

Daniel W. Roberts,  
President

## **Roberts & Ryan Investments Inc.**

Based in San Francisco, we provide "value added" information to our global asset managing clients.

Serving Investors since 1987

## The Americas

### Like what you see at Macworld?

Steve Jobs knows how to make the perfect product pitch for all things Apple at the Macworld Conference & Expo, which officially kicked off January 15. Now the Apple chief executive can close the sale too. For the first time, the Jobs fan club will be able to buy MacBooks, other Apple stuff and many of the other gadgets they see on the show floor of the Moscone Convention Center in San Francisco during the weeklong conference. That's because Best Buy is constructing a temporary store in the Moscone South Hall that will have the look and feel of one of its regular stores, including blue-shirt staff members and "geek-squad agents" to help with people's buying needs. There also will be kiosks in the West Hall connected to BestBuy.com. Macworld attendees can haul their tech goodies out or have them shipped home. Best Buy will probably get its own haul, with some 50,000 Apple fans on hand. One possible, small problem: There's a chance the latest Apple gadgets Jobs

shows off on stage that has acolytes doing cartwheels won't be available through the on-site Best Buy. In that case, those wanting an immediate bite of the next-new-Apple-thing will be able to sprint to the cube-like Apple Store at Stockton and Market streets.



### About Roberts & Ryan

#### Daniel W. Roberts elected to Finra Small Firms Advisory Board:

Owner and founder of this firm, Daniel W. Roberts, was recently elected by the Western region membership of Financial Industry Regulatory Association (FINRA) to the open seat on the National Small Firm Advisory Board (SFAB). The SFAB role in rule-making is that of reviewing each proposed rule as to its impact on the smaller firms. He looks forward to serving on this important board.

As reported earlier Mr. Roberts, in 2005, was chosen by the district membership for a seat on the San Francisco based Finra District One Committee. His three-year term is now expiring. He has represented the views of all members but especially the smaller firms to the local and national Finra staff.

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# Europe

## Intel vs. AMD

Intel plans to respond Monday to European Commission claims that it abused its dominant position in the computer chip market to harm rival Advanced Micro Devices. The company declined to provide

details about its response. In July, the EC accused Intel of using rebates and payments to encourage computer makers to favor its chips. Intel has said it believes the chip market is operating normally and that its

behavior is lawful and procompetitive. In October, Intel received an extension until January for its reply.

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## Microsoft bids for search firm

Microsoft bid \$1.2 billion Tuesday for a Norwegian search software company, in what analysts said was mainly an effort to add more tools to its lucrative Office products, but was also being done with an eye toward fending off Google.

Fast Search and Transfer, based in Oslo, Norway, is a specialist in the search technology used inside companies and government agencies to cull information from documents, databases and software applications. Its software helps teams of workers quickly search the corporate storehouse of information for answers about procurement, marketing, manufacturing and product design.

Fast is not a competitor in consumer Web search and advertising, a market dominated by Google and one where Microsoft is investing heavily and struggling to make progress. Yet the planned purchase, analysts said, does give Microsoft technology that it could potentially use to enhance its Web search business. There are some significant differences between Web search and so-called enterprise search technology. In consumer searches, the popularity of a Web page, for example, is an important factor in determining its relevance, while popularity tends to be less important in ranking corporate information

sources.

In a conference call, Jeff Raikes, president of Microsoft’s business division, which includes Office, declined to discuss any specific plans for Fast before its shareholders vote on the friendly offer. But he said the two companies have talked about how elements of Fast’s technology might be used in Microsoft’s Web search.

Google does compete in the enterprise search market with specialized software packaged in a slender server computer, called the Google Search Appliance. And Microsoft sees enterprise search as a promising new market where it wants to get a leg up on Google and other rivals.

“With this acquisition, we are the clear leader in enterprise search,” Raikes said. The Microsoft move also comes at a time when Google has begun to go after the corporate market with a package of online alternatives to Microsoft’s Office products. The

search giant’s offerings, called Google Apps, include Web-based e-mail, word processing, spreadsheet and presentation software at no charge or, with technical support, for \$50 a user each year – a fraction of the cost of Microsoft’s desktop products.



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# China

## S.F. firm gets China investor

Venture capital flowing from Silicon Valley to China is old news. What's new are the investment dollars trickling back from China's fast-growing economy. In a deal announced on January 10, Tencent Holdings, the operator of one of China's top Internet portal and instant messaging services, led an \$11 million investment for San Francisco-based Outspark, a company that operates a "virtual playground" for online gamers. "It's the start of a new trend, and we're glad to be ahead of the curve," said David Chao, managing partner of DCM, a valley venture firm with several investments in China. DCM and Altos Ven-

tures, Outspark's seed investors, joined Tencent in the investment round. Chinese companies, Chao noted, are increasingly investing in U.S. companies, including such major deals as Lenovo's acquisition of IBM's personal computer business. In 2005, a Chinese petroleum giant dropped its bid to buy Unocal amid intense scrutiny by federal authorities. "Now I think (Chinese companies) are coming into Silicon Valley," Chao said. "We're starting to see it." Serendipity led to the investment, according to Susan Choe, Outspark's founder and chief executive: "We were not looking for a Series B" – a second round of venture financing. "We just happened to cross paths with the management at Tencent and realized we had similar visions

about how online games roll up into a social community...And the management of Tencent is very international." "Online gaming has become one of the most important new cultural phenomena in Asia, and we believe that PC-based online games will find a huge market here in North America as well. Outspark is off to a great start," David Wallerstein, a Tencent senior executive vice president, said in a press release. Outspark says that in five months it has attracted more than 1 million registered users who play games and socialize on their site. The social aspects of the site have even led to virtual "weddings" of players' avatars, Choe said. Online gaming, she said, is quickly becoming "mainstream entertainment".

## Glu Mobile to buy Chinese game maker

Glu Mobile Inc. said Nov. 29 it agreed to acquire Beijing Zhangzhong MIG Information Technology Co. Ltd., a developer and publisher of mobile games for China, for about \$147 million in cash. San Mateo-based Glu said the purchase accelerates the company's presence in China and deepens Glu's relationship with China Mobile, the largest wireless carrier in China. Additional payments of up to \$25 million

in cash and stock are contingent upon the achievement of certain financial milestones during 2008, with a portion of the additional payments subject to continued employment of the principal officers of MIG. As a part of the acquisition, Wang Bin, MIG's CEO, will join Glu as general manager, focused on China, and Glu will add MIG's approximately 80 employees to its worldwide team.

# Canada

## Canadian tax law killed

A proposed tax on digital recorders and storage devices, such as Apple's iPod is illegal, a Canadian court of appeal said, tossing out a tariff that would have increased unit prices as much as \$74. The decision, which tossed out a copyright

board ruling, is a victory for Apple and Microsoft. They offer devices capable of storing more than 30 gigabytes of memory, the target of the highest level of tax. The tariff would have raised the cost of an 80-gigabyte iPod by 29 percent..



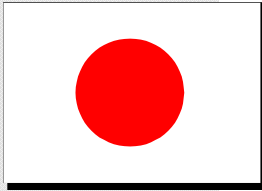
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# Japan

## PS3 sales likely to lift Blu-ray



“Including sales of 1.3 million for PlayStation 2 retail sales of the three PlayStation machines combined reached more than 3.9 million in North America, Tokyo-based Sony said.”

TOKYO - Sales of Sony's PlayStation 3 game machine sales totaled 1.2 million in North America during the key holiday season, the electronics and entertainment company said Monday. The performance gave a lift to its Blue-ray video format because the console also works as a Blue-ray player.

Competition is intense among the latest video game machines, pitting Sony against Nintendo's popular Wii and Microsoft's Xbox 360. Despite the strong holiday sales for the PS3, more Wiis have sold than PS3s since the consoles debuted in late 2006. But the rivalry between the two of the latest video formats – Blue-ray and HD DVD – appears to be tipping toward the former after Warner Bros. Entertainment, formerly a supporter of the Toshiba-backed HD DVD format, defected to the Blu-ray side over the weekend.

Both formats deliver crisp, clear high-definition pictures and sound, but they are incompatible with each other, and neither plays on older DVD players. Only one format is expected to emerge as the winner, much as VHS trumped Sony's Betamax in the video format battle of the 1980's.

Attracting movie studios is critical for making the format widespread. Now just two major U.S. studios support HD DVD – Viacom's Paramount Pictures, a unit of General Electrics. Sony can hope to

gain more sales in its core electronics products, including Blue-ray recorders and high definition flat-panel TVs, if consumers choose Blu-ray. That may also aid it in its struggle against the popularity of the Wii machine from Nintendo, which went on sale about the same time as the PS3, attracting newcomers to gaming with easy –to-play games that use a wandlike remote-controller.

“The PlayStation brand ended the year in a very strong position and clearly indicates more positive momentum going into 2008,” said Jack Tretton, president and chief executive of Sony Computer Entertainment America.

“The strong PS3 sales also further establish Blu-ray's dominant position as the high-definition medium of choice for games and movies,” he said in a statement. Sony Computer Entertainment, the Japanese electronics and entertainment company's game unit, said Monday that sales of the PlayStation Portable handheld reached 1.4 million in North America in the Nov. 23 to Dec. 31 holiday shopping period.

Including sales of 1.3 million for PlayStation 2, PS3's predecessor, retail sales of the three PlayStation machines combined reached more than 3.9 million in North America, Tokyo-based Sony said.

Nintendo spokesman Yasuhiro Minagawa said sales numbers for the Wii – a hot Christmas gift this year – weren't available for the same period in the United States.

Even though it has been in short supply since its launch, the Wii still far outnumbers the PS3 in American living rooms. According to market researcher NPD Group, the

Wii sold 6 million units in the United States through the end of November, compared with just 2.5 million for the PS3.

Nintendo said previously it had shipped 13.2 million units worldwide of the Wii by October. The Kyoto-based

maker of Pokemon and Super Mario games is expecting to sell a cumulative 23 million Wiis by March 31, the end of its fiscal year.

Sony has said previously that it sold 5.6 million PS3 worldwide as of the end of September. The latest will add to the tally but the company did not yet have the numbers from the other regions.



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