

# Good results; valuation upside

## PO tweaked up; maintain Buy despite Idea downgrade

We have tweaked up our PO for ABNL to Rs960/sh (+2% vs earlier) as downside due to our rating cut on Idea Cellular is offset by higher valuation of the garments business & lower net debt projections. We see strong valuation upside potential in the stock after factoring 30% conglomerate discount. Upside triggers could come from better-than-expected growth of the asset mgt. business (esp. vs peers) & potential ramp-up of the consumer-finance business (trailing BV of ~Rs40/sh).

## Overall improvement in 2Q; insurance turnaround intact

In 2Q, ABNL's consolidated EBITDA grew 66% YoY and 12% QoQ as most businesses, barring telecom & VFY, posted higher earnings. Garments and fertilizers delivered strong positive surprise. Across businesses, top-line growth was the key earnings driver. The insurance business sustained its recent profit turnaround & EBIT nearly doubled owing to strong cost containment efforts.

## FY11-12E EBITDA trimmed due to weak telecom outlook

We have cut EBITDA forecasts by ~5% for FY11E and ~3% for FY12E primarily due to lower revenue and margin assumptions for the telecom business reflecting our recent Underperform rating on Idea Cellular (C-3-9, Rs68.65). We have hiked our revenue and profit projections for the garments business to reflect sustainable economies of scale, in addition to the festival season boost in 2Q. Uplift in net profit mainly reflects lower interest and tax forecasts.

## Management remains bullish on financial services growth

Mgt. expects margin hit from the new life-insurance regulations to be less than 200bps (vs our expectation of ~400bps) due to change in their policy mix, revamp of their distribution channels and strong cost focus. Additionally, the Co is very bullish on ramping up its new consumer finance business.

### Estimates (Mar)

(Rs)	2009A	2010A	2011E	2012E	2013E
Net Income (Adjusted - mn)	(4,357)	1,546	6,937	7,589	10,182
EPS	(46.63)	15.66	63.16	68.90	91.75
EPS Change (YoY)	NM	NM	303.3%	9.1%	33.2%
Dividend / Share	4.47	5.00	5.00	5.00	5.00
Free Cash Flow / Share	(113.72)	(33.43)	(66.27)	22.44	46.99

### Valuation (Mar)

	2009A	2010A	2011E	2012E	2013E
P/E	NM	54.02x	13.40x	12.28x	9.22x
Dividend Yield	0.528%	0.591%	0.591%	0.591%	0.591%
EV / EBITDA*	24.16x	10.15x	6.76x	5.74x	4.65x
Free Cash Flow Yield*	-12.40%	-3.80%	-7.83%	2.65%	5.55%

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

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### Stock Data

Price	Rs846.05
Price Objective	Rs960.00
Date Established	1-Nov-2010
Investment Opinion	C-1-7
Volatility Risk	HIGH
52-Week Range	Rs704.10-Rs973.90
Mrkt Val / Shares Out (mn)	US\$1,962 / 103.0
Average Daily Volume	159,929
BofAML Ticker / Exchange	ADYAF / BSE
Bloomberg / Reuters	ABNL IN / ABRL.BO
ROE (2011E)	2.9%
Net Dbt to Eqty (Mar-2010A)	28.0%
Est. 5-Yr EPS / DPS Growth	10.0% / 1.0%
Free Float	50.8%

### Key Changes

(Rs)	Previous	Current
Price Obj.	945.00	960.00
2011E Rev (m)	192,790.4	193,125.3
2012E Rev (m)	228,002.9	226,499.2
2013E Rev (m)	254,298.7	257,702.6
2011E EPS	47.25	63.16
2012E EPS	59.97	68.90
2013E EPS	73.98	91.75

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Refer to important disclosures on page 7 to 10. Analyst Certification on Page 4. Price Objective Basis/Risk on page 4. Link to Definitions on page 4. 10988772

# *iQprofile*<sup>SM</sup> Aditya Birla Nuvo Ltd.

Key Income Statement Data (Mar)	2009A	2010A	2011E	2012E	2013E
<b>(Rs Millions)</b>					
Sales	136,448	195,083	193,125	226,499	257,703
Gross Profit	6,043	14,385	21,584	25,453	31,403
Sell General & Admin Expense	NA	NA	NA	NA	NA
Operating Profit	(914)	5,720	12,250	14,933	18,686
Net Interest & Other Income	(4,579)	(4,144)	(3,031)	(2,700)	(1,814)
Associates	NA	NA	NA	NA	NA
Pretax Income	(5,493)	1,576	9,218	12,233	16,872
Tax (expense) / Benefit	(811)	(1,140)	(1,912)	(4,027)	(5,532)
Net Income (Adjusted)	(4,357)	1,546	6,937	7,589	10,182
Average Fully Diluted Shares Outstanding	93	114	114	114	114

## Key Cash Flow Statement Data

Net Income	(4,357)	1,546	6,937	7,589	10,182
Depreciation & Amortization	6,956	8,665	9,334	10,520	12,718
Change in Working Capital	3,892	(3,023)	5,026	(687)	(1,041)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	1,904	1,331	(370)	(617)	(1,158)
Cash Flow from Operations	8,394	8,518	20,927	16,806	20,701
Capital Expenditure	(19,199)	(11,829)	(27,754)	(14,495)	(15,860)
(Acquisition) / Disposal of Investments	(35,765)	(53,837)	(49,913)	(64,886)	(73,989)
Other Cash Inflow / (Outflow)	(8,515)	5,303	0	0	0
Cash Flow from Investing	(63,479)	(60,363)	(77,666)	(79,381)	(89,850)
Shares Issue / (Repurchase)	0	5,750	4,262	0	0
Cost of Dividends Paid	(424)	(515)	(515)	(515)	(515)
Cash Flow from Financing	42,474	(18,052)	9,096	4,823	4,823
Free Cash Flow	(10,805)	(3,311)	(6,827)	2,311	4,840
Net Debt	71,917	59,766	62,846	61,050	56,725
Change in Net Debt	13,378	(12,151)	3,079	(1,797)	(4,326)

## Key Balance Sheet Data

Property, Plant & Equipment	66,720	69,884	88,304	92,278	95,421
Other Non-Current Assets	143,661	192,195	242,107	306,994	380,983
Trade Receivables	13,546	11,701	14,859	16,100	17,980
Cash & Equivalents	16,951	14,620	16,888	24,021	33,683
Other Current Assets	27,293	35,419	44,978	48,733	54,426
Total Assets	268,170	323,820	407,137	488,125	582,494
Long-Term Debt	76,497	61,624	66,972	72,309	77,646
Other Non-Current Liabilities	2,220	2,440	2,440	2,440	2,440
Short-Term Debt	12,371	12,762	12,762	12,762	12,762
Other Current Liabilities	30,609	33,869	51,612	55,920	62,453
Total Liabilities	121,697	110,696	133,786	143,431	155,301
Total Equity	146,473	213,124	273,351	344,694	427,193
Total Equity & Liabilities	268,170	323,820	407,137	488,126	582,494

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

Return On Capital Employed	0.6%	1.5%	3.5%	3.0%	3.2%
Return On Equity	-3.5%	0.9%	2.9%	2.5%	2.6%
Operating Margin	-0.7%	2.9%	6.3%	6.6%	7.3%
EBITDA Margin	4.4%	7.4%	11.2%	11.2%	12.2%

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

Cash Realization Ratio	NM	5.5x	3.0x	2.2x	2.0x
Asset Replacement Ratio	2.8x	1.4x	3.0x	1.4x	1.2x
Tax Rate (Reported)	NM	72.3%	20.7%	32.9%	32.8%
Net Debt-to-Equity Ratio	49.1%	28.0%	23.0%	17.7%	13.3%
Interest Cover	-0.1x	0.7x	1.7x	1.8x	1.9x

## Key Metrics

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

## Company Description

ABNL is a conglomerate with exposure to 10 diverse businesses. ABNL is the largest (25% stake) shareholder of Idea Cellular that is separately listed. ABNL also owns 74% of the unlisted life-insurance biz namely, Birla Sun Life. Other key businesses include carbon black, garment-retailing, BPO services, rayon, fertilizers, textiles, insulators, and financial services.

## Investment Thesis

We see strong valuation upside in the stock after factoring 30% conglomerate discount. Telecom & financial services remain the largest value drivers. The remaining businesses, viz carbon black, fertilizers, garments, BPO, rayon etc are highly unrelated. We expect telecom to underperform but foresee upside triggers from better-than-expected growth of the AMC business and potential ramp-up of the consumer-finance business. Efficiency improvements in the insurance business are expected to sustain.

## Stock Data

Price to Book Value 0.3x

01 November 2010

**Table 1: 2Q FY11 results summary- standalone**

Yr to March (Rs mn)	2Q FY10	1Q FY11	2Q FY11	YoY	QoQ
Turnover	12,279	13,111	16,388	33%	25%
Operating costs	10,141	11,222	13,908	37%	24%
<b>EBITDA</b>	<b>2,139</b>	<b>1,890</b>	<b>2,480</b>	16%	31%
EBITDA Margin	17.4%	14.4%	15.1%		
Depreciation	449	454	489	9%	8%
<b>Operating profit</b>	<b>1,690</b>	<b>1,436</b>	<b>1,991</b>	18%	39%
Recurring other income	212	147	204	-4%	39%
<b>EBIT</b>	<b>1,902</b>	<b>1,583</b>	<b>2,195</b>	15%	39%
EBIT Margin	15.5%	12.1%	13.4%		
Interest	861	686	732	-15%	7%
<b>Profit before tax</b>	<b>1,041</b>	<b>897</b>	<b>1,463</b>	41%	63%
Taxes	448	249	267	-40%	7%
<b>Reported net profit</b>	<b>592</b>	<b>648</b>	<b>1,196</b>	102%	84%

Source: Company

**Table 2: 2Q FY11 results summary- consolidated**

Yr to March (Rs mn)	2Q FY10	1Q FY11	2Q FY11	YoY	QoQ
Turnover	36,978	38,515	45,323	23%	18%
Operating costs	33,551	33,430	39,634	18%	19%
<b>EBITDA</b>	<b>3,427</b>	<b>5,085</b>	<b>5,688</b>	66%	12%
EBITDA Margin	9.3%	13.2%	12.6%		
Depreciation	2,126	2,213	2,319	9%	5%
<b>Operating profit</b>	<b>1,301</b>	<b>2,873</b>	<b>3,369</b>	159%	17%
Recurring other income	703	474	518	-26%	9%
<b>EBIT</b>	<b>2,004</b>	<b>3,347</b>	<b>3,888</b>	94%	16%
EBIT Margin	5.4%	8.7%	8.6%		
Interest	1,669	1,355	1,351	-19%	0%
<b>Profit before tax</b>	<b>335</b>	<b>1,992</b>	<b>2,537</b>	658%	27%
Taxes	655	445	393	-40%	-12%
<b>Recurring net profit before minorities</b>	<b>(320)</b>	<b>1,547</b>	<b>2,144</b>	-770%	39%
Minority interests	(334)	58	64	na	9%
<b>Recurring net profit</b>	<b>14</b>	<b>1,489</b>	<b>2,080</b>	14347%	40%
Extra-ordinary Inc/(exp)			(1,032)	na	na
<b>Reported net profit</b>	<b>14</b>	<b>1,489</b>	<b>1,048</b>	7177%	-30%

Source: Company

**Table 3: EBIT trend for key business segments**

Yr-ending 31st March (Rs mn)	2Q FY10	1Q FY11	2Q FY11	YoY	QoQ
Garments	-122	37	280	na	659%
Rayon Yarn	328	226	164	-50%	-27%
Other Textiles	99	167	204	107%	22%
Carbon-Black	782	508	574	-27%	13%
Fertilizers	335	247	502	50%	103%
Telecom	1022	872	780	-24%	-10%
Life Insurance	-1249	118	225	na	91%
BPO & IT	97	209	271	179%	30%
Insulators	172	258	283	65%	10%
Financial Services	155	428	294	90%	-31%

Source: Company

**Table 4: Target valuation of ABNL on FY12E sum-of-parts**

Business	Stake held	Valuation Benchmark	Current Val'n	Old Val'n	Comments
Telecom/Idea	25%	PO for Idea (Rs65/sh)	480	516	Rating cut on Idea to Underperform
Insurance	74%	9x FY12 NBAP+1x of est. EV	473	495	Premia growth trimmed
AMC	50%	3% of current AUM	110	96	Higher growth in equity-AUM
Carbon Black	100%	7x EV/EBITDA; local market valuation	172	188	Lower margins
Fertilizers	100%	7x EV/EBITDA; local market valuation	114	135	Lower margins
Garments & Textile	100%	0.9x EV/sales; discount to Raymond	213	121	Stronger revenue outlook
BPO & IT	88%	7x EV/EBITDA; discount to Firstsource	101	86	Stronger revenue outlook
Rayon	100%	7x EV/EBITDA; local market valuation	68	88	Lower margins
Misc. businesses	100%	5x EV/EBITDA; local market valuation	33	35	
less Net Debt (excl. Idea)			385	405	Better operating cashflow of standalone businesses
<b>Total equity value of ABNL</b>			<b>1379</b>	<b>1355</b>	
(less) Conglomerate discount		(~30%)	-420	-410	
<b>Target share price of ABNL</b>			<b>960</b>	<b>945</b>	

Source: BofA Merrill Lynch Global Research, company estimates

## Price objective basis & risk

### Aditya Birla Nu (ADYAF)

We have a price objective of Rs960/share for AB Nuvo based on sum-of-parts using 30% conglomerate discount. Valuation for most businesses is linked to earnings outlook for FY12E, except insurance (9x FY12E NBAP plus 1x of embedded value) & financial services (3% of current-AUM), which are linked to NBAP & assets under management, respectively. Our target valuation for Idea Cellular is Rs65/sh.

Upside to our ABNL PO could stem from stronger-than-expected scale economies in telecom and/or acceleration of market growth in insurance. Risks are possible dramatic regulatory changes in telecom or sharper-than-expected slowdown in financial services

### Idea Cellular (IDEAF)

Our PO of Rs65/sh for Idea is based on DCF. Our PO implies a valuation of 7.5-8x FY12E i.e. 35-40% premium vs GEM wireless majors to allow for stronger long-term growth potential if 3G ramps up. Sooner than expected industry consolidation, and stronger-than-anticipated Indus profitability could present upside to our PO. Significantly higher competitive intensity in the industry and dramatic regulatory changes pose downside risks.

## Link to Definitions

### Industrials

Click [here](#) for definitions of commonly used terms.

### Media & Telecom

Click [here](#) for definitions of commonly used terms.

## Analyst Certification

I, Reena Verma Bhasin, CFA, 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.

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**APR - Telecommunications Coverage Cluster**

Investment rating	Company	BofAML ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Advanced Info	XVDIF	ADVANC TB	Thititthep Nophaket
	Axiata Group	XLMTF	AXIATA MK	Reena Verma Bhasin, CFA
	KT	KT	KT US	Sean Oh
	KT	KTCNF	030200 KS	Sean Oh
	MobileOne	MBOFF	M1 SP	Reena Verma Bhasin, CFA
	Philippine Long Distance Telephone	ZHPLF	TEL PM	Edser Trinidad
	PLDT -A	PHI	PHI US	Edser Trinidad
	SingTel	SNGNF	ST SP	Reena Verma Bhasin, CFA
	Total Access	TACJF	DTAC SP	Thititthep Nophaket
	Total Access Communication	TACPF	DTAC TB	Thititthep Nophaket
<b>NEUTRAL</b>				
	LG Uplus	LTCLF	032640 KS	Sean Oh
	SK Telecom	SKM	SKM US	Sean Oh
	SK Telecom	SKMTF	017670 KS	Sean Oh
<b>UNDERPERFORM</b>				
	Bharti	BHTIF	BHARTI IN	Reena Verma Bhasin, CFA
	Globe Telecom	GTMEF	GLO PM	Jidgette Velasco
	Idea Cellular	IDEAF	IDEA IN	Reena Verma Bhasin, CFA
	MTNL	MTE	MTE US	Reena Verma Bhasin, CFA
	MTNL	XMTNF	MTNL IN	Reena Verma Bhasin, CFA
	RCVL	RLCMF	RCOM IN	Reena Verma Bhasin, CFA
	SK Broadband	HANTF	033630 KS	Sean Oh
	Tata Communications Limited	TCL	TCL US	Reena Verma Bhasin, CFA
	Tata Communications Limited	VLSLF	TCOM IN	Reena Verma Bhasin, CFA
	TRUE Corp	TCPJF	TRUE TB	Thititthep Nophaket

**India - General Coverage Cluster**

Investment rating	Company	BofAML ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Aditya Birla Nu	ADYAF	ABNL IN	Reena Verma Bhasin, CFA
	Anant Raj Industries Ltd	XNRJF	ARCP IN	Gagan Agarwal
	Brigade Enterprises	XBDGF	BRGD IN	Gagan Agarwal
	Chambal Fertilisers & Chemicals	CHBZF	CHMB IN	Prasad Deshmukh
	Cummins India	CUIDF	KKC IN	Sanjaya Satapathy
	DLF Limited	XVDUF	DLFU IN	Gagan Agarwal
	Exide Indus Ltd	XEDRF	EXID IN	Sanjaya Satapathy
	Fortis Healthcare Limited	XFFTF	FORH IN	Prasad Deshmukh
	Havells	HVLIF	HAVL IN	Sanjaya Satapathy
	Housing Development and Infrastructure	XGHSF	HDIL IN	Gagan Agarwal
	Indiabulls Real Estate Ltd	IBELF	IBREL IN	Gagan Agarwal
	Jaypee Infratech	XJAYF	JPIN IN	Gagan Agarwal
	Jet Airways	JTAIF	JETIN IN	Anand Kumar
	Motherson Sumi	XMSUF	MSS IN	Sanjaya Satapathy
	Puravankara Projects Ltd	XPJVF	PVKP IN	Gagan Agarwal
	Renuka Sugars	SRNKF	SHRS IN	Sanjaya Satapathy
	SINTEX INDUSTRIES LTD	SIXDF	SINT IN	Prasad Deshmukh
	Sobha Developers	SBDRF	SOBHA IN	Gagan Agarwal
	SpiceJet Ltd	MDLFF	SJET IN	Anand Kumar
	Voltas	VTSJF	VOLT IN	Sanjaya Satapathy

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**India - General Coverage Cluster**

Investment rating	Company	BofAML ticker	Bloomberg symbol	Analyst
<b>NEUTRAL</b>				
	Jain Irrigation Systems Ltd	JNIDF	JI IN	Prasad Deshmukh
	Shree Cements	SREEF	SRCM IN	Reena Verma Bhasin, CFA
	Unitech Ltd	UTKIF	UT IN	Gagan Agarwal
<b>UNDERPERFORM</b>				
	Ambuja Cements	AMBUF	ACEM IN	Reena Verma Bhasin, CFA
	APIL	ANSFF	APIL IN	Gagan Agarwal
	Assoc. Cement	ADCLF	ACC IN	Reena Verma Bhasin, CFA
	Bajaj Hindusthan	BJJHF	BJH IN	Sanjaya Satapathy
	Balrampur Chini	BMPRF	BRCM IN	Sanjaya Satapathy
	Container Corp	CIDFF	CCRI IN	Sanjaya Satapathy
	India Cements	INIAF	ICEM IN	Reena Verma Bhasin, CFA
	India Cements -G	IAMUY	ICEM LX	Reena Verma Bhasin, CFA
	Jindal Saw	SWPFF	JSAW IN	Sanjaya Satapathy
	Nagarjuna Fertilizers & Chemicals Ltd	NFACF	NFCL IN	Prasad Deshmukh
	Omaxe Limited	XOMXF	OAXE IN	Gagan Agarwal
	Tata Chemicals Ltd	TTCXF	TTCH IN	Prasad Deshmukh
	Triveni Engg	TVIEF	TRE IN	Sanjaya Satapathy
	Welspun Corp Ltd	XUQRF	WLCO IN	Sanjaya Satapathy
<b>RVW</b>				
	Grasim	GRSJF	GRASIM IN	Reena Verma Bhasin, CFA
	Grasim -G	GRSJY	GRAS LX	Reena Verma Bhasin, CFA
	UltraTech Cemen	XDJNF	UTCEN IN	Reena Verma Bhasin, CFA

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

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
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	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

**iQmethod<sup>SM</sup>** is the set of BoFA 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.

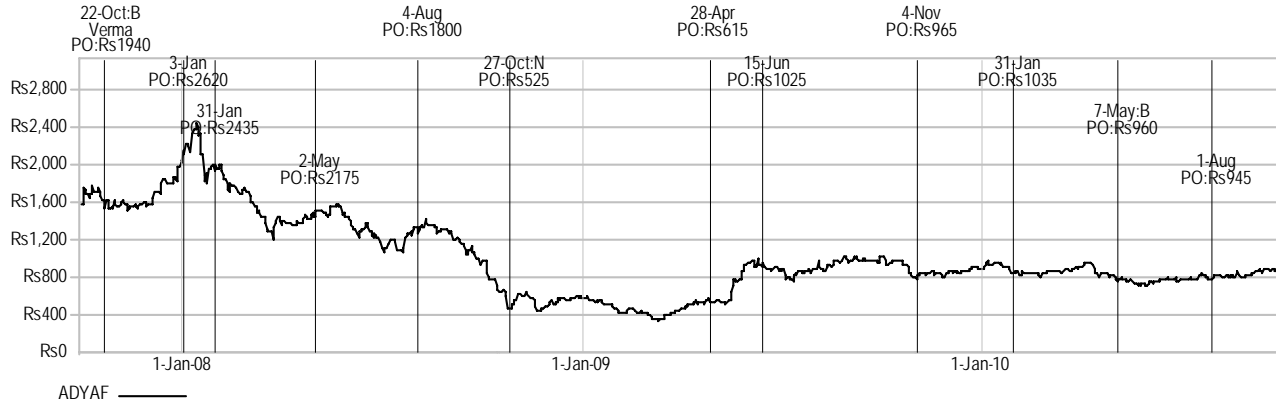
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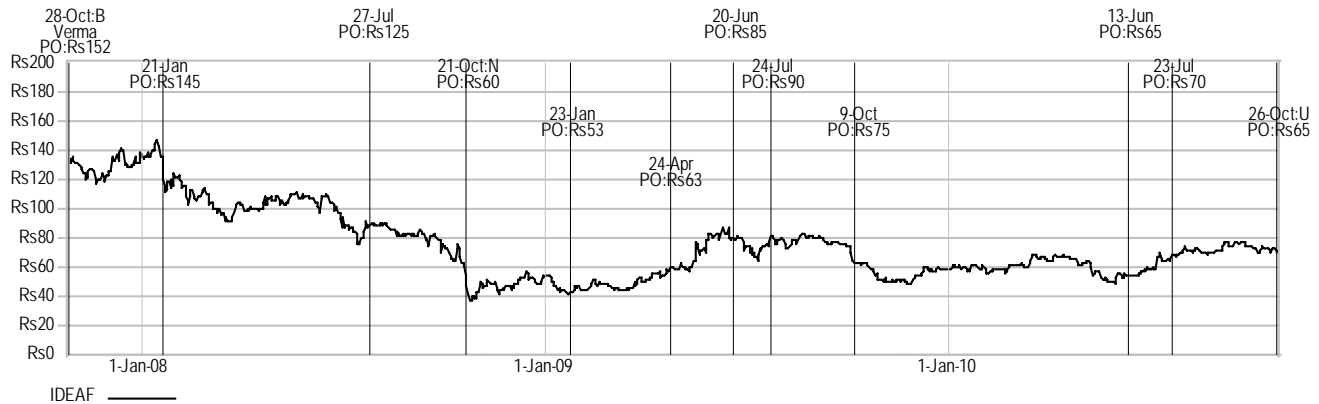
### ADYAF Price Chart



B : Buy, N : Neutral, S : Sell, U : Underperform, PO : Price objective, NA : No longer valid, NR: No Rating

"Prior to May 31, 2008, the investment opinion system included Buy, Neutral and Sell. As of May 31, 2008, the investment opinion system includes Buy, Neutral and Underperform. Dark Grey shading indicates that a security is restricted with the opinion suspended. Light grey shading indicates that a security is under review with the opinion withdrawn. The current investment opinion key is contained at the end of the report. Chart is current as of August 31, 2010 or such later date as indicated. BofA Merrill Lynch price charts do not reflect analysts' coverage of the stock at prior firms."

### IDEAF Price Chart



B : Buy, N : Neutral, S : Sell, U : Underperform, PO : Price objective, NA : No longer valid, NR: No Rating

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### Investment Rating Distribution: Industrials/Multi-Industry Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	50	64.10%	Buy	24	55.81%
Neutral	17	21.79%	Neutral	7	46.67%
Sell	11	14.10%	Sell	4	44.44%

### Investment Rating Distribution: Telecommunications Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	93	51.96%	Buy	35	46.05%
Neutral	50	27.93%	Neutral	20	47.62%
Sell	36	20.11%	Sell	15	50.00%

### Investment Rating Distribution: Global Group (as of 01 Oct 2010)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1948	54.31%	Buy	821	46.73%
Neutral	891	24.84%	Neutral	397	49.07%
Sell	748	20.85%	Sell	259	37.16%

\* Companies in respect of which MLPF&S or one of its affiliates has received compensation for investment banking services within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

\* Ratings dispersions may vary from time to time where BofAML Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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