Morgan Stanley

MORGAN STANLEY RESEARCH

Morgan Stanley Dean Witter Asia Limited+

Companies Featured

000810.KS, 001450.KS, 002550.KS, 005830.KS, 0316.HK, 0522.HK, ACC.BO, GACM.BO, GRAS.BO, IDFC.BO, ITC.BO, SUN.BO, ULTC.BO

March 12, 2007

Asia/Pacific Equity Morning Summary

Highlights

The Morning Call

India Cement / Can't Fight the State	
ACC Ltd. (India) / Pricing Story Over	Underweight
Ambuja Cements Ltd. (India) / Near Term Weakness	Underweight
Grasim Industries (India) / Cement Bet Hedged	Equal-weight
UltraTech CemCo (India) / Worst Hit by Disappearance of Pricing Power	Underweight
IDFC (India) / Attractive Despite the Regulatory Burden	Overweight
ITC Ltd. (India) / Downgrading to Equal-weight	Equal-weight
S. Korea Insurance / Time to Enjoy the Wave	
Dongbu Insurance (S. Korea) / Best of Both Worlds – Growth and Profitability	Overweight
Hyundai Marine & Fire (S. Korea) / Double Joy!	Overweight
LIG Insurance (S. Korea) / Riding the Up-Cycle	Overweight
Samsung Fire & Marine (S. Korea) / Good Company…but Full Valuations	Equal-weight

Company/Industry Analysis

ASM Pacific (Hong Kong) / FY06 Results Review	Equal-weight-V
Orient Overseas Int'l Limited (Hong Kong) / In-line 2H06 Core Earnings; Disappointing Special DPS	Equal-weight
Sun Pharmaceutical Industries (India) / Price Target And EPS Upgrades	Overweight

Strategy/Economics Analysis

AP Strategy: Key Events / China Statistics; HK Results
India Strategy / Model Portfolio Change I
India Strategy / Model Portfolio Change II

India Discovery / Lanco Infratech Ltd.

What's Changed

Stock Rating Changes - Downgrades

		Stock Rating		Price Target		ModelWare Estimate		
Ticker	Company	From	To	From	To	From	To (FY)	Consensus*
ACC.BO	ACC Ltd.	O	U	Rs1,141.00	Rs598.00	Rs56.80 Rs63.93	Rs57.00 (12/'07) Rs59.18 (12/'08)	-- --
GACM.BO	Ambuja Cements Ltd.	O	U	Rs126.00	Rs84.50	Rs5.79 Rs8.20 Rs9.07	Rs11.61 (6/'06) Rs7.74 (6/'07) Rs3.80 (6/'08)	-- -- --
GRAS.BO	Grasim Industries	O	E	Rs2,803.00	Rs1,783.00	Rs173.96	Rs173.97 (3/'08)	--
ITC.BO	ITC Ltd.	O	E	Rs220.00	Rs140.00	Rs8.50 Rs9.77	Rs7.47 (3/'08) Rs8.55 (3/'09)	-- --
ULTC.BO	UltraTech CemCo	O	U	Rs990.00	Rs554.00	Rs35.96 Rs44.40	Rs55.23 (3/'07) Rs61.02 (3/'08)	-- --

Industry View Changes - Down

	Industry View		
Industry Name	From	To	Report Headline
India Cement	A	C	Can't Fight the State

Estimates/Price Target Changes - Up

		Stock Rating		Price Target		ModelWare Estimate		
Ticker	Company	From	To	From	To	From	To (FY)	Consensus*
SUN.BO	Sun Pharmaceutical Industries	--	O	Rs1,100.00	Rs1,240.00	Rs34.02 Rs41.71 Rs49.49	Rs35.69 (3/'07) Rs43.58 (3/'08) Rs51.82 (3/'09)	-- -- --

Estimates/Price Target Changes - Down

002550.KS	LIG Insurance	--	O	W18,700.00	W20,500	--	--	--

Estimates/Price Target Changes - Up/Down

0522.HK	ASM Pacific	--	E-V	HK$40.00	HK$45.00	HK$2.82	HK$2.78 (12/'07)	--
IDFC.BO	IDFC	--	O	Rs110.00	Rs112.00	Rs5.8 Rs7.2	Rs5.4 (3/'08) Rs6.4 (3/'09)	-- --
0316.HK	Orient Overseas Int'l Limited	--	E	HK$75.40	HK$72.50	US$0.78 US$3.83 US$0.82	US$0.83 (12/'06) US$3.98 (12/'07) US$0.92 (12/'08)	-- -- --

Assuming Coverage

005830.KS	Dongbu Insurance	--	O	W29,500.00	W30,300	-- -- --	W1,245(3/'07) W1,863(3/'08) W2,525(3/'09)	-- -- --
001450.KS	Hyundai Marine & Fire	--	O	--	W16,500	-- -- --	W300(3/'07) W1,002(3/'08) W1,525(3/'09)	-- -- --
002550.KS	LIG Insurance	--	O	--	W20,500	-- --	W(159) (3/'07) W1,1019 (3/'08)	

000810.KS	Samsung Fire & Marine	--	E	W161,000.00	W166,000	-- -- --	W5,707(3/'07) W7,805(3/'08) W9,693(3/'09)	-- -- --

* First Call consensus estimate

The Morning Call

India Cement: Can't Fight the State

India Cement: Cautious

JM Morgan Stanley Securities Private Limited+
Akshay.Soni@morganstanley.com, Pratima.Swaminathan

Conclusion: We are changing our view of the India cement industry from Attractive to Cautious. While the fundamentals in terms of pricing remain strong for the next 12 months (F2008E), government intervention has rendered pricing power meaningless.

Background: After losing state elections in Punjab and Uttaranchal and the upcoming elections in Uttar Pradesh, the ruling coalition Government is anxious to curb inflation (6.05% vs the comfort level of 5–5.5%). While cement, in our view, is a very small part of inflation (around 25 bps vs. 31 bps in May 2006), the government identified it as one of the main sectors for curtailing price increases. While concerned, we maintained our Attractive view on the sector on past history (cement makers were able to tide over a similar scare in May 2006), and our belief the Indian government would not interfere in free market pricing.

What's New: After the Commerce Minister Kamal Nath spoke about "keeping options open" on a potential ban on exports (which would have led to a significant decline in pricing, especially in the Western region), cement companies agreed to freeze pricing for the next 12 months. The companies also agreed to pass on any benefits of potential duty (excise) cuts to consumers through price cuts.

Stock Impact: We are cutting our rating on the four cement stocks we track – from Overweight to Underweight for the pure plays (ACC, Ambuja Cement and Ultratech) and from Overweight to Equal-weight for Grasim. While we have been advocating a positive stance for a 6 month period on pricing power before the capacity led downturn (in F2009), the agreement reached by the sector with the government has ruled out any price increases and thus potential upward earnings revisions for the next 12 months.

ACC.BO, ACC Ltd. (Rs780.85) / Pricing Story Over

Rating: Underweight
India Cement: Cautious
Target: Rs598.00
52-Week Range: Rs1,192.00-625.00
Mkt. Cap : Rs139,952 mn
ModelWare EPS: Rs57.00 (FY 12/'07), Rs59.18 (FY 12/'08)
EPS, basic, rpt'd: Rs66.05 (FY 12/'07)

JM Morgan Stanley Securities Private Limited+
Akshay.Soni@morganstanley.com, Pratima.Swaminathan

Conclusion: We are lowering our view on the cement sector from Attractive to Cautious. While the fundamentals in terms of pricing remain strong for the sector for the next 12 months (F2008E), government intervention has rendered the pricing power meaningless, in our view. We are also lowering our rating on ACC from Overweight to Underweight, and our new price target of Rs598 implies a downside of 23%.

What's New: After the commerce minister, Mr. Kamal Nath spoke about "keeping options open" on a potential ban on exports (which would have led to a significant decline in pricing, especially in the Western region), the cement companies agreed to freeze pricing for the next 12 months. The companies have also agreed to pass on any benefits of potential duty (excise) cuts to the consumers, through price cuts.

Implications: While we have been advocating a positive stance for a 6 month period on pricing power before the capacity led downturn (in F2009) the agreement reached by the sector with the government has ruled out any price increases and thus potential upwards earnings revisions for the next 12 months, in our view.

Unstated Change Larger than EPS Dip: The move to hold pricing appears to have negated the increased pricing scenario that the market was starting to factor in. While the stock prices had been moving up on potential EPS upgrades in F2008, given the strong pricing power in the sector, this move has resulted in a decline of 7% in our EPS for ACC.

GACM.BO, Ambuja Cements Ltd. (Rs109.95) / Near Term Weakness

JM Morgan Stanley Securities Private Limited+
Akshay.Soni@morganstanley.com, Pratima.Swaminathan

Rating: Underweight
India Cement: Cautious
Target: Rs84.50
52-Week Range: Rs150.00-77.00
Mkt. Cap : Rs29,728 mn
ModelWare EPS: Rs7.74 (FY 6/'07), Rs3.80 (FY 6/'08)
EPS, basic, rpt'd: Rs7.74 (FY 6/'07)

Conclusion: We are lowering our industry view on the cement sector from Attractive to Cautious. While the fundamentals in terms of pricing remain strong for the sector for the next 12 months (F2008E), government intervention has rendered the pricing power meaningless, in our view. We are also lowering our rating on Ambuja Cements from Overweight to Underweight, and our new price target of Rs84.5 implies a downside of 22%.

What's New: After the commerce minister, Mr. Kamal Nath spoke about “keeping options open” on a potential ban on exports (which would have led to a significant decline in pricing, especially in the Western region), the cement companies agreed to freeze pricing for the next 12 months. The companies have also agreed to pass on any benefits of potential duty (excise) cuts to the consumers, through price cuts.

Implications: While we have been advocating a positive stance for a 6 month period on pricing power before the capacity led downturn (in F2009) the agreement reached by the sector with the government has ruled out any price increases and thus potential upwards earnings revisions for the next 12 months.

Unstated Change Larger than EPS Dip: The move to hold pricing appears to have negated the increased pricing scenario that the market was starting to factor in. While the stock prices had been moving up on potential EPS upgrades in F2008, given the strong pricing power in the sector, this move has resulted in a decline of 4% in our EPS for Ambuja Cement.

GRAS.BO, Grasim Industries (Rs2,069.15) / Cement Bet Hedged

JM Morgan Stanley Securities Private Limited+
Akshay.Soni@morganstanley.com, Pratima.Swaminathan

Rating: Equal-weight
India Cement: Cautious
Target: Rs1,783.00
52-Week Range: Rs2,908.00-1,462.00
Mkt. Cap : Rs189,720 mn
ModelWare EPS: Rs163.68 (FY 3/'07), Rs173.97 (FY 3/'08)
EPS, basic, rpt'd: Rs163.68 (FY 3/'07)

Conclusion: We are changing our view on the cement sector from Attractive to Cautious. While the fundamentals in terms of pricing remain strong for the sector for the next 12 months (F2008E), government intervention has rendered the pricing power meaningless, in our view. We are also lowering our rating on Grasim from Overweight to Equal weight, and our new price target of Rs1,783 implies a downside of 14%. Grasim’s stable cash stream from its VSF business has helped it avoid the underweight rating of its pure play peers.

What's New: After the commerce minister, Mr. Kamal Nath spoke about “keeping options open” on a potential ban on exports (which would have led to a significant decline in pricing, especially in the Western region), the cement companies agreed to freeze pricing for the next 12 months. The companies have also agreed to pass on any benefits of potential duty (excise) cuts to the consumers, through price cuts.

Implications: While we have been advocating a positive stance for a 6 month period on pricing power before the capacity led downturn (in F2009) the agreement reached by the sector with the government has ruled out any price increases and thus potential upwards earnings revisions for the next 12 months.

Unstated Change Larger than EPS Dip: The move to hold pricing has negated the increased pricing scenario that the market was starting to factor in. While the stock price had been moving up on potential EPS upgrades in F2008, given the strong pricing power in the sector, this move would have resulted in a decline in our EPS for Grasim. However, the uptick in Ultratech's (a subsidiary in the cement business) numbers helped Grasim register a 2% growth in F2008E EPS.

ULTC.BO, UltraTech CemCo (Rs779.50) / Worst Hit by Disappearance of Pricing Power

JM Morgan Stanley Securities Private Limited+
Akshay.Soni@morganstanley.com, Pratima.Swaminathan

Rating: Underweight
India Cement: Cautious
Target: Rs554.00
52-Week Range: Rs1,204.95-500.50
Mkt. Cap : Rs96,970 mn
ModelWare EPS: Rs55.23 (FY 3/'07), Rs61.02 (FY 3/'08)
EPS, basic, rpt'd: Rs55.23 (FY 3/'07)

Conclusion: We are changing our view on the cement sector from Attractive to Cautious. While the fundamentals in terms of pricing remain strong for the sector for the next 12 months (F2008E), government intervention has rendered the pricing power meaningless, in our view. We are also lowering our rating on Ultratech from Overweight to Underweight, and our new price target of Rs554 implies a downside of 29%.

What's New: After the commerce minister, Mr. Kamal Nath spoke about "keeping options open" on a potential ban on exports (which would have led to a significant decline in pricing, especially in the Western region), the cement companies agreed to freeze pricing for the next 12 months. The companies have also agreed to pass on any benefits of potential duty (excise) cuts to the consumers, through price cuts.

Implications: While we have been advocating a positive stance for a 6 month period on pricing power before the capacity led downturn (in F2009) the agreement reached by the sector with the government has ruled out any price increases and thus potential upwards earnings revisions for the next 12 months.

Unstated Change More Important: The move to hold pricing has negated the increased pricing scenario that the market was starting to factor in. While the stock price had been moving up on potential EPS upgrades in F2008, given the strong pricing power in the sector, this move would have resulted in a decline in our EPS for Ultratech. However, the adjustment for stronger than expected pricing and cost control in the first 3 quarters of F2008 helped register a 37% growth in F2008E EPS.

IDFC.BO, IDFC (Rs84.65) / Attractive Despite the Regulatory Burden

Morgan Stanley Dean Witter Asia Limited+
Anil.Agarwal@morganstanley.com, Amit.Rajpal

JM Morgan Stanley Securities Private Limited+
Anil.Bang@morganstanley.com, Mansi.S.Shah

Rating: Overweight
India Financial Services: In-Line
Target: Rs112.00
52-Week Range: Rs113.00-43.35
Mkt. Cap : US$2.2 bn
ModelWare EPS: Rs4.8 (FY 3/'07), Rs5.4 (FY 3/'08)

IDFC stock has been under pressure due to regulatory and policy changes – While the government and RBI have been talking about the need for infrastructure funding, their steps have reduced the profitability of this business. We believe these steps were taken to curb retail and real estate financing – but IDFC has also been affected. We see a high probability that infrastructure funding will be exempted from the new regulations – however, given that, as yet, there has been no clarification, our estimates now assume that IDFC is given no leeway – hence the lower earnings numbers.

However, the private equity business is doing much better than our previous assumptions – We believe the IRR that IDFC is generating on funds currently in existence is close to 50%. Given that IDFC has a 20% share in the returns, the carry income on these funds will be quite significant for the company. We now value IDFC's PE business based on a DCF approach, which values it at Rs26 per share. This equates to 19% of AUM – Fortress

Investments, which was recently listed in the US, trades at close to 38% of AUM.

Our lending business value is reduced due to the impact of new regulations – We have reduced our NIM estimates steeply to 1.9% for F2009 (implying a NIM of about 1.7% by March 2009). This reduces our earnings estimates. However, a higher private equity value implies a rise in the sum of the parts fair value to Rs112 – implying 32% upside potential.

We have also performed a Bull Bear analysis due to the regulatory uncertainties – The blue-sky value for IDFC (if recent regulations are relaxed for IDFC) is Rs134.

ITC.BO, ITC Ltd. (Rs154.35) / Downgrading to Equal-weight

JM Morgan Stanley Securities Private Limited+
Hozefa.Topiwalla@morganstanley.com, Nillai.Shah

Rating: Equal-weight
India Consumer: Attractive
Target: Rs140.00
52-Week Range: Rs212.70-140.40
Mkt. Cap : Rs579,615 mn
ModelWare EPS: Rs7.27 (FY 3/'07), Rs7.47 (FY 3/'08)
EPS, basic, rpt'd: Rs7.27 (FY 3/'07)

Downgrading ITC to Equal-weight: We downgrade ITC to Equal-weight from Overweight and lower our F2008 and F2009 earnings forecasts by 12.1% and 13.2%, respectively. We are 14.2% and 17.8% below consensus earnings on F2008 and F2009, and we expect these to come down. We believe the stock has around 10% downside from current levels, and it is likely to languish over next 2-3 quarters due to a combination of uncertainty over VAT levy and slowdown in earnings momentum. Our new price target is Rs140.

VAT likely to be levied on cigarettes: We believe there is a high probability that the central government may amend the Additional Duties of Excise (Goods of Special Importance) Act 1957 and drop tobacco from this bill to allow state governments to levy VAT on cigarettes in F2008. In our view, it is likely that the central government may allow states to levy a 12.5% VAT cigarettes in F2008, which would impact cigarettes volumes and earnings growth adversely. We expect ITC's cigarette volumes to decline 3% and earnings growth to be restricted to 3% in F2008.

4% VAT unlikely to result in stock outperformance: In our view, if the state government decides to levy a 4% VAT on cigarettes in F2008, the impact on ITC's cigarette volumes and earnings in F2008 will be limited. Since the 4% VAT is levied only on 'Merit Goods' meant for mass consumption, it is likely that states will gradually increase the VAT rate on cigarettes to 12.5% over the next two years. Potential uncertainty over future VAT rates, even if the government levies 4% in F2008, is likely to impact stock performance. However, if the state governments decide to levy VAT of 12.5% on ex-factory price (rather than selling price) then investors should consider taking positions in ITC on share price declines.

S. Korea Insurance: Time to Enjoy the Wave

Morgan Stanley & Co. International Limited, Seoul Branch+
Jennifer.Han@morganstanley.com, Chan.Hwang

S. Korea Insurance: Attractive

Assuming coverage with an Attractive View: We expect adjusted earnings of Korea's top four insurers to increase 62% in F2008 and 31% in F2009. Major drivers for earnings growth are 1) cyclical turnaround in auto line; and 2) structural improvement in long-term line. Also, relief from the burden for IBNR reserves should add to earnings. We rate Hyundai M&F, LIG Insurance, and Dongbu Insurance Overweight. Hyundai M&F should benefit most from both 1) a turnaround in the auto line and 2) maturing of legacy products. LIG is the most geared to a turnaround in auto line. Dongbu provides good value with superior underwriting capability proved by its risk and loading margin. We respect the leading position and strong underwriting capability of Samsung Fire & Marine; it too should benefit from a turnaround in auto line. However, due to its demanding valuations, we rate the stock Equal-weight.

Auto insurance – enjoy the wave: Auto insurance is a cyclical business due to the time-lag in premium changes. We believe the next up-cycle is about to begin. Since April 2006, insurers have had multiple premium hikes totaling about 11%. We believe the positive effect of these increases will be visible in coming months. In addition, the timing of the hikes will, in our view, prolong the up-cycle to F2009 (end March 2009).

Long-term line – solid premium growth: We project a CAGR of 11% (F2006-10) as 1) penetration of protection-type insurance is still low and 2) pursuit of a higher standard of living is growing. Initial premiums, which may be a leading indicator of future premiums, have been strong (past two-year average 17%) supporting our positive outlook.

Long-term line – structural improvement in loss ratio: We believe the long-term line loss ratio will continue to decline as 1) maturing high-yield guaranteed policies will lower interest expense and expand the interest spread on premium reserves and 2) insurers have completed IBNR reserve requirements for existing premiums and now need only reserve for growth in risk premiums.

005830.KS, Dongbu Insurance (W25,850) / Best of Both Worlds – Growth and Profitability

Morgan Stanley & Co. International Limited, Seoul Branch+
Jennifer.Han@morganstanley.com, Chan.Hwang

Rating: Overweight
S. Korea Insurance: Attractive
Target: W30,300
52-Week Range: W27,550-17,550
Mkt. Cap : W1,830 bn
ModelWare EPS: W1,245 (FY 3/'07), W1,863 (FY 3/'08)
EPS, basic, rpt'd: W1,245 (FY 3/'07)

Assuming coverage with an Overweight rating and price target of W30,300: We believe Dongbu has one of the strongest underwriting capabilities and efficiency among the Korean insurers. With the sector expected to see a cyclical turnaround in auto insurance in tandem with structural improvement in long-term lines, we believe Dongbu provides good value with superior underwriting capability underscored by its risk and loading margin. We forecast Dongbu's adjusted earnings to improve 39% in FY08 and 29% in FY09.

Cyclical Turnaround in Auto Insurance: Dongbu, along with other non-life insurers, raised its auto insurance premium by a total of c11% over the past year. Given that premium changes take at least 13 months to be fully reflected, we should soon see the positive impact of its first premium hike of c4% done in April 2006. Moreover, further positives should continue to feed through from subsequent hikes, driving significant earnings growth in both FY08E and FY09E.

Efficient Insurer with Strong Underwriting Capability: Dongbu's low long-term combined ratio demonstrates its strong pricing capability, while its similar expense ratio to Samsung, which has much larger scale, reflects its operating efficiency. With its impressive underwriting capability, we believe Dongbu can capture more value from growing LT premiums.

Strong Capital Management: The fact that Dongbu has been able to improve its solvency ratio while growing its premiums demonstrates that it is able to generate more value from its premiums than its peers. Dongbu is the only Korean insurer that has been able to increase both its top-line and solvency ratio despite the fact that premium growth increases the reserve burden, in turn pressuring solvency ratios.

Valuation: Dongbu is currently trading at 1.7x FY08E adj. P/B with 16% adj. ROE vs. Samsung at 1.9x and 11% adj. ROE.

001450.KS, Hyundai Marine & Fire (W12,300) / Double Joy!

Morgan Stanley & Co. International Limited, Seoul Branch+
Jennifer.Han@morganstanley.com, Chan.Hwang

Rating: Overweight
S. Korea Insurance: Attractive
Target: W16,500
52-Week Range: W15,100-10,300
Mkt. Cap : W1,100 bn
ModelWare EPS: W300 (FY 3/'07), W1,002 (FY 3/'08)
EPS, basic, rpt'd: W300 (FY 3/'07)

Assuming coverage with an Overweight rating and price target of W16,500: We expect the insurance sector to see a cyclical turnaround in auto loss ratio and structural improvement in long-term business. Hyundai should mostly benefit from 1) auto line as it is highly geared to the auto insurance business and 2) maturing legacy products as it has the largest exposure among its peers. Hence, we forecast Hyundai's adjusted earnings to improve 108% in FY08 and 39%

in FY09. Our price target implies 34% upside from current levels.

Cyclical turnaround in auto insurance: Hyundai, along with other non-life insurers, raised its auto insurance premium by a total of c11% over the past year. Given that premium changes take at least 13 months to be fully reflected, we believe we should soon see the positive impact from its first premium hike of c4% done in April 2006. Moreover, further improvements should continue to feed through from subsequent hikes, driving significant earnings growth in both FY08E and FY09E.

Prudent reserve management in auto insurance: Hyundai has consistently posted lower auto loss ratio vs. its peers while maintaining higher level of claim reserve ratio over the years. We believe its prudent reserve management in auto insurance will allow Hyundai to show faster improvement in auto loss ratio as insurers enter the up-cycle.

Key beneficiary of maturing legacy products: Hyundai has the largest exposure to high-yield guaranteed policies that were sold post Asian financial crisis. As most of the high-yield legacy products have maturities of 5–6 years and are being replaced with lower floating rate based policies, we expect Hyundai's funding cost to decline, thereby lowering its long-term loss ratio and expanding interest spread on premium reserves.

002550.KS, LIG Insurance (W16,350) / Riding the Up-Cycle

Morgan Stanley & Co. International Limited, Seoul Branch+
Jennifer.Han@morganstanley.com, Chan.Hwang

Rating: Overweight
S. Korea Insurance: Attractive
Target: W20,500
52-Week Range: W18,700-10,550
Mkt. Cap : W981 bn
ModelWare EPS: W(159) (FY 3/'07), W1,019 (FY 3/'08)
EPS, basic, rpt'd: W(159) (FY 3/'07)

Assuming coverage with an Overweight rating and a price target of W20,500: We expect LIG's earnings to improve significantly in FY08 and FY09 with a cyclical turnaround in auto insurance business in tandem with a structural improvement in long-term line business. Considering the significant earnings improvement we expect, the stock's current valuation looks compelling. While we agree that company's operation is not one of the strongest, with a high expense ratio and weak underwriting capability, its recent change in management brings hope for improvement.

Cyclical turnaround in auto insurance: Along with the other non-life insurers, LIG has raised its auto insurance premium by a total of c.11% over the past year. Given that premium changes take at least 13 months to be fully reflected, we believe we should soon see the positive impact from its first premium hike of c. 4% done in April 2006. Moreover, further improvements should continue to feed through from subsequent hikes, driving significant earnings growth in both FY08E and FY09E. As LIG's earnings are the most geared to auto insurance business among the top four insurers, we believe LIG will benefit the most from the coming up-cycle.

Improvement in long-term combined ratio: While LIG has weak underwriting capability, as evidenced by its high long-term combined ratio vs. its peers, it has shown the most improvement among the top four insurers over the past five years. We expect LIG to reap the benefits from its efforts as long-term premium growth continues.

Change in management, change in strategy? LIG recently named its former CFO as co-CEO. We are cautiously optimistic that the new management will shift LIG's focus towards profitability rather than top-line growth. Its recent restructuring efforts would seem to support this expectation. .

000810.KS, Samsung Fire & Marine (W157,500) / Good Company…but Full Valuations

Morgan Stanley & Co. International Limited, Seoul Branch+
Jennifer.Han@morganstanley.com, Chan.Hwang

Rating: Equal-weight
S. Korea Insurance: Attractive
Target: W166,000
52-Week Range: W178,000-119,000
Mkt. Cap : W7,698 bn
ModelWare EPS: W5,707 (FY 3/'07), W7,805 (FY 3/'08)
EPS, basic, rpt'd: W5,707 (FY 3/'07)

Assuming coverage with an Equal-weight rating and a price target of W166,000: Samsung Fire & Marine (Samsung) is a leading non-life insurer with strong underwriting capability. With the sector likely to see a cyclical turnaround in auto insurance and a structural improvement in long-term business, Samsung should benefit from the up-cycle, in our view. Moreover, it is capable of generating value by growing its long-term line business. We believe Samsung deserves to trade at a premium over the second-tier insurers, given its strong operations, but its current valuation looks too full to offer significant further upside potential.

Sector Improvement: We believe we are set to see the next cyclical turnaround in auto insurance as positive impact from multiple premium hikes continues to feed through. Long-term premium growth should remain solid, coupled with a declining long-term loss ratio as high-yield legacy products mature and the additional IBNR reserve requirement for existing risk premium is complete.

Leading Insurer in Korea: Samsung is a leading insurer, with over 30% market share, allowing it to enjoy economies of scale. It has the lowest long-term line combined ratio among its peers, demonstrating its strong underwriting capability, which should allow it to capture value from continuous growth in long-term premiums.

Demanding Valuation: While we think Samsung should benefit from an improving sector outlook and its strong operations warrant a premium over its peers, the stock looks fully valued at current levels. Samsung trades at 1.9x FY08E adjusted P/B (31% premium over the second-tier insurers) vs. 10.6% FY08E adjusted ROE. Our price target implies 5.4% upside potential.

Company/Industry Analysis

HONG KONG

0522.HK, ASM Pacific (HK$45.60) / FY06 Results Review

Viktor.Ma@morganstanley.com, Susanna.Chan

Rating: Equal-weight-V
Hong Kong Technology: Attractive
Target: HK$45.00
52-Week Range: HK$50.15-34.30
Mkt. Cap : HK$17,799 mn
ModelWare EPS: HK$2.78 (FY 12/'07), HK$3.24 (FY 12/'08)
EPS, basic, rpt'd: HK$2.79 (FY 12/'07)

Conclusion: ASMP delivered better-than-expected FY06 results thanks to a strong global semiconductor industry experienced in 2006. However, we see softer demand in 2H06 as order backlog decreased to US$230 million in 2H06 from US$283 million in 1H06. Despite the strong growth in the semiconductor industry in 2006, we are cautious that it will be sustainable to 2007. We project industry revenue to decrease by 5% in 2007, followed by a pick up of +10% in 2008. We believe ASMP's performance will not deviate significantly from the market. Due to lower backlog and a less optimistic industry outlook, we revised down our earnings forecast by 1.1% to HK$1,080 million for FY07. We are retaining our Equal-weight-V rating on ASMP and raising our target price to HK$45 (from HK$40) to reflect a higher base reported for FY06. This values the stock at 14x our new FY08 EPS forecast of HK$3.24.

What's New: Revenue and net profit were 15.4% and 12.5% better than our expectation. Net profit increased by 35% YoY to HK$1,149 million, or HK$2.96 diluted EPS, with net margin of 25.2%. Cash on hand increased 26% YoY to HK$915 million. Dividend ratio was 89.4%. We project FY07 revenue to deteriorate by 5% due to a decline in order backlog and an overall slowdown in the global semiconductor industry.

Implications: The stock dropped by 4.8% right after ASMP's FY06 results announcement. We believe the drop reflects a market correction from the previous unrealistic appreciation since the beginning of 2007. The stock is currently trading at 16.4x and 14.1x of our FY07 and FY08 EPS forecasts. We recommend investors to hold the stock or lock in profit at current levels and find more attractive entry levels below HK$45.

0316.HK, Orient Overseas Int'l Limited (HK$66.30) / In-line 2H06 Core Earnings;

Rating: Equal-weight
Hong Kong Transportation: In-Line

Disappointing Special DPS

Jim.Lam@morganstanley.com

Target: HK$72.50
52-Week Range: HK$68.70-25.55
Mkt. Cap : US$5,310 mn
ModelWare EPS: US$3.98 (FY 12/'07), US$0.92 (FY 12/'08)
EPS, basic, rpt'd: US$4.02 (FY 12/'07)

Conclusion: We are retaining our Equal-weight rating on OOIL. We have slightly trimmed our 12-month price target to HK$72.50 from HK$75.4 to reflect the lower-than-expected special DPS (US$0.80/share or 25% of port disposal gain of US$3.16/share) and the resulting higher uncertainty in respect of the future usage of the remainder of the port disposal proceeds. For OOIL's core liner business, our positive view remains changed.

What's New: OOIL announced a higher-than-expected 2H06 net profit of US$301 million against our original forecast of US$221 million. The key variance between our forecast and the actual 2H06 earnings stems mainly from a US$50 million lower-than-expected business and administrative expenses and an extra US$25 million revaluation gain on a US investment property. We are raising our earnings estimates for 2007E and 2008E by 4% and 12% to reflect likely lower non-core expenses but are keeping most of our other key earnings assumptions unchanged.

Implications: Our 12-month price target of US$72.5 (including 2006 and forecast 1H 2007 special DPS of US$0.8/share each) indicates a moderate upside of 9% from the current levels, hence our Equal-weight rating. We however see more upside in the medium- to longer-term as we believe container shipping stocks could start to trade on peak-cycle multiples (as opposed to current mid-cycle multiples) from 2008 onwards.

INDIA

SUN.BO, Sun Pharmaceutical Industries (Rs983.40) / Price Target And EPS Upgrades

JM Morgan Stanley Securities Private Limited+
Sameer.Baisiwala@morganstanley.com, Asish.Chhabra

Rating: Overweight
India Pharmaceuticals: In-Line
Target: Rs1,240.00
52-Week Range: Rs1,082.00-639.95
Mkt. Cap : Rs203,683 mn
ModelWare EPS: Rs35.69 (FY 3/'07), Rs43.58 (FY 3/'08)
EPS, basic, rpt'd: Rs35.69 (FY 3/'07)

We have raised our earnings and price target for our preferred stock in the sector, Sun Pharmaceuticals.

Earnings have been raised by 4.9%, 4.5% and 4.7% for F07, F08 and F09,respectively, to reflect the upside from recently launched phenytoin and overall momentum in Sun's business.

Our new price target of Rs1,240, implying 26% upside from the current market price, is based on 'sum of part valuations' – the base business at Rs1,140 (target EPS multiple of 22x applied to F09 EPSE of Rs51.8) and to be de-merged research entity at Rs100 per share. We argue for premium multiples in view of a long and consistent track record of high earnings growth, high ROCE, quality balance sheet and astute management team. We estimate three years (F07-09) CAGR of 23.1% for Sun's EPS.

Near Term Catalyst - Sun has announced its plans to disclose its proprietary pipeline (NDDS and NCE moleculels) on 15th March 07, which is a pre-cursor to the de-merger of its research entity as a separate company. We have been anticipating this event, and believe that the company can surprise the market with the underlying Intellectual Property build up.

What is not in the earnings - We have not included any upside from the pipeline of ongoing patent challenges (including amifostine, pantoprazole etc.).

Mid Term Valuation drivers: commercialization of Able/Valiant pipelines and research/regulatory progress of generic Lupron and Doxil.

Strategy/Economics Analysis

AP Strategy: Key Events/China Statistics; HK Results

Malcolm.Wood@morganstanley.com, Ryan.Tsai, Denise.Yam, Sharon.Lam

Asia Events – China CPI & Fixed Inv't, Singapore Trade & Aussie Jobs: Higher food prices are likely to lift the February CPI in China. We expect some moderation in China's fixed asset investment, with the government's growing focus on rebalancing growth. Singapore trade should post a further slowdown, partly distorted by the timing of the Lunar New Year. Aussie jobs growth is an important driver of the rate outlook, given the RBA retains a bias to tighten.

Asia Earnings – Wing Hang Bank, CIFH. & New World Dev. Results: Morgan Stanley bottom-up earnings estimates for the MSCI AP ex-Japan in 2006 and 2007 are 10.0% YoY (vs 9.8% last week) and 13.9% YoY (vs 11.6% last week) respectively. Asia is trading at 15.8x '06 and 13.9x '07 MS earnings estimates.

International Economic Events – US Retail Sales & CPI, Europe HICP: We expect some weather-related softness in US retail sales. While the US CPI is forecast to remain stable, the modest rebound in energy prices could lift the headline numbers.

International Earnings – Goldman Sachs, Prudential: Earnings for the S&P500 are expected to rise 6.1% YoY in 2007, and 11.2% YoY in 2008. The S&P500 is trading at 14.9x '07 and 13.5x '08 consensus estimates.

Market Performances – Some Rebounds: Global equity markets rebounded after the sharp pullback, with Europe up 1.3%, the US flat, Asia-Pac ex-Japan down 0.6%, and Japan down 1.1% on the week. Singapore (+1.1%) and Indonesia (+0.8%) advanced, while the Philippines (-4.7%) and Taiwan (-1.8%) lagged. Bond yields edged lower in the US. The yen rallied against the US dollar, but moderated subsequently (+0.3%). Oil and aluminum dipped, while copper advanced.

India Strategy/Model Portfolio Change I

Morgan Stanley Dean Witter Asia Limited+
Ridham.Desai@morganstanley.com

JM Morgan Stanley Securities Private Limited+
Sheela.Rathi@morganstanley.com

Conclusion: We are removing ACC (Rs 833) from our model portfolio following the decision by cement manufacturers to freeze prices at current levels for the next year. We are moving the money to cash. Consequently, our materials sector underweight expands and we now have 9.8% of our portfolio in cash.

What's New: The excise duty hike in the Indian Budget may not have been as bad as the market has interpreted, given the pricing power that cement companies appeared to wield. However, today's decision to freeze prices takes away any upside that this sector may have enjoyed over the next few months. We believe that the consensus may have to lower earnings forecasts in this sector and the medium-term outlook is blurred by both the price freeze and the prospect of fresh capacity creation.

Implications: This move expands our materials sector underweight position to 489 bps. The cash in our model portfolio rises by just over 3% to 981 bps. Our portfolio is underweight in industrials, financials, consumer discretionary and materials. These positions are financing the overweight positions in consumer staples, energy, technology, utilities, telecoms and healthcare.

India Strategy/Model Portfolio Change II

Morgan Stanley Dean Witter Asia Limited+
Ridham.Desai@morganstanley.com

JM Morgan Stanley Securities Private Limited+
Sheela.Rathi@morganstanley.com

Conclusion: Subsequent to the above, we are removing ITC (Rs154.35) from our model portfolio following the downgrade of the stock by our analyst Hozefa Topiwalla to Equal-weight. Consequently, our consumer staples sector overweight position declines by 388 bps and the cash in our model portfolio now increases from 9.8% to 13.7%.

What's New: Hozefa Topiwalla centers his argument around 3 key points: 1. sharp slowdown in earnings momentum due to an increase in tax burden; 2. uncertainty over state tax on cigarettes; and 3. a slowdown in cigarette volume growth due to a combination of increase in taxes and mandatory pictorial warnings on cigarette packs.

Implications: This change makes energy our biggest overweight position. Our portfolio continues to be underweight in industrials, financials, consumer discretionary and materials. These positions are financing the overweight positions in consumer staples, energy, technology, utilities, telecoms and healthcare.

India Discovery/Lanco Infratech Ltd.

JM Morgan Stanley Securities Private Limited+
Binay.Singh@morganstanley.com, Akshay.Soni, Parag.Gupta

Major Power Plans: Lanco Infratech Ltd (LITL) plans to expand capacity for electricity generation (its principal business line) from 518 MW to 7,753 MW by F2013 by commissioning four coal-based projects (6,575 MW) and four hydropower projects (660 MW). The coal-based projects include the 3,960 MW disputed Sasan Ultra Mega Power Project (UMPP), LITL's primary power generation project, which it won through competitive bidding.

Uncertainty on the Sasan UMPP: Subsequent to the change in shareholding of Globeleq Singapore, LITL's effective ownership in the project has increased from 30% to 72%. However, given this change in ownership, management believes there could be uncertainty on the award of the project to LITL. As a result, the handing over of the project to the Lanco led consortium, which was expected in February end, has been deferred and the Power Finance Corporation (PFC) has sought the opinion of the solicitor general of India.

Big Plans in Real Estate: Since LITL's incorporation in 1993 (as a construction company), its construction business has built 2.5 million sq ft of housing. In F2007, LITL entered the development business with plans to build a massive 19.5 million sq ft of real estate (excluding the disputed property at Vizag), spanning commercial, housing, and retail space in Hyderabad (mainly in an Information Technology Park outside the city).

Construction: Building Its Own Projects: As on December 2006, the company had an order book of approximately Rs50 billion, almost 93% of which comprised in-house power and real estate projects. For F2006, the construction division contributed 75% to the consolidated revenues and 63% towards operating profit.

Disclosure Section

The information and opinions in this report were prepared or are disseminated by Morgan Stanley Dean Witter Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Dean Witter Asia (Singapore) Pte. (Registration number 199206298Z, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International Limited, Seoul Branch, and/or Morgan Stanley Dean Witter Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or JM Morgan Stanley Securities Private Limited and their affiliates (collectively, "Morgan Stanley").

Analyst Certification

As to each company mentioned in this report, the respective primary research analyst or analysts covering that company hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

Global Research Conflict Management Policy

This research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies.

Important US Regulatory Disclosures on Subject Companies

The following analyst, strategist, or research associate (or a household member) owns securities in a company that he or she covers or recommends in this report: Hozefa Topiwalla - ITC Ltd. (common stock). Morgan Stanley policy prohibits research analysts, strategists and research associates from investing in securities in their sub industry as defined by the Global Industry Classification Standard ("GICS," which was developed by and is the exclusive property of MSCI and S&P). Analysts may nevertheless own such securities to the extent acquired under a prior policy or in a merger, fund distribution or other involuntary acquisition.

As of February 28, 2007, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in this report: ACC Ltd., Ambuja Cements Ltd., IDFC, ITC Ltd., Samsung Fire & Marine, Sun Pharmaceutical Industries.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering of securities of IDFC.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Ambuja Cements Ltd..

Within the last 12 months, Morgan Stanley & Co. Incorporated has received compensation for products and services other than investment banking services from Dongbu Insurance, Hyundai Marine & Fire.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following companies covered in this report: Ambuja Cements Ltd..

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following companies covered in this report: Dongbu Insurance, Hyundai Marine & Fire, IDFC, LIG Insurance, Orient Overseas Int'l Limited, Samsung Fire & Marine, UltraTech CemCo.

An employee or director of JM Morgan Stanley Securities Private Ltd. is a director of Ambuja Cements Ltd..

The research analysts, strategists, or research associates principally responsible for the preparation of this research report have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

An employee or director of Morgan Stanley & Co. Incorporated and/or Morgan Stanley DW Inc. is a director of Ambuja Cements Ltd..

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Different securities firms use a variety of rating terms as well as different rating systems to describe their recommendations. For example, Morgan Stanley uses a relative rating system including terms such as Overweight, Equal-weight or Underweight (see definitions below). A rating system using terms such as buy, hold and sell is not equivalent to our rating system. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of February 28, 2007)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Underweight to hold and sell recommendations, respectively.

	Coverage Universe		Investment Banking Clients (IBC)		
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	834	38%	288	42%	35%
Equal-weight/Hold	1003	45%	308	45%	31%
Underweight/Sell	370	17%	91	13%	25%
Total	2,207		687		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley or an affiliate received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O or Over) - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Equal-weight (E or Equal) - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

Underweight (U or Under) - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

More volatile (V) - We estimate that this stock has more than a 25% chance of a price move (up or down) of more than 25% in a month, based on a quantitative assessment of historical data, or in the analyst's view, it is likely to become materially more volatile over the next 1-12 months compared with the past three years. Stocks with less than one year of trading history are automatically rated as more volatile (unless otherwise noted). We note that securities that we do not currently consider "more volatile" can still perform in that manner.

Unless otherwise specified, the time frame for price targets included in this report is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

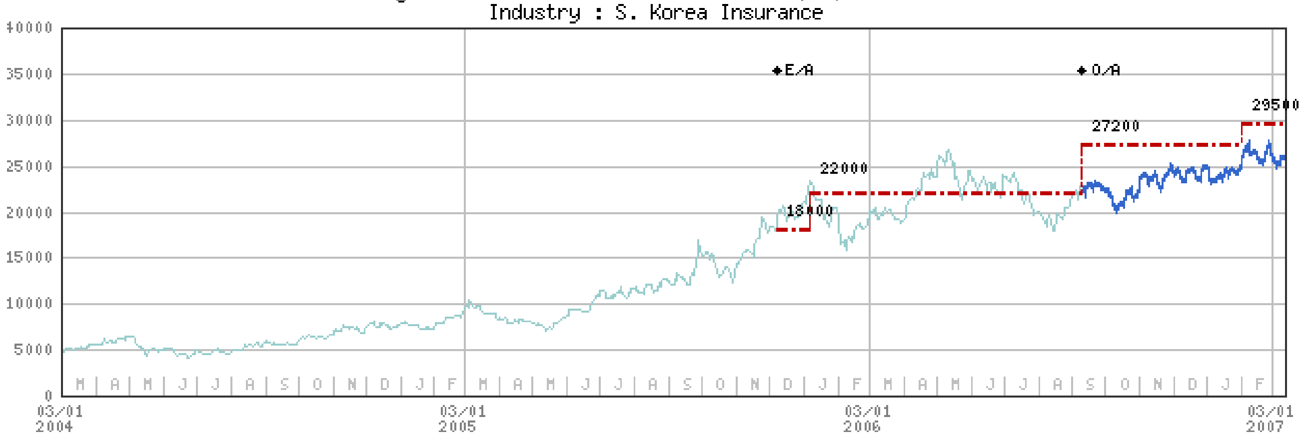
In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

Stock price charts and rating histories for companies discussed in this report are available at www.morganstanley.com/companycharts or from your local investment representative. You may also request this information by writing to Morgan Stanley at 1585 Broadway, (Attention: Equity Research Management), New York, NY, 10036 USA.

Dongbu Insurance (005830.KS) - As of 3/11/07 in KRW
Industry : S. Korea Insurance



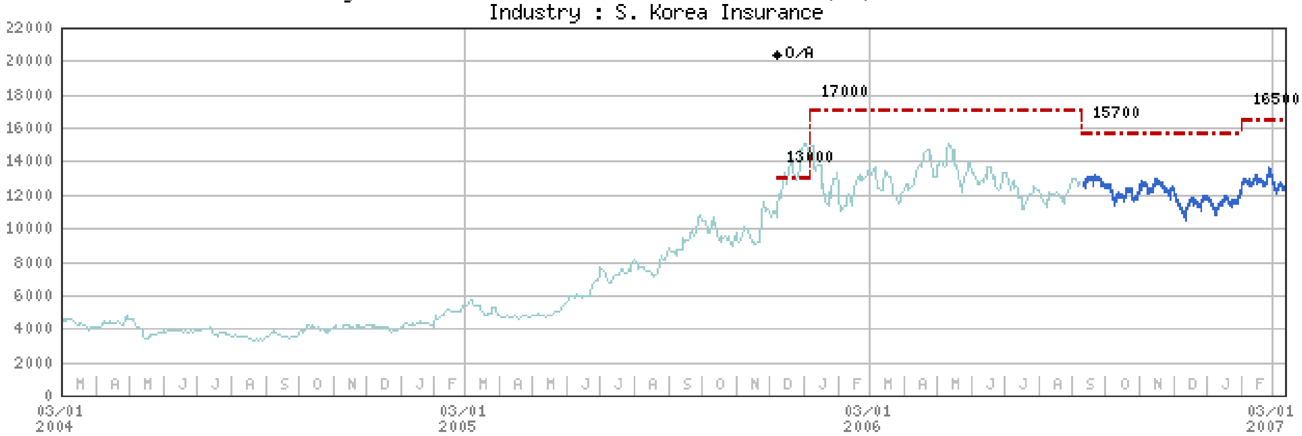
Volatility (Introduced 3/9/01. Shading indicates "more volatile" (V) rating.)

Stock Rating History: 12/7/05 : E/A; 9/9/06 : O/A

Price Target History: 12/7/05 : 18000; 1/6/06 : 22000; 9/9/06 : 27200; 2/1/07 : 29500

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View)
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Hyundai Marine & Fire (001450.KS) - As of 3/11/07 in KRW
Industry : S. Korea Insurance



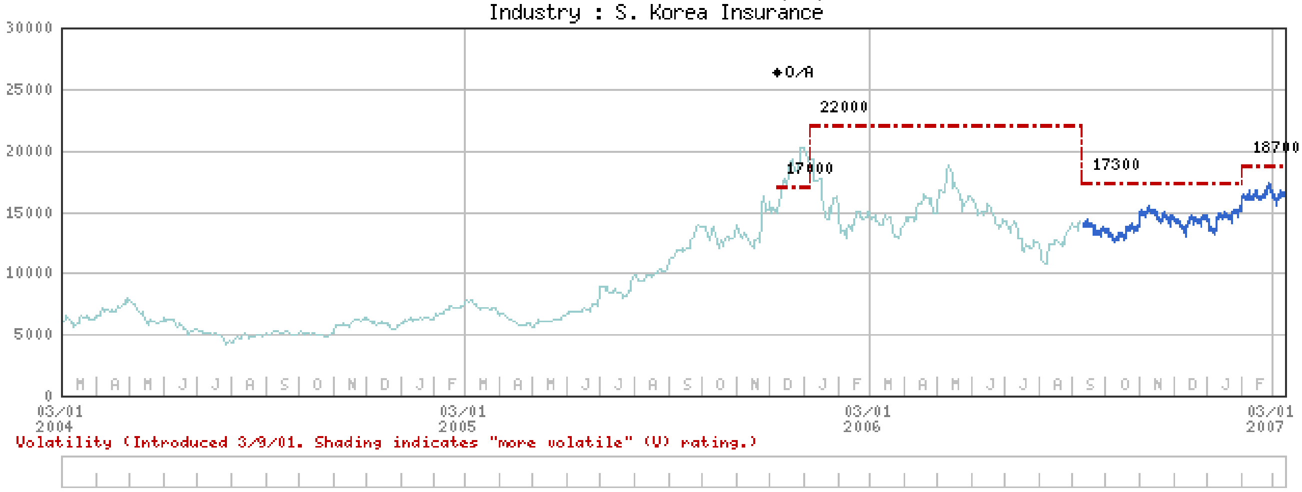
Volatility (Introduced 3/9/01. Shading indicates "more volatile" (V) rating.)

Stock Rating History: 12/7/05 : O/A

Price Target History: 12/7/05 : 13000; 1/6/06 : 17000; 9/9/06 : 15700; 2/1/07 : 16500

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View)
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

LIG Insurance (002550.KS) - As of 3/11/07 in KRW
Industry : S. Korea Insurance

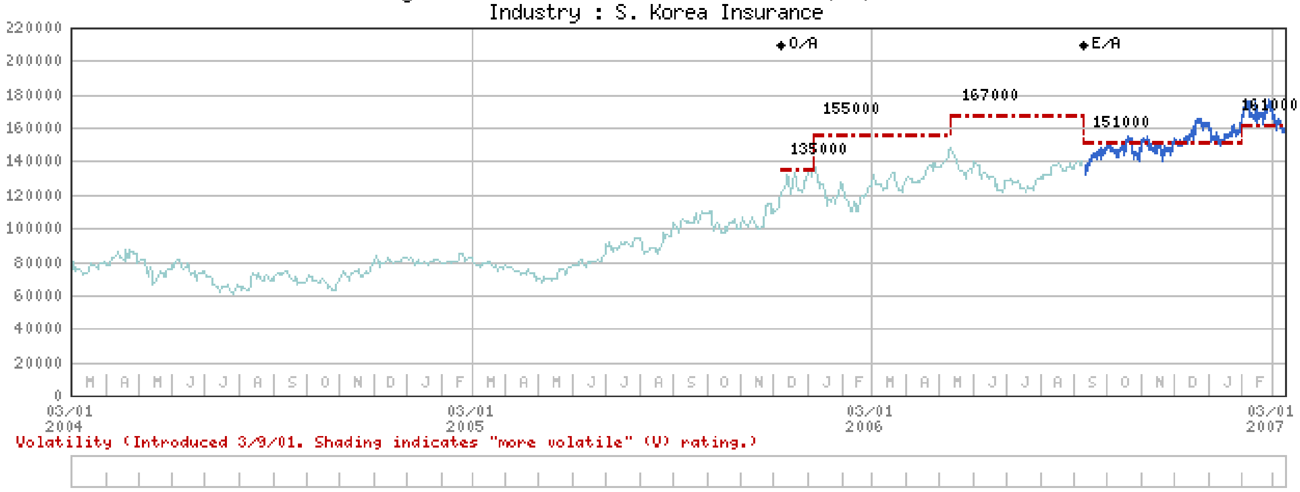


Stock Rating History: 12/7/05 : O/A

Price Target History: 12/7/05 : 17000; 1/6/06 : 22000; 9/9/06 : 17300; 2/1/07 : 18700

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ▬
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ◆
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Samsung Fire & Marine (000810.KS) - As of 3/11/07 in KRW
Industry : S. Korea Insurance



Stock Rating History: 12/7/05 : O/A; 9/9/06 : E/A

Price Target History: 12/7/05 : 135000; 1/6/06 : 155000; 5/11/06 : 167000; 9/9/06 : 151000; 2/1/07 : 161000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ▬
Stock Ratings abbreviated as below (Effective 3/18/02, ratings appear as Stock Ratings/Industry View) ◆
Stock Ratings as of 3/18/02: Overweight (O) Equal-weight (E) Underweight (U) More Volatile (V) No Rating Available (NAV)
Stock Ratings prior to 3/18/02: Strong Buy (SB) Outperform (OP) Neutral (N) Underperform (UP) No Rating Available (NAV)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Other Important Disclosures

For a discussion, if applicable, of the valuation methods used to determine the price targets included in this summary and the risks related to achieving these targets, please refer to the latest relevant published research on these stocks. Research is available through your sales representative or on Client Link at www.morganstanley.com and other electronic systems.

This report does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The securities discussed in this report may not be suitable for all investors. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in this report may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

This report is not an offer to buy or sell or the solicitation of an offer to buy or sell any security or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section lists all companies mentioned in this report where Morgan Stanley owns 1% or more of a class of common securities of the companies. For all other companies mentioned in this report, Morgan Stanley may have an investment of less than 1% in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report. Employees of Morgan Stanley not involved in the preparation of this report may have investments in securities or derivatives of securities of companies mentioned in this report, and may trade them in ways different from those discussed in this report. Derivatives may be issued by Morgan Stanley or associated persons.

Morgan Stanley and its affiliate companies do business that relates to companies covered in its research reports, including market making and specialized trading, risk arbitrage and other proprietary trading, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in its research reports on a principal basis.

With the exception of information regarding Morgan Stanley, reports prepared by Morgan Stanley research personnel are based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in this report change apart from when we intend to discontinue research coverage of a subject company. Facts and views presented in this report have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley research personnel conduct site visits from time to time but are prohibited from accepting payment or reimbursement by the company of travel expenses for such visits.

The value of and income from your investments may vary because of changes in interest rates or foreign exchange rates, securities prices or market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in your securities transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Unless otherwise stated, the cover page provides the closing price on the primary exchange for the subject company's securities.

To our readers in Taiwan: Information on securities that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. This publication may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Information on securities that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities. MSTL may not execute transactions for clients in these securities.

To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Dean Witter Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning this publication, please contact our Hong Kong sales representatives.

Certain information in this report was sourced by employees of the Shanghai Representative Office of Morgan Stanley Dean Witter Asia Limited for the use of Morgan Stanley Dean Witter Asia Limited.

This publication is disseminated in Japan by Morgan Stanley Japan Securities Co., Ltd.; in Hong Kong by Morgan Stanley Dean Witter Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Dean Witter Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore, which accepts responsibility for its contents; in Australia by Morgan Stanley Dean Witter Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services licence No. 233742, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International Limited, Seoul Branch; in India by JM Morgan Stanley Securities Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of this publication in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that this document has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the United States by Morgan Stanley & Co. Incorporated and Morgan Stanley DW Inc., which accept responsibility for its contents. Morgan Stanley & Co. International Limited, authorized and regulated by Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International Limited representative about the investments concerned. In Australia, this report, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

The trademarks and service marks contained herein are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley has based its projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on publicly available information. MSCI has not reviewed, approved or endorsed the projections, opinions, forecasts and trading strategies contained herein. Morgan Stanley has no influence on or control over MSCI's index compilation decisions.

Morgan Stanley research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities is available on request.

The Americas
1585 Broadway
New York, NY 10036-8293
United States
Tel: +1 (1) 212 761 4000

Europe
25 Cabot Square, Canary Wharf
London E14 4QA
United Kingdom
Tel: +44 (0) 20 7 425 8000

Japan
4-20-3 Ebisu, Shibuya-ku
Tokyo 150-6008
Japan
Tel: +81 (0) 3 5424 5000

Asia/Pacific
Three Exchange Square
Central
Hong Kong
Tel: +852 2848 5200