

# Analyst meet highlights

## Base business guidance raised; No change to MLe

At the analyst meet yesterday, Glenmark increased profit guidance for FY08E by 9% (US\$125mn) and provided 20%+ profit growth outlook for FY09E. The increased guidance is due to more bullish outlook in base business while milestone guidance of US\$69mn remains. We maintain estimates which was already ahead management guidance. Maintain Neutral.

## Management guides on four research deliverables for FY08E

In FY08E, Glenmark expects to deliver - (a) two more out-licensing deals of which one could be announced shortly (pain management; VR1) (b) US\$69mn total milestones in FY08E and FY09E; (c) progress of GRC 8200 (diabetes) and Oglemilast into Phase II and (c) initiate Phase I trials on 3 NCE compounds. In our view, any delays/ disappointments on this could impact the stock negatively.

## Likely more clarity on Oglemilast (asthma) progress by 3Q

Replying to concerns on milestone delay for Oglemilast from Forest Labs, Glenmark expects Forest to submit additional pre-clinical toxicity data in few months. FDA clearance for starting Phase II B likely by 3QFY08.

## Strong core business outlook but likely priced in

Glenmark expects core business revenues to grow 40% in FY08E driven by US and Latam. We think valuations adequately factor the strong growth outlook.

## 4Q performance highlights

Glenmarks 4Q revenues were in line with MLe but net profit was 46% ahead of MLe driven by near 10% increase in EBITDA margin (29%) attributed to a richer product-mix with US business growing at 150% YoY and Latam growth at 69%.

### Estimates (Mar)

(Rs)	2005A	2006A	2007E	2008E	2009E
Net Income (Adjusted - mn)	1,063	865	3,097	5,232	6,604
EPS	8.43	6.86	24.56	41.50	52.38
EPS Change (YoY)	163.9%	-18.6%	258.1%	69.0%	26.2%
Dividend / Share	6.50	6.50	6.50	6.50	6.50
Free Cash Flow / Share	(26.51)	(22.41)	8.12	32.59	54.78

### Valuation (Mar)

	2005A	2006A	2007E	2008E	2009E
P/E	80.34x	98.74x	27.57x	16.32x	12.93x
Dividend Yield	0.960%	0.960%	0.960%	0.960%	0.960%
EV / EBITDA*	56.57x	64.58x	20.68x	12.17x	9.69x
Free Cash Flow Yield*	-1.84%	-3.11%	1.13%	4.81%	8.09%
EV / Sales	19.48x	13.75x	8.28x	6.13x	5.11x

\* For full definitions of *iQmethod*<sup>SM</sup> measures, see page 6.



Visalakshi Chandramouli >> +91 22 6632 8660

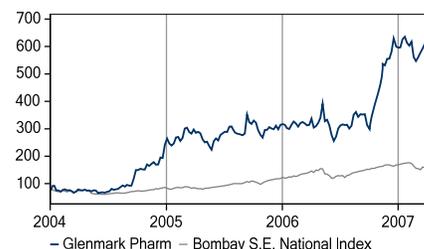
Research Analyst  
DSP Merrill Lynch (India)  
visalakshi\_c@ml.com

Arvind Bothra >> +91 22 6632 8685

Research Analyst  
DSP Merrill Lynch (India)  
arvind\_bothra@ml.com

### Stock Data

Price	Rs677.30
Investment Opinion	C-2-7
Volatility Risk	HIGH
52-Week Range	Rs228.00-Rs709.25
Mrkt Val / Shares Out (mn)	US\$2,074 / 126.1
Average Daily Volume	228,246
ML Symbol / Exchange	XVQWF / BSE
Bloomberg / Reuters	GNP IN / GLEN.BO
ROE (2007E)	59.0%
Net Dbt to Eqty (Mar-2006A)	160.2%
Est. 5-Yr EPS / DPS Growth	30.0% / 0%
Free Float	45.1%



– Glenmark Pharm – Bombay S.E. National Index

>> Employed by a non-US affiliate of MLPF&S and is not registered/qualified as a research analyst under the NYSE/NASD rules.

Refer to "Other Important Disclosures" for information on certain Merrill Lynch entities that take responsibility for this report in particular jurisdictions.

Merrill Lynch 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.

Refer to important disclosures on page 7 to 8. Analyst Certification on page 5.

26 April 2007

# iQprofile<sup>SM</sup> Glenmark Pharmaceuticals

Key Income Statement Data (Mar)	2005A	2006A	2007E	2008E	2009E
<b>(Rs Millions)</b>					
Sales	5,431	6,705	12,083	17,338	21,106
Gross Profit	3,439	3,770	8,200	12,500	15,389
Sell General & Admin Expense	(1,532)	(2,135)	(3,244)	(4,303)	(5,213)
Operating Profit	1,401	1,139	3,854	6,759	8,573
Net Interest & Other Income	(129)	(19)	(244)	(321)	(230)
Associates	NA	NA	NA	NA	NA
Pretax Income	1,272	1,120	3,610	6,438	8,343
Tax (expense) / Benefit	(202)	(241)	(500)	(1,185)	(1,717)
Net Income (Adjusted)	1,063	865	3,097	5,232	6,604
Average Fully Diluted Shares Outstanding	126	126	126	126	126

## Key Cash Flow Statement Data

Net Income (Reported)	1,070	879	3,111	5,253	6,625
Depreciation & Amortization	164	232	426	514	563
Change in Working Capital	(1,265)	(1,605)	(2,404)	(2,474)	(1,540)
Deferred Taxation Charge	45	102	316	348	383
Other Adjustments, Net	345	286	438	1,168	1,575
Cash Flow from Operations	360	(106)	1,887	4,809	7,606
Capital Expenditure	(1,930)	(2,552)	(923)	(700)	(700)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	(5)	(44)	(760)	(2,054)	(4,747)
Cash Flow from Investing	(1,935)	(2,596)	(1,683)	(2,754)	(5,447)
Shares Issue / (Repurchase)	119	0	15	0	0
Cost of Dividends Paid	(83)	(83)	(82)	(82)	(82)
Cash Flow from Financing	2,767	2,485	(958)	(1,948)	(2,092)
Free Cash Flow	(1,571)	(2,658)	964	4,109	6,906
Net Debt	3,102	6,298	6,905	6,438	6,309
Change in Net Debt	2,036	3,195	607	(466)	(129)

## Key Balance Sheet Data

Property, Plant & Equipment	3,503	5,805	6,302	6,488	6,624
Other Non-Current Assets	20	16	14	13	12
Trade Receivables	2,376	3,816	5,739	7,755	9,019
Cash & Equivalents	1,273	1,056	302	408	475
Other Current Assets	1,925	2,739	5,101	8,612	14,403
Total Assets	9,096	13,432	17,458	23,276	30,533
Long-Term Debt	4,375	7,354	7,207	6,847	6,784
Other Non-Current Liabilities	309	420	428	437	446
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	1,122	1,728	2,849	3,847	4,615
Total Liabilities	5,806	9,502	10,484	11,131	11,845
Total Equity	3,290	3,931	6,974	12,145	18,689
Total Equity & Liabilities	9,096	13,432	17,458	23,276	30,533

## iQmethod<sup>SM</sup> - Bus Performance\*

Return On Capital Employed	20.7%	10.1%	26.3%	33.2%	30.9%
Return On Equity	39.9%	25.4%	59.0%	55.9%	43.4%
Operating Margin	30.8%	17.7%	36.1%	46.8%	49.5%
EBITDA Margin	28.8%	20.4%	35.4%	41.9%	43.3%

## iQmethod<sup>SM</sup> - Quality of Earnings\*

Cash Realization Ratio	0.3x	-0.1x	0.6x	0.9x	1.2x
Asset Replacement Ratio	11.8x	11.0x	2.2x	1.4x	1.2x
Tax Rate (Reported)	15.8%	21.5%	13.8%	18.4%	20.6%
Net Debt-to-Equity Ratio	94.3%	160.2%	99.0%	53.0%	33.8%
Interest Cover	8.1x	7.7x	9.5x	13.7x	18.0x

## Key Metrics

Sales Growth (YoY)	40.2%	41.7%	66.0%	35.1%	20.0%
EBITDA Growth (YoY)	126.5%	-12.4%	212.2%	69.9%	25.6%
Net Income Growth (YoY)	163.9%	-18.6%	258.1%	69.0%	26.2%
Net Profit Margin	19.6%	12.9%	25.6%	30.2%	31.3%

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 6.

## Company Description

Glenmark Pharmaceuticals ranks among India's fastest growing pharma companies. It has four strategic business units - domestic formulations, R&D, active pharmaceutical ingredients (APIs) and international formulations. International business accounts for 29% of overall revenues. Glenmark's international foray is aided by cash flows generated from out-licensing of its research molecule, GRC-3886 for asthma/COPD.

## Stock Data

Price to Book Value	12.6x
Market Cap (US\$ mn)	2,074

## Analyst Meet Highlights

### Base business update

Glenmark has provided guidance for base business to grow at a healthy 37% CAGR to US\$470mn by FY09E (vs US\$250mn in FY07). Key highlights are:

- Likely scale-up of US generics business to US\$90mn in FY08E and US\$130 mn in FY09E (vs. US\$50mn in FY07). This is likely to be driven by the launch of several of the 36 ANDAs pending approval, including 2 para IV filings and strategic partnerships. The management expects 15-20 product launches and 6-7 product approvals in FY08E apart from 8-10 third-party ANDAs
- The company plans to expand in the European market through the inorganic route and consolidate its acquisition of Medicamenta, a Czech marketing co.
- Likely scale-up of the Latam operations to US\$60mn by FY09E (vs US\$32mn in FY07) driven by increased dossier approvals.
- The company would expand its presence the product line in semi-regulated markets (SRM) and expects to achieve over 60% growth for FY08
- 15% growth outlook for India operations driven by increased chronic focus, new launches, in-licensing and increased field force
- Guidance of 25% revenue growth in API business with expectations of 12-14 DMFs in FY08E the year, increased supplies to regulated markets
- Glenmark's consolidated profit guidance is US\$125mn and US\$150mn for FY08E and FY09E respectively.

### Update on R&D progress

Key highlights of the status of the company's pipeline are provided below:

Table 1: Details of Glenmark's Research Progress

Compound	Target	Primary Indications	Status
GRC 3886 (Oglemilast)	PDE 4	Asthma, COPD	Completed Ph II trial for exercise induced asthma; Phase II for Asthma, COPD likely to be initiated soon; Survey by R&D Directions classified the molecule as one of the Great 100 Investigational Drugs
GRC 8200	DPP IV	Diabetes (Type II)	Ph II clinical development in progress; Glenmark retains exclusive marketing rights for India and will co-commercialise the drug in Rest of the World; Euro190mn tie - up with Merck KGaA of Germany in Oct 06 for US, Europe, Japan; Received Euro25 mn already
GRC 6211	VR 1	Osteoarthritis, Dental Pain, Incontinence, Neuropathic Pain	Glenmark follows in progress with this molecule after Merck licensed compound from Neurogen (currently in Ph II) and Pfizer licensed compound from Renovis (currently in pre-clinicals); Glenmark currently in discussions for potential licensing in regulated markets; Ph IIA studies to be initiated in Q1FY08; With only Pfizer ahead of it, the company has potential to benefit from an early launch

Source: Company Data

## Variance Analysis

**Table 2: Glenmark Pharmaceuticals: Quarterly results, March fiscal year ends**

Year to Mar (Rs mn)	Mar-06	Mar-07	QoQ	Comments
Domestic formulations	1,183	1,197	1%	Flat domestic formulations growth attributed to high base effect; outlook remains robust given new launch plans and impact of facility commissioning
API (domestic+ exports)	311	356	14%	Growth in regulated markets and new product introductions
Rest of World	270	454	68%	Strong growth seen in semi-regulated markets fuelled by growth in Russia and acquisitions in South Africa
US Generics	323	803	149%	Sharp growth in US revenues at US\$18mn is ahead of expectations driven by launch of new controlled substance product, strong performance of the base business, higher market share and relatively stable pricing (except for new launches). Glenmark expects US generic revenues of US\$m in FY08E noting 36 ANDAs pending approval (inclusive for partners)
Latin America	390	676	73%	Extended range of products from Servycal and received approvals to market 37 products
Revenues from Key Subsidiaries	<b>2,478</b>	<b>3,486</b>	<b>41%</b>	
<b>Gross sales</b>	<b>1,801</b>	<b>3,486</b>	<b>94%</b>	Overall revenues in line with Me
Excise duty	138	95	-31%	
<b>Net sales</b>	<b>1,663</b>	<b>3,391</b>	<b>104%</b>	
Cost of raw materials	653	998	53%	
% of Net Sales	39%	29%	-25%	
Staff costs	166	409	146%	Ramp up of field force across markets
% of Net Sales	10%	12%	21%	
SG&A expenses	504	973	93%	Entered newer markets leading to increased initial marketing expenditure
% of Net Sales	30%	29%	-5%	
Total expenditure	1,324	2,380	80%	
<b>EBITDA</b>	<b>339</b>	<b>1,010</b>	<b>198%</b>	Sharp 10% increase in EBITDA (YoY) attributed improved product-mix, higher margins in international business and lower SG &A costs
<i>EBITDA margin (%) (core business)</i>				
	19	29	54%	
Other income	26	77	198%	
<b>Operating profits</b>	<b>365</b>	<b>1,087</b>	<b>198%</b>	
Interest	(12)	(147)	1151%	
Depreciation	(37)	(124)	236%	
<b>Pre-tax profits</b>	<b>317</b>	<b>817</b>	<b>158%</b>	
Tax	(66)	(184)	179%	
<b>Net income (Consolidated)</b>	<b>251</b>	<b>632</b>	<b>152%</b>	

Source: Company Data, ML Research

## Analyst Certification

I, Visalakshi Chandramouli, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

## Special Disclosures

In accordance with the SEBI (Foreign Institutional Investors) Regulations and with guidelines issued by the Securities and Exchange Board of India (SEBI), foreign investors (individuals as well as institutional) that wish to transact the common stock of Indian companies must have applied to, and have been approved by SEBI and the Reserve Bank of India (RBI). Each investor who transacts common stock of Indian companies will be required to certify approval as a foreign institutional investor or as a sub-account of a foreign institutional investor by SEBI and RBI. Certain other entities are also entitled to transact common stock of Indian companies under the Indian laws relating to investment by foreigners. Merrill Lynch reserves the right to refuse copy of research on common stock of Indian companies to a person not resident in India. American Depositary Receipts (ADR) representing such common stock are not subject to these Indian law restrictions and may be transacted by investors in accordance with the applicable laws of the relevant jurisdiction. Global Depositary Receipts (GDR) and the Global Depositary Shares of Indian companies, Indian limited liability corporations, have not been registered under the U.S. Securities Act of 1933, as amended, and may only be transacted by persons in the United States who are Qualified Institutional Buyers (QIBs) within the meaning of Rule 144A under the Securities Act. Accordingly, no copy of any research report on Indian companies' GDRs will be made available to persons who are not QIBs.

**iQmethod<sup>SM</sup> Measures Definitions**

<b>Business Performance</b>	<b>Numerator</b>	<b>Denominator</b>
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
<b>Quality of Earnings</b>		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
<b>Valuation Toolkit</b>		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales} + \text{Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

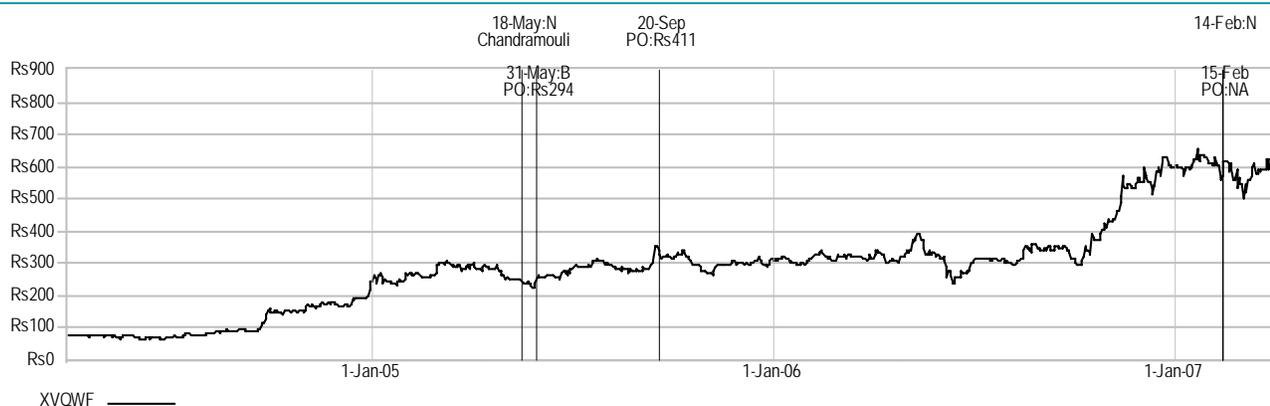
iQmethod<sup>SM</sup> is the set of Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase<sup>®</sup> is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by Merrill Lynch.

iQprofile<sup>SM</sup>, iQmethod<sup>SM</sup> are service marks of Merrill Lynch & Co., Inc. iQdatabase<sup>®</sup> is a registered service mark of Merrill Lynch & Co., Inc.

## Important Disclosures

### XVQWF Price Chart



B : Buy, N : Neutral, S : Sell, PO : Price objective, NA : No longer valid

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark Grey shading indicates the security is restricted with the opinion suspended. Light Grey shading indicates the security is under review with the opinion withdrawn. Chart current as of March 31, 2007 or such later date as indicated.

### Investment Rating Distribution: Health Care Group (as of 31 Mar 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	97	46.86%	Buy	25	27.78%
Neutral	100	48.31%	Neutral	32	34.41%
Sell	10	4.83%	Sell	3	33.33%

### Investment Rating Distribution: Global Group (as of 31 Mar 2007)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1562	45.16%	Buy	415	30.09%
Neutral	1615	46.69%	Neutral	446	30.65%
Sell	282	8.15%	Sell	49	19.76%

\* Companies in respect of which MLPF&S or an affiliate has received compensation for investment banking services within the past 12 months.

**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium, and C - High. **INVESTMENT RATINGS**, indicators of expected total return (price appreciation plus yield) within the 12-month period from the date of the initial rating, are: 1 - Buy (10% or more for Low and Medium Volatility Risk Securities - 20% or more for High Volatility Risk securities); 2 - Neutral (0-10% for Low and Medium Volatility Risk securities - 0-20% for High Volatility Risk securities); 3 - Sell (negative return); and 6 - No Rating. **INCOME RATINGS**, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure); 8 - same/lower (dividend not considered to be secure); and 9 - pays no cash dividend.

The company is or was, within the last 12 months, an investment banking client of MLPF&S and/or one or more of its affiliates: Glenmark Pharm.  
In the US, retail sales and/or distribution of this report may be made only in states where these securities are exempt from registration or have been qualified for sale: Glenmark Pharm.

MLPF&S or an affiliate has received compensation for investment banking services from this company within the past 12 months: Glenmark Pharm.  
MLPF&S together with its affiliates beneficially owns one percent or more of the common stock of this company. If this report was issued on or after the 10th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 10th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Glenmark Pharm.

The country in which this company is organized has certain laws or regulations that limit or restrict ownership of the company's shares by nationals of other countries: Glenmark Pharm.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of Merrill Lynch, including profits derived from investment banking revenues.

## Other Important Disclosures

UK readers: MLPF&S or an affiliate is a liquidity provider for the securities discussed in this report.

---

### Information relating to Non-U.S. affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S):

MLPF&S distributes research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch (Frankfurt): Merrill Lynch International Bank Ltd, Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd; Merrill Lynch (Milan): Merrill Lynch International Bank Limited; MLPF&S (UK): Merrill Lynch, Pierce, Fenner & Smith Limited; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co, Ltd; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Global (Taiwan) Limited; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (KL) Sdn. Bhd.; Merrill Lynch (Malaysia); Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): Merrill Lynch CIS Limited, Moscow.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-U.S. affiliates. MLPF&S is the distributor of this research report in the U.S. and accepts full responsibility for research reports of its non-U.S. affiliates distributed in the U.S. Any U.S. person receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates.

This research report has been approved for publication in the United Kingdom by Merrill Lynch, Pierce, Fenner & Smith Limited, which is authorized and regulated by the Financial Services Authority; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co, Ltd, a registered securities dealer under the Securities and Exchange Law in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited, which is regulated by the Hong Kong SFC; is issued and distributed in Taiwan by Merrill Lynch Global (Taiwan) Ltd or Merrill Lynch, Pierce, Fenner & Smith Limited (Taiwan Branch); is issued and distributed in Malaysia by Merrill Lynch (KL) Sdn. Bhd., a licensed investment adviser regulated by the Malaysian Securities Commission; and is issued and distributed in Singapore by Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd (Company Registration No.'s F 06872E and 198602883D respectively). Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. are regulated by the Monetary Authority of Singapore. Merrill Lynch Equities (Australia) Limited, (ABN 65 006 276 795), AFS License 235132, provides this report in Australia. No approval is required for publication or distribution of this report in Brazil.

Merrill Lynch (Frankfurt) distributes this report in Germany. Merrill Lynch (Frankfurt) is regulated by BaFin.

### Copyright, User Agreement and other general information related to this report:

Copyright 2007 Merrill Lynch, Pierce, Fenner & Smith Incorporated. All rights reserved. This research report is prepared for the use of Merrill Lynch clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of Merrill Lynch. Merrill Lynch research reports are distributed simultaneously to internal and client websites eligible to receive such research prior to any public dissemination by Merrill Lynch of the research report or information or opinion contained therein. Any unauthorized use or disclosure is prohibited. Receipt and review of this research report constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained in this report (including any investment recommendations, estimates or price targets) prior to Merrill Lynch's public disclosure of such information. The information herein (other than disclosure information relating to Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy. Merrill Lynch makes no representations or warranties whatsoever as to the data and information provided in any third party referenced website and shall have no liability or responsibility arising out of or in connection with any such referenced website.

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other investment or any options, futures or derivatives related to such securities or investments. It is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities or other investments, if any, may fluctuate and that price or value of such securities and investments may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Merrill Lynch Research policies relating to conflicts of interest are described at <http://www.ml.com/media/43347.pdf>.

Fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

iQmethod, iQmethod 2.0, iQprofile, iQtoolkit, iQworks are service marks of Merrill Lynch & Co., Inc. iQanalytics®, iQcustom®, iQdatabase® are registered service marks of Merrill Lynch & Co., Inc.