



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

***Week of 13 December 2010 - 19 December 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 (12/17/2010)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2009	% Change 12/31/2008
S&P 500	1,243.91	0.3%	5.6%	11.6%	37.7%
Dow Jones Industrial Avg.	11,491.91	0.7%	4.2%	10.2%	30.9%
Dow Jones Tech. Index	445.74	0.2%	6.4%	10.7%	77.3%
Dow Jones Telecom. Index	230.59	-0.3%	-0.2%	5.0%	15.4%
NASDAQ Composite	2,642.97	0.2%	7.0%	16.5%	67.6%
Japan Nikkei 225	10,303.83	0.9%	5.2%	-2.3%	16.3%
JASDAQ	52.37	2.6%	10.1%	8.3%	8.7%
Japan Mothers	425.99	6.1%	16.6%	2.3%	31.7%
Korea KOSPI Composite	2,026.30	2.0%	6.7%	20.4%	80.2%
Korea Kosdaq	510.74	0.3%	1.5%	-0.6%	53.8%
Taiwan Stock Exchange	8,817.90	1.1%	6.1%	7.7%	92.1%
Singapore Straight Times	3,760.86	-1.6%	-0.7%	25.7%	113.5%
Hong Kong Hang Seng	22,714.85	-1.9%	-4.1%	3.9%	57.9%
Hong Kong GEM	827.65	-1.5%	-0.7%	22.3%	114.7%
China Shanghai (A-Share)	3,030.29	1.8%	-0.1%	-11.8%	58.5%
China Shenzhen (A-Share)	1,411.71	3.9%	5.2%	11.9%	142.8%
China Shanghai (B-Share)	307.20	2.8%	5.0%	21.7%	177.0%
China Shenzhen (B-Share)	854.09	2.6%	3.7%	36.4%	214.8%

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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
12/14/10	RigNet [NASDAQ]	Provides telecom services for remote offshore/onshore oil & gas rigs	US\$60.0	US\$12.00	US\$12.75	6.25%
12/14/10	Gain Capital Holdings [NASDAQ]	Provides an online foreign exchange trading platform for retail customers	US\$81.0	US\$9.00	US\$8.45	-1.78%
12/14/10	FleetCor Technologies [NYSE]	Provider of electronic payment cards to commercial fleets/oil companies	US\$292.1	US\$23.00	US\$28.07	22.04%
12/14/10	QR Energy, LP [NYSE]	Quantum Energy Partners-backed LP that owns oil and natural gas properties	US\$300	US\$20.00	US\$19.60	-2.00%

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*

- **Operators will take measures to promote smartphones that place less of a strain on their networks in 2011, which would greatly benefit BlackBerry maker RIM, according to a CCS Insight.** Android handsets can generate considerably more data traffic than BlackBerrys and Nokia devices. CCS Insight cited that accelerating growth in video-based services will badly affect mobile network capacity to move forward.
- **LTE networks will account for 4 percent of the world's mobile connections within five years, according to new report by Wireless Intelligence.** The new study predicts that global LTE connections will surpass the 1 million mark in the first half of 2011 and will reach 300 million by 2015 as the world's mobile operators ramp-up rollout of the next-generation network technology. China is seen to account for around half of the Asia Pacific total. LTE network migration will initially be driven by operators in Western Europe and North America. This is due to early LTE network rollouts by operators such as TeliaSonera (Europe) and Verizon Wireless (USA). Asia Pacific is seen to be the largest LTE market as migration gathers pace in major markets such as China, Japan, Indonesia and South Korea. The U.S. and Africa are seen to be the two regions slowest to migrate to LTE, collectively accounting for just 5 percent of global LTE connections by 2015.

### Japan

#### *Mobile/ Wireless*

- **Shipments of smartphones in Japan will surge 190 percent on the year to 6.75 million units in fiscal 2010, said the MM Research Institute.** The research firm had earlier estimated domestic smartphone shipments at 4.4 million units for that year, which ends March 2011. It has upgraded the figure by roughly 50 percent because smartphone sales remain strong, with mobile phone carriers planning to release a total of nearly 20 models between year-end and next spring. Smartphone offerings will likely continue expanding in fiscal 2011. At KDDI, such phones are seen to constitute half of its new products. Domestic shipments in fiscal 2011 are forecast at 15.45 million units -- 6.6 times the fiscal 2009 figure. The MM Research Institute believes that domestic shipments of smartphones will exceed those of ordinary handsets in fiscal 2012. By fiscal 2015, smartphone shipments in Japan are projected to hit 24.1 million units. Apple's iPhone dominated the smartphone market in fiscal 2009, with its share reaching 72.2 percent. But the institute sees the aggregate market share of smartphones running Google's Android operating system topping the iPhone's share this fiscal year.

#### *Internet*

- **Kenji Kasahara, President of Mixi Inc. said its website is better suited to domestic users and personal data is more secure than Facebook.** Mixi is adding games and expanding to smartphones to revive earnings after profit declined for three of the past four quarters. Facebook Chief Executive Officer Mark Zuckerberg said the company hopes to extend to Japan and Russia this year. Mixi declined 71 percent since its initial public offering in 2006. The company competes against Gree Inc. and News Corp.'s MySpace. Closely held Facebook introduced simpler privacy controls in May and

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said it was reducing the amount of user information that's publicly available after lawmakers and advocacy groups complained that the service shares too much personal data.

## *Semiconductor*

- **Toshiba will spend around 100 billion yen (US\$2 billion) to build a factory for small LCD panels, with a large portion of its output earmarked for Apple iPhones.** Wholly-owned subsidiary Toshiba Mobile Display will construct the facility on a parcel owned by the Toshiba group in Ishikawa Prefecture. Using 1,100mm x 1,300mm glass substrates, the plant will churn out low-temperature polysilicon LCD panels. Production will start in the second half of 2011. Toshiba Mobile Display is already making low-temperature polysilicon LCD panels at a facility in the prefecture. Its monthly production capacity, which stands at 8.55 million units, is projected to at least double once the new factory comes onstream. Apple will fork over a portion of the roughly JPY 100 billion (US\$1.2 billion) investment for the new factory.

## *Media, Entertainment and Gaming*

- **Namco Bandai Holdings Inc. will shift the development of new titles back to Japan after half of its software was unprofitable last year.** The company ventures with Capcom Co. and will develop new titles domestically after several major overseas releases failed to reach the 1 million sales mark. Namco Bandai will surge overseas sales to half of its total in the year ending March 31, 2016. Sales of titles for Sony's PlayStation 3, Microsoft's Xbox 360 and Nintendo's Wii consoles overseas will climb 56 percent to 5.9 million units in the year ending March 31. Domestic sales will decline 14 percent to 3.3 million units. Namco Bandai's "Clash of the Titans" for PlayStation 3 and Xbox 360 sold 250,000 units as of Oct. 31, less than half the company's target of 700,000. The game had a review score of 42 on the website Metacritic.com. Capcom will be stricter in quality control of overseas projects after its "Bionic Commando" and "Dark Void" games failed to capture the interest of the audiences. The company counts on Japan for at least 65 percent of its annual revenue.
- **Square Enix Holdings Co., the Japanese creator of "Final Fantasy" game series cut full-year profit forecast by 92 percent.** Net income is expected decline to 1 billion yen (US\$12 million) in the year ending March 31 due to the delay in releasing "Final Fantasy XIV" online game for Sony's PlayStation 3 and "Deus Ex" title for the PS3 and Microsoft's Xbox. Japan's largest maker of role-playing video games is predicting its smallest annual profit since 2003, when the company was formed after the merger of Square Co. with Enix Corp.

## *Telecommunications*

- **KDDI Corp. has invested in U.S. Financial services firm Microfinance International Corp. to begin international remittance services.** The company paid US\$22.05 million to acquire 20 percent of the voting rights in the Washington-based firm. Founded and headed by Atsumasa Tochisako, Microfinance provides financial services to immigrants in the U.S. a KDDI subsidiary offering mobile phone services for immigrants in the U.S. will begin marketing a prepaid card for remittances at local grocery stores and other shops. Cardholders can use the card to request Microfinance to transfer funds to bank accounts of their family members back home. A 2 percent to 2.5 percent fee will be charged. The two firms will release similar services for foreigners in Japan, including Chinese and Latin Americans, next fiscal year.
- **KDDI has signed a definitive agreement to acquire Taiwanese online music provider KKBox, from Skysoft which currently owns 100 percent of the company.** Under the agreement, KDDI will purchase 76 percentage shareholdings in KKbox on 24 December while the management team

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continues to own the remaining 24 percent of the company through Skysoft. After the completion of this acquisition, KKbox will become a consolidated subsidiary of KDDI. KKbox provides a multi-device digital music service which is accessible from such devices as PC, smartphones and mobile phone in Taiwan and Hong Kong. KKbox provides service for at least 7 million users in Taiwan and customer base in Hong Kong is on the increase.

- **Jupiter Telecommunications ended November with a total of 3.41 million customers, up 4.5 percent year-on-year.** Combined revenue generating units (RGUs) for cable television, internet access and telephony services reached approximately 6.31 million, up 6.7 percent since end-November 2009, and the bundle ratio surged to 1.85 from 1.81 a year earlier. J:Com's television subscriber base stood at 2.675 million in November, up from 2.593 million in November last year. Of the total, 2.668 million are digital television subscribers. The number of internet subscribers surged to 1.684 million from 1.575 million, and the number of telephony customers surged to 1.95 million from 1.746 million a year earlier.
- **According to the Nikkei report, give major foreign telecommunications equipment makers are to purchase shares in a PHS affiliate of Japanese operator Softbank.** The Softbank affiliate Wireless City Planning was established to take over next-generation PHS service operations that utilize the XGP (Extended Global Platform) international standard from Willcom. At the end of the share placements, Softbank and investment fund Advantage Partners are expected to hold a 33.3 percent stake each. The five firms Ericsson, Nokia Siemens Networks, Alcatel-Lucent, Huawei Technologies and ZTE are to purchase the remaining interest in Wireless City Planning. The company will release a low-fee wireless telecommunications service that will offer a data speed of at least 100Mbps in fiscal 2011. The company aims to boost the service coverage to at least 90 percent of the population. Capital outlays for the service are estimated to come to around 100 billion yen (US\$1.2 billion).

## Korea

### *Hardware*

- **LG Display Co. expects 3-D televisions to generate 10 percent to 20 percent of the global liquid-crystal-display TV market next year as companies unveil new, affordable models.** Global shipments of LCD TVs may reach 250 million sets in 2011, Chief Executive Officer Kwon Young Soo said. Samsung Electronics Co., Sony Corp. and Panasonic Corp. are anticipating in the 3-D televisions to aid in reviving prices and earnings as regular televisions become cheaper. Shipments of LCD TVs might reach 185 million sets due to the demand in China, which surpassed the U.S. to become the world's largest market this year, according to Shinhan Investment Corp.

## China

### *Internet*

- **Youku.com Inc. is planning to expand its market share by investing in content and technology and by targeting mobile video users, Chief Executive Victor Koo said.** Youku leads a Chinese online video market which the analyst forecasted to boom in the next few years as Internet penetration accelerates and advertisers spend more money online. But the company has yet to turn a profit and also faces intensifying competition. The China-focused company will not list outside the U.S. or to make acquisitions, Koo cited. Youku will now center on the Chinese market for the time being as it is still growing. The company may consider expanding overseas in the future, but likely not



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in the U.S. in the near term as the country is already home to large online video companies, he said. Youku's management will focus on the company's business and product model, not its stock price.

- **Tencent, one of China's largest Internet firms, launched QQ International 1.0 and aimed at foreigners living in China or people interested in becoming connected with the country.** The development of the product came about due to China's growing international presence and as more foreigners have come to visit and study in the country. In China, QQ already dominates the instant messaging market, with more than 655 million active accounts, according to Beijing-based research firm Analysys International. This has given the QQ client a 76 percent share of the market. Tencent is also preparing to launch a new social network service for foreigners in China sometime in the first quarter of 2011.
- **China's home furnishing e-commerce web portal [www.tg.com.cn](http://www.tg.com.cn) said it received investment from Baidu, Inc., and the two would establish strategic partnership.** Since its establishment in 2005, the e-commerce web portal has opened sub-websites in 28 Chinese cities. The e-commerce service provider took up 33 percent share in China's online house building material selling in 2009, and its market occupancy may reach 37 percent in 2010. Tang Hesong, general manager of the Investment Department of Baidu, said the company thought highly of the development of B2C in China, which has great development potential and sufficient room for growth. [www.tg.com.cn](http://www.tg.com.cn) as an industrial leader is completely in accord with the overall investment plan of Baidu. Deng Jinhua, CEO of [www.tg.com.cn](http://www.tg.com.cn), believes the cooperation will enhance the firm's advantages in developing users and expanding businesses, and further reinforce its leading position in the sector.
- **Search engine operators acquired greater share in China's online advertising market in the first three quarters of 2010, according to market research firm Analysys International.** Baidu, and Google China respectively ranked top two in the online advertising market with 30 percent and 10.7 percent share, and they were followed by Sina with 8.6 percent share. Market share of advertising operators, including Sina, Alibaba.com and Sohu.com, generally kept stable. But market share of emerging Internet media, namely Youku.com, showed accelerating, and is seen to surpass that of NetEase.com and take a position in the online advertising market of China.

## *Mobile/Wireless*

- **China's mobile phone output might exceed 700 million and takes a 60 percent share in the global market in 2010, predicted Wang Xiang, senior Vice President of Qualcomm.** The country's cell phone output peak is ignited by China's booming 3G mobile phones. The industrial added value for home mobile phone sector surged 37 percent on year in Jan-Oct of 2010, much faster than a 16 percent average for the industrial added value of national large scale industries.
- **China's gray-market mobile phone shipments are predicted to expand in 2011 at a considerably slower pace, according to iSuppli.** China's gray-market mobile phone shipments will amount to 255 million units in 2011, surged 11.8 percent from 228 million this year. This compares to a rise of 43.6 percent in 2009. What growth there is in 2011 will be driven by demand from emerging countries as well as by declining average selling prices for gray handsets. After growing in 2011, the gray market will begin to decline in 2012. This is because gray market mobile phone suppliers will be unable to cut prices any further, even if they wish to win more customers in emerging countries. Suppliers also will find themselves competing with an increasing number of locally branded OEMs that provide better quality and after-sales service.



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## *Telecommunications*

- **According to the Chinese governments, China will continue to boost the rapid development of its telecommunications industry and construct key network infrastructure in its 12th Five-Year Program period (2011-2015).** In the 2006 to 2010 period, China's telecommunications industry initiated 3G network construction and 3G business operations, promoted the industrialization and commercialization of TD technology, its own 3G standard, and moved further towards complete market competition. Main operating revenues of telecom business in China topped 860 billion yuan (US\$129.2 billion) in 2009, the number of phone users reached 1.061 billion, and Internet user numbers hit 384 million. China had an 8.27 million km optical cable communications network, including 840,000 km of toll cables. The Chinese government issued the licenses for 3G mobile telecom business operation in January 2009, and 3G networks now cover the whole country. Investment in 3G services topped 160.9 billion yuan (US\$24.2 billion) in 2009, yielding GDP growth of 34.3 billion yuan (US\$5.1 billion), and creating 260,000 jobs. A new economic paradigm based on information and telecommunications network is becoming a fresh driving force of the national economy. In 2008, the market size of Internet services approached 150 billion yuan (US\$22.5 billion).

## *Media, Entertainment and Gaming*

- **ZQ Game Technology secured 15.5 million yuan (US\$2.3 million) in government subsidies for its three in-house developed 2D MMORPGs Xin Song Yan Yi, Meng Hui Shan Hai and Liang Jian Online, as well as for construction of an R&D center.**
- **The9 Ltd. introduced a 10 million yuan (US\$1.5 million) dividend plan to attract the quality cell phone game developers and copyright holders.** The9 said that the selected games, mainly based on Android and Java systems, will be marketed via the online shopping centers with China's three telecom giants, App Store within the numerous cell phones and other channels for mobile phone appliances. The9 will provide certain minimum dividends for developers of the games to be quoted on such online shopping stores as China Mobile's Mobile Market, China Unicom's Wostore and China Telecom's 189store.com. As for developers of other games selected, The9 will reward them with revenue dividends.
- **Amazon China Director Liu Qiang has resigned to join Shanda Interactive's literature subsidiary Shanda Literature.** Liu will be heading up Shanda's copyright operations center and its online library Cloudary.
- **Li Anke, formerly general manager of Kingsoft's Lijian Studio, along with 30 Lijian employees, has joined Tencent invested webgame developer and operator Beijing Manyogu Information Technology (youxigu.com).** The studio was dismissed and merged into other studios earlier this year, Bianews.com cited.
- **Linekong had year-to-date revenues of nearly 200 million in 2010, up 300 percent from the company's full year 2009 revenues.** Linekong's in-house developed 2D MMORPG Journey to the West contributed at least half this years' revenues, while the company's overseas game licensing segment contributed at least US\$10 million. The company has licensed its unreleased in-house developed 3D MMORPG Warrior King, to operators in Europe, North America, Thailand, Indonesia and Singapore. Linekong has also licensed its in-house developed 2D kung fu-themed MMORPG Ashes of Time to a Taiwanese operator. The company is working on new webgames.

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- **Ku6.com will supply film clips with original soundtracks to NetEase's online translation service Youdao.** The company says the clips provide users with a richer visual and audio experience than existing online pronunciation services.
- **Baiyou Huitong Technology has secured US\$10 million of first-round financing, but did not disclose the name of the investor.** The company will use the capital to market new products and enlarge its development team. The company had revenues of approximately 95 million yuan (US\$14.3 million) in the first eleven months of this year. The company's games in commercial operation include Shou Xue Fei Teng, Long Teng Shi Jie and Qing Guo Qing Cheng, and the company will release novel adaptation Fanren Xiuxian Zhuan in the near future.
- **Shenzhen ZQ Game Technology (Zhongqingbao Network) has secured exclusive rights to operate 3D fantasy MMORPG Xuan Wu Hao Xia Zhuan, by InterServ International, in mainland China, ZQ Game cited.** ZQ Game also will establish a game development subsidiary called Xueyu Network Technology in Shenzhen, Guangdong Province with investment of 9.5 million yuan (US\$1.4 million).

## *Semiconductors*

- **AMD has appointed David Tang as senior vice president of AMD and president of AMD Greater China, effective 1 February 2011 and will be responsible for executing a single, integrated corporate strategy for all of AMD's business in the Greater China region.** Prior to joining AMD, Tang worked as the group vice chairman of Nokia China and chairman, Nokia Telecommunications.

## *Software*

- **China is developing its own operating system similar to Microsoft's Windows for national defense and personal computer makers.** The application will "improve IT security level for China", Chen Ying, software division director of the Ministry of Industry and Information Technology said. The operating system will be developed by Shanghai-based company, China Standard Software.

## **Taiwan**

### *Telecommunications*

- **China is developing its own operating system similar to Microsoft's Windows for national defense and personal computer makers.** The application will "improve IT security level for China", Chen Ying, software division director of the Ministry of Industry and Information Technology said. The operating system will be developed by Shanghai-based company, China Standard Software.

## **Hong Kong**

### *Telecommunications*

- **City Telecom's wholly-owned subsidiary Hong Kong Broadband Network (HKBN) has collaborated with internet portal Yahoo! Hong Kong to provide updated online video news content.** Through this partnership, bbTV news channel will provide online news content to Yahoo! Hong Kong news platform daily, ranging from focus news, feature, financial analysis and weather forecast.

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## *Mobile/ Wireless*

- **Hong Kong's mobile user base has reached 13.082 million in August, up from 13.023 million in July, according to the figures from regulator Ofta.** Of the total, 6.407 million were prepaid users and the number of postpaid users stood at 6.675 million versus 6.617 million. The number of 3G users grew to 4.768 million in August, from 4.644 million in the previous month. Furthermore, 915,128 mobile users connected through an MVNO, up from 903,183 MVNO users in July. Total SMS sent reached 585.045 million or 50 per subscriber, up from 560.426 million or 49 per subscriber a month earlier. The mobile data usage surged to 238.3 MB per 2.5G/3G customer, up from 214.1 MB in the prior month.

## **Singapore/Malaysia/Philippines/Indonesia/India**

### *Hardware*

- **Sistema Shyam TeleServices had over seven-fold jump in its net income to US\$507 million for the quarter ended September 30, 2010.** The company generated net income of US\$68.84 million in the June-September quarter 2009, Sistema Shyam TeleServices which owns CDMA mobile telephony brand MTS said. Total revenues were at US\$7.3 billion during the quarter under review, against US\$5.33 billion in the same year-ago period. The Group's cash balances were at US\$4,009.5 million as of September 30, 2010, compared to US\$2,395.3 million in the same period last year. The Group's net debt reached US\$10,459.8 million as of September 30, 2010, compared to US\$11,633.5 million as of June 30, 2010. SSTL released its mobile data services in 22 new cities with total number of cities covered by high speed data services increasing to 96 out of 100 biggest cities in India, including all five Metro areas, at the end of the third quarter.
- **India PC shipments will total 13.2 million units in 2011, a 24.7 percent surge from this year, according to Gartner.** PC demand is boosting beyond India's largest cities. Vendors are seeing an increasing demand from smaller cities in India where PC penetration has grown considerably. Rising income and declining PC prices are contributing to this growth. Roughly 35 percent of PC vendor revenue today comes from Tier III and IV cities. This will boost to 50 percent by the end of 2013. By the fourth quarter of 2011 mobile PCs will outgrow desk-based PCs in India, though the total number of desk-based shipments will be higher than mobile PC. In 2011, the desk-based PC market will boost 5 percent totaling 7.2 million units year-on-year and mobile PC shipments will boost 61 percent with 5.9 million units.

### *Telecommunications*

- **Huawei Telecommunications (India) will invest about US\$2 billion over the next five years to set up a new research and development center and expand its presence in the South Asian nation.** The company will set up the center in the southern city of Bangalore where it has a research center that employs 2,000 engineers. The new center will expand the current capacity to about 3,000 engineers. Huawei's India expansion plan comes at a time when Chinese equipment makers have made progress in the Indian telecom market, offering products and services which are about a third cheaper than global competitors. India adds at least 15 million wireless subscribers a month and is the second-largest market after China for wireless services with at least 670 million users. The company is competing with other Chinese vendors like ZTE Corp. and several European equipment makers including Nokia Siemens Networks and Alcatel-Lucent for a share of the world's fastest-growing telecom market.

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- **India's telecommunications department has rejected a bid by Liberty Group for telecom equipment maker Indian Telephone Industries Ltd.** The Liberty Group's bid was the only one made, after a fourth deadline to find a buyer for the company expired Aug. 10. An executive at ITI confirmed the rejection of the bid, saying that it failed to meet certain technical criteria and was also not placed before the deadline expired.
- **British Telecom sold its 5.5 percent stake in Tech Mahindra to Mahindra & Mahindra for INR451 crore (US\$100.4 million).** BT controls 30 percent stake in Tech Mahindra prior to this deal. Post the sale, M&M's stake will surge to 48.5 from 43 percent. The remaining stake is with Mahindra BT Investment Co Mauritius Ltd. BT will consider further stake sale in the IT firm. M&M will give a waiver to its rights to acquire further stake in the software firm. The joint venture between BT and M&M came into existence 1986 which was later named as Tech Mahindra. As of September 30, BT had a net debt of 8.7 billion pounds (US\$13.6 billion).
- **Reliance Communications is set to secure a US\$1.93-billion 10 year long-term loan from China Development Bank.** According to RCom, the money will be used to refinance the loan taken for buying 3G spectrum and also to acquire telecom network equipment from Chinese vendors Huawei and ZTE. RCom is expected to sign a memorandum of understanding with the Chinese bank. US\$1.33 billion of the loan amount is seen to be used to settle the short-term loans taken from Indian banks for buying 3G spectrum. The balance will be used for financing equipment deals from Chinese vendors. RCom's debt stood at Rs 30,000 crore. The loan from Chinese Development Bank is seen to result in interest savings of around Rs 500 crore (US\$109 million) a year for RCom.
- **The Russian government will invest US\$600 million in Sistema Shyam Teleservices Ltd. by the year end, despite the risk that the company may lose some of its telecommunications licenses in India.** Russia will invest US\$600 million in the new share issue by Sistema Shyam, Vedomosti said. India's telecoms regulator on Dec.10 proposed canceling 38 licenses of telecom operators, including the licenses of Sistema Shyam in 10 service areas. Sistema Shyam, 73.71 percent owned by Russia's OAO AFK Sistema, has licenses in all of India's 22 telecom service areas. India's Shyam Group holds 23.79 percent in Sistema Shyam.
- **UTV Action had a three-year exclusive deal with Sony Pictures Television (SPT) for the Hindi language telecast rights of 70 action films per year.** UTV Action will telecast the Hindi-dubbed version of movies like The Book of Eli, The Bounty Hunter, Legion, The Karate Kid, Salt and Resident Evil: Afterlife. UTV Action has a viewership of about 32 million people across India. The channel, released in January this year, telecasts action content from Hollywood dubbed in Hindi.
- **PT First Media is expected to generate income of Rp965.3 billion (US\$107.15 million) next year or a surge of 17 percent.** First Media finance director Irwan Djaja said the internet service provider generated booming results in the first nine months of this year. The company's income surged to Rp605 billion (US\$66.9 million) in the January-Sept. period of this year. The company also surged in the number of internet subscribers to 309,000 by the end of the third quarter from 270,000 a year before. The company also earns from other media business including cable television operation and data communications service.
- **Philippine Long Distance Telephone Co. will release a new technology that could revive its landline business.** PLDT is transforming the face of its fixed line business with a new offering that bundles a landline service with a touch-screen tablet and a high speed myDSL service all under one service plan. The landline business had fallen on hard times due to the popularity of text messaging or SMS (short messaging service). The PLDT TelPad unit includes a special handset that also serves as a

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charging dock for an application-rich, seven-inch screen tablet computer. Total number of fixed line subscribers reached 1.84 million. Revenues generated from PLDT's fixed line business amounted to P37.043 billion (US\$844.1 million) in the first nine months. PLDT's fixed line revenues declined two percent to P11.56 billion (US\$262 million) in the first nine months. PLDT's TelPad was conceptualized and developed here in the Philippines using world-class technology. The PLDT TelPad tablet is powered by a 1Ghz Cortex A8 processor that enables the device to deliver snappy performance.

- **Philippine Long Distance Telephone (PLDT) will accelerate spending next year to finance broadband network expansion and the reinvention of its fixed-line business.** PLDT chairman Manuel Pangilinan said that capex may exceed PHP 30 billion (US\$678 million) next year. Funds would be spent more on expanding its broadband network to meet consumer demand. Mr. Pangilinan also said the company might exceed its core income target of PHP 41.5 billion (US\$938 million) this year.
- **Singapore Telecommunication signed a partnership with Portugal Telecom to share Internet television and fibre-optic know-how.** Under the agreement, the two companies will collaborate in the areas of fixed-line fibre-optic networks and IPTV. Specifically, SingTel and Portugal Telecom will share benchmarks and best practices for operating fibre-based infrastructure and look into opportunities for joint research and development.
- **TOT PCL will hold an electronic auction for THB17.44 billion (US\$580.8 million) worth of equipment and installation contracts for its 3G mobile phone network on Jan. 28.** TOT aims to ink contracts with the winners around Feb. 15-18, Senior Executive Vice President Kamthorn Waithayakul said. The sale of bidding applications, which has been postponed from end-November due to delays in preparing the terms of references, is expected to take place within this week. TOT's total investment budget of THB19.98 billion (US\$664 million) for the 3G network project was approved by the country's cabinet in September after a court issued an injunction to freeze a planned auction of licenses by industry regulator, the National Telecommunications Commission, to private operators for the 2.1 gigahertz spectrum.
- **Thailand's National Telecommunications Commission (NTC) has drafted the 2011-16 Universal Service Obligation (USO) plan, aiming to achieve broadband coverage for at least 80 percent of the population by 2016.** It will also offer the plan to the upcoming National Broadcasting and Telecommunications Commission. The draft, aims by 2016 to promote equal telecommunication access to 96 percent of the population, two public phones for each village in the country and internet service at a connection speed of 256 Kbps for small villages in rural areas. It also aims to provide a broadband connection speed of 2Mbps for community schools, community medical centres and small hospitals in rural areas during the initial phase before expanding to higher speeds of up to 10Mbps. It will provide internet access for low-income, elderly and disabled people in 500 places nationwide and communication systems for the visually and hearing impaired in target areas, serving at least 100,000 people. The NTC is seen to spend a USO budget of about THB 10.83 billion (US\$359 million) over three years.
- **True is close to acquire the Hutch mobile business in the central provinces by the end of this month after it finished its due diligence of the joint venture and its network provider BFKT.** True's chief executive Supachai Chearavanont said that Hutch's ARPU revenues and customer base reached 500,000 industry average is about THB 400 (US\$13.20) per month per user. The takeover would include Hutchison's wholly-owned subsidiary BFKT. BFKT leased the network to Hutch (Hutchison CAT Wireless Multimedia) to create a 74:26 joint venture between Hutchison and CAT



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Telecom to market CDMA service under the Hutch brand. A fifteen-year marketing contract with CAT ends in 2015. Hutchison CAT Wireless Multimedia has THB 950 million (US\$31.4 million) in registered capital and BFKT Thailand THB 500 million (US\$16.5 million).

- **Maxis has invested over MYR 80 million over the past year to establish and enhance network coverage in Sabah and Sarawak as the government call to narrow the digital divide in the two states.** The extension of broadband networks to Sabah and Sarawak was also in line with the government's Universal Service Provider (USP) fund initiative which strives to provide telecommunications facilities and internet access to underserved areas. At the release of Maxis' broadband expansion programme involving the five major towns of Labuan, Keningau, Sandakan, Lahad Datu dan Tawau, Overbeke said the rollout was part of Maxis' assurance to build more network sites in Sabah by the end of this year. The investment was used by the local community and supported agricultural development by extending coverage in secondary towns and remote sites such as those within oil palm plantation areas.
- **DiGi.Com has selected communications firm Time dotCom as one of its fiber partners to provide high-speed backhaul capacity to support its growth in mobile data and voice services.** The collaboration is a peninsular-wide deployment of a full optical switched fiber network to support mobile backhaul traffic. Under the ten year agreement worth MYR 139 million (US\$44.3 million), Time will fiberize, maintain and support parts of DiGi's backhaul links between its aggregation wireless towers and its mobile switching centers (MSC). The current architecture of wireless backhaul networks limit the amount of bandwidth it can transport. Time's wireless network fiberization business is backed by its core fiber optics network Cross Peninsular Cable System (CPCS). CPCS is a fully meshed network over five diverse routes. It is supported with close to 100 optical DWDM nodes nationwide.
- **Telecom Corp of New Zealand Ltd. was the preferred bidder to create three quarters of New Zealand's NZ\$3 billion (US\$2.2 billion) broadband network.** If selected, Telecom NZ would merge with Northpower Ltd. and WEL Networks which were previously chosen to build 16 percent of the planned network. The new network will bring high-speed Internet access to 75 percent of New Zealanders. Crown Fiber Holdings is now the preferred bidder for 23 of the 28 regions the country has been divided into. Telecom will have to compete with city council-owned Enable Networks and Flute Joint Venture represented by Aurora Energy Ltd. Receiving preferred bidder status doesn't guarantee that Telecom would get a contract, although Northpower and WEL Networks were awarded contracts for two of the regions last week. A third preferred bidder, Alpine Energy, remains in negotiations with Crown Fiber Holdings. Minister for Communications and Information Technology Steven Joyce said he sees to receive recommendations for binding offers from Crown Fiber Holdings in the first quarter of 2011.

## *Information Technology*

- **Apax and IGate Corp. are bidding together for the 45.9 percent stake of Patni Computer Systems Ltd. held by the founding family.** Carlyle is bidding with Advent International Corp. The shares may be sold at about 500 rupees (US\$11.00) each. Patni surged as much as 5.6 percent. A sale would allow Chairman Narendra Patni and his family to exit the company as demand for computer services helped the stock at least double since its initial public offering six years ago.
- **India's Tech Mahindra Ltd. expects to start offering call center services to Bharti Airtel Ltd.'s operations in six African countries from Feb. 1.** Bharti Airtel selected Tech Mahindra, IBM and Spanco to provide BPO services to the carrier's operations in 16 African countries. Tech Mahindra

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will offer core customer service functions such as call centers and back offices in Zambia, Gabon, Ghana, Malawi, Congo DRC, Congo B, Sujit Bakshi, president, corporate affairs and BPO. Tech Mahindra's BPO division accounted for 5.8 percent of the company's INR44.84 billion (US\$ 989 million) total revenue in the last fiscal year ended March 31. The segment employed 8,489 people at the end of the September quarter. Bharti entered the African market through a US\$9 billion acquisition of Kuwait-based Mobile Telecommunications Co.'s assets in the continent in a bid to expand its business to offset the effects of stiff competition in India.

## *Internet*

- **The Indian online advertising market, both text and display, will grow to Rs 993 crore (US\$218 million) this fiscal year, according to Internet and Mobile Association of India (IAMAI).** Banking, financial services and insurance (BFSI) emerges as the leader in both text and display advertising spending with 24 percent in each category. Travel is close behind, accounting for 20 percent advertising spend in both display and text advertising spend. Relatively new advertisers like FMCG and education sector are shelling out more on display advertisements than traditional text advertisements. FMCG sector which is one of the highest spenders on television advertising is one of the lowest spenders on the internet.

## **United States/Canada**

### *Mobile/Wireless*

- **Standard & Poor's Ratings Services would lift its ratings on Motorola Inc. back to investment-grade territory early next year when the telecom-equipment maker splits into two.** Motorola set Jan. 4 as the date it will separate into two companies. The company will be renamed to Motorola Solutions and hold onto the business mobile and networks divisions, which sells such products as police radios and barcode scanners. It will spin off a new company consisting of its consumer-focused handset business. S&P will raise the rating on the new Motorola Solutions company on that date to BBB, a two-notch bump from its current level at the highest rung of junk status. The coming upgrade reflects how the new Motorola's enterprise operations have a stable, recurring business model. The agency also sees Motorola to reduce debt with cash over in up to two years.
- **Research In Motion Ltd. said its third-quarter revenue and profit topped analysts' estimates, helped by demand for models such as the Curve and touch-screen Torch.** Sales surged 40 percent to US\$5.49 billion. Analysts had predicted US\$5.41 billion, the average of estimates compiled by Bloomberg. Earnings per share were US\$1.74. RIM added 5.1 million new subscribers. RIM is counting on a new version of the BlackBerry Bold and the Torch, which has a slide-out keyboard and better Internet browser, to lure customers away from Apple's iPhone. RIM is also tapping demand in markets such as Brazil and Indonesia for less expensive models like the Curve, which incorporate its free instant-messaging system, to fend off the challenge from a slew of new phones based on Google Inc.'s Android software. Revenue this quarter will be US\$5.5 billion to US\$5.7 billion and earnings per share will be US\$1.74 to US\$1.80, RIM said. Analysts projected revenue of US\$5.46 billion and profit of US\$1.61 a share. The company sees BlackBerry shipments this quarter of 14.5 million to 15 million units.

### *Media, Entertainment and Gaming*

- **Dish Network Corp. will acquire a telephone and broadband-services company co-founded by self-proclaimed consumer watchdog Tom Martino.** The deal for Denver-based Liberty-Bell



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Telecom would give Dish, the ability to offer a triple-play package of services in select states without a third-party reseller agreement, a luxury its cable-TV competitors have enjoyed for years. Liberty-Bell, a competitive local-exchange carrier that buys wholesale access to Qwest Communications' network, serves 6,000 residential and 4,000 business customers in Colorado, New Mexico and Utah. Liberty-Bell is licensed to offer services in 10 states and has applications pending in four other states. Dish currently resells phone and high-speed Internet service through agreements with companies such as Liberty-Bell and Frontier Communications.

- **Time Warner Cable Inc. promoted Chief Financial Officer Robert Marcus to the roles of president and chief operating officer, effective immediately.** The company has seen better results lately, helped by climbing revenue because of growth in its advertising and commercial businesses. The company had its current operating chief, Landel Hobbs, will be leaving the company. Marcus, who joined in 2005 and became financial chief in January 2008, will continue to serve as CFO while Time Warner searches for a successor.

## *Telecommunications*

- **Telus Corp. expects to benefit from continued wireless subscriber growth in 2011 and lower financing costs, contributing to an improved outlook for next year.** Double-digit earnings and free cash flow growth were due to accelerating operating profits, stable capital expenditures and lower cash taxes and financing costs. Capital-spending for 2011 is seen to remain steady at about C\$1.7 billion (US\$2 billion). The company will focus on cost reduction in 2011, and will invest about C\$50 million (US\$50 million) in restructuring costs. Efficiency savings are projected at about C\$75 million (US\$75 million) in 2011 as a result of the restructuring investments. Telus also sees to make a C\$200 million (US\$199 million) voluntary special pension contribution in early 2011, which will boost EBITDA and share earnings. The company had better-than-expected 2011 wireless EBITDA guidance of C\$2.15 billion (US\$2.1 billion) to C\$2.25 billion (US\$2.2 billion).

## *Internet*

- **Yahoo Inc. will cut as many as 650 jobs, or almost 5 percent of its work force.** The cuts will be targeted at Yahoo's products group, which builds Web properties like the company's popular news, sports and finance pages, as well as its widely used email service. The group is run by chief products officer Blake Irving, a former Microsoft Corp. executive who joined Yahoo in April. Irving had previously asked unit heads to prepare operational plans that factored in work force cuts of up to 20 percent, one person familiar with the matter said. Irving said in a recent interview that he wants the products group to work more closely with regional teams, so they share common goals and responsibility for achieving operational and financial targets.
- **Rackspace Hosting Inc is planning to acquire Cloudkick Inc.** Based in San Antonio, Texas, Rackspace delivers enterprise-level Web infrastructure and managed hosting services to corporate customers. Rackspace's net revenue reached US\$199.7 million in the third quarter as it gained at least 10,000 customers during the quarter, for a total of 118,732 as of Sept. 30.
- **Groupon Inc. is seeking funds after rejecting a takeover offer from Google Inc.** The company aims to raise several hundred-million dollars. The surged financing would value Groupon at less than US\$6 billion, the amount Google offered in November. Groupon may use the money to hire sales staff and retain its lead over coupon-site rivals. LivingSocial, another deal-of-the-day service, lined up US\$183 million from a group led by Amazon.com Inc. earlier this month and would use the investment to overtake its bigger competitor. An investment group led by Digital Sky Technologies in

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April gave Groupon a valuation of about US\$1.3 billion. Groupon had been considering raising money from investors when it entered talks with Google, Bloomberg cited. Founded in 2008, Groupon is on pace to generate at least US\$500 million in sales this year.

- **Google will delay the implementation of its experimental fiber network, due to overwhelming interest from communities vying to test the broadband technology.** Google should be making a related announcement early next year. Google planned to build a fiber network capable of Internet speeds 100 times faster than currently available technologies, in a small number of trial locations.
- **Google's YouTube video-sharing website is planning to acquire Next New Networks.** YouTube and Next New Networks haven't signed an agreement yet. The deal would be YouTube's first big move toward producing original content. Next New Networks had success with series such as "Barely Political" and "Indy Mogul." The company also seeks out new video creators and helps them distribute that content, find an audience and make money through its Next New Creators program.
- **Google Inc. appointed Milo Medin, a well-known Silicon Valley engineer who promoted early systems that evolved into the modern Internet, to help build the company's experimental fiber network.** Medin was named as the vice president of access services. He will be given the task of managing the Google Fiber team, and overseeing the build-out of our ultra high-speed network. Google will create a trial fiber network in select locations, capable of Internet speeds 100 times faster than existing technologies. Google will make an announcement about communities selected for the fiber trial early next year. Medin is best known for his role in starting At Home Corp.
- **EBay Inc. acquired Critical Path Software as it has made mobile commerce a priority area for investment.** EBay acquired Milo to bridge the gap between online and in-store shopping. EBay also acquired Red Laser. Critical Path helped eBay build a shopping app for Apple's iPhone, as well as mobile apps for the ecommerce company's StubHub, eBay Classifieds and Shopping.com properties.

## *Semiconductors*

- **Freescale Semiconductor Inc., taken private in a US\$17.6 billion buyout in 2006, may be ready for an initial public offering in the coming year, Chief Executive Officer Rich Beyer said.** The company has reorganized its debts and improved its performance, building credibility in the marketplace, Beyer said. If the economy continues to recover and the semiconductor industry boosts next year, the company will be able to sell shares. Freescale hopes to raise at least US\$1 billion to pay down US\$1.2 billion of debt coming due in 2014, Beyer said. The company piled on debt when it was taken private by Blackstone Group LP, Carlyle Group, Permira Advisers LLP and TPG Capital. Those investors won't sell their own shares yet and will allow the company to raise cash with new equity in the IPO. The company's net loss reached US\$156 million last quarter, as sales boosted 29 percent to US\$1.15 billion. It ended the quarter with US\$1.07 billion of cash and paid out US\$144 million in interest. Freescale has a loan of about US\$560 million coming due in 2012, then US\$1.2 billion more in 2014. In 2016, Freescale must repay about US\$3 billion.

## *Software*

- **Oracle Corp. has asked a federal judge to order SAP AG to pay at least US\$200 million in interest in addition to a record US\$1.3 billion verdict it won in November.** In a court filing, attorneys for the company asked the court to award US\$211.7 million in prejudgment interest in a court case that yielded what is thought to be the highest damage award ever in a copyright infringement case. The filing comes just weeks after an Oakland, Calif. jury ordered Walldorf, SAP to pay its competitor US\$1.3 billion for copyright infringement committed by TomorrowNow, a former

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SAP business unit. Oracle's court filing calls the payment of prejudgment interest routine and necessary. SAP is still considering its options and may file an appeal to the verdict later.

- **Oracle Corp. forecasted profit for this quarter that may top analysts' predictions, a sign it's benefiting from an acquisition-fueled expansion into hardware.** Profit excluding certain expenses will be 48 cents to 50 cents a share, Oracle Co-President Safra Catz said. Chief Executive Officer Larry Ellison has bulked up in hardware to make Oracle a one-stop business computing shop, and he's making headway on a projection that this year's purchase of Sun Microsystems Inc. will boost fiscal 2011 operating profit by US\$1.5 billion. That's allayed concern he overreached by buying at least 65 companies since 2005, said Jason Maynard, an analyst at Wells Fargo Securities in Santa Monica, California. Oracle had revenue growth of 31 percent to 35 percent, assuming current exchange rates.

## Europe

### *Mobile/ Wireless*

- **Siemens AG and Nokia Corp. are in talks regarding selling a minority stake of around 30 percent in their Nokia Siemens Networks joint venture, German business magazine Manager Magazin said.** The proposed sale would be to a consortium which includes the private-equity firms Blackstone Group LP and the Gores Group. The majority of other interested parties, which included the private equity investors KKR, Apollo, Bain Capital and Silver Lake Partners, are said to have pulled out of the bidding process.
- **Nokia planned to cut about 800 jobs in its home Finnish market.** The company concluded negotiations with employee representatives on the planned reductions, which it will start putting into effect in January. Nokia will offer severance packages worth 5-15 months of regular salary but hopes some of the employees affected will be relocated elsewhere in the company. Nokia announced 1,800 job cuts worldwide in October.

### *Telecommunications*

- **Vodafone Italia expects sales of smart phones to boost in future months aided by the release of products at competitive prices, Chief Executive Paolo Bertoluzzo said.** Vodafone Italia started to sell Ideos phones at 99 euros (US\$131). The company will invest 1 billion euros (US\$1.3 billion) in the next three years in broadband infrastructure and will cover one municipality per day.
- **Telefonica SA wants to triple the number of Brazilian cities that have access to its 3G, or 3G, service by the end of next year.** The company will end this year with 4.6 billion Brazilian reais (US\$2.7 billion) of investment in the country. Telefonica will reach 2,830 municipalities by the end of next year, after ending this year with 1,050 municipalities served by 3G systems, Chief Executive Antonio Carlos Valente said. Telefonica said investments this year held steady from the BRL4.6 billion (US\$2.7 billion) it invested in 2009.
- **TeliaSonera AB has hired a group of banks to arrange a EUR1 billion (US\$1.3 billion) loan refinancing with a debt maturity not seen since before the financial crisis in the investment-grade loan market.** Banks have been loathe to provide loans to companies for longer than five years because of capital constraints resulting from the financial crisis but TeliaSonera has managed to secure a seven-year maturity on its new loan facility. The new loan might be around 55 basis points over Euribor for the first five, years rising by 10 basis points a year for years six and seven. BNP Paribas SA, Banks of America Merrill Lynch, Citigroup Inc., Danske AS, Nordea Bank AB and Svenska

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Handelsbanken are arranging the new loan, the people said. Bookrunners on the original loan, signed in December 2004, were Barclays PLC, Citigroup, Credit Agricole SA, ING Groep N

- **Telecom operator 3 is seeking to acquire mobile spectrum from Intel Corp. as it plans the roll-out of 4G mobile broadband in Sweden, 3 Scandinavia Chief Executive Peder Ramel cited.** 3 is planning to acquire frequencies in the Swedish 2.6 Gigahertz band from Intel, as part of its plans to release Long Term Evolution (LTE) 4G networks in Sweden and Denmark in 2011, said Ramel. 3 has already acquired some spectrum for the planned launches in the two countries. Intel acquired the frequencies for around 159 million Swedish kronor (US\$23 million) in a Swedish auction in 2008. The company has since evaluated the deal and concluded it makes financial sense to sell the frequencies to 3. 3 has applied for regulatory clearance from the Swedish Post and Telecom Agency (PTS), and sees the regulator to give its decision on the planned deal over the next few days.
- **Keycom PLC had a swing into profit for fiscal 2010 on the back of a 26 percent rise in revenue, which it attributed to a contract with the University of Edinburgh, and said the growth in the coming year is expected to continue.** The communications service provider made a pretax profit of GBP97,000 (US\$151.6) for the year ended Sep. 30. The Group's EBITDA improved 126 percent to GBP1.44 million (US\$2.2 million). Further new contracts have been executed in the military sector.
- **Rene Obermann will lead Deutsche Telekom AG until 2016 after the company's board renewed the chief executive's contract for a further five years.** There are challenges ahead for Obermann with the network regulator has halved mobile termination rates from December and T-Mobile USA is still not recovering. The supervisory board extended Obermann's contract despite ongoing investigations by Bonn's state prosecutor against him related to bribery cases in the Balkans.
- **Telecom Italia SpA thinks eBooks will take off in Italy among young readers, and is targeting up to 40 percent of the country's digital book market as it prepares for the launch of its new tablet by February.** Telecom Italia is targeting this young demographic with its own digital platform and different products, as it seals content partnerships with Italy's largest publishers such as RCS Mediagroup and Mondadori. While publishers choose the authors and manage marketing and pricing, Telecom Italia's role is to offer the technological platform and develop what it calls "social reading," a network of readers based on the winning model of social networks. As a result of the recent agreement reached with RCS, 650 RCS e-books are available on Telecom Italia's online Biblet Store and via the TIM Biblet e-reader. Over the next few weeks, more e-books will become available out of the 2,000 new titles published each year by RCS, along with a backlist of around 16,000 books.

## *Media, Gaming and Entertainment*

- **Vivendi SA will be given 1.25 billion euros (US\$1.7 billion) to end a dispute with Deutsche Telekom AG over the company.** Vivendi will give up rights to the shares of Polska Telefonia Cyfrowa under an accord signed with Deutsche Telekom and the creditors and primary shareholder of Poland's Elektrim SA. Deutsche Telekom will be recognized as the sole owner of PTC. The company plans to acquire the 44 percent stake held by Vodafone Group Plc in SFR. The agreement ties up a loose end from the tenure of former Vivendi CEO Jean-Marie Messier, whose US\$77 billion acquisition spree left the company with legal difficulties in countries including the U.S. and France.

## *Information Technology*

- **Siemens AG's plan to sell its computer-services unit Siemens SIS to Atos Origin SA in an 850 million-euro (US\$1.14 billion) transaction.** Atos Origin will control 15 percent stake in the combined entity, as well as cash and a convertible bond. Siemens will contribute about 250 million



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euros to help the integration. The deal will have a considerable negative earnings impact on Siemens next year. SIS lost 463 million euros in the quarter ended Sept. 30, after Siemens announced 4,200 job cuts earlier this year. An additional 1,750 jobs reduction will be part of the Atos deal.

- **Accenture Plc's sales for this quarter and profit for the year that topped some analysts' estimates, as businesses boost spending on consulting projects.** Net revenue, or sales before reimbursements, will rise to US\$5.6 billion to US\$5.8 billion for the fiscal second quarter ending in February. Analysts estimated US\$5.62 billion on average, according to data compiled by Bloomberg. Sales surged in the first quarter for the third consecutive period, after at least a year of declines, as corporations shift projects to the company. Fiscal first-quarter net income surged 20 percent to US\$534.7 million from US\$444.8 million. Net revenue for the year ending in August will increase 8 percent to 11 percent, the company said. In fiscal 2010, net revenue was US\$21.6 billion.

## South Africa/Middle East/Latin America

### *Telecommunications*

- **Zain is planning to derail US\$12 billion bid for Zain by Etisalat and has filed lawsuits to block due diligence and sale of a subsidiary.** Al Fawares Holding, which has an around 4.5 percent stake in Zain, has filed a lawsuit in Kuwait to block the company from opening up its books to Etisalat. Sheikh Khalifa Ali al-Khalifa al-Sabah, who represents Fawares on Zain's board, has also filed a personal lawsuit to attempt to halt the sale of one of the company's units, a condition of the bid. Ali Mousa, chairman of Securities Group, said major shareholders represented by his company would definitely not sell their shares to Etisalat, and opposed the due diligence and sale of Zain Saudi Arabia, the FT said.
- **NII Holding Inc.'s Brazilian unit, Nextel Servicos de Telecomunicacoes, won 11 of the 13 mobile phone operating licenses in a Brazil auction.** The company won rights to operate 3G, or 3G, systems in all regions of the country, being outbid only in operating areas serving parts of Minas Gerais, in Brazil's southeast, and Goias and Mato Grosso do Sul, in Brazil's center-west, Brazilian regulator Anatel said. Nextel will pay the minimum price for three of the licenses, and bid as much as three times the minimum for the right to operate in parts of Sao Paulo state, the country's wealthiest. Nextel paid 1.2 billion Brazilian reais (US\$707 million) for the licenses, according to Anatel. CTBC Celular SA won one license, as 14 Brasil Telecom Celular SA, won the other remaining license. Nextel's successful bidding will allow the company to boost its growth in the Latin American country.
- **The Bolivian government has signed a contract with China Great Wall Industries Corp. (Cgwic), to purchase a US\$300 million communications satellite, Bolivia's state news agency cited.** The satellite, dubbed the Tupac Katari, after the Aymara Indian rebel leader in the late 1700's, is seen to be operational within the next 36 months. The Bolivian government will pay US\$45 million for the satellite, with the rest financed by a loan from the China Development Bank, according to ABI. The satellite will have a useful life of 15 years and will bring communications coverage to all of Bolivia, as well as neighboring countries. Cgwic was established in 1980 and is controlled by the government's China Aerospace Science and Technology Corporation.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 12/17/10)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2010	% Change 1/1/2009
Japanese yen	¥/US\$	83.9400	0.0%	0.8%	-9.6%	-9.0%
Hong Kong dollar	HK\$/ US\$	7.7774	0.1%	0.3%	0.3%	0.4%
Chinese renmenbi	RMB/ US\$	6.6545	0.0%	0.3%	-2.5%	-2.5%
Singapore dollar	S\$/ US\$	1.3135	0.5%	0.7%	-6.5%	-10.1%
South Korean won	KRW/ US\$	1,155.0500	1.1%	2.2%	-0.7%	-12.3%
New Taiwan dollar	NT\$/ US\$	29.9000	-0.9%	-1.1%	-6.4%	-8.8%
Australian dollar	US\$/A\$	0.9873	0.2%	1.1%	10.0%	39.0%
New Zealand dollar	US\$/NZ\$	0.7355	-1.7%	-4.2%	1.5%	25.7%
Philippine peso	PHP/ US\$	44.2300	1.3%	1.1%	-4.8%	-6.3%
Euro	US\$/€	1.3185	-0.4%	-2.3%	-7.9%	-5.0%
British pound	US\$/£	1.5530	-1.8%	-2.2%	-3.9%	6.9%

## Fixed Income Prices and Yields

Note	Currency	Current (on 12/17/10)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	96.86	4.49%	96.97	4.43%	99.69	4.27%
Japan 30-year	¥	97.83	2.11%	96.28	2.21%	98.64	2.07%
Hong Kong 10-year	HK\$	94.27	3.14%	95.70	2.83%	99.49	2.48%
China (06/16)	US\$	105.35	3.64%	105.16	3.64%	104.92	2.21%
Singapore 10-year	S\$	105.00	2.68%	104.63	2.71%	109.10	3.70%
South Korea 20-year	KRW	10,985.37	4.78%	11,190.29	4.56%	11,266.48	4.68%
Australia 15-year	A\$	100.81	5.65%	100.00	5.75%	101.61	5.56%
New Zealand (12/17)	NZ\$	100.65	5.99%	101.62	5.76%	103.70	5.50%
Philippines 20-year	PHP	141.38	8.38%	141.36	8.22%	146.20	7.85%
India 30-year	INR	98.54	8.61%	97.92	8.49%	97.94	8.49%
UK 30-year	£	98.05	4.42%	98.03	4.37%	98.78	4.34%
Germany 30-year	€	122.03	3.49%	124.82	3.41%	130.51	3.15%

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