

## UBS Investment Research

## Q-Series®: Asian Structural Themes



7 March 2008

[www.ubs.com/investmentresearch](http://www.ubs.com/investmentresearch)**Simon Smiles**

Product Manager

[Simon.Smiles@ubs.com](mailto:Simon.Smiles@ubs.com)

+852-3712 2825

**Bill Sohn**

Product Manager

[bill.sohn@ubs.com](mailto:bill.sohn@ubs.com)

+852 2971 6139

Asian Equity Research Team

## No. 1) Asian urbanisation: which sectors and stocks are the key beneficiaries? [EXTRACT]

### ■ Asia's urban population to grow 2.1% pa between now and 2030

Urbanisation is one of the biggest and broadest structural issues affecting Asia today. In our first *Q-Series®: Asian Structural Themes* report, we examine which sectors and stocks are likely to be the key beneficiaries of Asian urbanisation.

### ■ Different industries benefit at different stages of urbanisation

We define three stages of urbanisation and show that different sectors of the economy grow at different speeds during different stages. We present urbanisation forecasts and identify particular sectors in particular countries during particular time periods that we expect to benefit the most from urbanisation in Asia.

### ■ We highlight eight investible themes

1) Cities need to be built and skyscrapers need steel. 2) People need homes. 3) The urban population needs power. 4) Where is the water? 5) An urban society produces sewerage. 6) The new urban dweller maintains links with family and friends. 7) Migrants will want microwaves. 8) Financial services are needed when households have extra funds.

### ■ 20 key stock exposures to the Asian urbanisation theme

We identify 20 UBS Urbanisation Key Picks from more than 200 stocks with positive exposure to the themes mentioned above. They operate in the cement, steel, construction, gas, coal, power equipment, green energy, road, automotive, telco, consumer durable, retailing and manufacturing, and financial services industries. Their key exposures are spread across Asia: India (eight stocks); China (five); Indonesia (three); Malaysia (two); and the Philippines and Thailand (one each).

This report has been prepared by UBS Securities Asia Ltd

**ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 6.**

UBS does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers of UBS in the United States can receive independent, third-party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can access this independent research at [www.ubs.com/independentresearch](http://www.ubs.com/independentresearch) or may call +1 877-208-5700 to request a copy of this research.

This is an extract from our report *Q-Series®: Asian Structural Themes*, published on 7 March 2008. For more detail, please refer to the longer report.

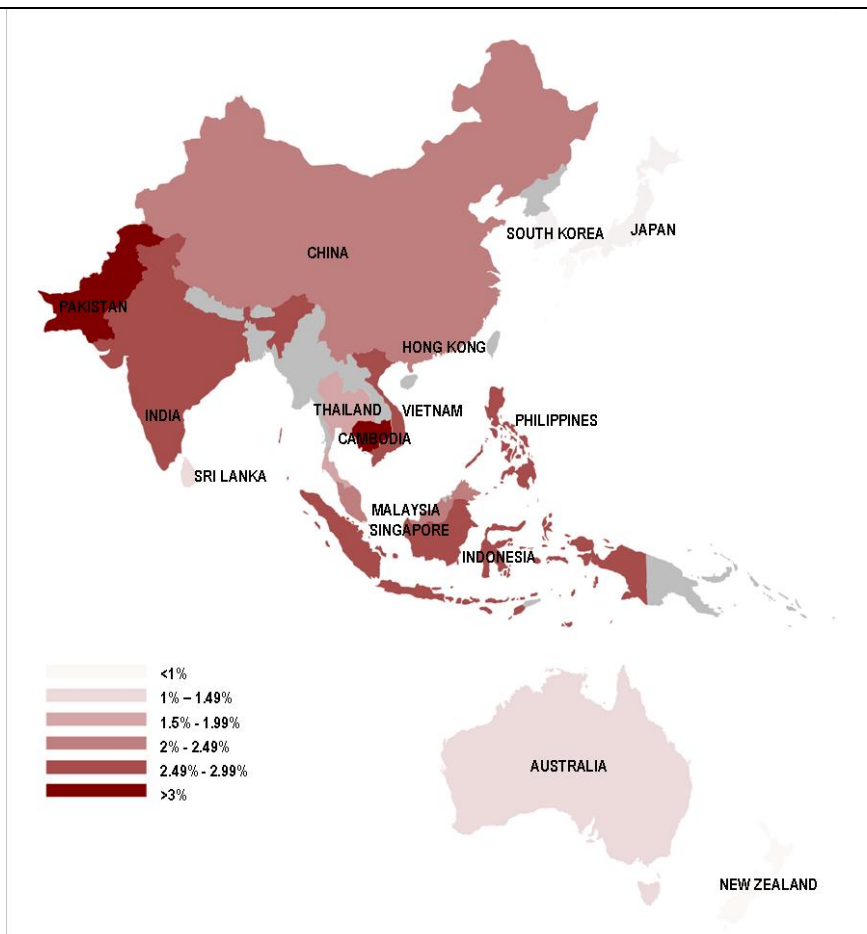
*UBS's Q-Series® products reflect our effort to aggressively anticipate and answer key investment questions to help drive better investment recommendations. Q-Series® is a trademark of UBS AG.*

## Executive Summary

**This report marks the launch of a new series of quarterly UBS Q-series® reports called “Asian Structural Themes”.** Each report will focus on a major structural theme impacting Asia and examine the implications of historical and future trends, identify investible themes and highlight key stock exposures. We have selected urbanisation as the topic of our first report, as we believe it is one of the biggest and broadest structural issues affecting Asia today.

**The UN expects the urban population in Asia to record a CAGR of 2.1% between now and 2030, while Africa’s urban population is expected to reach a CAGR of 3.1%.** Africa and Asia were the least urbanised areas in the world in 2005 with 38% and 40% of their populations living in urban areas, respectively. By 2030, 54% of Asia’s population are estimated be living in urban areas and 51% in Africa, according to the UN, accounting for around 70% of all global urban residents. Countries in Asia are at different stages of urbanisation, but we believe all will be impacted.

Figure 1: Forecast annual growth in urban population (2005-30 CAGR)



Source: United Nations

In this report, we define three stages of urbanisation, estimate which industries grow faster than the overall economy during each stage of urbanisation, and forecast the stage(s) of urbanisation for each country through to 2030. We then use this analysis to select our preferred country and sector exposures to Asian urbanisation.

We highlight eight investible urbanisation themes in Asia

- (1) Cities need to be built and skyscrapers need steel (preferred industries: **construction and basic materials** including steel and cement in stage 1 countries (see page 22 for an explanation): Cambodia and Vietnam beyond 2020; India until around 2010).
- (2) People need homes (preferred industries: **real-estate developers; construction; basic materials** in stage 1 countries: Cambodia and Vietnam beyond 2020; India until around 2010).
- (3) The urban population needs power (preferred industries: **utilities including electricity; gas; nuclear; hydro; wind; and coal**) in stage 1 and 2 countries: Cambodia; China; India; Indonesia; Pakistan; Thailand; and Vietnam beyond 2020; and Malaysia and the Philippines until between 2010 and 2015).
- (4) Where is the water? (Preferred industries: **water** in stage 1 and 2 countries: Cambodia; China; India; Indonesia; Pakistan; Thailand; and Vietnam beyond 2020; and Malaysia and the Philippines between 2010 and 2015).
- (5) An urban society produces sewerage (preferred industries: **waste management** in stage 1 and 2 countries: Cambodia; China; India; Indonesia; Pakistan; Thailand; and Vietnam beyond 2020; and Malaysia and the Philippines between 2010 and 2015).
- (6) The new urban dweller needs to maintain links with families and friends (preferred industries: **communications; road and railway construction; and transport** in stage 1 and 2 countries: Cambodia; China; India; Indonesia; Pakistan; Thailand; and Vietnam beyond 2020; and Malaysia and the Philippines between 2010 and 2015).
- (7) Migrants will want microwaves (preferred industries: **consumer retailers; white goods consumer durable manufacturing** in stage 2 countries: India from around 2010; China, Indonesia, Thailand, Pakistan, Malaysia and the Philippines between 2010 and 2015, when we expect them to enter stage 3 of urbanisation).
- (8) Financial services are needed when households have extra funds (preferred industries: **banks; insurance; financial services** in stage 2 countries: India from around 2010; China; Indonesia; Pakistan; Thailand; Malaysia; and the Philippines between 2010 and 2015, when we expect them to enter stage 3 of urbanisation).

## Key stock picks

We have selected our UBS urbanisation key picks from an identified universe of over 200 Asian-listed stocks with direct exposure to our identified themes. We chose the stocks through filtering by revenue exposure to theme (above 50%), UBS rating (Buy), minimum average daily turnover (US\$2m if market capitalisation is over US\$1.5bn), valuation (maximum 30x forward PE) and finally qualitative preferences within each theme. This yields our following key picks.

Table 1: Key urbanisation key picks

Stock Name	Industry exposure	India	China	Indonesia	Thailand	Malaysia	Philippines	Other	Industry exposure	Mkt cap (US\$ bn)	Upside to PT	Daily turnover (US\$ m)	Forward PE
ACC Limited	Cement	100%	na	na	na	na	na	0%	100%	3.5	74.3%	\$4.296	7.8x
Grasim	Cement	71%	na	na	na	na	na	0%	71%	6.4	46.4%	\$2.171	8.5x
SAIL	Steel	95%	na	na	na	na	na	5%	100%	23.5	41.8%	\$13.745	11.2x
L & T	Construction	50%	na	na	na	na	na	6%	55%	23.5	42.7%	\$23.780	25.7x
PGAS	Gas	0%	0%	91%	0%	0%	0%	0%	91%	6.9	30.9%	\$18.469	15.1x
Yanzhou Coal	Coal	0%	95%	0%	0%	0%	0%	5%	100%	7.7	107.7%	\$53.204	11.4x
BHEL	Power equipment	80%	0%	0%	0%	0%	0%	5%	85%	25.5	44.4%	\$9.304	23.5x
PNOC	Green energy	0%	0%	0%	0%	0%	100%	0%	100%	2.3	26.2%	\$3.405	15.0x
Bio-Treat	Sanitation	0%	100%	0%	0%	0%	0%	0%	100%	0.4	71.9%	\$1.640	6.2x
IVRCL	Water/sanitation	55%	0%	0%	0%	0%	0%	5%	60%	1.5	59.3%	\$2.489	21.2x
PLUS Expressway	Roads	0%	0%	0%	0%	100%	0%	0%	100%	4.9	25.0%	\$3.205	12.3x
Astra International	Automotive	0%	0%	65%	0%	0%	0%	0%	65%	11.6	24.0%	\$14.674	15.4x
China Mobile (HK)	Telco		100%	0%	0%	0%	0%	0%	100%	287.6	56.4%	\$612.870	17.8x
Bharti Airtel	Telco	85%	0%	0%	0%	0%	0%	0%	85%	36.3	75.6%	\$11.998	18.0x
Gome	Durables		100%	0%	0%	0%	0%	0%	100%	7.6	38.9%	\$24.601	24.9x
Gree	Durables		71%	0%	0%	0%	0%	30%	100%	6.0	35.5%	\$30.063	26.0x
Bumi-Commerce	Fin services		0%	23%	0%	76%	0%	1%	100%	10.8	34.8%	\$23.839	12.1x
Kasikornbank	Fin services		0%	0%	100%	0%	0%	0%	100%	6.5	24.7%	\$16.954	13.6x
Bank Central Asia	Fin services		0%	100%	0%	0%	0%	0%	100%	9.7	18.1%	\$7.847	14.1x
ICICI Bank	Fin services	85%	0%	0%	0%	0%	0%	15%	100%	21.5	55.9%	\$19.938	19.7x

Source: UBS estimates. Prices as of 5 March 2008

Our urbanisation key picks operate in a variety of industries including cement, steel, construction, gas, coal, power equipment, green energy, roads, automotives, telco, consumer durables, retail and manufacturing, and financial services. Key exposures are also spread across Asia including India (eight stocks), China (five), Indonesia (three), Malaysia (two), and the Philippines and Thailand (one each).

**India is our key country exposure to urbanisation in Asia**, as it is in an earlier stage of urbanisation than all the other main ‘investible’ countries in Asia. China is the second most exposed market with five UBS urbanisation key picks. However, we have not selected any Chinese construction or development companies, as we have not identified China as a key exposure to this theme—there are no Chinese railways due to UBS’s current negative view on the sector, and no Chinese financial services companies because of the lack of listed companies with extensive branch networks and diversified service offerings.

---

### ■ **Statement of Risk**

Risk to equities includes regional economies, interest rates, commodity prices, and many other factors. Forecasting corporate earnings is difficult because it is affected by a wide range of economic, financial, accounting and regulatory trends, as well as changes in tax policy. These factors could impact shares negatively. The relative performance of our urbanisation top picks may also be impacted by company specific issues including possible changes to company strategy and business model in the future.

### ■ **Analyst Certification**

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

## Required Disclosures

This report has been prepared by UBS Securities Asia Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS.

For information on the ways in which UBS manages conflicts and maintains independence of its research product; historical performance information; and certain additional disclosures concerning UBS research recommendations, please visit [www.ubs.com/disclosures](http://www.ubs.com/disclosures).

### UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage <sup>1</sup>	IB Services <sup>2</sup>
Buy	Buy	55%	39%
Neutral	Hold/Neutral	36%	36%
Sell	Sell	8%	20%
UBS Short-Term Rating	Rating Category	Coverage <sup>3</sup>	IB Services <sup>4</sup>
Buy	Buy	less than 1%	25%
Sell	Sell	less than 1%	50%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2007.

### UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.



**KEY DEFINITIONS**

**Forecast Stock Return (FSR)** is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

**Market Return Assumption (MRA)** is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

**Under Review (UR)** Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

**Short-Term Ratings** reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

**EXCEPTIONS AND SPECIAL CASES**

**UK and European Investment Fund ratings and definitions are :**

Buy: Positive on factors such as structure, management, performance record, discount; Neutral: Neutral on factors such as structure, management, performance record, discount; Sell: Negative on factors such as structure, management, performance record, discount.

**Core Banding Exceptions (CBE)** : Exceptions to the standard +/-6% bands may be granted by the Investment Review Committee (IRC). Factors considered by the IRC include the stock's volatility and the credit spread of the respective company's debt. As a result, stocks deemed to be very high or low risk may be subject to higher or lower bands as they relate to the rating. When such exceptions apply, they will be identified in the Company Disclosures table in the relevant research piece.

**Company Disclosures**

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
ACC Limited	ACC.BO	Buy	N/A	Rs741.35	06 Mar 2008
Ambuja Cements Limited	ABUJ.BO	Buy	N/A	Rs120.60	06 Mar 2008
Astra International <sup>2b, 4a</sup>	ASII.JK	Buy	N/A	Rp26,000	06 Mar 2008
Bank Central Asia	BBCA.JK	Buy (CBE)	N/A	Rp3,550	06 Mar 2008
Bharat Heavy Electricals Limited	BHEL.BO	Buy	N/A	Rs2,081.40	06 Mar 2008
Bharti Airtel Ltd. <sup>2a, 3, 4a, 12</sup>	BRTI.BO	Buy	N/A	Rs750.20	06 Mar 2008
Bio-Treat Technology <sup>4a, 20</sup>	BIOT.SI	Buy (CBE)	N/A	S\$0.60	06 Mar 2008
Bumiputra-Commerce Holdings <sup>4a</sup>	BUCM.KL	Buy	N/A	RM10.20	06 Mar 2008
China Mobile (HK) Ltd <sup>4b, 16a, 16b, 22</sup>	0941.HK	Buy	N/A	HK\$114.90	06 Mar 2008
Gome Electrical Appliances <sup>4b</sup>	0493.HK	Buy	N/A	HK\$17.56	06 Mar 2008
Grasim Industries <sup>16b</sup>	GRAS.BO	Buy	N/A	Rs2,862.70	06 Mar 2008
Gree Electrical Appliance	000651.SZ	Buy	N/A	Rmb55.20	06 Mar 2008
ICICI Bank <sup>2c, 4b, 8, 16b</sup>	ICBK.BO	Buy (CBE)	N/A	Rs960.40	06 Mar 2008
India Cements <sup>20</sup>	ICMN.BO	Buy (CBE)	N/A	Rs208.15	06 Mar 2008
IVRCL <sup>20</sup>	IVRC.BO	Buy (CBE)	N/A	Rs431.50	06 Mar 2008
Kasikornbank	KBAN.BK	Buy	N/A	Bt88.50	06 Mar 2008
L & T <sup>2a, 4a</sup>	LART.BO	Buy	N/A	Rs3,200.85	06 Mar 2008
Perusahaan Gas Negara	PGAS.JK	Buy	N/A	Rp13,900	06 Mar 2008
PLUS Expressways	PLUE.KL	Buy	N/A	RM3.08	06 Mar 2008
PNOC Energy Development Corp	EDC.PS	Buy	N/A	P6.50	06 Mar 2008
Steel Authority of India	SAIL.BO	Buy (CBE)	N/A	Rs232.85	06 Mar 2008
Yanzhou Coal Mining <sup>13, 16a, 16b, 22</sup>	1171.HK	Buy	N/A	HK\$11.98	06 Mar 2008

Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

- 2a. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past 12 months.
- 2b. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past five years.
- 2c. UBS AG, its affiliates or subsidiaries has acted as manager/co-manager in the underwriting or placement of securities of this company/entity or one of its affiliates within the past three years.



3. UBS AG is acting as advisor to Bharti in the announced formation of a JV for the Tower Business with Vodafone Essar and Idea Cellular.
- 4a. Within the past 12 months, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.
- 4b. Within the past three years, UBS AG, its affiliates or subsidiaries has received compensation for investment banking services from this company/entity.
8. The equity analyst covering this company, a member of his or her team, or one of their household members has a long common stock position in this company.
12. A director or an employee of UBS AG, its affiliates or subsidiaries is a director of this company.
13. UBS AG, its affiliates or subsidiaries beneficially owned 1% or more of a class of this company's common equity securities as of last month's end (or the prior month's end if this report is dated less than 10 days after the most recent month's end).
- 16a. UBS Securities (Hong Kong) Limited is a market maker in the HK-listed securities of this company.
- 16b. UBS Securities LLC makes a market in the securities and/or ADRs of this company.
20. Because UBS believes this security presents significantly higher-than-normal risk, its rating is deemed Buy if the FSR exceeds the MRA by 10% (compared with 6% under the normal rating system).
22. UBS AG, its affiliates or subsidiaries held other significant financial interests in this company/entity as of last month's end (or the prior month's end if this report is dated less than 10 working days after the most recent month's end).

Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

For a complete set of disclosure statements associated with the companies discussed in this report, including information on valuation and risk, please contact UBS Securities LLC, 1285 Avenue of Americas, New York, NY 10019, USA, Attention: Publishing Administration.

## Global Disclaimer

This report has been prepared by UBS Securities Asia Ltd, an affiliate of UBS AG. UBS AG, its subsidiaries, branches and affiliates are referred to herein as UBS. In certain countries, UBS AG is referred to as UBS SA.

This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy or recommendation contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitute a personal recommendation. It is published solely for information purposes, it does not constitute an advertisement and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments in any jurisdiction. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning UBS AG, its subsidiaries and affiliates, nor is it intended to be a complete statement or summary of the securities, markets or developments referred to in the report. UBS does not undertake that investors will obtain profits, nor will it share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by recipients as a substitute for the exercise of their own judgement. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of UBS as a result of using different assumptions and criteria. Research will initiate, update and cease coverage solely at the discretion of UBS Investment Bank Research Management. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. UBS is under no obligation to update or keep current the information contained herein. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, groups or affiliates of UBS. The compensation of the analyst who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of UBS Investment Bank as a whole, of which investment banking, sales and trading are a part.

The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Mortgage and asset-backed securities may involve a high degree of risk and may be highly volatile in response to fluctuations in interest rates and other market conditions. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither UBS nor any of its affiliates, nor any of UBS' or any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. **Additional information will be made available upon request.**

For financial instruments admitted to trading on an EU regulated market: UBS AG, its affiliates or subsidiaries (excluding UBS Securities LLC and/or UBS Capital Markets LP) acts as a market maker or liquidity provider (in accordance with the interpretation of these terms in the UK) in the financial instruments of the issuer save that where the activity of liquidity provider is carried out in accordance with the definition given to it by the laws and regulations of any other EU jurisdictions, such information is separately disclosed in this research report.

**United Kingdom and the rest of Europe:** Except as otherwise specified herein, this material is communicated by UBS Limited, a subsidiary of UBS AG, to persons who are eligible counterparties or professional clients and is only available to such persons. The information contained herein does not apply to, and should not be relied upon by, retail clients. UBS Limited is authorised and regulated by the Financial Services Authority (FSA). UBS research complies with all the FSA requirements and laws concerning disclosures and these are indicated on the research where applicable. **France:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities France SA. UBS Securities France S.A. is regulated by the Autorité des Marchés Financiers (AMF). Where an analyst of UBS Securities France S.A. has contributed to this report, the report is also deemed to have been prepared by UBS Securities France S.A. **Germany:** Prepared by UBS Limited and distributed by UBS Limited and UBS Deutschland AG. UBS Deutschland AG is regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin). **Spain:** Prepared by UBS Limited and distributed by UBS Limited and UBS Securities España SV, SA. UBS Securities España SV, SA is regulated by the Comisión Nacional del Mercado de Valores (CNMV). **Turkey:** Prepared by UBS Menkul Değerler AS on behalf of and distributed by UBS Limited. **Russia:** Prepared and distributed by ZAO UBS Securities. **Switzerland:** Distributed by UBS AG to persons who are institutional investors only. **Italy:** Prepared by UBS Limited and distributed by UBS Limited and UBS Italia Sim S.p.A. UBS Italia Sim S.p.A. is regulated by the Bank of Italy and by the Commissione Nazionale per le Società e la Borsa (CONSOB). Where an analyst of UBS Italia Sim S.p.A. has contributed to this report, the report is also deemed to have been prepared by UBS Italia Sim S.p.A. **South Africa:** UBS South Africa (Pty) Limited (Registration No. 1995/011140/07) is a member of the JSE Limited, the South African Futures Exchange and the Bond Exchange of South Africa. UBS South Africa (Pty) Limited is an authorised Financial Services Provider. Details of its postal and physical address and a list of its directors are available on request or may be accessed at <http://www.ubs.co.za>. **United States:** Distributed to US persons by either UBS Securities LLC or by UBS Financial Services Inc., subsidiaries of UBS AG; or by a group, subsidiary or affiliate of UBS AG that is not registered as a US broker-dealer (a 'non-US affiliate'), to major US institutional investors only. UBS Securities LLC or UBS Financial Services Inc. accepts responsibility for the content of a report prepared by another non-US affiliate when distributed to US persons by UBS Securities LLC or UBS Financial Services Inc. All transactions by a US person in the securities mentioned in this report must be effected through UBS Securities LLC or UBS Financial Services Inc., and not through a non-US affiliate. **Canada:** Distributed by UBS Securities Canada Inc., a subsidiary of UBS AG and a member of the principal Canadian stock exchanges & CIPF. A statement of its financial condition and a list of its directors and senior officers will be provided upon request. **Hong Kong:** Distributed by UBS Securities Asia Limited. **Singapore:** Distributed by UBS Securities Pte. Ltd or UBS AG, Singapore Branch. **Japan:** Distributed by UBS Securities Japan Ltd to institutional investors only. **Australia:** Distributed by UBS AG (Holder of Australian Financial Services Licence No. 231087) and UBS Securities Australia Ltd (Holder of Australian Financial Services Licence No. 231098) only to 'Wholesale' clients as defined by s761G of the Corporations Act 2001. **New Zealand:** Distributed by UBS New Zealand Ltd. **China:** Distributed by UBS Securities Co. Limited.

The disclosures contained in research reports produced by UBS Limited shall be governed by and construed in accordance with English law.

UBS specifically prohibits the redistribution of this material in whole or in part without the written permission of UBS and UBS accepts no liability whatsoever for the actions of third parties in this respect. © UBS 2008. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.

