Demand, which typically starts to flag at the end of the year, has remained stronger than expected, Appleton said. Micron manufactures dynamic random access memory, or DRAM, which serves as the main memory in PCs.

Software

- **Red Hat Inc., the Linux software maker whose sales and profit in the latest quarter exceeded analysts' estimates, said demand for its products is reviving, especially in North America.** Red Hat saw strong demand from government customers and financial-services companies that are spending now after being "on a starvation diet for quite a while," Whitehurst said. Raleigh, North Carolina-based Red Hat said sales for the next fiscal year will be higher than analysts predict. Third-quarter net income fell to US\$16.4 million, or 8 cents a share, from US\$25.1 million, or 12 cents, a year earlier. Sales climbed 18 percent to US\$194.3 million, more than the US\$188.3 million average analyst estimate. Fiscal 2010 sales will be US\$743 million to US\$745 million. Analysts had expected US\$736.3 million on average.

Europe

Telecommunications

- **Telefonica de Argentina will invest over 2.1 billion Argentine pesos (US\$551 million) in 2010, about 30 percent more than last year.** The bulk of that investment will go to boosting mobile Internet and broadband capacity, the company said in a press release. Telefonica de Argentina and Telecom Argentina dominate the Argentine telecommunications market. Telefonica de Argentina has 16 million mobile telephone clients, 4.6 million fixed lines, 1.2 million broadband accounts and

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600,000 mobile internet clients. Argentine authorities approved Telefonica SA's request to buy out the remaining 1.8 percent of Telefonica de Argentina it doesn't already control. Telefonica would offer one Argentine peso a share for the roughly 126 million shares of its Argentine unit.

- **Royal KPN NV successfully completed its US\$93.3 million cash offer for U.S.-based voice-over Internet carrier iBasis Inc., after the two parties in November ended litigation over the acquisition.** In 2008, iBasis' net sales amounted to US\$1.32 billion, and the acquisition of the remaining 44 percent of iBasis fits within KPN's international wholesale strategy. KPN held 56 percent of iBasis prior to launching its first bid in July to acquire full control at US\$1.55 a share, or around US\$48.2 million. That first offer was rejected by iBasis as grossly inadequate, leading the Massachusetts-based firm to file a complaint in a Delaware court against the Dutch company, seeking an injunction against the tender and accusing it of violating federal securities laws. In October 2009 KPN raised its bid to US\$2.25 a share, then finally to US\$3 a share, valuing the remaining stake at US\$93.3 million. In late November, all litigation was halted and iBasis will terminate its stockholder rights plan.
- **Avanti Communications Group PLC expects a surge in demand for its broadband when it launches in areas largely deprived of high-speed Internet access, such as parts of Africa.** Avanti has raised 86 million pounds (US\$137.3 million) to fund the launch of Hylas 2, its second satellite, which is set to launch in the first half of 2012 and will provide KA band broadband services in Europe, the Middle East and Africa. The relative absence of broadband coverage in these regions leads Avanti to expect strong demand for its services. Avanti raised 86 million pounds (US\$137.3 million) through a placing of 21.5 million new ordinary shares at 400 pence a share, which is an 8.7 percent discount. Hylas 2 has nearly three times as much capacity as Hylas 1, Avanti's maiden superfast broadband satellite which is set to launch in the second quarter of next year. Analysts estimate that Hylas 2 has capacity for 1 million subscribers, compared with Hylas 1's capacity to handle 350,000 subscribers.

Media, Gaming and Entertainment

- **BT Group PLC will fast track the roll-out of its superfast broadband network to 10 million households by the summer of 2012.** The fast speeds are achieved when BT runs fibre-optic cables all the way to the customer's home, instead of just to the cabinet, where the last leg of the Internet journey is delivered by existing copper wire. Fiber-to-the-premises will be able to offer broadband speeds up to 100 megabits per second, and more if the demand is there, whereas fiber-to-the-cabinet will deliver initial speeds of up to 40 Mb per second. This is still much faster than current U.K. average broadband speeds of between 4Mb and 9Mb per second. Four million homes will have access to fiber by the end of 2010.
- **ZON Multimedia SA will sell about 14 million of its own shares from its treasury stock, or 4.53 percent of its share capital, for 5.3 euors (US\$7.61) each to Kento Holding Limited, owned by businesswoman Isabel dos Santos.** The company said the price represents a 26.4 percent premium. The transaction has already been approved by the company's board and will need the final approval from ZON's shareholders at their general meeting. Caixa Geral de Depositos will sell a 2.5 percent stake in ZON to Kento, while ZON shareholder Cinveste will sell another 3 percent to the same holding company. The disposal of these stakes, which will also be sold at 5.3 euors (US\$7.61) per ZON share, will hinge upon the shareholders' approval of ZON's sale of its own shares. CGD will still hold a stake close to 15 percent of ZON. Its expansion in Angola will be done through a joint venture with Isabel dos Santos, and will develop a satellite-based pay TV.

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Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/25/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	91.1800	0.8%	3.0%	-1.1%	-19.0%
Hong Kong dollar	HK\$/ US\$	7.7554	-0.02%	0.1%	0.1%	-0.6%
Chinese renmenbi	RMB/ US\$	6.8269	-0.02%	-0.02%	0.1%	-6.5%
Singapore dollar	S\$/ US\$	1.4060	0.3%	1.5%	-3.8%	-2.7%
South Korean won	KRW/ US\$	1,172.0700	0.1%	1.5%	-11.0%	25.3%
New Taiwan dollar	NT\$/ US\$	32.2400	-0.4%	0.1%	-1.6%	-0.8%
Australian dollar	US\$/A\$	0.8847	-0.6%	-3.7%	24.6%	1.2%
New Zealand dollar	US\$/NZ\$	0.7063	-0.7%	-2.5%	20.8%	-8.7%
Philippine peso	PHP/ US\$	46.4900	-0.2%	-1.0%	-1.5%	12.8%
Euro	US\$/€	1.4396	0.4%	-3.8%	3.7%	-2.2%
British pound	US\$/£	1.5962	-1.2%	-3.7%	9.9%	-19.9%

Fixed Income Prices and Yields							
Note	Currency	Current (on 12/25/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	95.13	4.73%	98.59	4.51%	102.03	4.25%
Japan 30-year	¥	98.62	2.28%	99.39	2.24%	100.27	2.18%
Hong Kong 10-year	HK\$	95.16	2.74%	96.76	2.55%	102.86	2.21%
China (06/16)	US\$	108.12	3.31%	108.15	3.31%	107.66	3.40%
Singapore 10-year	S\$	98.80	2.66%	99.50	2.58%	100.28	2.47%
South Korea 20-year	KRW	10,073.07	5.66%	10,125.75	5.60%	10,000.07	5.60%
Australia 15-year	A\$	100.34	5.71%	102.21	5.49%	104.06	5.27%
New Zealand (12/17)	NZ\$	99.34	6.17%	99.71	6.12%	99.71	6.04%
Philippines 20-year	PHP	103.25	9.34%	103.29	9.34%	104.42	9.01%
India 30-year	INR	83.00	8.58%	82.55	8.63%	82.91	8.41%
UK 30-year	£	105.26	4.48%	108.47	4.30%	110.43	4.13%
Germany 30-year	€	103.28	4.06%	106.31	3.89%	104.94	3.97%

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