

JV to foray in risk management

Strengthen's BFSI vertical

Hexaware announced its 85% Joint Venture with Pemtrad International Ltd to foray in the enterprise risk management space. Risk Technology International (RiskTech), the new entity, will provide technology intensive solutions in the domain of enterprise risk and compliance management for financial institutions worldwide. This further strengthens its presence in the Banking Financial Services and Insurance (BFSI) vertical, where Hexaware already operates in niche areas of Asset Management and Wealth Management.

High downstream revenue potential likely

Management expects the global market for risk technology to be worth US\$5.5bn in 2007, growing at 18-24% yoy. It expects around US\$20mn of revenues in the third year of operation and expects 3x-4x downstream revenue potential from cross selling opportunities for Hexaware. It has already signed four clients and expects to sign six new clients during the next six months.

Appoints industry expert to run venture

Hexaware also appointed Peyman Mestchian as chief executive officer of RiskTech. Peyman Mestchian has vast experience in covering credit risk, market risk, operational risk and financial crime solutions and was formerly the head of enterprise risk management practice at SAS Inc and is an established thought leader in this space.

Maintain Buy; likely weak 2Q

We maintain our Buy on Hexaware. However, we expect the June quarter to be weak led by appreciating rupee and salary hikes. While order inflow was strong last quarter, we would watch out for progress on revenue growth in the testing vertical (Focus Frame), order intake and efforts to ramp up profitability.

Estimates (Dec)

(Rs)	2005A	2006A	2007E	2008E	2009
Net Income (Adjusted - mn)	915	1,242	1,482	2,047	NA
EPS	7.52	9.39	10.22	14.12	NA
EPS Change (YoY)	38.6%	24.8%	8.9%	38.1%	NA
Dividend / Share	1.20	1.50	2.00	2.00	NA
Free Cash Flow / Share	4.44	(2.89)	(0.539)	5.85	NA

Valuation (Dec)

	2005A	2006A	2007E	2008E	2009
P/E	20.99x	16.81x	15.44x	11.18x	NA
Dividend Yield	0.760%	0.951%	1.27%	1.27%	NA
EV / EBITDA*	16.39x	13.56x	10.93x	7.95x	NA
Free Cash Flow Yield*	2.57%	-1.83%	-0.341%	3.71%	NA

* For full definitions of *iQmethod*SM measures, see page 6.



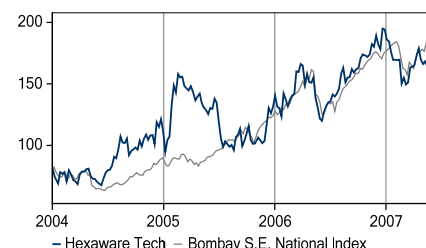
Pratish Krishnan >> +91 22 6632 8679
Research Analyst
DSP Merrill Lynch (India)
pratish_krishnan@ml.com

Mitali Ghosh >> +91 22 6632 8661
Research Analyst
DSP Merrill Lynch (India)
mitali_b_ghosh@ml.com

Prasad Deshmukh >> +91 22 6632 8678
Research Analyst
DSP Merrill Lynch (India)
prasad_deshmukh@ml.com

Stock Data

Price	Rs157.80
Price Objective	Rs212.00
Date Established	8-Jun-2007
Investment Opinion	C-1-7
Volatility Risk	HIGH
52-Week Range	Rs125.60-Rs204.90
Mrkt Val / Shares Out (mn)	US\$506 / 130.7
Average Daily Volume	118,270
ML Symbol / Exchange	XFTCF / BSE
Bloomberg / Reuters	HEXW IN / HEXT.BO
ROE (2007E)	18.3%
Net Dbt to Eqty (Jun-2006A)	-39.8%
Est. 5-Yr EPS / DPS Growth	22.0% / 22.0%
Free Float	74.0%



>> 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. Price Objective Basis/Risk on page 5.

25 June 2007

*iQprofile*SM Hexaware Technologies Ltd.

Key Income Statement Data (Dec)

	2005A	2006A	2007E	2008E	2009
(Rs Millions)					
Sales	6,787	8,482	11,257	14,581	NA
Gross Profit	2,609	3,164	4,195	5,289	NA
Sell General & Admin Expense	(1,514)	(1,842)	(2,554)	(3,033)	NA
Operating Profit	874	1,122	1,415	2,000	NA
Net Interest & Other Income	139	241	283	340	NA
Associates	NA	NA	NA	NA	NA
Pretax Income	1,012	1,363	1,698	2,340	NA
Tax (expense) / Benefit	(97)	(120)	(216)	(292)	NA
Net Income (Adjusted)	915	1,242	1,482	2,047	NA
Average Fully Diluted Shares Outstanding	122	132	145	145	NA

Key Cash Flow Statement Data

Net Income (Reported)	915	1,242	1,482	2,047	NA
Depreciation & Amortization	221	200	226	257	NA
Change in Working Capital	(574)	(113)	(572)	(695)	NA
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	12	35	(1)	(35)	NA
Cash Flow from Operations	574	1,364	1,135	1,574	NA
Capital Expenditure	(43)	(1,742)	(1,205)	(809)	NA
(Acquisition) / Disposal of Investments	(7)	(25)	(25)	(24)	NA
Other Cash Inflow / (Outflow)	NA	NA	0	0	NA
Cash Flow from Investing	(50)	(1,767)	(1,230)	(833)	NA
Shares Issue / (Repurchase)	1	43	0	0	NA
Cost of Dividends Paid	(143)	(196)	(261)	(261)	NA
Cash Flow from Financing	(137)	2,634	(268)	(266)	NA
Free Cash Flow	531	(378)	(70)	764	NA
Net Debt	(716)	(2,986)	(2,682)	(3,156)	NA
Change in Net Debt	(377)	(2,293)	363	(474)	NA

Key Balance Sheet Data

Property, Plant & Equipment	933	2,501	3,420	3,973	NA
Other Non-Current Assets	430	425	457	521	NA
Trade Receivables	1,852	2,063	2,635	3,330	NA
Cash & Equivalents	778	2,989	2,683	3,157	NA
Other Current Assets	805	1,234	1,434	1,634	NA
Total Assets	4,797	9,211	10,629	12,614	NA
Long-Term Debt	62	0	0	0	NA
Other Non-Current Liabilities	NA	NA	NA	NA	NA
Short-Term Debt	NA	NA	NA	NA	NA
Other Current Liabilities	1,182	1,708	1,908	2,108	NA
Total Liabilities	1,243	1,712	1,909	2,109	NA
Total Equity	3,554	7,500	8,720	10,506	NA
Total Equity & Liabilities	4,797	9,211	10,630	12,615	NA

*iQmethod*SM - Bus Performance*

Return On Capital Employed	28.9%	22.1%	18.3%	21.3%	NA
Return On Equity	29.4%	22.5%	18.3%	21.3%	NA
Operating Margin	12.9%	13.2%	12.6%	13.7%	NA
EBITDA Margin	16.1%	15.6%	14.6%	15.5%	NA

*iQmethod*SM - Quality of Earnings*

Cash Realization Ratio	0.6x	1.1x	0.8x	0.8x	NA
Asset Replacement Ratio	0.2x	8.7x	5.3x	3.2x	NA
Tax Rate (Reported)	9.6%	8.8%	12.7%	12.5%	NA
Net Debt-to-Equity Ratio	-20.1%	-39.8%	-30.8%	-30.0%	NA
Interest Cover	NM	NM	NM	NM	NA

Key Metrics

* For full definitions of *iQmethod*SM measures, see page 6.

Company Description

Hexaware is a mid-tier Indian IT services company. Under the leadership of chairman Atul Nishar and vice chairman and CEO Rusi Brij (ex-Satyam Computers), Hexaware has differentiated itself from its mid-tier peers and built up niche positions in Germany, the airlines vertical, and PeopleSoft implementation and support services. Banking, financial services, and insurance (BFSI) is the largest vertical, contributing more than 42.2% of revenues.

Stock Data

Price to Book Value	2.4x
---------------------	------

Financials

Table 1: Profit and Loss Statement

Year to December	CY04	CY05	CY06	CY07E	CY08E
Revenues	5,459	6,787	8,482	11,257	14,581
Cost of sales	3,395	4,178	5,318	7,062	9,292
Gross profit	2,064	2,609	3,164	4,195	5,289
SG&A	1,293	1,514	1,842	2,554	3,033
EBIDTA	771	1,094	1,322	1,641	2,257
Other Income	113	139	241	283	340
Depreciation	161	221	200	226	257
EBIT	610	874	1,122	1,415	2,000
Profit before Tax	724	1,012	1,363	1,698	2,340
Provision for Tax	91	97	120	216	292
Tax rate	12.6%	9.6%	8.8%	12.7%	12.5%
PAT before share of associate	632	915	1,242	1,482	2,047
Profit share of associate	-	-	-	-	-
Profit before extraordinary items	632	915	1,242	1,482	2,047
Extraordinary items	5	-	-	-	-
Adjusted Net Profit	637	915	1,242	1,482	2,047

Source: Company, Merrill Lynch Research

Table 2: Balance Sheet

As at 31st December	CY04	CY05	CY06	CY07E	CY08E
Share Capital	233	239	282	282	282
Reserves & Surplus	2,431	3,314	7,217	8,437	10,223
Shareholders funds	2,670	3,554	7,500	8,720	10,506
Debt	52	62	0	-	-
Source of funds	2,723	3,616	7,503	8,721	10,507
Gross Fixed Assets	1,402	1,504	2,696	3,901	4,710
Accumulated depreciation	541	621	795	1,080	1,337
Net Fixed Assets	861	883	1,901	2,820	3,373
Capital WIP	109	50	600	600	600
Investments	393	400	425	450	474
Sundry Debtors	1,361	1,852	2,063	2,635	3,330
Cash	391	778	2,989	2,683	3,157
Others	564	805	1,234	1,434	1,634
Current Assets:	2,316	3,435	6,286	6,751	8,121
Payables	772	800	1,080	1,180	1,280
Provisions	252	382	628	728	828
Current Liabilities	1,024	1,182	1,708	1,908	2,108
Working Capital	1,293	2,253	4,577	4,843	6,012
Deferred Tax asset	67	30	-	7	47
Others	-	-	-	-	-
Application of funds	2,723	3,616	7,503	8,720	10,506

Source: Company, Merrill Lynch Research

Table 3: Cash Flow

Year to December	CY04	CY05	CY06	CY07E	CY08E
PAT	637	915	1,242	1,482	2,047
Depreciation	161	221	200	226	257
Interest paid	3	4	5	6	5
(Inc) / Dec in Working capital	(375)	(574)	(113)	(572)	(695)
Others	(91)	(90)	30	(7)	(40)
Net cash from operations	426	574	1,364	1,135	1,574
Investments	9	(7)	(25)	(25)	(24)
Capital expenditure	(364)	(43)	(1,742)	(1,205)	(809)
Net cash from investing	(356)	(50)	(1,787)	(1,173)	(833)
Free Cash Flow	62	531	(378)	(70)	764
Issue of equity	37	1	43	0	0
Inc / (Dec) in Debt	26	10	(61)	(0)	-
Dividends	(46)	(143)	(196)	(261)	(261)
Interest paid	(3)	(4)	(5)	(6)	(5)
Others			2,853		
Net cash from financing	14	(137)	2,634	(268)	(266)
(Dec) / Inc in cash	75	386	2,211	(306)	474
Cash balance at the beginning	316	391	778	2,989	2,683
Cash balance at the end	391	778	2,989	2,683	3,157

Source: Company, Merrill Lynch Research

Table 4: Ratios

Year to 31st December	CY04	CY05	CY06	CY07E	CY08E
Growth (%)					
Revenues	61.0	24.3	25.0	32.7	29.5
Net profit	92.3	44.7	35.8	19.3	38.1
EBIDTA	141.1	41.9	20.8	24.1	37.5
Profitability (%)					
Year to 31st December	CY04	CY05	CY06	CY07E	CY08E
EBITDA margin	14.1	16.1	15.6	14.6	15.5
Net Profit margin	11.6	13.5	14.6	13.2	14.0
ROE	26.4	29.4	22.5	18.3	21.3
ROCE	23.2	25.3	16.6	17.0	19.5
Turnover (x)					
Year to 31st December	CY04	CY05	CY06	CY07E	CY08E
Debtor days	91	100	89	85	83
Total Assets	2.0	1.9	1.1	1.3	1.4
Net fixed assets	6.3	7.7	4.5	4.0	4.3
Valuation (x)					
Year to 31st December	CY04	CY05	CY06	CY07E	CY08E
EPS (INR)- yr end shares based	5.4	7.7	9.5	11.3	15.7
EPS (INR)- Basic wtd avg	5.5	7.8	9.9	11.3	15.7
EPS (INR)- Diluted wtd avg	5.2	7.5	9.4	10.2	14.1
CFPS (INR)	6.9	9.6	11.5	13.1	17.6
BVPS (INR)	23.3	30.2	59.6	66.7	80.4
DPS (INR)	1.0	1.2	1.5	2.0	2.0
PER (x)	29.8	20.6	16.5	15.2	11.0
P/ CF (x)	25.5	17.8	14.0	11.9	8.8
P/ BV (x)	6.7	5.1	2.6	2.3	1.9
EV/ EBITDA (x)	22.4	15.8	13.1	10.5	7.7
EV/ Net sales (x)	3.2	2.5	2.0	1.5	1.2
FCF/share INR	0.5	4.5	(3.0)	(0.5)	5.9

Source: Company, Merrill Lynch Research

Price Objective Basis & Risk

Our PO of Rs212 is at 15x CY08e (diluted) PE, which we believe is fair given the implied target 2 year PEG of 0.95 (<1), and lower than the current multiple of 16x CY07e (diluted) PE.

Risks: Slower than expected margin expansion, risk to PeopleSoft Implementation revenues (~30%) and industry-wide risks of growing competition, wage pressures and rupee appreciation.

Analyst Certification

I, Pratish Krishnan, 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.

25 June 2007

***iQmethod*SM Measures Definitions**

Business Performance	Numerator	Denominator
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 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
Quality of Earnings		
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
Valuation Toolkit		
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	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Sales Other LT Liabilities}$	
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

*iQmethod*SM 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.

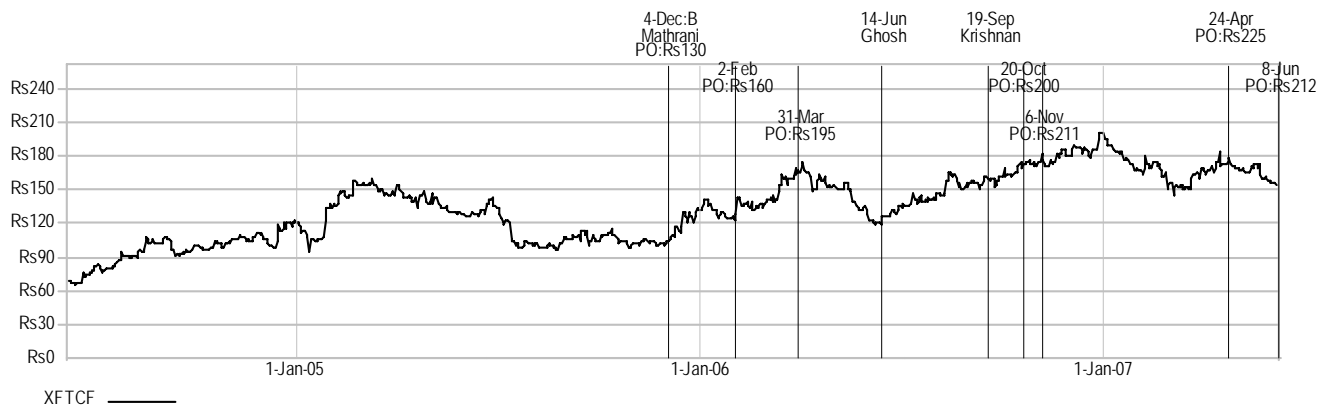
iQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by Merrill Lynch.

*iQprofile*SM, *iQmethod*SM are service marks of Merrill Lynch & Co., Inc. *iQdatabase*[®] is a registered service mark of Merrill Lynch & Co., Inc.

25 June 2007

Important Disclosures

XFTCF 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 May 31, 2007 or such later date as indicated.

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

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	114	41.76%	Buy	21	20.39%
Neutral	146	53.48%	Neutral	31	22.79%
Sell	13	4.76%	Sell	1	9.09%

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.

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: Hexaware Tech.

MLPF&S or an affiliate expects to receive or intends to seek compensation for investment banking services from this company within the next three months: Hexaware Tech.

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: Hexaware Tech.

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.