



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

Week of 2 October 2010 - 10 October 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 (10/8/2010) | % Change 1 Week Ago | % Change 1 Month Ago | % Change 12/31/2009 | % Change 12/31/2008 |
| S&P 500 | 1,165.15 | 1.6% | 6.7% | 4.5% | 29.0% |
| Dow Jones Industrial Avg. | 11,006.48 | 1.6% | 6.4% | 5.5% | 25.4% |
| Dow Jones Tech. Index | 409.86 | 1.0% | 8.7% | 1.8% | 63.1% |
| Dow Jones Telecom. Index | 232.33 | 1.0% | 6.9% | 5.8% | 16.3% |
| NASDAQ Composite | 2,401.91 | 1.3% | 8.7% | 5.9% | 52.3% |
| Japan Nikkei 225 | 9,588.88 | 2.0% | 3.9% | -9.1% | 8.2% |
| JASDAQ | 47.81 | -0.2% | -0.6% | -1.1% | -0.8% |
| Japan Mothers | 367.29 | -0.7% | -3.4% | -11.8% | 13.5% |
| Korea KOSPI Composite | 1,897.07 | 1.1% | 6.1% | 12.7% | 68.7% |
| Korea Kosdaq | 497.08 | 0.4% | 3.5% | -3.2% | 49.7% |
| Taiwan Stock Exchange | 8,244.19 | 0.0% | 4.6% | 0.7% | 79.6% |
| Singapore Straight Times | 3,602.63 | -0.4% | -1.9% | 20.4% | 104.5% |
| Hong Kong Hang Seng | 22,944.18 | 2.6% | 7.2% | 4.9% | 59.5% |
| Hong Kong GEM | 812.00 | 0.4% | 2.7% | 19.9% | 110.7% |
| China Shanghai (A-Share) | 2,869.23 | 3.1% | 1.5% | -16.5% | 50.1% |
| China Shenzhen (A-Share) | 1,257.55 | 2.8% | 1.2% | -0.3% | 116.3% |
| China Shanghai (B-Share) | 268.08 | 2.0% | 2.9% | 6.2% | 141.7% |
| China Shenzhen (B-Share) | 782.55 | 2.8% | 9.3% | 25.0% | 188.5% |

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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

Telecommunications

- **According to Analysys Mason, mobile broadband revenues in the developed Asia Pacific (DVAP) region will increase to US\$7.1 billion in 2015.** The total number of mobile broadband connections in DVAP will increase from 6.2 million in 2009 to 27.2 million in 2015, growing at a CAGR of 28 percent. Penetration will rise from 2.6 percent of the population in 2009 to 11.3 percent in 2015. Japan will generate the most revenue out of the countries in the region throughout the period, from its high mobile broadband ARPU. The researcher predicts Japan and South Korea's mobile broadband markets to grow significantly during 2010-2015 and Japan to have the largest market at the end of 2015, when it will account for 43 percent of the region's mobile broadband connections. Australia has the highest mobile broadband penetration rate in the region. The researcher expects Australia to continue to lead the market in terms of penetration rate, which will surge to 28 percent by the end of 2015.

Japan

Semiconductor

- **Elpida Memory Inc. will sell 60 billion yen (US\$728 million) in convertible bonds aimed at local private investors.** The five-year 0.5 percent bonds will be used to repay debt and upgrade semiconductor-manufacturing equipment. The company faces pressure to keep up with industry leader Samsung Electronics Co., which is spending an estimated US\$10 billion annually to widen its lead in chip production. The bonds will be sold at 102.5 percent of face value, and the conversion share price will be set between Oct. 19 and Oct. 21 at a premium of 29 percent to 34 percent.

Mobile/ Wireless

- **Fujitsu and Toshiba successfully ventured their mobile phone business partnership.** The two signed a memorandum of understanding on the deal in June and definitive contract in July. Toshiba completed the transfer of its mobile phone operations to a new company called Fujitsu Toshiba Mobile Communications, and Fujitsu completed its acquisition of shares in the new company, which will operate under Fujitsu management. It is owned for 80.1 percent by Fujitsu and 19.9 percent by Toshiba with around 530 employees.

Media, Entertainment and Gaming

- **Dentsu Inc. will venture with Salesforce.com to offer corporate clients integrated marketing management systems over the internet.** The cloud computing service will cost clients less than 100 million yen (US\$1.2 million) for 100 users in the first year. Based on client needs, the partners will build a system that manages various functions all at once, such as product development, production, advertising, sales and account management. Dentsu offers data services mainly via subsidiary Information Services International-Dentsu Ltd. The segment's sales came to 61.2 billion yen (US\$746.1 million) in fiscal 2009, just 3 percent of overall group sales. Tapping its strength in advertising and marketing, Dentsu intends to raise this ratio to 10-20 percent to match major U.S. and European ad agencies.

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Telecommunications

- **Japanese mobile operators added a total of 601,900 new mobile customers in September to bring their total to 115.40 million mobile subscribers, according to Telecommunications Carrier Association (TCA).** Softbank again led in subscriber additions during the month as it added 332,600 new customers to reach a total of 23.47 million. NTT Docomo gained 109,400 new subscribers to bring its total to 56.89 million, while KDDI ended the month with 32.29 million subscribers after adding 91,400 new customers. Emobile attracted 68,500 new customers to end September with a total of 2.74 million customers. Troubled PHS provider Willcom shed 39,500 customers, which brings the company's total to 3.78 million.

Korea

Hardware

- **Samsung Electronics Co. sold more than 5 million units of the Galaxy S, its flagship smartphone running on the Android operating system, since its global launch in June.** Samsung delivered 2.1 million Galaxy S phones to the U.S., 1.3 million to South Korea and another 1 million to Europe. The company sold a total of 4.51 million units of the Android-based phone in the July-September period. Along with 530,000 units sold in June, the sales stood at 5.04 million units as of September. The company expects to achieve its 10 million sales objective before the end of this year. The mobile phone business is expected to report an operating margin of at least 10 percent for the third quarter as robust sales of lucrative smartphones offset price declines in conventional cell phones.

China

Internet

- **Online sales of flights and hotel bookings in China's burgeoning travel market enjoyed a seasonal boom.** The number of orders during the Mid-Autumn Festival and the National Day holiday had increased year-on-year, especially for hotels and flights to Shanghai, where the World Expo was held this year. Taobao.com had total sales of flight tickets, hotels and entrance tickets on Taobao have increased by 40 to 50 percent since August. The flights sold on its travel platform numbered 10,000 every day. More than 200 travel agents have set up online stores on Taobao since May. iResearch Consulting Group said total online sales of flight tickets, hotel services and package travel products are expected to reach 4.75 billion yuan (US\$709.91 million) this year.

Telecommunications

- **The number of China Unicom's 3G users has surpassed the 10 million mark.** The carrier had built the world's largest WCDMA networks and now held the leading position in the world in terms of user numbers and development. The number of China Unicom's 3G users increased 1.01 million in August. The increases of 3G users in May and June also exceeded 1 million, at 1.023 million and 1.032 million respectively. The number of mobile phone subscribers in China broke through 800 million to reach 805 million, with a total of 25.2 million 3G users on the networks.

Media, Entertainment and Gaming

- **China's Three Networks Convergence project is driving the expansion of the cable STB market, with shipments set to rise by nearly 25 percent this year, according to a study by**

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iSuppli. China's domestic unit shipments of cable STBs will amount to 25.1 million units this year, up 24.8 percent from 20.1 million in 2009. The second quarter will generate the growth of the year, as provincial cable television operators accelerated their subscriber additions and small carriers pushed the migration of customers from analogue to digital service. The cable STB market grew to 6.8 million units in the second quarter, up 34 percent from 5 million during the same period in 2009. More than 75 percent of domestic cable STBs shipped in the second quarter can support interactive functions, such as VoD.

Taiwan

Mobile/ Wireless

- **HTC Corp.'s third-quarter net profit nearly doubled to NT\$11.10 billion (US\$361 million) because of accelerating demand for its smartphones and its push to adopt the Android operating system.** HTC shifted its focus to making handsets under its own brand name a few years ago and boosted spending to improve recognition of its brand name. The company was raising funds to surge awareness of phones sold under the HTC brand name to better compete with large established smartphone firms including Nokia its earnings per share in the three months ended Sept. 30 surged to NT\$13.61 (US\$439) while third-quarter revenues was at NT\$75.85 billion (US\$2.5 billion). HTC's improved product mix helped boost net profit growth as the company's high-end smartphone models have been well received by consumers, especially in North America. The company expects to ship more than 1 million HTC Desire HD and HTC Desire Z phones respectively by the end of this year.

Singapore/Malaysia/Philippines/Indonesia/India

Mobile/ Wireless

- **According to IDC, mobile phone sales in India reached an all-time high of 38.63 million units in April-June this year, growing 6.3 percent quarter-on-quarter.** Shipments of mobile handsets were driven primarily by low-cost handsets from the domestic brands. With a portfolio of low-priced and feature-rich handsets, domestic companies like G'Five, Micromax and Spice have consolidated their position in the Indian mobile phone market with a collective market share of 33.2 percent. The top five mobile handset vendors in India were Nokia, Samsung, G'Five, Micromax and Spice. Samsung followed with 8.2 percent share and G'Five emerged on the third position with 7.3 percent market share. Multi-Sim phones comprised 38.5 percent of the total shipments to India, up from less than one percent in the same period last year. New brands have led the growth in the handset market, with the emerging vendors garnering as much as 33.2 percent of the total India mobile handset shipments in the second quarter.

Telecommunications

- **The Singapore government will allocate three lots of 3G broadband spectrum to the existing operators at a price of S\$20 million (US\$15.3 million) each.** Singapore Telecommunications Ltd., StarHub Ltd. and M1 Ltd. will be awarded the additional spectrum after they pay the reserve price of S\$20 million (US\$15.3 million). Bidding did not happen for the spectrum lots as only the three existing operators submitted their initial offers.

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- **BT Group PLC wants to sell its 30.83 percent stake in Indian software company Tech Mahindra Ltd.** The company has attracted interest from private equity firms Providence Equity Partners, Apax Partners and Goldman Sachs Private Equity Group. A potential deal for BT's stake in Tech Mahindra would also involve the telecom company's stake in Satyam Computer Services Ltd. BT was waiting for a clearer picture on the fraud-hit company's financials before proceeding with the stake sale process.
- **India has asked state-run telecommunications operators to still surrender 30 percent of their orders to ITI Ltd. for two more years as part of efforts to keep the government-owned company afloat.** ITI has been sustaining mainly on contracts from Bharat Sanchar Nigam Ltd. and Mahanagar Telephone Nigam Ltd. as China's Huawei Technologies Co. and France's Alcatel-Lucent captured the Indian telecom market with latest technology and low-cost products. Contracts from BSNL and MTNL account for 70 percent of ITI's revenue. The company has been posting losses for the past several years, mainly due to the high overhead costs on wages and the cost of transferring technology from international equipment makers with which it partners to bid for contracts. ITI had sought a three-year extension of the quota policy, which expired in September.
- **India's Reliance Broadcast Network has raised 283.25 crore rupees (US\$68.8 million) by allotting a total of over 3.33 crore shares to potential investors and promoters of the company.** The shareholders of the company at its Extraordinary General Meeting held had approved the allotment of 1.29 crore shares to various investors and 2.03 crore shares to promoters, at 85 rupees (US\$0.56) per share, aggregating to the 283.25 crore rupees (US\$68.8 crore) and subject to lock-in period. The allotment of balance shares as approved by the shareholders will be considered after receipt of relevant approval from Foreign Investment Promotion Board. The board of the company had last month approved the allotment of up to 5 crore equity shares of the company at a price of 85 rupees (US\$0.56 crore) per equity share.
- **PT First Media Tbk has set aside US\$75 million to develop high definition-based broadcast (HDTV).** To date, First Media has an estimated 350,000 subscribers and more than half of them also subscribe to pay-TV broadcast which offers 100 channels. The channels will slowly but surely be upgraded from standard definition to high definition or HDTV. By the end of 2010, First Media will bring another 12 HDTV channels. 100 HDTV channels will be made available in the next two to three years and the number will be increased to 200 in the next five years. The subscribers are mostly from Jakarta and environs, Surabaya and Bali. The company will first concentrate its services in Jakarta and environs which have a population of 18 million during daylight, or more than five times compared to that of Singapore. First Media will launch commercial HDTV broadcast at the end of this year by providing 12 high definition channels such as ESPN and HBO. First Media will allocate a bandwidth of 320 Mbps. Commercial HDTV services will begin at the end of 2010.3
- **According to the Telecom Regulatory Authority of India (TRAI), India ended August with 706.37 million telephony subscribers, up 2.61 percent from 688.38 million in July.** Teledensity reached 59.63 percent from 58.17 percent in the prior month. The wireless and mobile subscriber base grew to 670.6 million. Bharti Airtel is still the market leader with a market share of 21.1 percent and had 141.25 million customers, versus 139.22 million in July. Bharti's net additions for the month stood at 2.03 million. Airtel was followed by Reliance with 115.33 million subscribers, and a 17.2 percent market share. Reliance won 2.01 million customers in the month. Vodafone Essar was third with a 16.8 percent market share and 113.77 million customers, versus 111.47 million subscribers in the previous month. Vodafone Essar led in subscriber additions as it signed up 2.31 million new

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customers in August. Tata Teleservices had 76.94 million subscribers against 74.85 million in July, and BSNL's subscribers surge to 76.04 million from 73.78 million.

- **According to Analysis Mason, value-added services for subscribers in rural India present a revenue opportunity of US\$835 million for service providers in 2014.** Mobile subscribers in rural India have contributed to 42 percent of net mobile subscriber additions in India from April 2009 to March this year. The researcher said that the addressable market for value-added services is around 70 percent of households in rural India. Adoption of these services remains low because subscribers have limited awareness of the services and operators have focused on value-added services for entertainment, which are of low utility and are available through alternative channels. Such services would provide rural households with relevant information and offer incremental earning opportunities. The information related to commodity prices, farming techniques and weather have led to farmers making additional profits ranging from US\$100 to US\$4,000 per harvest

Internet

- **Having already doubled its small and medium enterprise (SME) customer base in India within a year, global internet search giant Google is now aggressively trying to reach out to the entire sector for online advertising.** India has an estimated 35 million SMEs, out of which only about 200,000 have an online presence through domains, sub-domains and blogs. Google earns the bulk of its global revenue from 'Adwords'. Small businesses with limited budgets for creative and media buying are getting a cheap platform to extend their footprint and that too, with a quick and measurable return on investment (ROI). Google India has one call centre where a thousand small and medium-sized firms from 250 Indian cities and towns call in every day to understand how the 'Adwords' service can help market themselves on the web.
- **According to IMRB International and the Internet and Mobile Association of India, Indian internet users use the internet for 3.5 hours a week, clocking an average of 26 minutes a day.** Indian users also spend 12 percent less time on internet over weekends. The study shows that activity on social networking sites increases gradually reaching a peak.
- **Malaysia's Central region, which consists of Negeri Sembilan, Selangor and Kuala Lumpur is the dominant region for online usage accounting for 54.4 percent of the total internet audience, according to a study by ComScore.** It has a share of 51.3 percent of pages consumed and 52.6 percent of minutes spent online in the country. Visitors in the Northern region, which includes Kedah, Perak, Perlis and Pulau Pinang, accounted for nearly 15 percent of visitors and more than 16 percent of total pages consumed and minutes spent. The Northern region users were also the most-engaged users in August, with an average visitor from this region spending 16.6 hours online during the month and consuming an average of 1,392 pages. Visitors from the Southern region accounted for 14.9 percent, while Sabah and Sarawak region accounted for 5.9 percent share of users each and the East Coast user share was 4 percent.

United States/Canada

Telecommunications

- **A bankruptcy judge approved the US\$65 million sale of Nortel Networks Corp.'s multi-service switch business to L.M. Ericsson Telephone Co.** The judge signed off on the sale less than a week after Ericsson won an auction for the business. Ericsson beat out PSP Holding LLC, a special-purpose entity funded by Marlin Equity Partners and Canada's Samnite Technologies, which kicked off the

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Sept. 24 auction with a US\$39 million bid. The acquisition will boost the CDMA business it already purchased from Nortel. The multi-service switch unit provides data networking infrastructure solutions to telecom service providers and large enterprise customers. The sale will cater the unit's 250 employees to keep their jobs.

- **Rogers Communications Inc. will acquire Atria Networks LP from Birch Hill Equity Partners for approximately C\$425 million (US\$416 million).** The purchase will surge its business solutions offering by enhancing its ability to deliver on-net data centric services within and adjacent to its cable footprint. Atria is a fiber-optic data-network operator. Rogers called the business-to-business market one of significant opportunity. Atria serves a diverse customer base of more than 1,100 customers spanning the public sector, enterprise and carrier providers. Birch Hill was seeking a buyer for Atria, which it acquired in 2006. Rogers and Montreal's BCE Inc. are the potential buyers. Observers said the sale price was expected to be in the range of C\$200 million (US\$197.8 million) to C\$300 million (US\$297 million).
- **A sharp sell-off on cloud-computing stocks was too broad, with investors reading too much into the revenue warning from data-center company Equinix Inc., analysts said.** Equinix lowered its revenue forecast for the third quarter. The company had pricing pressure from customers and higher-than-expected churn among the corporate customers that use the company's data-center services. The sell-off extended beyond data-center companies like Rackspace Hosting Inc. Software stocks such as Salesforce.com Inc., Citrix Systems Inc. and Akamai Technologies Inc. also felt the heat, as these are often considered to be part of the broader trend for the move toward cloud-computing technologies.

Internet

- **Amazon.com has reached an agreement to buy Spanish internet retailer BuyVip for approximately 70 million euros (US\$97.4 million) as the company seeks to break into premium online retail.** BuyVip offers overstock items from brands like Dolce & Gabbana, Louis Vuitton or Levi's for steep discounts. The company does not buy the stock itself but acts as a broker between fashion brands and consumers using its marketing and online distribution channels. BuyVip is primarily owned by a consortium of Private Equity companies including Cipio Partners, Kennet Partners, Spanish Funds Debaeque and the venture capital arm of German media conglomerate Bertelsmann AG.
- **Twitter co-founder Evan Williams has stepped down from his position as chief executive, promoting chief operating officer Dick Costolo as his replacement.** Dick Costolo has been a key contributor to the microblogging service's efforts to become a profitable business. Twitter launched its advertising platform, called Promoted Tweets. The company generates some revenue by integrating users' tweets with Google and Microsoft's search engines.
- **Google's recently-introduced Instant feature, which enables users to quickly see search results as they type a query, could surge search revenue by at least 5 percent in the near term.** Google Instant could help boost the frequency with which users find paid search results of interest, and click on them. The feature could also help boost prices paid for clicks on more common, and thus more expensive, search terms.
- **According to Gleacher & Co., Yahoo will likely suffered its eighth-consecutive quarter of declining sales of online advertising in North America during the period ended in September.** Analyst Yun Kim told clients that as Yahoo might benefit from stability in Europe and Asia during the

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quarter, it could take another 1-2 quarters for North American business to rebound given the continued execution issue and recent management changes. Yahoo faced the departure of executive vice president of the Americas, Hilary Schneider, and two other top managers in the same period. The company will report earnings for the third-quarter ended Sept. 30 after the market's close on Oct. 19.

- **The market share of Microsoft Corp.'s Internet Explorer browser declined more than 50 percent globally for the first time in years.** Google's Chrome browser has been quickly snatching market share of its own. Chrome's share more than tripled in September from a year ago to 11.5 percent. Firefox was second at 31.5 percent remaining steady for the past year and Internet Explorer declined to 49.9 percent from 51.3 percent in August and 58.4 percent a year ago. In Europe, Internet Explorer's market share declined six percentage points on year in September to 40.3 percent. In North America, the figure is 52.3 percent, followed by Firefox at 27.2 percent and Chrome at 9.9 percent.
- **Skype SA has appointed a veteran Cisco Systems Inc. executive to serve as its chief executive, a move that comes as the online phone-and-video service gears up for an initial public offering.** Tony Bates, who runs Cisco's enterprise, commercial and small business arm, will become Skype's CEO at the end of October. Bates reported directly to Cisco CEO John Chambers and was often suggested as a potential successor. The appointment comes just two months after Skype filed plans for an initial public offering with the U.S. Securities and Exchange Commission. Skype expects to sell US\$100 million in American depositary shares. Skype merged with Verizon Wireless, as it promotes a Skype app found in many of its most popular smartphones. Adrian Dillon, Skype's chief financial and administrative officer, will serve as interim CEO until Bates arrives.

Information Technology

- **According to Standard and Poor's, technology companies replaced banks as better dividend bet for investors.** Companies in the IT industry eclipsed financials in total dividend payouts for the first time in the third quarter. That marks a change as IT companies generally have held onto cash so they could reinvest it in research and development or make acquisitions. Now, facing pressure from yield-starved shareholders, firms such as Cisco Systems and Microsoft are choosing to disburse some of that cash by introducing or increasing dividends. Technology companies have excess cash and the ability to pay while many financial companies reduced or eliminated their payouts because they accepted funds from the Troubled Asset Relief Program and are concerned about meeting certain capital requirements before paying them again.

Software

- **Goldman Sachs Group Inc. analysts cut Microsoft Corp. shares to "neutral," citing the company's struggles to gain market share in mobile devices.** Microsoft was removed from the bank's Americas Buy List, with a price target of US\$28 rather than US\$32. Microsoft is having a hard time competing with Apple and Google, whose Android software powers high-end phones and tablet computers. Redmond, Microsoft plans to launch a tablet computer to compete with Apple's iPad, 3 million of which were sold in the first 80 days of its release. However, the company is expected to experience struggles in budget and laptop computer sales as it moves in favor of tablets. Microsoft will launch new products aimed at gaining ground in the mobile market.
- **Oracle Corp. Chief Executive Larry Ellison reiterated his interest in acquiring chip and software companies at the business-software company's annual stockholder meeting.** Ellison's remarks come at a time of heightened merger and acquisition transactions in the technology sector as cash-rich tech companies look for smart uses for their money. Hewlett-Packard, Oracle and IBM are

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acquiring deliberately, causing U.S. technology deals 24 percent to exceed US\$50 billion this year and broken down decades-old barriers between industries. The companies are using purchases to become one-stop providers of products from computers to software to networking gear, rather than only centering on one field. The declining demand makes some targets more affordable. HP, Oracle, IBM, Cisco Systems Inc. and Dell, with a collective US\$100 billion in cash, will continue in their acquisitions. Buyers is likely to focus on targets in areas such as storage, software and security that will help them cater to corporate customers building data centers to handle a Web-traffic boom.

- **IBM will be launching an online video game that simulates business and city problems and provides different technologies to solve them, aiming to boost sales of services and software.** Users choose from four sectors namely banking, retail, water or energy and solve related problems, including monitoring a city's water quality or power supply. CityOne can be given for free. The game might surge sales of new services at IBM. IBM has been investing in technology for its Smarter Planet program, the idea that anything from buildings to utility grids can be digitally measured to be more efficient. Such technology will generate about US\$10 billion in sales by 2015. More than 7,000 people have signed up to download the game, including members of universities, governments and businesses.

Hardware

- **Apple Inc. will pay US\$16.5 million to the New York City Employees' Retirement System to dismiss allegations of improper stock-options backdating practices between 2001 and 2006.** The pact between investors and the maker of computers and electronics devices consists of a US\$14 million fund to be distributed to the plaintiff class of shareholders, along with the establishment of corporate-governance reforms at the company. The settlement fund is reserved for the class of investors who purchased Apple securities between Aug. 24, 2001, and June 29, 2006, when Apple first disclosed irregularities in the manner in which it had accounted for thousands of stock options. The proposed class that would be eligible for distributions from the fund would consist of shareholders who purchased Apple stock at a price in excess of US\$65.71 per share. Distribution will be based on the difference between US\$65.71 and the purchase price, capped at US\$1.70 per share.

Europe

Media, Gaming and Entertainment

- **Yellow Pages publisher Yell Group PLC announced the appointment of a new Finance Director Tony Bates, the former Chief Operating Officer of business telecoms operator Colt Group S.** Bates' appointment follows Yell's announcement in the summer that its finance director, John Davis, and Chief Executive John Condron would both be leaving the company by May 2011. Yell, which in July said its debt had fallen to below GBP3 billion (US\$4.8 billion), made a fiscal 2010 pretax profit of GBP70.3 million (US\$112.2 million). In the year earlier period, it posted a GBP1 billion (US\$1.6 billion) loss, which it attributed to hefty writedowns that year. Its business has remained fundamentally rooted in print, despite increased competition from online rivals, with revenue from its hard-copy Yellow Pages in the U.K. continuing to decline.

Telecommunications

- **Swisscom AG will acquire the remaining shares in Fastweb SpA for 256 million euros (US\$356.4 million).** Swisscom Italia will finance the purchase using existing credit lines or its own funds. As it acquires all of the shares, it will de-list Fastweb from the Milan exchange. Fastweb had

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accelerating growth since its 2007 takeover of the Italian operator and could take advantage of further growth offered by the telecommunications market in Italy. But Stefano Parisi and other Fastweb executives, are under investigation by Rome prosecutors in a tax fraud case.

- **Turkcell is aiming a 4 percent of Germany's mobile market next to the new five-year agreement for wholesale voice traffic in Europe's largest economy.** The deal will be effective in first quarter of 2011. Turkcell will initially target Germany's 3.5 million. Turkcell used the infrastructure of Deutsche Telekom. Turkcell had 8.5 percent rise in second-quarter net profit as rising data revenue.
- **Vodafone's enterprise arm announced on Friday it has acquired two telecom expense management (TEM) companies in a bid to provide better cost visibility to its corporate customers.** Vodafone has acquired Australia-based Quickcomm, a developer of TEM software whose customers include the Australian government and engineering giant Siemens, which will become a part of Vodafone's Telecom Management division. It has offices in the U.S., U.K. and Singapore.
- **Deutsche Telekom AG confirmed its outlook for the full year.** Deutsche Telekom sees operating cash flow of around 6.2 billion euros (US\$8.6 billion) in fiscal 2010 and adjusted EBITDA, of between 19.5 billion euros (US\$27.1 billion) and 19.6 billion euros (US\$27.3 billion).
- **U.S. hedge fund firm Harbinger Capital Partners announced that it had halved its stake in British satellite operator Inmarsat (ISA.L).** Harbinger, which still holds around 14 percent of Inmarsat, said it had sold 65 million ordinary shares at a price of 630 pence per share, or around 410 million pounds (US\$50.3 million), after deciding not to make a full offer
- **VimpelCom Ltd. had a deal to combine itself with the telecom assets of Egyptian billionaire Naguib Sawiris, including about half of Orascom Telecom Holding SAE, for US\$6.8 billion in stock and cash.** The deal will create the world's fifth-largest mobile telecom by subscribers, merging Russia's second-biggest mobile operator with the dominant player in the Arab world. It marks VimpelCom's first move in a strategy of expanding abroad after its Russian and Norwegian shareholders resolved their differences. Wind Hellas Telecommunications SA, was excluded from the deal. All of Italian Wind Telecomunicazioni was included in the merger. The Egyptian Stock Exchange suspended trading in Orascom as the bourse awaited a response to its enquiries about press reports of an imminent deal.

South Africa/Middle East/Latin America

Telecommunications

- **America Movil SA acquired 143.85 million preferred shares in local cable television company Net Servicos SA for a total of BRL3.3 billion (US\$2 billion) through its Brazilian subsidiary, as part of the company's plans to provide full telecommunications services in Latin America's biggest market.**

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Other Economic Data

| Currency Exchange Rates | | | | | | |
|-------------------------|------------|------------------------------|------------------------|-------------------------|----------------------|----------------------|
| Currency | Units | Current Rate (on 10/8/10) | % Change 1 Week Ago | % Change 1 Month Ago | % Change 1/1/2010 | % Change 1/1/2009 |
| Japanese yen | ¥/US\$ | 81.9300 | -1.5% | -2.2% | -11.8% | -11.2% |
| Hong Kong dollar | HK\$/ US\$ | 7.7577 | -0.01% | -0.1% | 0.1% | 0.1% |
| Chinese renmenbi | RMB/ US\$ | 6.6710 | -0.3% | -1.8% | -2.3% | -2.2% |
| Singapore dollar | S\$/ US\$ | 1.3055 | -0.5% | -3.3% | -7.1% | -10.7% |
| South Korean won | KRW/ US\$ | 1,120.5000 | -0.8% | -4.8% | -3.7% | -14.9% |
| New Taiwan dollar | NT\$/ US\$ | 30.8400 | -1.4% | -3.5% | -3.5% | -5.9% |
| Australian dollar | US\$/A\$ | 0.9848 | 1.4% | 8.2% | 9.8% | 38.7% |
| New Zealand dollar | US\$/NZ\$ | 0.7554 | 1.5% | 5.2% | 4.3% | 29.2% |
| Philippine peso | PHP/ US\$ | 43.2200 | -0.9% | -2.6% | -7.0% | -8.4% |
| Euro | US\$/€ | 1.3943 | 1.1% | 9.9% | -2.6% | 0.5% |
| British pound | US\$/£ | 1.5966 | 1.0% | 3.9% | -1.2% | 9.9% |

Fixed Income Prices and Yields

| Note | Currency | Current (on 10/8/10) | | 1 Week Ago | | 4 Weeks Ago | |
|---------------------|----------|----------------------|-------|------------|-------|-------------|-------|
| | | Price | Yield | Price | Yield | Price | Yield |
| US 30-year | US\$ | 102.28 | 3.78% | 102.83 | 3.75% | 103.82 | 3.66% |
| Japan 30-year | ¥ | 101.95 | 1.92% | 102.93 | 1.88% | 106.86 | 1.94% |
| Hong Kong 10-year | HK\$ | 102.75 | 2.13% | 103.10 | 2.19% | 103.42 | 2.03% |
| China (06/16) | US\$ | 110.27 | 2.74% | 109.76 | 2.83% | 110.25 | 2.10% |
| Singapore 10-year | S\$ | 111.45 | 1.98% | 110.79 | 2.05% | 110.25 | 2.76% |
| South Korea 20-year | KRW | 11,839.88 | 4.28% | 11,744.13 | 4.34% | 11,166.82 | 4.68% |
| Australia 15-year | A\$ | 106.00 | 5.70% | 104.36 | 5.14% | 106.05 | 5.06% |
| New Zealand (12/17) | NZ\$ | 106.95 | 5.21% | 107.72 | 5.12% | 104.40 | 5.42% |
| Philippines 20-year | PHP | 144.24 | 8.17% | 142.48 | 8.31% | 140.03 | 8.34% |
| India 30-year | INR | 98.65 | 8.60% | 99.29 | 8.54% | 99.02 | 8.39% |
| UK 30-year | £ | 105.39 | 3.95% | 105.88 | 3.94% | 104.97 | 3.95% |
| Germany 30-year | € | 136.64 | 2.90% | 137.16 | 2.89% | 137.62 | 2.86% |

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