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Roberts & Ryan Investments Inc.

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

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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:

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Merrill Lynch
Societe Generale

(Pan European only)
Cheuvreux

(Asia only)
HSBC

US Domestic:
Pershing

(Australia only)
Deutsche Bank

Europe

Hedge fund to utilize Twitter

Derwent Capital Markets, a family-owned hedge fund in the U.K. will offer investors the chance to use Twitter posts to gauge the mood of the stock market, said co-owner Paul Hawtin.

The Derwent Absolute Return Fund, set to start trading in February with an initial \$39 under management, will follow posts on the social-networking website. A trading model will highlight when the level of emotional words such as "anxious" and "calm" rises above or below average.

A paper by the University of Manchester and Indiana University published in October said the number of emotional words on Twitter could be used to predict daily moves in the Dow Jones industrial average. A change in emotions expressed online would be followed two or three days later by a move in the index, the researchers said,

and this information let them predict its movements with 87.6 percent accuracy. "sentiment and moon dramatically change the impact of positive and negative news stories," Hawtin said in a telephone interview. "If the market's in a very positive and bullish mood, it can shrug off bad news –

bad news comes out and you expect the Dow to fall, and it doesn't." The London-based fund will use algorithms based on the data extracted from Twitter post and other factors to trade the

FTSE100, TFSE250 and Dow Jones industrial average indexes as well as oil, gold and other precious metals and currencies.

Derwent expects an annual return on investment of 15 to 20 percent, Hawtin said.

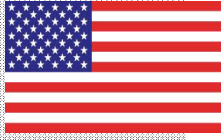


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The Americas

Facebook tops Google



“In 2010, Facebook pushed past Google to become the most popular site on the Internet for the first time.”

It may go down as the year that social networking trumped searching as America’s favorite online pastime. In 2010, Facebook pushed past Google to become the most popular site on the Internet for the first time, according to two Web tracking firms.

The title caps a year of rapid ascent for Facebook in which the social network hit 500 million users and founder Mark Zuckerberg was named Time magazine’s “Person of the Year.” It also marks another milestone in the ongoing shift in the way Americans spend their time online, a social change that profoundly alters how people get news and interact with one another - and even the definition of the word “friend.”

Since its inception, the service has evolved beyond a vehicle for sharing birthday photos and reconnecting with high school classmates to become a universe unto itself, one where users can watch videos, solicit restaurant recommendations and play games surrounded (at least virtually) by friends and family. Its rise suggests that the influence of search giants such as Mountain View-based Google, which answer search queries with a complicated algorithm for ranking links, is giving way to something more personal: our network of friends and other connections.

“This is the most transformational shift in the history of the Internet,” said Lou Kerner, a social-media analyst with Wedbush Securities and former chief executive of Bolt.com, an early networking site. “We’re moving from a Google-centric

Web to a people-centric Web.” According to Experian Hitwise, Palo Alto-based Facebook jumped to the top spot after spending last year in third place and the year before ranked ninth. The company found that 8.9 percent of unique online visits were to Facebook this year, compared with Google’s 7.2 percent. Meanwhile, comScore, another firm that calculates Web traffic, said Facebook was on track to surpass Google for the first time in number on pages viewed.

Each unique visit to a site can result in multiple page views. “There is a strong point of view held by a lot of people that Facebook communication is more superficial,” said David Kirkpatrick, journalist and author of “The Facebook Effect.” “It’s certainly more cursory but that doesn’t make it less significant or meaningful. It’s just easier, and that’s why it’s so popular.” A survey this summer by Nielsen found that Americans spent nearly 23 percent of

their time online using social networks, up from about 16 percent in a 2009 poll.

Social networking took up more time than any other activity, including e-mail, which experienced a decline. Searching took up just under 4 percent of time online, according to the survey. A good part of the disparity can be explained by the different functions of the sites, which can make them difficult to compare.

Consumers use Google to get to other places, but they log on to Facebook to stay. That helped Facebook account for roughly a quarter of online page views in November, significantly outpacing Google, Hitwise said. But there is one key area in which Facebook has yet to surpass Google: revenue. The search giant recorded nearly \$24 billion in sales this year. Several news reports put Facebook’s revenue at \$800 million in 2009, and the company is expected to bring in about a billion dollars this year – though how profitable Facebook is remains in question. CEO Mark Zuckerberg has said he eventually plans to take the company public, and the timing is the subject of hot debate among investors.

According to Shares-Pos, an exchange for shares of private companies, Facebook is worth more than \$45 billion. Google’s market value is more than four times that amount.

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Asia

Google broke laws, South Korean police say



“Google has been accused of collecting e-mails and other personal information from unsecured wireless networks.”

Seoul, South Korea- Police said that Google violated South Korean laws and referred their findings to state prosecutors, adding to a slew of privacy cases the world’s largest search engine is facing. Google has been accused of collecting e-mails and other personal information from unsecured wireless networks while it took photos of neighborhoods in South Korea for its Street View mapping service between October 2009 and May 2010.

In May, the search engine announced it had inadvertently collected fragments of people’s online activities from unsecured Wi-Fi networks in more than 30 countries, prompting investigations around the globe. Street View provides street-level images on Google Earth and Google Maps. Google, based in Mountain View, said entire e-mails, Internet addresses known as URLs and passwords were among items its researchers collected. South Korean police concluded after months of

analysis of hard disks obtained from Google that the company’s activities broke South Korean laws protecting privacy of telecommunications and protecting information about locations, and Jung Suk-Hwa, a police officer in charge of the investigation. He said prosecutors will decide whether to



charge Google with violating the two South Korean laws, which stipulate fines up to \$44,800 and \$26,900 respectively. He did not give any specific time frame.

Google again apologized for intruding, but it expressed disappointment over the police announcement. “While we have repeatedly acknowledged that the collection of payload data

was a mistake, we are disappointed with this announcement as we believe Google Inc. and its employee did nothing illegal in Korea,” Google Korea spokesman Ross LaJeunesse said in a statement. He also said Google’s ultimate objective remains to delete the data as soon as possible.

In addition to international investigations, about 40 U.S. states are seeking to review information to see if Google improperly gained access to e-mails, passwords and other private data. Google’s disclosure has generated a variety of responses. Greek officials asked for more safeguards before its streets were photographed, and some English villagers protested by forming a human chain to stop a camera van. In November, Google made Germany the only one in the world where people can ask in advance to have images of their homes excluded from Street View.

Ties Google, Blue-ray

Samsung Electronics, the world’s largest television maker, plans to offer Blu-ray players embedded with Google software as it seeks to lure customers with devices that allow Internet browsing on TV screens.

Yoon Boo Keun, head of Samsung’s digital media division, said Samsung has yet to decide whether it will make televisions powered by

Google software because of “some issues,” he said without elaboration.

South Korea based Samsung aims to sell 12 million units of Web-enabled TVs this year, Yoon said. Sony, the world’s third-largest TV maker, began selling TVs and Blu-ray players using Google software in October.

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Japan

Groupon expansion comes with missteps

“Groupon, the rapidly growing online coupon provider, apologized to Japanese customers for a New Year’s deal gone wrong that highlighted the difficulties the company faces in managing its global expansion. In a subtitled video message uploaded onto YouTube, the company’s founder and CEO, Andrew Mason, acknowledged that the company had “really messed up” and outlined steps it was taking to rebuild its tarnished image in Japan. Mason attributed the latest misstep to similar growing pains that the Chicago-based company has felt in the U.S. Groupon has expanded quickly since launching two years ago. It owns the Internet’s largest ad network and its daily discounts now reach about 50 million subscribers in 35 countries. “We created Groupon to help enrich people’s lives by bringing new exciting experiences to them,” he said. “So

The chief executive of Groupon, the rapidly growing online coupon provider, apologized to Japanese customers for a New Year’s deal gone wrong that highlighted the difficulties the company faces in managing its global expansion. In a subtitled video message uploaded onto YouTube, the company’s founder and CEO, Andrew Mason, acknowledged that the company had “really messed up” and outlined steps it was taking to rebuild its tarnished image in Japan. Mason attributed the latest misstep to similar growing pains that the Chicago-based company has felt in the U.S.

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when we do the opposite, as we have in this case, it really hurts.” The blunder that prompted Mason’s apology involved a deal for delivery of “osechi,” a traditional New Year’s meal. Osechi usually includes a variety of Japanese dishes painstakingly prepared and beautifully presented. Unfortunately, some customers who paid 10,500 yen (\$127) for this particular bargain were left feeling like they had been duped. Many of the 500 osechi sets sold arrived late, while others’ meals were in “terrible condition,” Mason said.

In an explanation earlier this month, Groupon Japan said the sets didn’t match the picture or description provided by the restaurant, Bird Café, which was overwhelmed by the volume. Groupon subsequently refunded

customers’ money and offered them vouchers worth 5,000 yen. Groupon – a fusion of “group” and “coupon” – combines social media with collective buying clout to offer deals on products, services and cultural events in local markets.

Promotions are activated only after a certain number of people in a given city sign up.

has developed capacity planning formulas to help businesses determine just how many costumers they can handle and how many deals they should offer. The system is available in the U.S. and other countries but had not been introduced in Japan. “Basically because the popularity of Groupon Japan has grown so quickly it

GROUPON
Collective Buying Power

Recently, it completed its biggest deal so far: a \$950 million investment that will help finance further growth and enrich its current shareholders, including some of its employees.

The infusion came less than two weeks after the company outlined its plans to raise the money in documents filed with the Securities and Exchange Commission. Mason said Groupon

took us off guard,” he said. “We weren’t expecting to run into this problem so quickly.” Groupon entered the Japanese market in August when it bought Qpod for an undisclosed price.

Mason said his company has begun teaching its Japan staff about capacity planning and will implement similar thinking in other countries “as soon as we launch.”

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