

Daniel W. Roberts,
President

About Roberts & Ryan

We thank our readers for their support of our research efforts. Via this newsletter to our clients, we publish the smallest voices from Silicon Valley, California. Our contribution is to refute or confirm what is being publicly asserted by the covered companies. Thanks again.

In order to facilitate our receipt of directed order flow, we show our list of agents as follows:

Global markets:

Merrill Lynch
UBS
Societe Generale

(Pan European only)
Cheuvreux

(Asia only)
HSBC

(Australia only)
Deutsche Bank

Roberts & Ryan Investments Inc.

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

Serving Investors since 1987

Canada

U.S., Canadian courts OK Nortel deal

U.S. and Canadian courts have approved Swedish wireless company LM Ericsson's \$1.13 billion bid to buy next-generation wireless technology and other assets from insolvent telecom equipment maker Nortel Networks.

In this ruling, U.S. Bankruptcy Judge Kevin Gross in Wilmington, Del., said he was satisfied that the assets were being sold at a fair price and that both Nortel and its creditors will benefit. The Ontario Superior Court of

Justice in Toronto also approved the deal.

The rulings may not be the final word in the tumultuous saga that has

seen the former Canadian technology darling fall

from atop Canada's business world to be off in chunks out of creditor protection. The Canadian government still

down, vocal opposition sprang from a number of groups that say the company is too valuable to fall into foreign hands.

Nortel lawyers disputed claims the sale would siphon off critical Canadian technological know-how. They argued in the Toronto court that Nortel-held patents are being licensed – not sold – to Ericsson in the deal.



could block the sale.

Before the decision were handed

www.robertsryan.net

Roberts & Ryan Investments Inc., a Service Disabled Veterans Enterprise
57 Post Street, Suite 614 San Francisco, CA 94104
(415)956-2000, Toll Free (800)676-6717, Fax (415)296-8873
Please Visit us @ www.robertsryan.net

The Americas

Sprint buys Virgin Mobile; prepaid choices narrow



“Sprint Nextel is buying Virgin Mobile USA for \$483 million, further narrowing the range of consumer choices for prepaid cell phone service.”

Sprint Nextel said in a statement it is buying Virgin Mobile USA for \$483 million, further narrowing the range of consumer choices for prepaid cell phone service. Sprint said it would pay \$5.50 for each Virgin Mobile share, and assume up to \$205 million in debt. Payment will be mostly in Sprint shares.

The Overland Park, Kan., company already owns 13.1 percent of Virgin Mobile, which operates its cell phone service over Sprint’s network. The deal is subject to regulatory approval and the approval of Virgin’s mobile shareholders. Sprint said the deal, which it expects to complete late this year or in early 2010, should enable it to make further inroads into the fast-growing market for prepaid cell phone service. Sprint is the third-largest of the four major wireless carriers, which together control about 90 percent of the cell phone market. It trails AT&T Mobility and Verizon Wireless; T-Mobile USA is fourth.

“Prepaid is growing at an unprecedented rate with consumers keenly focused on value,”

Sprint Chief Executive Dan Hesse said.

“Virgin Mobile is an iconic brand in the marketplace that will complement our Boost Mobile brand.” The company went public in October 2007 at \$15 a share. Virgin Mobile is the sixth-largest provider of prepaid cell phone services, with 5.2 million customers, and the second-largest “virtual network” provider – meaning it uses another company’s network to transmit its calls. But it lags far behind industry leader Tracfone, which has 12.5 million subscribers, and it has been locked in a price war this year while losing customers.

Prepaid plans were pioneered largely by Virgin Mobile and other mobile virtual network operators, which used pay-as-you-go and inexpensive monthly plans as the hallmark of their competitive strategy. But they have had a particularly difficult time in the U.S. making a business by leasing wireless spectrum from the four major providers and then competing with them. Such labels as Disney, ESPN and Amp’d Mobile have fallen as the network

owners ramped up their own prepaid efforts. The virtual network model has been more successful in Europe, where regulations encourage competition.

“Virgin has been having difficulty getting traction in an increasingly competitive prepaid environment in recent quarters,” analyst Christopher King wrote in a report. Part of the problem has been its partner, Sprint, which started a \$50-a-month plan for its prepaid Boost service in January, undercutting Virgin Mobile’s \$80-a-month offering. King noted that Virgin Mobile launched a \$49.99 monthly plan in April, but Tracfone recently began offering a \$45-a-month plan. “Virgin Mobile felt compelled to sell because its customer base was decline

ing, the prepaid space is getting much more competitive and it faced a \$100 million debt maturity at the end of next year that we do not believe it had enough free cash flow to pay off,” analyst Walter Piecyk of Pali Research wrote in a report.

The number of prepaid cell phone providers has been shrinking as bigger players buy up small rivals. A year ago, for instance, Virgin Mobile bought Helio, a small Los Angeles joint venture between EarthLink and South Korea’s SK Telecom. Helio was touted as an upscale device that brought the advanced features of South Korean cell phones to the U.S. market.



www.robertsryan.net

Roberts & Ryan Investments Inc., a Service Disabled Veterans Enterprise

This is a timely newsletter for our institutional clients. The information herein has been assembled with the utmost attention to detail, however as with all research, the accuracy cannot be guaranteed.

India

Ro Khanna's selection heartens Indo-American community



“President Barack Obama has appointed Fremont resident and attorney Ro Khanna to the U.S. Commerce Department.”

President Barack Obama has appointed Fremont resident and attorney Ro Khanna to the U.S. Commerce Department, where he'll work to open foreign markets to American technology.

The move was seen by many in Silicon Valley's Indo-American community as a reflection of its growing political clout. And it was another sign the Obama administration is strengthening ties with the valley. Khanna, 32, who specialized in intellectual property law at O'Melveny & Myers' San Francisco office, was sworn in as a deputy assistant secretary for domestic operations of United States and Foreign Commercial Service, International Trade Administration. Among his duties will be to lead trade missions to countries like India and China.

“I look forward to working to strengthen American competitiveness, increase exports, and create good-paying jobs here at home,” he said in a statement.

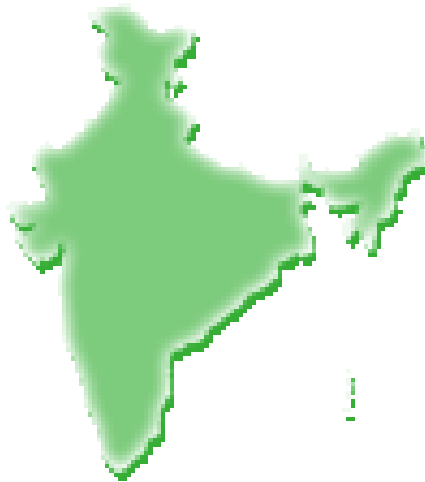
Khanna is expected to report to Francisco “Frank” Sanchez, Obama's nominee for undersecretary for international trade at the Department of Commerce. Sanchez is up for congressional confirmation in the fall.

“It's a huge statement that President Obama looks to Silicon Valley to understand trade issues,” said Steve Westly, former state controller and gubernatorial candidate who heads a Menlo Park venture capital firm

that invests in clean tech.

“Much of our exports in the future will be technology related, biotech related, clean-tech related. Ro by any standard is a rising political star.”

When Khanna unsuccessfully ran against the late Rep. Tom Lantos in the 2004 Democratic primary, he caught the eye of party insiders. Lantos, impressed with the young attorney's political vigor, became a mentor to his former political



opponent.

The valley's Indo-American community, which includes tech industry movers and shakers, has long been tapped for financial support by the national Republican and Democratic parties. Some local ethnic Indians see Khanna's appointment as a sign the community is moving beyond writing checks.

“We have done well in business. We have done well in finance, entrepreneurship and at being professors,” said valley

venture capitalist and entrepreneur Kanwal Rekhi. “The two areas left are Hollywood and Washington D.C. We can't leave any territory uncovered.”

Khanna, he added, “is a very sharp guy. Ro understands the entrepreneurial culture and the engine of American innovation and job creation.” In 2006, Ro was appointed by then-House Minority Leader Nancy Pelosi to chair the Indo-American Council for Democrats. And until recently, he chaired the Indo-American Council of Democratic Congressional Campaign Committee.

Khanna attended the University of Chicago, where he earned a bachelor's in economics and did door-to-door campaigning for the future president in 1996 when Obama ran for the Illinois Senate.

Khanna, who was born in Philadelphia and earned his law degree at Yale University, has political roots reaching back to India. His grandfather, Amarnath Vidhyalankar, spent four years in jail during India's independence movement. After India gained its independence in 1947, he became a member of parliament.

In his new role, Khanna will oversee 109 U.S. Export Assistance Centers operating in 47 different states. His Indian roots, valley observers say, will help advance U.S. interests when it comes to difficult trade discussions with India.

www.robertsryan.net

Roberts & Ryan Investments Inc., a Service Disabled Veterans Enterprise

This is a timely newsletter for our institutional clients. The information herein has been assembled with the utmost attention to detail, however as with all research, the accuracy cannot be guaranteed.

Europe

Report boosts Intel's legal fight



“Diamandouros’
s report said the
European Com-
mission commit-
ted maladminis-
tration.”

In fining Intel \$1.45 billion for anti-competitive practices, European regulators failed to document evidence that was “potentially exculpatory” for the Santa Clara chip maker, according to a European Union ombudsman’s report reviewed by The Wall Street Journal.

That criticism – which appears to support arguments made in recent months by Intel – is spelled out in an as-yet-unpublished report by ombudsman P. Nikiforos Diamandouros, according to the newspaper.

Diamandouros’s report said the European Commission, the EU’s executive arm, committed “maladministration” by not recording in the case file a formal account of an August 2006 meeting between its investigators and an unidentified senior Dell executive. The report says the executive is believed to have told investigators that Dell viewed the performance of Intel rival, Sunnyvale-based Advanced Micro Devices, as “very poor.”

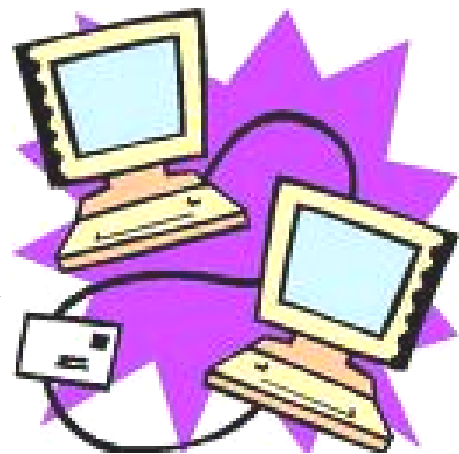
If the ombudsman’s report is correct, the Dell executive’s comment might suggest Dell chose Intel’s chips because it regarded AMD’s products as inferior, not because Intel monopolized the market with illegal rebates and bullying tactics, as the European Commission has claimed. Although Intel had sought a copy of the Dell executive’s interview, the commission told the company that

“no minutes of the meeting were taken,” according to the ombudsman’s report.

Diamandouros has no authority over the commission. But his report is intriguing because of his prominent role as an independent commentator on the regulatory body and because most details of the commission’s 542-page decision against Intel so far have been kept secret. Intel has appealed the commission’s ruling to Europe’s Court of First Instance in Luxembourg, but those documents also have not yet been made public. It’s not known what consideration, if any, that court will give to the ombudsman’s report.

Dell executives could not be reached for comment, and Intel spokesman Chuck Mulloy said it would be inappropriate for him to discuss the case, given its confidential nature. However, Intel has acknowledged that its appeal accuses the commission of violating the company’s “human rights”. Moreover, Intel previously criticized the commission for not considering evidence the company claims supports its innocence. Mike Silverman, a spokesman for Advanced Micro Devices – which has accused Intel of antitrust behavior in a federal lawsuit – declined to comment in detail.

However, he took issue with the notion that Dell in 2006 might have had a dim view of AMD’s products, saying Dell that year “ended its exclusive relationship with Intel” and began offering Dell machines with AMD microprocessors. “When our U.S. civil antitrust case against Intel goes to trial in March, the world will finally see the evidence that Intel wants to hide,” Silverman added. “It will then be obvious



that the European Commission – like Japanese and Korean antitrust regulators before them – got it right.”

Regulatory authorities in Japan and Korea previously have accused Intel of engaging in anti-competitive practices. In addition, the New York attorney general and the U.S. Federal Trade Commission have announced they are investigating Intel’s practices.

www.robertsryan.net

Roberts & Ryan Investments Inc., a Service Disabled Veterans Enterprise

This is a timely newsletter for our institutional clients. The information herein has been assembled with the utmost attention to detail, however as with all research, the accuracy cannot be guaranteed.