

# IRG WMR



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

***Week of 27 April 2009 - 3 May 2009***

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



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Equity Market Indicators					
Index	Closing Level (5/1/2009)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 12/31/2008	% Change 12/31/2007
S&P 500	877.52	1.3%	8.2%	-2.8%	-40.2%
Dow Jones Industrial Avg.	8,212.41	1.7%	5.8%	-6.4%	-38.1%
Dow Jones Tech. Index	297.16	1.9%	11.7%	18.2%	-35.3%
Dow Jones Telecom. Index	181.18	1.3%	1.3%	-9.3%	-42.2%
NASDAQ Composite	1,719.20	1.5%	10.8%	9.0%	-35.2%
Japan Nikkei 225	8,977.37	3.1%	7.5%	1.3%	-41.4%
JASDAQ	40.59	-2.3%	-0.3%	-15.8%	-43.8%
Japan Mothers	344.88	0.7%	11.1%	6.6%	-56.0%
Korea KOSPI Composite	1,369.36	1.1%	11.0%	21.8%	-27.8%
Korea Kosdaq	500.98	-1.3%	16.2%	50.9%	-28.9%
Taiwan Stock Exchange	5,992.57	1.9%	12.8%	30.5%	-29.6%
Singapore Straight Times	1,920.28	3.6%	12.8%	9.0%	-44.6%
Hong Kong Hang Seng	15,520.99	1.7%	14.8%	7.9%	-44.2%
Hong Kong GEM	421.97	-1.5%	6.9%	9.5%	-68.7%
China Shanghai (A-Share)	2,600.61	1.2%	2.9%	36.0%	-52.9%
China Shenzhen (A-Share)	872.81	1.0%	3.8%	50.1%	-42.6%
China Shanghai (B-Share)	162.51	0.6%	0.1%	46.5%	-55.6%
China Shenzhen (B-Share)	365.11	0.1%	3.4%	34.6%	-48.6%

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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
5/1/09	SolarWinds Inc.	Software	\$130	Maker of network management software for the U.S. State Department	J.P. Morgan / Goldman Sachs / Morgan Stanley	Jefferies & Company / Thomas Weisel / Ladenburg Thalmann

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

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

## Asian Equity Markets: TMT and Life Sciences IPO Filings

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

## Asian Equity Markets: TMT and Life Sciences IPO Pricing

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

## Asian Markets: TMT and Life Sciences Convertibles

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

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## Weekly Highlights

### International

#### *Hardware*

- **According to a new study from ABI Research, Tier 2 mobile handset vendors shipped 80.5 million units last year, a small fraction of the global total with Tier 1 giants of the industry together controlling about 70% of the global market.** They are also trying to differentiate themselves and create recognizable brands. Industry analyst Michael Morgan says, "Most Tier 2 handset vendors are Chinese, Korean, and Japanese. Many have tried to expand beyond their home regions through international partnerships (often leveraging existing infrastructure deals), but with mixed results. Some have succeeded, but often a variety of factors, intensified by global recession, is forcing vendors to retreat to their home bases." To achieve the volumes they need, the Tier 2s will have to get out and into emerging markets suited to the kinds of phones they make. Those making low-cost phones might consider Latin America. For high-tech, there may be space in the Japanese market - Pantech has had some success there. The good news is that in the high-margin smartphone segment, the arrival of the open source Android OS has lowered the entry threshold, and technically proficient vendors may be able to put their own stamp on the smartphone concept. The ultra-low-cost handset (ULCH) market may not be as logical an opportunity for these smaller players as one might think. With their huge volumes, the Tier 1s are able to sell ULCHs on paper-thin margins and still profit. Most Tier 2s can't do that.

### Japan

#### *Internet*

- **Yahoo Japan Corp., the operator of Japan's most-visited Internet portal said full-year net income rose 19 percent to 74.7 billion yen (US\$756.8 million), with a 1.4 percent rise in sales.** The company expects first-quarter profit of between 19 billion yen (US\$192.5 million) and 20.1 billion yen (US\$203.6 million).

#### *Media, Entertainment and Gaming*

- **Toymaker Tomy Co. announced full-year net income of 1.35 billion yen (US\$13.7 million).** This beats its outlook by 23 percent, due to greater-than-expected toy sales and lower administration costs.
- **The operator of Tokyo's Disney theme parks, Oriental Land Co., said in a preliminary earnings statement full-year net income totaled 18.1 billion yen (US\$183.4 million), missing its forecast by 13 percent.** Oriental Land increased its second-half dividend to 40 yen (US\$0.40) from 35 yen (US\$0.35). The company will retire 4.42 percent of its shares on May 12.

#### *Wireless/Mobile*

- **Japan's largest mobile-phone operator NTT DoCoMo Inc. said its net profit plunged in the fiscal fourth quarter on declining revenue from mobile phone handsets and sales promotion costs for new models.** The net profit at Japan's top mobile phone carrier by subscriber numbers fell to 34.2 billion yen (US\$346.5 million) in the January-March quarter from 114.7 billion yen (US\$1.2 billion) a year earlier. Operating profit for the same period fell to 84.2 billion yen (US\$853 million) from 183.3 billion yen (US\$1.86 billion), while revenue fell to 1.07 trillion yen (US\$10.8 billion) from

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1.190 trillion yen (US\$12.1 billion). For the fiscal year ended March, the company posted a 3.9% decline in net profit to 471.84 billion yen (US\$4.8 billion), worse than the 499.5 billion yen (US\$5.1 billion) net profit consensus forecast of 16 analysts compiled by Thomson Reuters' data arm Thomson Financial. Operating profit rose 2.8% to 830.96 billion yen (US\$8.4 billion), while revenue fell 5.6% to 4.45 trillion yen (US\$45.1 billion). For the current fiscal year through March 2010, DoCoMo forecasts an operating profit of 830 billion yen (US\$8.4 billion) on revenue of 4.38 trillion yen (US\$44.4 billion). DoCoMo plans to slash minimum data charges on some plans to 490 yen per month from 1,029 yen starting May 1 to bolster demand for data services as revenue from voice traffic slumps. The cheaper tariffs will trim operating profit by 40 billion yen this year, the company said.

- **Japan's third-largest mobile-phone company, Softbank Corp. announced that it plans to double its dividend this fiscal year and reduce debt.** The dividend payout will increase to 5 yen per share (US\$0.05) in the year ending March 31, 2010, from 2.5 yen (US\$0.025). The company also said it will eliminate its 1.94 trillion yen (US\$19.6 billion) in net interest-bearing debt, or obligations minus cash and equivalents, by March 2015 to reduce interest payments. Softbank kept its October forecast for operating profit to rise 17 percent this fiscal year after attracting more clients than its two bigger competitors for 22 months.

## *Hardware*

- **Pioneer Corp., a maker of car-navigation systems and electronics products, said it will receive 2.5 billion yen (US\$26 million) of capital from business partner Honda Motor Co. in the first of several fund-raising steps by the electronics maker to develop new car-electronics products finance.** Under a medium-term business plan, Pioneer said it will need to raise about 40 billion yen (US\$405.2 million). Pioneer is also preparing to apply for a government cash injection under newly approved measures in Japan's economic-stimulus program. With losses mounting, Pioneer has decided to exit the flat-panel television business and concentrate on electronics for the auto industry. The company will eliminate 9,800 jobs and take a 47 billion yen (US\$476.1 million) charge this fiscal year for the reductions.
- **BT Japan Corporation announced that it has signed an original equipment manufacturer (OEM) agreement with Hitachi Communication Technologies, Ltd. (Hitachi Com), a wholly-owned subsidiary of Hitachi, Ltd. that manufactures, sells and supports mission-critical trading systems in Japan.** As a part of the agreement, Hitachi Com will act as an OEM for BT's trading systems portfolio in Japan, that includes BT's trading systems equipment and its applications, as designed by BT. The system portfolio of products to be sold by Hitachi will be rebranded and customized under the Hitachi logo and will be sold beginning in July 2009.
- **Fujitsu Ltd., Japan's biggest computer-services provider, forecast it will return to profit this fiscal year on narrowing losses in its chip business.** President Kuniaki Nozoe is selling the company's money-losing hard-disk-drive business to Toshiba Corp for about 30 billion yen (US\$303.9 million) to focus on chip and software operations. Fujitsu also plans to outsource production of system LSI chips measuring 40 nanometers to Taiwan Semiconductor Manufacturing Co. to cut spending and help return the chip unit to profit next year. Net income will probably be 20 billion yen (US\$202 million) in the 12 months ending March 31, 2010, from a deficit of 112.4 billion yen (US\$1.1 billion) a year earlier. Losses at the semiconductor unit will narrow to 15 billion yen (US\$152 million) in the period from 60 billion yen (US\$607.8 million). Fujitsu is also considering joint development of 28-nanometer devices with the Hsinchu, a Taiwan-based company.

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## *Software*

- **CSK Holdings Corp., a Japanese computer services company, widened its loss estimates to 161 billion yen (US\$1.6 billion) from 104 billion yen (US\$1 billion) for the year ended March because of charges on asset sales and inventory values, and write downs of tax assets.** It also widened its operating loss estimate to 123 billion yen (US\$1.2 billion) from 102 billion yen (US\$1.0 billion).

## **Korea**

### *Mobile/ Wireless*

- **SK Telecom, South Korea's top mobile carrier controlling half of the country's mobile market, posted a weaker-than-expected quarterly profit due to foreign exchange-related losses and higher labor cost.** SK Telecom also faces a potentially fierce battle with No.2 carrier KTF which is set to be absorbed by its parent and fixed-line leader KT Corp and is expected to cut costs and improve its product lineup. SK Telecom posted a 317 billion won (US\$235.7 million) net profit in the first quarter, missing an average forecast of a 396 billion won profit (US\$312.4 million) from Reuters Estimates and fell 17 percent from a 383 billion won net profit (US\$235.7 million) in the year-earlier quarter.

## **China**

### *Mobile/ Wireless*

- **Alcatel-Lucent has signed framework agreements for 2009 with China Mobile Ltd. and China Telecommunications Corp. valued at US\$1 billion and US\$700 million respectively, and come just a month after AlcaLu's W-CDMA contract with China Unicom Ltd.** Alcatel-Lucent's framework agreements include radio and core network equipment, IP service routers, backhaul technology, and application platforms, though the vendor couldn't break down the value of its framework deals by technology. This makes it the first non-Chinese vendor to complete the set, as neither Ericsson AB nor Nokia Siemens Networks currently supplies China Telecom with 3G-specific equipment, and Nortel Networks Ltd. is only active with China Telecom. Motorola Inc. has engagements with both China Telecom and Unicom. It also makes Alcatel-Lucent potentially the strongest international vendor in the Chinese 3G market. According to analyst firm iSuppli Corp., ZTE Corp. claimed it tops the 3G vendor table in China last month. Huawei Technologies Co. Ltd. is believed to be in second place, with Alcatel-Lucent a distant third. China's three giant carriers are expected to spend more than US\$29 billion on building out their 3G networks.

### *Media, Entertainment and Gaming*

- **China's top provider of advertising in airports and on planes, AirMedia Group Inc. and Sinopec Corp. signed a deal allowing the media group access to 8,000 gas stations around the country.** The deal is AirMedia's first venture into outdoor advertising. AirMedia will install its digital TV screens in up to 1,000 Sinopec gas stations this year, and plans to have a nationwide network in 8,000 service stations by 2015, said AirMedia. The company's ads already cover more than four-fifths of Chinese air passengers via 2,500 digital TV screens across more than 40 airports and more than 16,000 screens in nine airlines.

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- **VisionChina Media Inc., one of China's largest out-of-home digital television advertising networks on mass transportation systems, reported total revenues in the first quarter of 2009 growing 100.0% year-over-year to US\$27.3 million and net income increasing 23.7% year over year to US\$6.7 million.** The Company had cash and cash equivalents of US\$122.9 million as of March 31, 2009. The number of cities covered by the Company's network increased to 18. Network capacity, which is measured by total broadcasting hours, reached 32,737 hours in the first quarter of 2009, compared to 25,980 hours in the first quarter of 2008 and 31,834 hours in the fourth quarter of 2008. The Company's advertising network had grown to include 81,690 total digital displays on buses, subway trains, subway platforms, and other platforms, compared to 66,264 digital displays at the end of 2008. In the first quarter of 2009, the Company sold a total of 184,045 advertising minutes in its network compared to 162,193 minutes in the first quarter of 2008 and 281,059 minutes in the fourth quarter of 2008.

## *Internet*

- **Operator of China's most-used Internet search engine, Baidu Inc., will post a high growth rate "for years to come" as online demand surges in the world's third-biggest economy, Chief Executive Officer Robin Li said.** The Chinese company plans to generate growth through its search-engine operations and won't shift focus. Baidu doesn't intend following Google Inc. in offering online music. Baidu said first-quarter profit rose 24 percent to 181.1 million yuan (US\$26.5 million) from 146.6 million yuan (US\$21.5 million) a year earlier as advertising sales surged after the company spent more on marketing to maintain its lead over Google in China, the world's biggest Internet market by users. Sales jumped 41 percent to 810.7 million yuan (US\$118.8 million). Baidu's profit beat the 178.8 million yuan (US\$26.2 million) average of 11 analysts' estimates compiled by Bloomberg. Sales were predicted to be 787.9 million yuan (US\$115.5 million). The Beijing-based website's shares have gained 72 percent this year, outperforming Chinese Internet stocks including Tencent Holdings Ltd. and Sina Corp. Baidu's market share in China rose to 62.2 percent last year from 59.3 percent in 2007, according to research company Analysys International. Google's share grew at a faster pace, to 27.8 percent from 23.4 percent. According to the company, second-quarter sales will be 1.07 billion yuan (US\$156.8 million) to 1.1 billion yuan (US\$161.2 million), more than the 983.6 million yuan (US\$144.1 million) average of 14 analysts' estimates.

## *Hardware*

- **ZTE Corporation announced that its terminal products recorded 10 million units shipped globally in Q1 2009, representing an increase of 30% compared with the same period last year.** In Q1 2009, 68% of ZTE's terminal shipments were to overseas markets, delivering terminals to over 100 countries and regions. During this time, ZTE's CDMA handsets recorded 2.5 million shipments in the global market, exceeding the total CDMA handsets shipment volume in 2008. In addition, ZTE provided more than 2 million data cards to the global market in Q1 2009. In 2008, the group shipped 10 million data cards to its worldwide customers, registering a remarkable 426% increase over 2007 and setting a world record as the fastest growing company in the data card market.

## *Alternative Energy*

- **Canadian Solar Inc, a Photovoltaic products manufacturer announced that it has signed strategic partnership agreements with Bank of China, Bank of Communications and Industrial and Commercial Bank of China to get hold of as much as US\$2.2 billion in aggregate credit facilities.** Each bank may offer up to 5 billion yuan (US\$732.7 million) to domestic and overseas solar projects wherein Canadian Solar supplies solar modules. Canadian Solar may

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establish a China holding company to manage these and other transactions. The company also announced that the Suzhou New District government in Jiangsu province has agreed to provide 7.5 million yuan (US\$1.1 million) in matching funds to support commercial rooftop and building integrated photovoltaic projects undertaken by Canadian Solar in the district. The district government is providing funds in conjunction with subsidies provided by the ministries of finance and constructions.

- **Solargiga Energy Holdings Inc., a manufacturer of mono-crystalline silicon solar ingots and wafers, announced that Jinzhou Yangguang Energy Co. Ltd., a subsidiary of the company, has entered into a formal joint-venture agreement with two independent third parties - Kinmac Holdings Ltd. and another partner - to establish Jinzhou Jinmao Photovoltaic Technology Co. Ltd.** The joint-venture company will principally engage in the production and sales of photovoltaic modules, as well as design and install photovoltaic systems. According to the company, this venture marks Solargiga's first step to expand its first downstream business. The Company also announced that it recorded a net loss in first quarter 2009 of 68.6 million yuan (US\$10.1 million) and revenue of 176.3 million yuan (US\$25.8 million), compared to profit of 95.1 million yuan (US\$13.9 million) and revenue of 341.8 million yuan (US\$50.1 million) over the same period last year.

## Taiwan

*Mobile/ Wireless*

- **China Mobile, China's largest cellphone company, signed a strategic alliance agreement with Taiwan's Far East Tone, becoming the first Chinese firm to invest in Taiwan's telecommunications business.** China Mobile will pay US\$524 million to buy 444 million shares of Far East, gaining 12 per cent stake and one board director's seat in Far East Tone. The two firms will launch a joint venture company in China with Far East and China Mobile holding 49 percent and 51 per cent stake respectively. The two also plan to cooperate in purchasing, voice and digital services, value-added services, roaming and networking. It is not clear when the Taiwan government will approve China Mobile's investment in Far East Tone, as Taipei still restricts Chinese investment in Taiwan, though it will lift the ban soon.

## Hong Kong

*Mobile/ Wireless*

- **The Hong Kong telecommunications regulator OFTA said it will sell 4.8MHz frequencies in the 1800MHz range in June to cope with growing demand for mobile services.** The auction will be open to existing network operators only. OFTA reaped an unexpected windfall in January when local operators paid HK\$1.5 billion (US\$193 million) for 2.6GHz LTE spectrum in January. The available spectrum will be divided into six frequency bands, each with a bandwidth of 0.8 MHz x 2. Existing mobile network operators may bid for one to all six frequency bands, OFTA said. As with existing 2G and 3G spectrum, the auction will determine the upfront spectrum fee, OFTA said. Operators will also pay an annual spectrum utilization fee, which will be HK\$232,000 for each 0.8 MHz x 2 slice over the next two years, and then based on either 5% of network turnover or HK\$1,450 (US\$186) for each 1kHz.

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## Singapore/Malaysia/Philippines/Indonesia/India/Thailand

### *Telecommunications*

- **India's leading integrated telecommunication company Bharti Airtel said it would form a joint-venture with Alcatel-Lucent to boost the Indian firm's fixed-line and broadband services.** Alcatel-Lucent will hold 74 percent in the joint venture with Bharti holding the remainder; Bharti Chief Executive Manoj Kohli said that the deal for managed services was worth US\$500 million over five years.
- **Bharti Airtel recorded a 16 percent rise in net profit to Rs 2,074.99 crore (US\$418.6 million) for the quarter ended March 31, 2009 from Rs 1,792.30 crore (US\$361.5 million) in same quarter last year.** The company's total income and net profit surged to Rs 9,049.66 crore (US\$1.8 billion) and Rs 7,743.84 crore (US\$1.6 billion) respectively during the fiscal year 2008. The company's board of Directors at its meeting held on April 29, has approved sub-division (share split) of existing equity shares of Rs 10 each into two equity shares of Rs 5 each, subject to the approval of its shareholders. The board has also recommended a final dividend of Rs 2.00 per equity share of Rs 10 each (20% of face value) for financial year 2008-2009.
- **Philippines second-largest provider of landlines Digital Telecommunications Philippines, Inc. reported a 36.5% growth in revenues, citing its increasing subscriber base, but said net losses still reached almost 2 billion pesos (US\$41.7 million) in 2008.** Sales went up by 3.04 billion peso to 11.35 billion peso (US\$236.8 million) from 2007's 8.31 billion peso (US\$173.4 million). Digital attributed the surge to a wider subscriber base, more significantly in its prepaid segment, which got a boost in revenues from unlimited texting and call fees, international roaming, and "value-added" services. The adverse impact of foreign exchange rate fluctuations and mark-to-market valuation resulted in a net loss of 1.98 billion peso (US\$41.3 million) in 2008, a reversal of the previous year's income of 1.17 billion peso (US\$24.4 million). Digital's biggest rival, Manuel V. Pangilinan-led Philippine Long Distance Telephone Co., earlier reported a net income of 38.1 billion peso (US\$794.8 million), pointing to the cut in the corporate income tax rate to 30% from 35% effective this year.
- **According to an anonymous staff member quoted by the Bangkok Post, Thailand's largest provincial fixed telephony provider, TT&T, will make 10% of its workforce redundant and relocate 700 staff to its broadband arm Triple T Broadband, in order to cope with worsening economic conditions.** TT&T currently holds only a 9% stake in Triple T Broadband, with the other 91% held by Jasmine International. TT&T's net loss widened last year to 2.93 billion baht (US\$84 million), from 2.03 billion baht (US\$57.8 million) in 2007. It expects more losses this year, because of its high interest burden and depreciation costs, and is currently undergoing a 19.87 billion baht (US\$566.3 million) debt rehabilitation plan. Triple T Broadband posted a net profit of 500 million baht (US\$14.2 million) in the first quarter of this year.

### *Mobile/ Wireless*

- **The Ministry of Information and Communications has approved and submitted VTC's applications to provide mobile information services to the prime minister, who has also agreed to the proposal.** VTC is permitted to set up network and supply mobile services, sharing wireless frequency bands with one of the existing mobile service providers in Vietnam. Vietnam currently has seven mobile information service providers, namely MobiFone, VinaPhone, Viettel, S-Fone, EVN Telecom, Vietnam Mobile and Gtel Mobile. The Chief of the Telecommunications Department under the Ministry of Information and Communications, Pham Hong Hai, explained that

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the VTC's mobile network is called virtual mobile network because VTC will use wireless infrastructure facilities of other service providers. This will be the first virtual mobile network in Vietnam.

- **It is rumored that Philippines regulator the National Telecommunications Commission (NTC) has issued Extelcom 10MHz of extra radio frequency for 3G services.** Earlier in the year, Extelcom has sought government approval to use additional frequencies, a move that will allow the company to provide customers with the popular short message service (or text-messaging) and cheaper mobile voice calls.

## United States/Canada

### *Information Technology*

- **Mace Security International, Inc announced that it has closed on the previously announced acquisition of Central Station Security Systems, Inc., a wholesale security monitoring company.** This new acquisition will be part of a new division, Mace Security Services. The purchase price was approximately US\$3.6 million consisting of US\$1.7 million in cash at closing, potential additional payments up to US\$1.4 million upon the settlement of certain contingencies as per the Stock Purchase Agreement and the assumption of approximately US\$500,000 of liabilities.

### *Media, Entertainment and Gaming*

- **Discovery Communications Inc. and Hasbro Inc. are partnering on a new kids' cable channel aimed at the elusive 14-and-under demographic.** Under the terms of the deal, Hasbro, maker of Trivial Pursuit, G.I. Joe, Transformers and Scrabble, will pay US\$300 million for a 50% stake in Discovery Kids Network, the cable programmer's children's channel, which is available in 60 million homes. Discovery Kids will be renamed and relaunched late next year. Discovery and Hasbro will have equal representation on a board of directors. Discovery will oversee advertising and distribution. Neither company's name will be used for the channel's new moniker.

### *Telecommunications*

- **According to a report in the Financial Times, Nortel Networks wants to sell its 50-percent stake in LG-Nortel, the networking joint venture it has with LG Electronics.** The report said that the sale could value the partnership at US\$1 billion, which would provide some much-needed funding to cash-strapped Nortel. LG-Nortel was formed in 2005 and had revenues last year of around US\$1 billion. According to unnamed sources familiar with the matter, Nortel hired Goldman Sachs to find a buyer for its stake. Goldman Sachs and Nortel declined to comment on the speculation.
- **Nortel Networks has filed a document with the Superior Court of Ontario, Canada to extend the protection period until July 30.** Nortel filed for bankruptcy protection in January and had been planning to exit its protection period on May 1 with a new business plan. The filing was made after court-appointed auditor Ernst & Young said Nortel needs more time to clarify its restructuring plan. It is not clear whether the extension also will allow Nortel more time to work out possible asset sales to companies such as Nokia Siemens Networks, which has been reported as being in the running to acquire some portions of troubled Nortel.

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## *Internet*

- **Nielsen said the Twitter buzz is short-lived.** While Twitter's unique users more than doubled in March, on average 60% don't come back after a month of tweeting. MySpace and Facebook had retention rates that were twice as high at similar times in their existence. Twitter's unique audience grew over 100% in March alone, with influential celebrities such as Oprah Winfrey among them. Yet among US users the retention rate is just 40%, David Martin, Nielsen Online's VP of primary research, said in a blog post.

## *Mobile/ Wireless*

- **New York-based Verizon Communications Inc. announced that its first-quarter profit rose 5.3% as the No. 1 U.S. mobile-phone company added 1.3 million net wireless customers which did not include subscribers obtained via the recent Alltel acquisition.** Verizon ended the quarter with 86.6 million mobile customers. Wireless sales were up 29.6%, including a contribution from Alltel. Yet Verizon also reported another steep 10.4% decline in primary local-phone connections. In the first three months of 2009, Verizon posted net income of US\$3.21 billion up from \$3.05 billion, in the same period a year earlier. Revenue increased 11.6% to US\$26.6 billion, though sales adjusted for the Alltel deal rose a lesser 3.3%. Adjusted for onetime items, Verizon would have earned 63 cents a share, compared to 61 cents a year earlier. The company was expected to earn 59 cents a share, according to the consensus of analysts surveyed by FactSet Research. The company added 299,000 subscribers for its fiber-television service, known as FiOS, to push its total to 2.2 million. Verizon is expanding its multibillion-dollar fiber network to more homes as it pushes back against cable rivals that now sell phone service.
- **Third-biggest U.S. mobile phone-service provider Sprint Nextel Corp. lost a bid for dismissal of claims brought by affiliate iPCS Inc. in a lawsuit challenging its ability to build a national high-speed wireless Internet network.** Illinois state court Judge Kathleen Pantle in Chicago yesterday denied a request by the that she throw out the affiliate's allegation that Sprint is contractually bound to share its most advanced wireless technologies. IPCS, based in Schaumburg, Illinois, sued Sprint last year after Sprint announced its partnership with Kirkland, Washington-based Clearwire Corp. to build the network, also contending the system would invade territory Sprint contractually ceded to iPCS. Sprint is defending two lawsuits from iPCS, the earlier of which claims Sprint violated its exclusive rights to market Sprint products in parts of Illinois, Iowa, Michigan and Nebraska when it acquired Nextel Corp. in 2005.
- **Motorola plans to temper its investments in both WiMax and long-term evolution (LTE) as the company looks to control costs after a challenged first quarter.** Despite emphasizing last quarter that WiMAX would be the key to improving its financial performance in 2009, co-CEO Greg Grown said the company expects WiMax sales to be lower as WiMax operators continue to delay rollouts. Motorola will continue to support its existing LTE trials but is also adjusting it LTE spending to be more reflective of the market.

## *Semiconductors*

- **Cellphone chip supplier Qualcomm Inc. raised its full-year revenue target after quarterly revenue beat expectations, saying global demand for advanced phones was strong, especially in Europe and China.** Qualcomm also agreed to pay US\$891 million to Broadcom over four years to end their licensing battle dating back to May 2005. While the settlement led to a hefty legal charge that helped push Qualcomm into the red in the March quarter, Wall Street was relieved the courtroom

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battle was over and focused on the company's positive outlook. Qualcomm posted a net loss of US\$289 million for its fiscal second quarter ended March 29, compared with a profit of US\$766 million in the same quarter a year earlier. Revenue fell about 6 percent to US\$2.46 billion from US\$2.6 billion in the year-earlier quarter, but exceeded average analyst expectations of US\$2.35 billion, according to Reuters Estimates.

## *Hardware*

- **Boeing Co. won a contract to build a satellite for Intelsat Ltd, the operator of the world's biggest satellite fleet, which will serve commercial markets and the Australian military.** The contract's value wasn't disclosed. The satellite is expected to be launched in the first quarter of 2012 and will serve network and media customers in Africa, Asia, Europe and the Middle East. The satellite also will be used by the Australian military, Intelsat said.
- **Integrated Device Technology Inc. reported a loss of US\$719.2 million for its fiscal fourth-quarter compared with a profit of US\$17.1 million a year ago due to a drop in revenue and a US\$686.6 million major write-down in the value of the company.** Revenue fell 39 percent to US\$107.4 million, coming in just ahead of the \$106.9 million analysts expected. For the full fiscal year, IDT's loss totaled US\$1.04 billion, compared with a profit of \$34.2 million in the prior year. IDT also said it agreed to buy Canadian rival Tundra Semiconductor Corp. for US\$5.17. The deal's total value is US\$99.8 million.
- **Mountain View, Calif.-based NetLogic Microsystems Inc., which designs chips used in network equipment, said that it will buy IDT's network search engine assets for US\$90 million and the cost of inventory on hand when the deal closes.** When the deal is finalized, NetLogic also has the option of paying the total purchase price in cash or US\$60 million plus the cost of inventory in cash and issue IDT a US\$30 million secured promissory note that is payable in equal installments. The deal has been approved by both companies' boards and is expected to close before the end of the third quarter.

## *Software*

- **Software maker SolarWinds Inc. said it plans to offer 12.1 million shares at an estimated price range of US\$9.50 to US\$11.50 a share in a bid to raise about US\$130 million in its upcoming initial public offering.** The Austin, Texas-based maker of software tools for network specialists plans to trade on the New York Stock Exchange. J.P. Morgan, Goldman Sachs, Morgan Stanley and Jefferies & Co. are underwriting the IPO.

## **Europe**

### *Mobile/ Wireless*

- **ST-Ericsson, a wireless chipmaker created in February 2009 by French-Italian group STMicroelectronics and Sweden's Ericsson reported a net loss of US\$89 million on sales of US\$391 million in its first two months.** The company also announced that it is cutting 1,200 jobs worldwide, out of a total of 8,000, due to declining sales and 'a limited visibility as to an improvement in the market.

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## *Semiconductors*

- **Swiss chipmaker STMicroelectronics NV reported a wider first-quarter loss of US\$541 million compared with a year-ago loss of US\$84 million.** Excluding \$56 million in restructuring charges and other one-time items, STMicro said it lost 31 cents per share, slightly better than the 33-cent loss that analysts surveyed by Thomson Reuters had forecast. Revenue dropped 33 percent to US\$1.66 billion from US\$2.48 billion in the year-ago quarter; lower than analysts' US\$1.67 billion estimate. STMicro said sales dropped in all of its business segments, including the ones that make chips for cars, cameras and TV set-top boxes. The company said it cut inventory levels by US\$184 million in the quarter to help stave off effects of the global economic crisis.

## *Telecommunications*

- **COLT Telecom Group S.A. announced results for the quarter ended 31 March 2009 with revenue increased by 1.3% to €416.2 million (US\$556.7 million) and increased by 4.5% on a constant currency basis.** Data revenue grew by 3.7% to €199.7 million (US\$267.1 million) and grew by 7.5% on a constant currency basis. Managed Services revenue grew by 32.7% to €37.3 million (US\$49.9 million) and grew by 38.8% on a constant currency basis. EBITDA increased by 9.4% to €78.9 million (US\$105.5 million). The Group's financial position has improved significantly, with cash and cash equivalents of €458.1 million (US\$612.8 million) and net funds of €195.9 million (US\$262 million) at the end of the quarter, including proceeds of €199.1 million (US\$266.3 million) from the Q1 Open Offer.

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## Other Economic Data

Currency Exchange Rates						
Currency	Units	Current Rate (on 5/1/09)	% Change 1 Week Ago	% Change 1 Month Ago	% Change 1/1/2009	% Change 1/1/2008
Japanese yen	¥/US\$	99.3200	2.43%	0.33%	10.10%	-11.34%
Hong Kong dollar	HK\$/ US\$	7.7501	0.01%	-0.01%	0.00%	-0.61%
Chinese renmenbi	RMB/ US\$	6.8230	-0.06%	-0.17%	0.00%	-6.59%
Singapore dollar	S\$/ US\$	1.4792	-0.74%	-2.79%	2.40%	2.91%
South Korean won	KRW/ US\$	1,274.7300	-4.62%	-7.90%	1.21%	36.72%
New Taiwan dollar	NT\$/ US\$	32.9200	-2.32%	-2.67%	0.30%	1.52%
Australian dollar	US\$/A\$	0.7334	2.14%	5.66%	5.92%	-16.48%
New Zealand dollar	US\$/NZ\$	0.5731	1.08%	1.70%	-0.80%	-25.88%
Philippine peso	PHP/ US\$	48.2750	-0.15%	0.01%	1.90%	16.95%
Euro	US\$/€	1.3314	0.52%	0.42%	-5.32%	-9.53%
British pound	US\$/£	1.4930	2.15%	3.70%	2.75%	-25.59%

## Fixed Income Prices and Yields

Note	Currency	Current (on 5/1/09)		1 Week Ago		4 Weeks Ago	
		Price	Yield	Price	Yield	Price	Yield
US 30-year	US\$	90.19	4.07%	93.30	3.92%	96.48	3.73%
Japan 30-year	¥	105.47	2.10%	101.16	2.26%	105.46	2.16%
Hong Kong 10-year	HK\$	95.89	2.13%	93.99	2.32%	95.31	2.16%
China (06/16)	US\$	109.50	3.18%	111.57	2.90%	111.49	2.97%
Singapore 10-year	S\$	116.68	2.03%	116.00	2.12%	116.30	2.09%
South Korea 20-year	KRW	101.80	5.16%	102.21	5.12%	99.86	5.30%
Australia 15-year	A\$	107.78	4.89%	109.58	4.70%	110.43	4.61%
New Zealand (12/17)	NZ\$	104.65	5.32%	104.72	5.38%	105.10	5.33%
Philippines 20-year	PHP	110.81	12.18%	98.49	9.91%	98.61	9.89%
India 30-year	INR	111.51	7.34%	94.00	7.30%	88.80	7.95%
UK 30-year	£	106.08	4.38%	106.96	4.38%	106.65	4.40%
Germany 30-year	€	105.97	3.91%	104.84	3.97%	103.38	4.07%

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