



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

***Week of 22 February 2010 - 28 February 2010***

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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 (2/26/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,104.49	-0.4%	0.7%	-1.0%	22.3%
Dow Jones Industrial Avg.	10,325.26	-0.7%	1.3%	-1.0%	17.6%
Dow Jones Tech. Index	387.20	-0.4%	-1.0%	-3.8%	54.0%
Dow Jones Telecom. Index	204.14	-0.3%	-3.0%	-7.0%	2.2%
NASDAQ Composite	2,238.26	-0.3%	1.2%	-1.4%	41.9%
Japan Nikkei 225	10,126.03	0.0%	-3.7%	-4.0%	14.3%
JASDAQ	50.47	1.0%	-0.8%	4.4%	4.7%
Japan Mothers	409.19	4.1%	-3.6%	-1.7%	26.5%
Korea KOSPI Composite	1,594.58	0.0%	-4.5%	-5.2%	41.8%
Korea Kosdaq	507.03	0.5%	-5.1%	-1.3%	52.7%
Taiwan Stock Exchange	7,436.10	-0.1%	-5.5%	-9.2%	62.0%
Singapore Strait Times	2,997.47	-0.3%	1.5%	0.2%	70.2%
Hong Kong Hang Seng	20,608.70	3.6%	0.0%	-5.8%	43.2%
Hong Kong GEM	741.42	4.4%	-1.2%	9.5%	92.3%
China Shanghai (A-Share)	3,200.05	1.1%	-1.4%	-6.9%	67.4%
China Shenzhen (A-Share)	1,231.05	3.7%	2.1%	-2.4%	111.7%
China Shanghai (B-Share)	254.06	1.5%	1.2%	0.7%	129.1%
China Shenzhen (B-Share)	602.82	2.0%	0.6%	-3.7%	122.2%

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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

#### *Mobile/ Wireless*

- **Revenues from mobile location-based services (LBS) are expected to top US\$12.7 billion by 2014, as the barrier to mass adoption lowers and mobile advertising improves monetization.** Asia-Pacific will continue to lead the world in terms of uptake. Key drivers for this growth include ongoing deployments of high-speed networks and rising access to mobile Internet services. Some 20 percent of mobile users currently have access to 3G services in North America and Western Europe, a figure expected to reach 80 percent by 2014, with many consumers having access to next-generation technology. Nokia is one significant industry player betting on MLBS for future growth.

#### *Semiconductor*

- **Global DRAM sales are expected to rise 40 percent this year, ending three consecutive years of decline as the sector rebounds from its worst-ever slump.** Global revenue from dynamic random access memory (DRAM) chip sales this year is expected to reach US\$31.9 billion, up from US\$22.7 billion last year when revenue declined 3.7 percent from 2008. DRAM chips are used mostly in personal computers. The strong fourth quarter to growing bit shipments and higher prices, which were up 21 percent and 16 percent respectively in the quarter. The fourth quarter's US\$8.5 billion revenue marked the first time the industry crossed the US\$8 billion threshold since the first quarter of 2007.

### Japan

#### *Hardware*

- **Canon Inc. forecast a 16 percent rise in sales revenue for its Thai operations this year, which would help in keeping its leading market share for its digital cameras, copiers and ink-jet printers.** Canon's total Thai sales are projected to rise to 8 billion baht (US\$242 million) this year from 6.9 billion baht (US\$209 million) in 2009, when its revenue boosted 14 percent from a year earlier. The Thai economy is projected to expand 3 percent to 5 percent in 2010.

#### *Semiconductor*

- **Elpida Memory Inc. will list its Taiwan subsidiary on the Taiwan Stock Exchange in the next fiscal year.** The proposed listing is expected to help the Japanese company raise more funds as it will probably invest more money in research and development of chips to meet strong demand for PCs. Elpida planned to set up a new R&D center at Rexchip's plant in Taiwan. The operating budget was estimated to be between US\$30 million and US\$50 million. Rexchip, a joint venture between Taiwan's Powerchip Semiconductor Co and Elpida, is 34 percent held by Powerchip Semiconductor.

#### *Media, Entertainment and Gaming*

- **Total spending on advertisements in Japan scored the largest drop on record in 2009, falling for the second straight year amid a slowdown in the Japanese economy.** Among features of ad spending in 2009, expenditures on online ads topped those on newspaper ads for the first time. Spending on ads declined 11.5 percent from the previous year when they decreased 4.7 percent. Ad spending on four conventional media - newspapers, magazines, television and radio declined 14.3

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percent in the fifth consecutive yearly fall. Spending on newspaper ads declined 18.6 percent, while outlays for TV ads dropped 10.2 percent. Expenditures on radio and magazine ads also posted double-digit declines of 11.6 and 25.6 percent. Ad spending on promotion media, such as billboards, fliers and direct mail declined 11.8 percent. Expenditures on online ads boosted 1.2 percent. The online advertising market in Japan boosted 1.2 percent last year, with the internet replacing newspapers as the number two media for ads.

- **Jupiter Telecommunications Co. (JCOM), had changes in the stakes held by large shareholders, with KDDI Corp. slated to emerge as the largest shareholder.** Previously, a joint venture between trading house Sumitomo Corp. and U.S. media firm Liberty Global Inc. had held a 58.1 percent interest in JCOM. But Sumitomo owns a 27.7 percent stake directly as a result of the expiration of their joint-venture contract. Telecommunications firm KDDI is slated to buy JCOM shares from the Liberty Global group, a move that will make KDDI the largest shareholder by virtue of a 31.1 percent stake. Sumitomo intends to strengthen its influence over JCOM by boosting its stake to as much as 40 percent via a tender offer to be launched March 3.

## *Telecommunications*

- **NTT Data Corp. has completed its tender offer for the midsize software developer NJK Corp.** NTT Data paid out roughly 2.8 billion yen (US\$31 million) in exchange for more than 50 percent of the outstanding shares of NJK. The software developer will remain listed, but effective March 1 will operate as a consolidated subsidiary of NTT Data. NTT Data gains NJK's expertise in developing software for the financial and public sectors as well as embedded software for consumer electronics.

## **Korea**

### *Telecommunications*

- **KT Corp. will allow third-party contents providers to broadcast on its Internet protocol television (IPTV), a move to boost its efforts to bring convergence among TV, personal computers and mobile phones.** Any individuals or organizations approved by the country's communications regulator will be able to sell their contents on KT's IPTV platform. KT will launch a TV application store in the third quarter, replicating the retail channel first demonstrated by Apple Inc. on a TV platform. Apple sells more than 140,000 applications, or apps, for its iPhone users on the app store. An open IPTV environment or app store allows corporations, organizations and individuals to supply visual contents on the Internet-based platform which serves as a marketplace.
- **SK Telecom and KT are planning to increase investment in wireless broadband or WiBro services.** SK Telecom will invest a total of KRW300 billion (US\$259 million), of which KRW140 billion (US\$121 million) will be invested in 2010 and KRW160 billion (US\$138 million) in 2011. The boosting investment plans follow the Korea Communications Commission's announcement that it will provide spectrum in the 800MHz - 900MHz band to the company that allocates a bigger budget for WiBro services.

### *Semiconductors*

- **Creditors of debt-ridden Hynix Semiconductor Inc. have decided to put as much as a 13 percent stake in the company up for sale by the end of this year.** The decision came after the creditors, which own a controlling 28 percent stake worth around US\$3 billion in Hynix, failed in their third attempt to find a domestic buyer for the stake. The creditors, led by Korea Exchange Bank, plan to sell an 8 percent stake in Hynix by the end of June. Another stake of up to 5 percent will be sold in

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the market during the second half of this year. The South Korean government has banned foreign investors from joining in bids to sell the Hynix stake to protect the company's technologies.

## *Alternative Energy*

- **SKC Solmics Co. will invest 32.7 billion won (US\$28.60 million) to produce silicon wafers for use in solar cells.** The company will complete a 50 megawatt production line of silicon wafers, a thin slice of silicon used to fabricate semiconductors, at a plant in the city of Pyeongtaek, south of Seoul, by the end of this year.

## *Hardware*

- **Samsung Electronics Co. will cooperate with U.S. chipmaker Xilinx Inc. to expand collaboration in the foundry business to 28 nanometer process technology.** Samsung will produce field programmable gate array (FPGA) devices based on 28 nanometer high-k metal gate (HKMG) process technology, starting next year. The HKMG technology helps manufacture high-performing devices that cut power consumption by half. FPGA is a non-memory device.
- **LG Electronics Inc. aims to raise its sales of computer and television monitors in Japan to US\$100 million by 2012, up some 67 percent from last year.** LG Electronics has released seven new models, mostly high-end products and three-dimensional screens, on the Japanese market, as it aims to claim the No. 1 spot in sales for the next two years. LG became the fifth-largest supplier of computer and television monitors in 2009 with over US\$60 million in sales.

## **China**

### *Mobile/Wireless*

- **China's communications firms added a combined 9.827 million mobile customers in January, ending the month with 735.787 million mobile users.** China Mobile led in subscriber adds in January as the company added 5.1 million new customers to bring its customer base to 527.4 million. Of the total, 3.9 million are 3G customers. China Telecom signed up 3.1 million mobile subscribers to bring its total to 59.1 million. The carrier shed 1.9 million fixed-line users and ended the month with a total of 186.7 million local access lines in service. However, the number of broadband customers rose by 790,000 to hit a total of 54.3 million. China Unicom ended January with a total of 149.2 million mobile customers, which comprises 145.7 million 2G subscribers and 3.6 million 3G customers. Unicom added 1.7 million new subscribers in the month.
- **China Mobile Communications Corp. may buy 20 percent of Shanghai Pudong Development Bank Co. for about 40 billion yuan (US\$5.9 billion).** The phone company may buy 2.2 billion Pudong Bank shares for 17.82 yuan (US\$2.6) each. An investment may give the world's largest phone company by users a platform to offer wireless-banking services to more than 527 million customers in the world's fastest-growing major economy.

### *Telecommunications*

- **China will have 551 million broadband users (including mobile broadband users) in total by 2014.** Fixed-line broadband users will increase to 174 million by then. Competition in the Chinese broadband market is becoming furious because of the robust growth in mobile broadband and the participation of more telecom carriers. The country's wire broadband users jumped 25 percent year on year to 103 million. The number of broadband users in China will seek a nearly 250 percent boosted during the years from 2010 to 2014, predicted Sherrie Huang, analyst in Hong Kong. Mobile

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broadband will grow faster than fixed-line broadband and will account for 70 percent of the total broadband connection in 2014.

## *Media, Entertainment and Gaming*

- **Nineyou will start operating 10 online games in 2010.** The company will release 3D fighting game Dungeon and Heroes, 3D online RPG Weapons of the Gods, martial arts ARPG Butterfly Sword Online and 3D MMORPG City Transformer Online in the first half of the year, and of the remaining titles to be released this year, five are in-house developed MMORPGs. Nineyou's Japanese subsidiary Five Stars Online Entertainment will start closed beta testing of the Japanese version of Dungeon and Heroes.
- **Perfect World will change its strategy in 2010 from in-house development to licensing games from overseas, including Korean, European and American games, for operation in mainland China.** Perfect World has not yet signed contracts for the foreign games.
- **Giant Interactive will start open beta testing of a new version, "Hu Hu Sheng Wei," of its in-house developed MMORPG ZT Online.** The version will add new functions, including a farming function, as well as new maps and playing modes to the game. Giant also will launch six promotions offering gamers virtual items and gift packages.

## *Alternative Energy*

- **China Solar Power (Holdings) Ltd (CSP) has signed agreements to build its third China solar cell plant in Jiangsu Province's Suzhou Industrial Zone and will invest US\$180 million to construct a-Si modules and several advanced technology centers.** CSP purchased ThinSilicon, Inc, a Mountain View, California-based developer of thin-film manufacturing process technology, in November 2009. CSP operated one manufacturing facility in Yantai, Shandong province and was constructing a second manufacturing facility in Jiangyin, Jiangsu province.

## **Taiwan**

### *Telecommunications*

- **The number of mobile subscribers in Taiwan is forecast to hit 28 million in 2014.** Chunghwa Telecom is expected to remain the largest operator with its subscriber base growing from 9.1 million to 10 million in 2014, while Taiwan Mobile is forecast to remain number two with 7.1 million customers. Far EasTone Telecommunications (FET) is expected to see its subscriber base hit 6.2 million in the period. Market shares in terms of subscriber are forecast to increase to 35.8 percent for Chunghwa, to 25.3 percent for Taiwan Mobile, while FET, Fitel, APT, and Vibo are expected to end 2014 with market shares of 22.3 percent, 2.5 percent, 9.5 percent, and 4.6 percent respectively. ARPU's are expected to drop to TWD 660 in 2014.
- **Taiwan's largest telecommunications services provider Chunghwa Telecom Co. may reduce its share capital by 10 percent-20 percent to return excess cash to shareholders.** The company will decide on the possible reduction in April, when it is scheduled to have a board meeting. The firm's board has approved three capital reduction plans in the last three years. Chunghwa Telecom has 9.70 billion shares outstanding.

### *Semiconductor*

- **TSMC agreed to set aside NT\$13.3 billion (US\$418 million) as cash prizes and bonuses for employees this year.** On average, the company's 22,000 employees will receive NT\$608,000



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(US\$19,000). It already paid prizes totaling NT\$6.6 billion (US\$209 million) on February 12. The company will pay bonus completely in cash, ending 15 consecutive years of stock bonus practice. Totally, the company is estimated to spend NT\$91 billion (US\$2.8 billion) on dividend, bonus and prize this year. The company paid total bonus of NT\$14.9 billion (US\$468 million), half in stock and half in cash. The director board also approved half of the company's planned capital expenditure of NT\$154 billion (US\$4.8 billion) for 2010, with NT\$16.8 billion (US\$526 million) ratified for R&D, factory operation, operation management and industrial safety/environmental protection and NT\$71.5 billion (US\$2.2 billion) ratified for expanding leading-edge process capacities at the company's Fab12 and Fab14.

## Hong Kong

### *Telecommunications*

- **Pacnet will release US\$300 million to construct 13 data centers in Asia.** The firm would construct 10 smaller data centers in the next three years and three massive gravity centers throughout the region. The larger centers will all be done in partnership with other major network users. Data centers are in high demand due to the increasing applications like video-on-demand.
- **Pacnet will convert three of its ten Asian landing stations into “data landing stations” by summer.** The company is pre-selling capacity in the data centers. The firm sees revenue at 40 percent in four to five years. Barney would not name the initial sites. The company shall build three large data centers and convert ten landing stations. The large centers would be ten times the size of the current generation of data centers. Pacnet is in search for partnerships to co-invest in the projects, which can run at up to US\$250 million per site. Construction of the larger data centers shall begin this year. Due to the huge power draw, access to electricity became the issue.
- **Pacnet may list on the US Nasdaq stock market this year to strengthen plans of expansion.** Initial public offering may boost US\$400 million to US\$600 million. Pacnet shall pay US\$300 million over three years for the production of more than a dozen new data centers across Asia. Pacnet will host computing resources for corporate clients and other service providers. The company controls the 36,800-kilometre EAC-C2C undersea cable network, which reaches points inside the mainland, Hong Kong, Taiwan, Singapore, Japan, Korea and the Philippines.
- **China Unicom (Hong Kong) Ltd. wholly owned U.K. unit, China Unicom (Europe) Operations Ltd., has indicated interest in providing technical and managerial support to some potential bidders for a stake in Nigerian Telecommunications Ltd., and would be interested in exploring the possibility of equity investment in NITEL subject to certain conditions being fulfilled.** An offer by the New Generations Consortium was the highest bid submitted by five companies that participated for a stake in NITEL and its subsidiary, M-TEL. China Unicom was part of the New Generations Consortium. The telecom operator isn't part of a consortium bidding for a stake in NITEL. The Nigerian government plans to sell a 75 percent stake in NITEL. The New Generation Consortium has bid US\$2.5 billion.
- **A police investigation into the circumstances surrounding Hong Kong tycoon Richard Li's failed bid to buy out PCCW Ltd. last year threatens to cloud the outlook of the telecom operator already suffering from stiff competition and tepid earnings growth.** While the investigation won't have a significant near-term impact as it could take time and it isn't yet clear whether the probe would be widened to include other executives or other agencies, they say the probe

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could distract PCCW which needs a clear turnaround plan. News of the probe disclosed over the weekend sent shares in PCCW declined as much as 2.3 percent trade against a strong broader market. PCCW's shares ended declined 0.5 percent. The benchmark Hang Seng Index rose 2.4 percent.

- **Hutchison Telecommunications International Ltd. is doing its accounting procedures with the U.S. Securities and Exchange Commission.** The result postponed as Hong Kong Tycoon Li Ka-shing's US\$545 million offer to take over the roughly 40 percent of the company he doesn't already control.

## Singapore/Malaysia/Philippines/Indonesia/India

### *Mobile/ Wireless*

- **LG India is looking to double its market share in the cellphone segment to 10 percent this year and achieve INR30 billion (US\$649 million) revenue.** The company is planning to launch 40 handsets from entry level to smart phones to take on the competition from Nokia and Samsung. LG India is targeting the youth in a big way and for this it has for the first time appointed brand ambassadors. The company has roped in Bollywood stars John Abraham, Genelia D Souza and Abhay Deol to be the face of LG Mobiles. LG India, which is in fierce competition with Nokia and Samsung, is looking to up its position in the Indian market, which Mathur says is currently of 100 million units in size.

### *Telecommunications*

- **American Tower Corp. has agreed to buy the entire issued share capital of India's Essar Telecom Infrastructure Pvt. Ltd. for US\$450 million.** The acquisition of Essar Telecom would not only add 4,500 towers to American Tower's portfolio of 2,500 towers, but also elevate it to the second-largest independent tower company in India, after GTL Infrastructure Ltd. Essar Telecom, the tower arm of the Essar Group, boasted an average tenancy ratio of 1.8 times, higher than peers' 1.2 times. Barclays PLC advised Essar on the transaction, while American Tower didn't have an adviser on the deal. GTL Infrastructure had the US\$1.84 billion acquisition of Aircel Ltd.'s tower assets in January, the largest acquisition in India so far this year. It was followed by Life Insurance Corp. of India's US\$574 million purchase of a stake in Reliance Industries Ltd.
- **State-run Telecommunications Consultants of India Ltd. might not sell its holding in unlisted Bharti Hexacom Ltd. in the current fiscal year ending March 31.** Telecommunications and engineering consultancy TCIL holds 30 percent in Bharti Hexacom while the rest is held by India's largest mobile-services provider by subscribers Bharti Airtel Ltd. TCIL had invited bids for appointing valuers to assess the net worth of its stake in Bharti Hexacom. The move to appoint valuers came after the federal government late August approved the exit of TCIL from Bharti Hexacom, which offers its services in six of India's 22 telecom service areas, including Rajasthan and some northeastern states.
- **Tata Communications Ltd. will invest US\$200 million over two years in its operations in the Middle East.** Tyco is setting up the TGN Gulf cable system in the Middle East region, along with five other companies. The five companies are Bahrain Internet Exchange, Oman's Nawras, Qatar Telecom Q.S.C., Saudi Arabia's Mobily and United Arab Emirates' Etisalat.
- **Bharti Airtel sees that consolidation might happen in India's mobile market.** The number of companies currently vying for India's mobile customers has sent prices and ARPU's plummeting, with operators launching low-cost tariffs and per-second billing in a bid to attract more low-income and

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rural users. The telecom plans to acquire Kuwait-based Zain's African assets at US\$10.7 billion. The deal would make it the second-largest ever buyout by an Indian firm. The exclusive talks with Zain will run until 25 March, and do not include the latter's operations in Morocco and Sudan.

- **Telekom Malaysia Bhd. expects broadband internet to drive future growth, but 2010 remains competitive as it had higher fourth quarter earnings.** Net profit for the three months ended Dec. 31 rose to MYR170.3 million (US\$50.1 million) due to a foreign exchange gain. The numbers were boosted by an unrealized exchange gain on translation of foreign currency borrowings of MYR47.3 million (US\$13.9 million). Revenue for the quarter fell to MYR2.27 billion (US\$667 million) due to the absence in 2009 of a project which boosted revenue in the 2008 quarter. Revenue from internet and multimedia rose 2.6 percent on year with broadband customers rising to 1.43 million from 1.28 million a year earlier. The roll-out of its new high-speed broadband project was on track and is targeting 1.3 million premises in Malaysia having access to the new service by the end 2012.
- **Bharti Airtel Ltd. expects consolidated EBITDA at US\$5 billion on revenue of US\$13 billion in the next 12 months after it buys the African assets of Kuwait's Mobile Telecommunications Co.** Bharti will need about US\$9 billion in cash to buy the assets, which it plans to fund entirely through debt for about two years, the person told Dow Jones Newswires, asking not to be identified. The company will also invest additional funds to grow operations in Africa.
- **Bharti Airtel Ltd. is looking at medium-term U.S. dollar debt to fund its takeover of the Africa assets of Kuwait's Mobile Telecommunications Co., rather than the dollar bridge loan it was considering earlier** The company is exploring the possibility of funding the deal--which involves a US\$9 billion cash payout--with a seven-year dollar loan paying an interest rate of around 300 basis points above the London interbank offered rates. Bharti Airtel was in exclusive talks until March 25 to buy the African assets of Zain. The deal is estimated to be the second-largest buyout ever by an Indian company after Tata Group's US\$13.0 billion acquisition of U.K. steelmaker Corus Group in October 2006.
- **Globe Telecom Inc. and Smart Communications Inc. are looking to expand their 3G operations in the country.** A decision made by the National Telecommunications Commission will revise the proposed rules governing assignment of 3G spectrum. The revision allows the four existing 3G license holders to apply for the fifth and final license. If the license was granted to one of the incumbents, it would allow the company to expand its 3G network. Globe will also vie for the last available frequency.
- **Philippine Long Distance Telephone Co. has completed a PHP600 million (US\$13 million) expansion of its digital fiber optic network to address subscribers' rising demand for bandwidth.** The expansion increased the network's capacity to more than 1,000 Gbps, effectively expanding its broadband coverage. The company embarked on a PHP2.6 billion (US\$56 million) program to enhance the network's resilience.
- **India might invite applications for third-generation mobile-telephone bandwidth.** The minister was unable to assess how much revenue the government would raise through the auction. The auction of the bandwidth, which will help telecom operators offer high-speed voice and data services, has been deferred thrice since first set for Jan. 16, 2009, over issues such as a higher starting price, the number of slots to be sold and availability of bandwidth.
- **India cut the number of radio-bandwidth slots it will sell to telecommunication providers for offering 3G services, raising concerns the companies bidding may have to shell out more to**

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**get the slots.** The government will auction three slots in 17 telecom-service areas and four in the remaining five places on April 9. It was earlier planning to sell four slots in most places. The bids will start at INR35 billion for a slot covering all the service areas.

- **PT Bakrie Telecom has named Credit Suisse and Morgan Stanley as arrangers of a planned bond offer.** The banker, who declined to be named, told Dow Jones Newswires that the cellular operator is planning to sell between US\$150 million and US\$300 million of the bond in the second quarter of the year. The company was considering a bond issue to finance its capital expenditure and repay debts. A slew of local companies have tapped the global debt market in recent months amid improving investor sentiment on Indonesia.
- **Bharat Sanchar Nigam Ltd. has given a contract worth about INR112 million (US\$2.4 million) to Moser Baer India Ltd., Moser Baer will provide solar power systems for BSNL's wireless village public phone equipment by March 20.** Moser Baer Photo Voltaic. The receipt of the contract from BSNL will supply complete solar photo voltaic kits comprising a module, battery, controller, structure and cable.
- **True Corp PCL swung to a net profit of THB1.23 billion (US\$37 million) in 2009 helped by foreign exchange translation gains.** The company, whose mobile phone operating unit True Move is the country's third largest operator by subscribers, booked THB1.91 billion (US\$57.8 million) in unrealized gains in foreign exchange translation. Total revenue rose 2 percent. Total expenses fell 0.5 percent.
- **Thaicom PCL sees revenue to boost more than 30 percent this year because of expansion into new markets.** The company had contracts signed in Japan and India, and should start recognizing revenue from these markets in the second quarter. The company is also in the process of bidding to become a high-speed broadband provider in Australia. The firm's revenue this year could grow as much as 80 percent to over the THB7.19 billion (US\$217 million) recorded in 2009. Thaicom is having meetings with TOT PCL to offer bandwidth service to support TOT's 3G operations. In 2009, its EBITDA rose 9.6 percent. The company shall have net profit this year after posting a net loss of THB471 million (US\$14.2 million) last year.
- **Malaysian mobile phone operator Axiata Group Bhd will invest up to MYR4.5 billion (US\$1.3 billion) in capital expenditure this year.** The planned capex, which is higher than the MYR3.9 billion (US\$1.1 billion) spent in 2009, will be used to strengthen the company's infrastructure in Bangladesh and Sri Lanka, its high speed broadband network locally and its overseas operating companies. Axiata is not planning any further acquisitions this year and the main earnings drivers will continue to be Malaysian unit Celcom, Indonesian unit XL Group and its mobile broadband services.
- **Maxis Bhd.'s fourth-quarter earnings rose sharply from a year earlier to MYR1.58 billion (US\$464 million) because of the exclusion of its loss-making overseas operations. Its net profit** for the three months ended Dec. 31 rose to MYR503.0 million (US\$147 million). Revenue for the quarter rose to MYR2.21 billion (US\$649 million) due to a 5 percent increase in total mobile subscriptions, bringing the company's total subscriptions to 12.3 million. Maxis was relisted on Bursa Malaysia in November this year.
- **The data-center business in Singapore boosted 13 percent this year.** The US\$215 million facility was developed by Jurong Data Centre Development. Another US\$80 million could be pumped in for additional works like installing substations and generators. SingTel will be releasing a new 150,000 sq ft data centre early this year called Kim Chuan Telecommunications Centre 2. This will bring the



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telecom's total data-centre space to over 500,000 sq ft. The data-centre services business in Singapore and the Asia-Pacific will increase. Region's market is seen to boost a compound annual rate of 14.6 percent between 2009 and 2011, with revenues at US\$10.7 billion during the period.

## United States/Canada

### *Media, Entertainment and Gaming*

- **DreamWorks Animation SKG Inc.'s fourth-quarter profit fell 16 percent on a decline in home-video sales and no new theatrical releases.** Net income dropped to US\$43.6 million, or 50 cents a share, from US\$51.6 million, or 58 cents, a year earlier, Glendale. Excluding a 3-cent tax gain, profit of 47 cents beat the 37-cent average of 17 analysts' estimates in a Bloomberg survey. DreamWorks Animation delayed "How to Train Your Dragon" to March 26 from last year, leaving "Monsters Vs. Aliens" as its only theatrical release in 2009. The studio plans three 3-D films in cinemas this year including "Shrek Forever After." "How to Train Your Dragon" will have a six-week exclusive run on Imax screens worldwide.
- **Cablevision Systems Corp. posted fourth-quarter sales of US\$2.1 billion that beat analysts' estimates after adding Internet and phone customers.** The company added 99,100 net new Internet, cable and phone customers in the quarter, offsetting a loss of 2,800 basic-cable users. Cablevision has sought to fight off competition from companies such as Verizon Communications Inc. by adding wireless networking and will introduce a feature that lets users view Web content on a television channel. The increasing popularity of Web video poses a threat to Cablevision's cable-TV business, which accounts for more than half of its sales.
- **Metro-Goldwyn-Mayer Inc. is asking suitors to submit new bids for the studio by mid-March, about two weeks before its respite from interest payments expires.** Billionaire Len Blavatnik's Access Industries, Time Warner Inc., Lions Gate Entertainment Corp. and Liberty Media Corp. are among the potential buyers examining MGM books MGM, distributor of the "James Bond" movies, is exploring a sale after failing to make payments on US\$3.7 billion in debt. Suitors are trying to assess the value of MGM assets that include a 4,100-movie library, future "Bond" movies and rights to co-distribute films based on J.R.R. Tolkien's "The Hobbit."

### *Telecommunications*

- **Clearwire Corp. posted a narrower loss in the fourth quarter as more customers embraced its higher-speed wireless service.** The company had a jump in subscriber growth as the availability of its WiMAX service takes hold in more cities. It expects to triple its current subscriber levels this year and reiterated its plan to reach up to 120 million people with its fourth-generation, or 4G, coverage. Clearwire is in a race to roll out its service ahead of the major telecommunications companies, which are just starting to deploy their own 4G networks. The rapid expansion has had its hiccups. The company saw expenses boosted in the quarter as it strung up more radios across its geographic territory.
- **Nortel Networks Corp. agreed to sell to Genband Inc. its division that makes network equipment for phone calls over the Internet for about US\$182 million, after failing to attract additional bidders for the business.** Nortel had scheduled an auction, however no other company bid against Genband's stalking-horse offer. The operation is also the first of Nortel's businesses that didn't draw multiple bidders. Nortel is selling its businesses piecemeal as part of its ongoing efforts to

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raise money under bankruptcy-court protection to pay off its creditors. Nortel filed for bankruptcy protection in January 2009.

- **CommScope Inc. swung to a fourth-quarter profit following prior-year charges, while earnings excluding items fell amid weaker sales and margins.** The coaxial fiber and twisted cable maker for communications networks, which recently had a round of job cuts, also predicted first-quarter revenue of US\$700 million to US\$730 million. Analysts on average were expecting US\$752 million. The weak outlook comes as CommScope has been dealing with slumping sales as some telecommunications providers pare back on capital spending. It posted a profit of US\$37.1 million, or 37 cents a share. Excluding restructuring and other impacts, earnings fell to 53 cents from 55 cents, matching analysts' expectations. Revenue decreased 13 percent to US\$748.5 million.
- **Telephone & Data Systems Inc. said John E. Rooney, president and chief executive of its U.S. Cellular Corp. business will retire later this year.** Executive recruiting firm Spencer Stuart is currently conducting a search for a replacement.
- **Qwest Communications International Inc expected to reduce its debt by US\$3.5 billion, or 25 percent, over the next 12 months.** In presentation materials for an analysts' meeting, Qwest also reiterated a forecast for its year-on-year revenue decline to slow to a low-to-mid single digit rate by the fourth quarter of 2010. Qwest, which has experienced a fall in landline subscribers as the economy weakened and as customers shifted to mobile phones, ended 2009 with net debt of US\$11.8 billion. Qwest shall improve its ratio of debt to adjusted EBITDA to 2.5 this year from 2.7 in 2009. It will improve next year, targeting a ratio of 2.2.
- **CenturyTel Inc.'s fourth-quarter earnings soared more than expected as results were again helped by its acquisition of fellow telecommunications company Embarq.** Telecom companies such as CenturyTel, which provide landline services largely to more rural areas, have seen subscribers decline as people ditch landlines in favor of cell phones. Consolidation has been a recent theme in the industry, and one CenturyTel is familiar with as it swallowed up Embarq last summer. CenturyTel had a profit of US\$230.2 million, or 77 cents a share, boosted from US\$100.1 million, or US\$1 a share, a year earlier. Excluding acquisition-related and other impacts. Revenue more than doubled to US\$1.83 billion on the merger. Analysts on average had projected US\$1.84 billion.
- **Juniper Networks Inc. will repurchase up to US\$1 billion of its common stock as companies have been boosting efforts to repurchase stock. Juniper's results have exceeded expectations for two straight quarters and it has posted upbeat outlooks.** But it is angling for ways to better compete with much bigger rival Cisco Systems Inc. Juniper's new US\$1 billion buyback authorization is in addition to another US\$1 billion effort approved in 2008. Of that, about US\$732 million has been spent. Juniper agreed to pay US\$169 million to settle a class-action lawsuit brought by the New York City pension funds accusing the company of backdating stock-option grants.

## *Semiconductor*

- **Intel Corp. and a group of 24 venture-capital companies will invest US\$3.5 billion in U.S. technology companies over the next two years to spur domestic job growth.** The effort includes a new US\$200 million technology fund by Intel Capital, the company's investment arm. The investments will be focused on information technology, biotechnology and so-called clean technology. Intel takes stakes in companies that have technology that can be used to increase future processor sales. Intel's microprocessors run about 80 percent of the world's personal computers. Intel is part of a group of companies that agreed to increase hiring of U.S. college graduates, creating as many as

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10,500 jobs in 2010. Microsoft Corp., Google Inc., General Electric Co., Hewlett-Packard Co., Cisco Systems Inc. and Dell Inc. are part of the group that will boost graduate hiring, focusing on people with engineering and computer science degrees.

## *Internet*

- **eBay Inc. is in search of Russian partners to use a local-language version of its international site to launch a full Russian service.** The launching of the local language version of its site is a first step toward the launch of ebay.ru. Russian Internet users won't be able to sell their own products on the local language version. The company is working on local partnerships to make this possible eventually. The joint venture will focus on ways to collect online payments. Russia's largest system for online payments is Yandex.money, owned by the country's most widely-used search engine Yandex LLC.
- **eBay Inc. sees e-commerce getting a boost from social media and expects to benefit from its new lower listing prices and fixed-price structure.** Social media is "one of the things that's going to grow e-commerce" as people participate in "social shopping" online and as they utilize PayPal to make payments. The company hopes to have its PayPal online payment business integrated more into social media like Facebook and Twitter. The company has been trying to make PayPal the go-to payment system of the Internet. eBay had a partnership with Facebook, in which PayPal will become a payment option for Facebook Credits and Facebook Ads.

## **Europe**

### *Telecommunications*

- **L.M. Ericsson Telephone Co. made a deal with NBC Universal to release high-definition video solutions in the ongoing Vancouver Winter Olympics.** The firm delivers equipment such as encoders and modulators, and it has sent staff to Vancouver and New York to provide services. Ericsson purchased Tandberg Television. High-definition solutions are getting more known. A partial of 40 percent of American households have HD TV.
- **Liberty Global Inc. swung to a fourth-quarter profit on strong subscriber gains for bundled services as the company also disclosed the planned repurchase of US\$350 million in stock.** Video-subscription losses were at a two-year low in the period while total subscriber growth climbed 37 percent in Europe amid particular growth in the Netherlands, where Liberty Global is furthest along in rolling out new broadband products. The broadband and cable holding company, part-owned by media mogul John Malone, was formed by the 2005 merger of Europe's then-largest cable operator, UnitedGlobalCom, and Malone's Liberty Medial International. Revenue has grown as customers subscribe to service bundles and move to digital services.
- **Virgin Media Inc.'s forecast-beating fourth-quarter results prompted a jump in its shares, as the group posted solid revenue growth for its consumer Internet, pay-television and mobile services and had the launch of a 100 megabits per second broadband service by the year-end.** The firm sees boosting revenue growth as customers stick with the company through product price increases.
- **Italy's telecom sector was reeling from the news that two of its biggest operators were caught up in a massive fraud allegedly orchestrated by members of the Calabrian Mafia, considered the most powerful and dangerous of the country's organized crime groups.** Rome Judge Aldo Morgigni issued arrest warrants for 56 people accused of participating in a US\$2.7 billion fraud.

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Among the most high-profile targets of the probe was Silvio Scaglia. Scaglia was travelling on business in Latin America when news broke of a warrant for his arrest. Telecom Italia Sparkle is also involved in the controversy. Stefano Mazzitelli was arrested. Riccardo Ruggiero and Stefano Parisi is under investigation.

- **France Telecom SA had lower fourth quarter and full year earnings, the last under Chief Executive Didier Lombard, as it prepared to usher in the new leadership of Stephane Richard, but kept its free cash flow target.** The company's board approved the appointment of Richard as chief executive from March 1, with the tricky task of navigating the former French state telecom monopoly through one of the most difficult social and financial moments of its history. France Telecom, along with European peers, has been under pressure amid slowing growth in Europe, increased competition, price regulation and the effects of the wider economic downturn.
- **The chairman and chief executive of the global news agency AFP, Pierre Louette, is stepping down to take up a senior executive position at France Telecom.** Louette, who joined Agence France-Presse in 2003 as a director and became chairman in 2005, will become secretary general of the telecommunications group at the start of April.
- **Telecom Italia SpA had its preliminary 2009 EBITDA were virtually flat on the year earlier due to the effects of cost-cutting measures.** Due to an ongoing money laundering probe involving its cable unit Sparkle, the release of its full-year results and updated strategic plan will be postponed until the next board meeting. The company also postponed its shareholders meeting to April 29. The company would cooperate fully with judicial authorities during their investigations into Sparkle. Preliminary full-year Ebitda fell 0.4 percent, with revenue declined 5.6 percent.
- **Telefonica Czech Republic AS's 2009 net profit rose 0.3 percent, boosted by cost cutting, as sales fell 7.4 percent.** The company met its guidance for operating income for 2009. It expects operating income to fall by between 5 percent and 9 percent. Full-year net profit rose to CZK11.67 billion (US\$606.9 million). T-O2's net profit was CZK2.77 billion (US\$145 million) in the three months to Dec. 31. The fourth quarter figure just missed market expectations for net profit of CZK2.85 billion (US\$147 million).
- **Telekom Austria AG swung to a net profit in the fourth quarter, beating analysts' estimates, helped mainly by a leaner cost structure and strong sales of bundled products.** Austria's largest telecommunications company proposed a 2009 dividend of 0.75 euros (US\$1.02) a share. Telekom Austria expects sales and earnings in the full year to be hurt by continued fierce home market price competition, the economic crisis and newly introduced regulatory hurdles, as well as declining fixed-line voice minutes. It targets a fall in sales of some 100 million euros (US\$136 million), to 4.7 billion euros (US\$6.4 million).
- **Deutsche Telekom AG narrowed its net loss in the fourth quarter on lower charges and write-downs but gave a weaker outlook for 2010.** The company committed to return 3.4 billion euros (US\$4.6 billion) a year to its shareholders and will reduce its cost base further. The net loss for the quarter ended Dec. 31 was 3 million euros (US\$4.08 million). Deutsche Telekom's fourth-quarter bottom line was hit by a 900 million euros (US\$1225 million) impairment on its South and Eastern Europe operations, chiefly due to Hellenic Telecommunications Organization, and restructuring charges.



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- **Telecom operators will have to pay a minimum of 120 million euros (US\$163 million) for each of the two lots of frequencies for 3G mobile communications in the 2.1 Gighertz band.** Third-generation, or 3G, networks allow mobile operators to offer multimedia services, such as music, TV and video, on cell phones. With the boost of these smartphones, wireless networks have been strained as more customers use their cell phones to access the Internet. France's mobile operators include France Telecom, Vivendi SA's SFR and Bouygues SA's Bouygues Telecom. They will soon be joined by Iliad SA's Internet operator Free, which received one lot of frequencies when it was awarded France's fourth 3G license in January.
- **Telenet Group Holding NV swung to a 233 million euros (US\$317 million) 2009 net profit.** The net result for 2009 includes a 124.6 million euros (US\$169 million) non-recurring tax credit and a 20.9 million euros (US\$28.4 million) loss on interest rate derivatives. Stripping out these one-time items. Higher sales, up 18 percent and lower interest expenses were behind 2009's surge in profitability over the year before. It predicted that sales in 2010 would boost 8 percent.

## Africa/Middle East/Latin America

### *Mobile/ Wireless*

- **Brazil added 1.64 million new mobile subscribers in January, driving penetration up to 91.33 percent.** There were a total of 175.6 million mobile connections in the country. A sizeable 82.62 percent of the total was prepaid users. The smallest of the big four mobile players Oi outlined how it entered the market as a greenfield mobile operator seven years ago. One of its key strategies was the leverage the prepaid-heavy nature of the market and focus on SIM-only packages at a time when other operators were still operating handset-centric models. This strategy helped Oi to gain a foothold. The telco had 20.61 percent of the market, or 36.19 million mobile customers.
- **The total number of mobile subscribers in Egypt reached 55.35 million at the end of December 2009, a year-on-year growth of 34.1 percent.** Mobile subscribers were 41.27 million at the end of December 2008. Mobile subscribers jumped 4.4 percent. Subscribers reached 53.7 million at the end of November and 53 million at the end of October. Subscribers of Mobinil, the country's largest operator, reached 25.4 million by December 2009. Subscribers of Etisalat Egypt were 6.67 million in December 2009, a growth of 5.9 percent from the previous quarter, and subscribers of Vodafone Egypt reached 23.3 million by the end of December. The number of subscribers decreased in the fourth quarter of 2009.

### *Telecommunications*

- **Etisalat has enough funds to finance several acquisitions it's considering, including a stake in Iraq's Korek Telecom and a move into Algeria.** Etisalat is keen to move into Algeria and Syria but hasn't pinpointed specific opportunities there yet. Etisalat is looking at six acquisitions in total. Iran is not a market of interest right now. He did not rule out an interest in Kuwait's Zain. Etisalat shall sell bonds but doesn't need to right now, and can rely on short-term loans to finance planned acquisitions if needed. Spending this year on acquisitions depends on the opportunities.
- **TIM Participacoes S.A. had a fourth-quarter net profit of 330 million Brazilian reais (US\$181 million).** Net revenue fell to BRL3.4 billion (US\$1.9 billion). A one time gain from tax credits in the fourth quarter of 2008 contributed to the decline in profit. Ebitda was up 3 percent while the Ebitda margin ended the fourth quarter at 28.2 percent, boosted from 26.1 percent in the fourth quarter of

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2008. TIM had a net profit was up 28.6 percent. TIM ended the fourth quarter with 41.1 million clients, boosted 12.9 percent from the same period of 2008.

- **Maroc Telecom 2009 net profit fell 1 percent, reflecting financial costs, but forecast moderate revenue growth in 2010.** Net profit fell to 9.43 billion Moroccan Dirhams (US\$1.14 billion) as the company had MAD147 million (US\$17.9 million) in financial expenses. In 2008 it had booked MAD394 million (US\$47.9 million) of financial income. Revenue rose 2.8 percent, underpinned by results in both Morocco and the group's subsidiaries, despite the impact of a challenging economic and regulatory climate. Based on current market conditions it will achieve moderate growth in revenue in 2010 driven mainly by growth of subsidiaries and will maintain profitability at high levels, while pursuing a sustained capital expenditure program.
- **Zain will focus on expanding in the Middle East as part of its new strategy and is eyeing opportunities after the telecom operator entered exclusive talks to sell its Africa operations.** Zain sees growth from its operations in Saudi Arabia, Iraq and Sudan and is interested in a long-term license agreement in Lebanon once the government privatizes the telecommunications sector. Zain is in exclusive talks until March 25 with India's Bharti Airtel to sell its Africa operations, excluding Sudan and Morocco, for US\$10.7 billion, including debt. Zain expects net proceeds of up to US\$5 billion from the Africa asset sale after paying certain liabilities and any realized returns will be added to the company's second quarter accounts.
- **Du had net profit before royalties almost tripled to 209 million U.A.E. dirhams (US\$57 million) in the fourth quarter of 2009 as it continued to attract new subscribers and increase market share.** Du, the U.A.E.'s second mobile phone operator, made a net profit of AED78.2 million (US\$21.2 million) in 2008. Full year 2009 profit, before royalty payment, amounted to AED528 million (US\$144 million). The royalty payment to the government is generally about 50 percent of net profit. Accounting for the royalties, the company's fourth quarter profit was about AED104.5 million (US\$28.5 million). Total active mobile subscribers by the end of 2009 was 3.5 million, boosted 41 percent from the year earlier. The company's fixed line subscriber base meanwhile surged 45 percent to 280,300 lines.
- **GVT Holding SA had a fourth-quarter profit of BRL75.6 million (US\$41.6 million).** The company attributed the profit to a 29.9 percent boosted in revenue. GVT had net revenue of BRL474.8 million (US\$262 million) in the fourth quarter. Ebitda was BRL185.4 million (US\$102.5 million) in the fourth quarter while Ebitda margin decreased slightly to 39 percent in the fourth quarter from 39.6 percent in the same quarter in 2008.

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## Other Economic Data

### Currency Exchange Rates

Currency	Units	Current Rate (on 2/26/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	88.9300	-2.9%	-1.4%	-4.3%	-3.6%
Hong Kong dollar	HK\$/ US\$	7.7618	-0.1%	-0.1%	0.1%	0.1%
Chinese renmenbi	RMB/ US\$	6.8258	-0.05%	-0.01%	-0.001%	0.05%
Singapore dollar	S\$/ US\$	1.4055	-0.4%	0.5%	0.01%	-3.8%
South Korean won	KRW/ US\$	1,159.0000	0.6%	1.1%	-0.4%	-12.0%
New Taiwan dollar	NT\$/ US\$	32.1150	0.2%	0.6%	0.5%	-2.0%
Australian dollar	US\$/A\$	0.8948	-0.5%	-1.0%	-0.3%	26.0%
New Zealand dollar	US\$/NZ\$	0.6976	-0.2%	-2.3%	-3.7%	19.3%
Philippine peso	PHP/ US\$	46.1000	0.0%	-0.3%	-0.8%	-2.3%
Euro	US\$/€	1.3622	0.1%	-3.7%	-4.8%	-1.8%
British pound	US\$/£	1.5239	-1.5%	-6.2%	-5.7%	4.9%

### Fixed Income Prices and Yields

Note	Currency	Current (on 2/26/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	101.06	4.61%	98.72	4.76%	97.16	4.55%
Japan 30-year	¥	98.10	2.30%	97.35	2.34%	98.15	2.31%
Hong Kong 10-year	HK\$	93.96	2.90%	91.90	3.15%	93.03	2.91%
China (06/16)	US\$	109.23	3.08%	108.87	3.11%	108.07	3.30%
Singapore 10-year	S\$	98.50	2.70%	98.55	2.70%	99.50	2.56%
South Korea 20-year	KRW	10,316.06	5.41%	10,182.21	5.52%	10,069.59	5.50%
Australia 15-year	A\$	101.78	5.53%	100.66	5.67%	102.32	5.47%
New Zealand (12/17)	NZ\$	101.70	5.88%	100.84	5.98%	100.19	5.96%
Philippines 20-year	PHP	102.88	9.38%	102.01	9.48%	102.93	9.17%
India 30-year	INR	82.40	8.65%	82.55	8.63%	82.29	8.48%
UK 30-year	£	94.77	4.63%	93.03	4.74%	97.46	4.41%
Germany 30-year	€	115.97	3.86%	112.60	4.01%	104.24	4.00%

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