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## **Robert & Ryan Investments, Inc.**

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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 Silicone 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

(US Managers only)  
Lehman Brothers

## ASIA

### Intel's offshoring imperils its future

During the past year, three leading chip companies, Texas Instruments, LSI Logic and Cypress, announced they are abandoning domestic wafer fabrication for offshoring in Asia. With our domestic chip industry already in precipitous decline, Intel's decision to open a wafer fabrication foundry in China is an unnecessary and great risk. Eventually, Asian companies, aided by this massive transfer of technical know-how, will no doubt compete directly with Intel. In time, we might no longer recognize

"Intel Inside" but will look back at 2007 as the year the company initiated its own "Intel Suicide."

## SOUTH KOREA

### EA invests \$105M in Korean company

Electronic Arts Inc. said March 19 it will make about a \$105 million investment in a Korean online gaming company.

Redwood City-based EA said it will own about 19 percent of Neowiz Co. Ltd. stock equivalents (excluding treasury shares) comprised of 15 percent of common stock and four percent of preferred stock of Neowiz which could be converted into common stock at a later date.

When the deal closes, EA will be Neowiz' second largest shareholder

after CEO and founder Sung Kyun Na.

EA and Neowiz said they also intend to co-develop four additional online games for Asia, with Neowiz having the rights to publish two of the four online games in Korea and Japan.

## SOUTH KOREA

### Chip deal with Hynix boosts SanDisk shares

SanDisk shares climbed 3.8 percent after the Milpitas maker of flash-memory cards reached a patent-licensing agreement with South Korean chip maker Hynix Semiconductor, which has its U.S. headquarters in

San Jose, that could help it in other patent talks.

Hynix, the second-largest maker of computer memory, and SanDisk, the largest maker of flash-memory cards, will work together on chips that store data in consumer electronics. They said they will cross-

license semiconductor patents and signed a preliminary accord to form a venture to make some flash memory products, according to a statement Wednesday.

SanDisk shares gained \$1.57 to \$43.48 Wednesday.

## UNITED KINGDOM

### TRAFFIC—Internet sites attract global visitors

More and more Web 2.0 start-ups are running into a surprising problem: too many customers.

Make that too many customers in the wrong countries.

Although the internet is a global medium, U.S. companies, which drive the vast majority of online advertising spending, shun users in many foreign countries.

"Outside of multinational advertising companies like Coca-Cola and Microsoft that have a worldwide presence, the value of an international audience is significantly less attractive for most U.S. advertisers, whose products and service to American audiences," said Jeff Lanctot, vice president of media at digital advertising agency Avenue A.

"If you need to make money off your traffic, then some of the overseas stuff can be terrible," added

Scott Rafer, a serial entrepreneur who was chief executive of blog-tracking start-up MyBlogLog until it was sold to Yahoo in January for \$10 million.

San Francisco social-networking service Friendster highlights what's happening. While Friendster's user numbers are rising – 15 percent alone in the last three months – 22 percent live in Malaysia, 20 percent are in Singapore and 12 percent live in Indonesia, according to Alexa, which provides information on Web traffic.

Even London venture capitalist Barry Maloney acknowledges his firm, Benchmark Capital, with offices in Menlo Park, Europe and Israel, would be "very cautious" about funding a company that is mostly popular in places where there remains little in the way of online advertising dollars. "We're not interested in lots of users, wherever they may be. We look at whether you

can build a real business around the people using your site," he said.

Not all companies with big overseas audiences are suffering. Take Bebo, on whose board Maloney sits. The San Francisco social-networking company is doing best in the United Kingdom, where 35 percent of its registered users live. That gives it a shot at an online advertising market that the U.K. Office of Communications estimate hit nearly \$5 billion last year.

“San Francisco Social-networking company Bebo is doing best in the United Kingdom.”

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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.