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### Global markets:

Merrill Lynch  
UBS  
Societe Generale

(Pan European only)  
Cheuvreux

(Asia only)  
HSBC

(Australia only)  
Deutsche Bank

(US Managers only)  
Lehman Brothers

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## Europe

### Swiss chip maker to pay \$336 million for Genesis Microchip of Santa Clara

Seeking to bolster its position in the digital TV market, Europe's largest maker of semiconductors announced Tuesday that it will pay \$336 million to buy Genesis Microchip of Santa Clara, the world's biggest maker of chips for flat-panel TVs and computer screens.

STMicroelectronics of Geneva will pay \$8.65 per share of Genesis stock, a 60 percent premium over Monday's closing price and 26 percent more than the slumping stock's average price over the past 60 trading days. After hitting a 52-week high of \$11.16 on July 19, Genesis' stock sagged to a low of \$4.90 on Dec. 4.

Genesis stock vaulted about \$3.09 – or 57 percent – to close at \$8.49. Genesis went public at \$11.50 a share in February 1998. Genesis' board approved the offer, which STMicroelectronics expects to initiate next Tuesday and conclude in the first quarter of 2008.

Genesis Chief Executive Elias Antoun will head STMicroelectronics' TV and display initiatives.

The deal will combine STMicroelectronics' "front-end" processing technologies with Genesis' "back-end" image and

video processing technologies, STMicroelectronics said.

Genesis's sale of digital video chips tumbled to \$215 million in the fiscal year ended March 31, down 20 percent from nearly \$270 million in 2006.

Sales of digital TV units are expected to rise 50 percent this year. Demand for LCD televisions probably will increase next year as they take market share from plasma screens, according to forecast by UBS analysts this month.



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# Global

## Intel hiking stakes abroad

International venture investing is hot, and few know the diverse landscape as well as Arvind Sodhani. As president of Intel's venture capital arm, Intel Capital, Sodhani pilots an organization that has offices in 26 countries and more than 400 portfolio companies.

Last year, Arvind Sodhani steered 60 percent of the \$1.07 billion his organization invested in companies overseas. In 1998, only 5 percent of investments were international. "There is a lot of capital sloshing around the world seeking to find good opportunities," said Sodhani.

"We compete intensely with other folks to deploy capital all over the world."



Like other members of this new breed of global investor,

Sodhani acknowledges that innovation is thriving in Silicon Valley.

But tech entrepreneurs are no longer confined to Northern California. And the companies they build abroad often have more room for growth.

"Innovation has not stopped in the U.S.," said Sodhani, who has been running Intel Capital since March 2005. "What has happened is that the percent of innovation in the U.S. relative to the rest of the world is going down."

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## Vodafone: Injunction vs. iPhone

Vodafone Group won an interim injunction that may require Deutsche Telekom, Europe's largest phone company, to take Apple's iPhones from its shelves in Germany during the Christmas season. Deutsche Telekom's T-Mobile unit is forbidden from selling the device exclusively with the two-year contracts or with software that

works only with its network, under a Nov. 12 injunction granted by the Regional Court of Hamburg. Vodafone, which operates the second-largest wireless network in Germany, expects a hearing in a few weeks, said spokesman Jens Kuerten.

## Apple: iPhone heading to China?

Apple shares rose the most in more than a year in Nasdaq trading after China Mobile, the world's biggest wireless operator, said it's in talks to sell the iPhone.

Apple, rebounding after four days of declines, advanced 11 percent, the most since July 2006. An arrangement would give Apple access to a market with 523 million subscribers. The iPhone's music-download and Websurfing capabilities may help China Mobile lure higher-income users, after the carrier added record customers in September by focusing on rural areas

and cutting prices. The carrier already has an agreement to sell Research In Motion's BlackBerry handsets.



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# China

## Chinese chip firm buys S.D. company

Spreadtrum Communications, the Shanghai, China, maker of wireless chips, has acquired Quorum Systems, a San Diego CMOS RF transceiver maker, and it's unclear whether Quorum's Silicon Valley investors were able to make a significant return.

The deal is valued at \$70 million, including \$55 million in cash and \$15 million in stock. It also includes a \$6 million cash earn-out over two years, based on performance. Quorum had raised almost \$40 million in funding from firms including Band of Angels, CampVentures, Crescendo Ventures, Greylock Partners, Enterprise Partners Venture Capital, and Kleiner Perkins Caufield & Byers. Since investors usually claim only a portion of a company when they invest, the sale price can't have given them too much of a profit, though that is a speculation on our part.

Quorum's radio chip is embedded in cell phones. It is designed so that phones work with both WiFi and GPS networks.

Rubicon Technology and 3Par: Despite the rocky stock market lately, technology companies continue to go public, including Rubicon Tech-

nology and 3Par, which showed relatively strong results. Rubicon Technology, a Franklin Park, Ill., company that makes material for things like light-emitting diodes (LEDs), saw its stock price 25 percent after opening Friday, closing at \$17.50 a share. 3Par, a Fremont maker of storage systems for large companies, rose 13 percent to close at \$15.75 a share. Its custom-

round funding. The round was co-led by Fair-haven Capital Partners and Globespan Capital Partners.

Foundry Group: The Colorado venture capital firm started by some partners from Mobius Venture Capital has finished raising its first fund at \$225 million. The firm initially set a \$175 million target, but received more interest from limited partners, partner

John Mendelson told VentureWire. Foundry's investors include Guardian Life Insurance, Morgan Stanley, Parish Capital Advisors, Procific and University of Texas Investment Management. The partners include Brad Feld, Seth Levine, Ryan

McIntyre and Chris Wand. They launched Foundry after their previous firm didn't perform very well, and partners of that fund decided not to raise any more money.

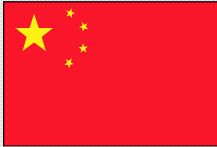
Recent results have helped. Email security company Postini, one of their investments, was sold to Google for \$625 million, and Sling Media was sold to EchoStar for \$380 million.

ers include the U.S. Census Bureau and social-networking company MySpace.com. It continues to lose money however.

Internet Brands, an El Segundo company that operates dozens of Web sites in various consumer-retail segments, also went public, but traded flat. Fortisphere: the Glenwood, Md., provider software to manage virtualization of hardware in large companies has raised \$10 million in first-



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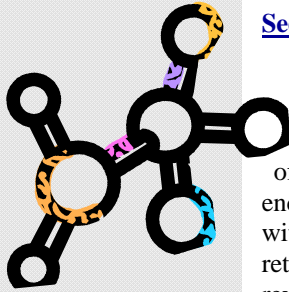
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# Taiwan

## Seeking another “Taiwan miracle” in biotech



“Taiwan exists under a constant threat from China, has few natural resources and is less than half the size of New Jersey. Nonetheless, Taiwanese companies have become the linchpin in countless consumer products, from laptops to flat panels.”

Taipei - It has been called the “Taiwan miracle” and is perhaps the closest thing to Silicon Valley in all of Asia. The cluster of boxy buildings known as the Hsinchu Science Park began more than three decades ago with the help from Taiwanese-Americans who returned home from the valley to launch a tech revolution. These pioneers transformed an economy based on cheap footwear and agriculture into one of Asia’s tech powerhouses.

Hsinchu is now home to about 400 companies that employ more than 120,000 workers and collectively reported revenue of \$34 billion last year. Similar tech parks have popped up across the island of 23 million, which is claimed by China but functions as an independent democracy. The tech sector now represents about 15 percent of Taiwan’s economy and has helped lift average annual salaries from about \$2,000 some 30 years ago to \$16,000 today.

Many regions in Asia, from Hong Kong to India and now Vietnam, view Taiwan as a blueprint of how to create a tech industry. But as China and other lower cost countries strive to catch up, Taiwan is struggling to do what Silicon Valley does organically – reinvent itself.

Government leaders hope to rekindle the magic, this time by creating a biotech industry. But it remains far from certain Taiwan has the ingredients to succeed.

“We are trying to create a new road,” said Eric Lin, a senior manager at Taiwan’s Market Intelligence Center. “But we are not very strong in advanced technology development. Taiwan has tried to develop a software industry, but we failed.”

Taiwan, though, has faced obstacles before and can’t be counted out, said Johnson Lee, president of the Industrial Technology Research Institute, a government-backed non-profit that helped give birth to Taiwan’s tech industry.

Taiwan exists under a constant threat from China, has few natural resources and is less than half the size of New Jersey. And unlike China or India, Taiwan, with just 23 million citizens, lacks large domestic market.

Nonetheless, Taiwanese companies have become the linchpin in countless consumer products, from laptops to flat panels. And they have accomplished this by manufacturing high-

quality products cheaper and faster.

In a sign of how seriously the government treats its tech industry, Taiwan’s politically polarized legislature in the summer set aside differences to quickly pass a package of incentives to seed the new biotech industry.

The law authorizes the government to invest hundreds of millions of dollars in promising biotech companies and research and development. Also it allows university researchers to profit more from their inventions.

“We need an innovation based industry,” said Chi-Huey Wong, president of Taiwan’s premier research institute, Academia Sinica. The former chemistry professor at the Scripps Research Institute in San Diego was a driving force behind the new law. “That’s the future.”

At this stage, though, Taiwan lacks the expertise to create high-level biotech products, which often require many years to develop and years more to clear U.S. and European regulatory agencies. In 2006, Taiwan’s \$5 billion biotech industry, focused mostly on generic drugs, was less than 1 percent of the worldwide industry.

Still, the biotech buzz is spreading. Taiwan’s two largest manufacturing conglomerates, Formosa Plastics and Hon Hai, the mass manufacturer of Hewlett-Packard notebooks and Apple iPods, have announced plans to move into biotech devices field. After his brother died of leukemia recently, Terry Gou, the chairman of Hon Hai Precision Industry, said he was considering personally investing \$3 billion into the development of cancer-treatment technology.

New Medical, a start-up founded by a Taiwanese-American, is the kind of company Taiwan’s leaders hope will lead the island of me-too technology into new markets. New Medical produces digital X-rays systems whose core technology could some day revolutionize surgery, said Bryan Shin, who left South Korea to join the company as director of research and development. Eventually, New Medical hopes to create a high-intensity ultrasound machine to spot tumors in organs and even shrink them.

But Shin and others say companies developing biotech equipment need to think beyond just the device and also create an excellent software and service.

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