2 November 2011 │ 15 pages

India Autos

October 2011: Festivals Fail to Fuel Growth

- Industry Overview

- **Hero MotoCorp** — Among the 2W majors, only HMCL reported its October volumes. While wholesale volumes at 512,238 rose a modest 1.3% YoY, retail volumes at ~650k appear strong - though we do not have sufficient historical data to quantify the growth. In the backdrop of very high Sep wholesale volumes (+27% YoY), we believe that October dispatches reflect inventory correction. Neither Bajaj Auto nor TVS have reported numbers. Yamaha's domestic volumes rose a healthy ~20% YoY (Source: *Economic Times*).
- **Maruti Suzuki: Labor strike results in ~53% YoY volume decline** — with ~44,000 units of lost production for MSIL in October. Domestic volumes declined ~52% YoY while export volumes declined ~64% YoY, reflecting a significant loss in A-Star production (at Manesar). That said, even for competitors, the festive season failed to fuel demand with most OEMs in the passenger 4W segment reporting moderate growth or decline in domestic volumes.
- **M&M: Yet another strong month for tractors** — with ~31% YoY volume growth, M&M's tractor segment mitigated the impact of rather moderate volume growth in the passenger UV segment (+6.5% YoY). 4W pickups rose a very strong 41% YoY. Assuming UV volumes of ~16,940 partially include some units of the newly launched XUV500 (500-1000), we reckon the festive season was relatively moderate for the UV portfolio – Nov growth should be better, given the weaker base.
- **Tata Motors: MHCVs drive volumes** — Overall MHCV volumes rose 15% YoY (domestic volumes rose an even stronger 23% YoY); LCV dispatches were hindered due to supply constraints at the curfew-hit Pantnagar plant. Passenger vehicle sales continued to be lackluster with 3% YoY volume growth on an already depressed base.
- **New launches:** — **1)** Hyundai launched the **Eon** in the mini car segment **2)** Hero MotoCorp launched the **Hero Impulse,** its first bike after split from Honda, **3)** Maruti launched a new variant of the Alto, the **Alto Explore** in a bid to counter competition.

Jamshed Dadabhoy
+91-22-6631-9883
jamshed.dadabhoy@citi.com

Arvind Sharma
+91-22-6631-9852
arvind1.sharma@citi.com

Figure 1. Indian Auto OEMs: October 2011 Sales

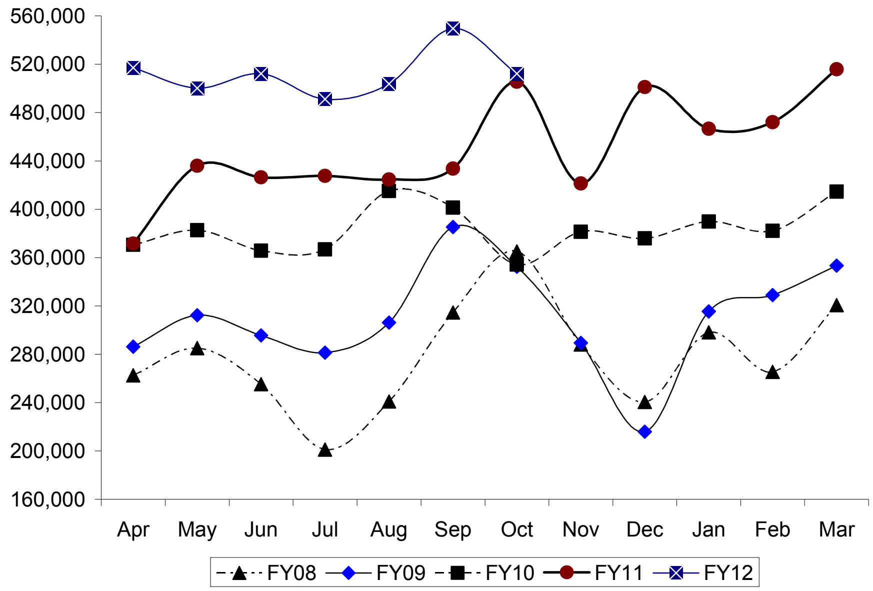
	Oct-10	Sep-11	Oct-11	% Chg YoY	% Chg MoM	FY12 YTD	Residual Growth for FY12
Tata Motors (Overall)	64,757	78,783	68,009	5.0%	-13.7%	467,669	3.1%
Tata Motors (MHCVs)	15,610	19,583	17,890	14.6%	-8.6%	121,444	5.7%
Tata Motors (LCVs)	24,062	32,118	24,294	1.0%	-24.4%	191,045	13.6%
Maruti Suzuki	118,908	85,565	55,595	-53.2%	-35.0%	589,428	12.9%
M&M (Autos)	34,495	44,137	41,506	20.3%	-6.0%	264,957	5.2%
M&M (Tractors)	24,281	24,673	31,838	31.1%	29.0%	149,358	5.0%
Hero Honda (2Ws)	505,553	549,625	512,238	1.3%	-6.8%	3,586,130	16.7%

Source: Companies, Citi Investment Research and Analysis

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

Hero MotoCorp: Strong retail volumes, modest whole sales volumes imply inventory build-up

Figure 2. Hero Honda: Two-Wheeler Sales Trends



Source: Company, Citi Investment Research and Analysis

Figure 3. Hero MotoCorp: October 2011 Sales

	Oct-11 Nos	% chg YoY	% chg over Sep	FY12 YTD (Nos)	% chg YoY
2 Wheeler sales	512,238	1.3%	-6.8%	3,586,130	18.5%

Source: Company, Citi Investment Research and Analysis

Hero MotoCorp's October wholesale volumes rose a very modest 1.3% YoY while declining ~7% MoM. While we do not have details on historical retail sales volumes, per the company's press release, October 2011 retail sales at ~650,000 were the highest ever. In the backdrop of very strong September volumes (~549K, +27% YoY), we believe that there was a significant inventory build-up during September to accommodate high demand expected during festive season. November wholesale volumes will be a better indicator of demand, going forward. We await sales volume figures for Bajaj Auto, TVS Motors and Honda before determining the festive season impact on 2w sales.

Maruti Suzuki: Labour strike continues to mar dispatches

Figure 4. Maruti Suzuki: October 2011 Sales

	Oct-11 Nos	% chg YoY	% chg over Sep	FY12 YTD (Nos)	% chg YoY
Mini (M 800, A Star, Alto, Wagon R)	25,009	(54.9)	(33.0)	259,909	(15.7)
Compact (Swift, Estilo, Ritz)	10,859	(56.1)	(44.9)	111,374	(27.4)
Super Compact (Dzire)	5,001	(48.1)	(46.9)	50,384	(16.0)
Mid-size (SX4)	320	(83.8)	63.3	10,229	(14.3)
Executive (Kizashi)	3	nm	(78.6)	174	nm
MUVs (Gypsy, Grand Vitara)	270	(36.0)	(34.5)	4,116	(2.7)
Vans (Omni, Eeco)	9,996	(35.0)	(14.8)	88,361	(2.4)
Total Domestic	**51,458**	**-52.2**	**(34.7)**	**524,547**	**-16.5**
Exports	4,137	-63.6	(38.7)	64,881	-25.9
Overall	**55,595**	**-53.2**	**(35.0)**	**589,428**	**-17.7**

Source: Company, Citi Investment Research and Analysis

Maruti Suzuki's volumes were impacted by the labour strike as the company lost ~44,000 units' dispatch in October at Gurgaon and Manesar. Domestic volume decline of ~52% was exacerbated by ~64% YoY decline in export volumes (loss in A-Star production), resulting in overall volume decline of ~53% YoY.

In the 2QFY12 conference call, mgmt noted that the industry will continue to be impacted by adverse macro environment (high interest rates and fuel prices) and even the historically robust festive season was moderate this year with an estimated 2-3% growth (see our note dated 31 Oct 2011).

We believe MSIL's volumes will continue to be impacted by the strike in 3Q as Manesar plant is still in ramp-up stage and full production is expected to start only by January 2012. In addition, competitive intensity has increased with the launch of the Eon and Brio - both strong contenders in the Mini and Compact segments respectively. Macro headwinds in the form of higher interest rates and fuel prices are expected to further impact the passenger car industry in general. Our channel checks suggest that financiers are expected to increase loan rates post the festive season, which could further dampen passenger vehicles demand scenario.

The only silver lining came in the form of mgmt assuring that it has reached a long-term agreement with the labour union and this should prevent a recurrence of a dispute/strike.

Competitive landscape — For the overall domestic passenger vehicle industry, festive season appears lackluster as well. **Hyundai India's** domestic sales declined 5% YoY (Source – Business Line) while **M&M** and **Tata Motors'** passenger vehicle segments also reporting sedate volume growth of 6% and 3% respectively. **Volkswagen** India reported a strong 67% YoY growth in volumes (Source- *Economic Times*) but on a MoM basis (which is more relevant) we estimate the growth to be a modest ~6% (we await more details on model wise sales). While Toyota's volume growth of ~63% YoY (Source: *Wall Street Journal*) was on a weak base sans Etios or the Liva, on a MoM basis, vehicle sales (including UVs) declined ~16%. For **General Motors** India, the overall October volumes at 10,062 (Source: NDTV.com) was flat on YoY and MoM basis. Ford India's domestic volumes declined ~10% YoY, though a ~300% YoY growth in exports helped the company report 12% YoY growth in overall sales volume (Source: *Economic Times*).

Mahindra & Mahindra: Tractor sales rise a robust 31% YoY, UV volumes a more modest 6%

Figure 5. Mahindra & Mahindra: October 2011 Sales

	Oct-11 Nos	% chg YoY	% chg over Sep	FY12 YTD Nos	% chg YoY
Passenger UVs	16,938	6.5	(5.3)	108,868	13.0
4 Wheel pick-ups (incl Gio +Maxximo)	13,101	41.2	(2.4)	83,611	49.0
3-wheelers	6,332	17.0	(13.3)	39,481	15.9
LCVs&MHCVs	1,163	42.4	20.1	7,362	9.2
Exports (Auto sector)	2,154	7.5	(28.2)	15,110	68.6
Verito	1,818	68.5	16.5	10,525	63.2
Auto division	**41,506**	**20.3**	**(6.0)**	**264,957**	**26.9**
Tractors (Dom + Exp)	31,838	31.1	29.0	149,358	24.5
Total	**73,344**	**24.8**	**6.6**	**414,315**	**26.1**

Source: Company, Citi Investment Research and Analysis

Rural / urban growth appears to be polarized in this months' numbers, with tractors / pickups reporting strong growth, while the more urban centric / interest rate sensitive passenger UV segment appears to have been impacted.

The passenger UV volume growth trajectory appears to be flattening with a modest 6.5% YoY growth (MoM decline of ~5%). While we await more details on model-wise sales, we believe UV volumes reflect some dispatches (probably 500-1000) of the XUV 500. This translates into an even more modest like-to-like growth in the UV segment (we estimate ~2% YoY). It also reflects a lukewarm festive season demand in the passenger UV segment. November growth should be strong, given the extremely weak base, and should provide some indication, if there is a slowdown going ahead.

We reckon the passenger UV segment could face headwinds given high susceptibility of the passenger 4Ws (cars+UVs) segment to adverse macro factors (high interest rates, fuel price hikes). If there is a hike in excise duties on diesel cars (per press reports- *Economic Times*), M&M's UV segment could see further deceleration in growth.

Tata Motors: MHCV volumes strong, LCVs impacted by production constraints

Figure 6. Tata Motors: October 2011 Sales

	Oct-11 Nos	% chg YoY	% chg over Sep	FY12 YTD (Nos)	% chg YoY
Total Sales	**68,009**	**5.0**	**-13.7**	**467,670**	**5.1**
H / MCVs	17,890	14.6	-8.6	121,444	8.2
LCVs	24,294	1.0	-24.4	191,045	24.6
Total CVs	**42,184**	**6.3**	**-18.4**	**312,489**	**17.7**
UVs	4,208	22.8	-21.2	27,164	18.3
Cars	21,617	-0.2	-0.6	128,017	-18.1
Total Passenger	**25,825**	**2.9**	**-4.6**	**155,181**	**-13.4**

Source: Company, Citi Investment Research and Analysis

Figure 7. Tata Motors: October 2011 Domestic Volumes

	Oct-11 Nos	% chg YoY	% chg over Sep	FY12 YTD (Nos)	% chg YoY
Dom MHCVs	16,822	23%	-7%	113,056	10%
Dom LCVs	21,892	6%	-22%	168,792	24%
Domestic CVs	**38,714**	**13%**	**-16%**	**281,848**	**18%**
Indigo	6,268	-24%	-20%	38,470	-26%
Indica	10,812	11%	5%	52,095	-11%
Nano	3,868	26%	32%	33,245	-18%
UV	4,176	23%	-21%	26,762	19%
Domestic PVs	**25,124**	**3%**	**-5%**	**150,572**	**-13%**

Source: Company, Citi Investment Research and Analysis

Tata Motor's overall October 2011 sales rose a moderate 5% YoY. Overall CV sales volume growth of ~6.3% was driven by a healthy 15% YoY growth in MHCV volumes (tempered by weak exports). LCV sales growth was a modest 1% (domestic volumes rose a slightly better 6% YoY), reflecting Impact of curfew in Pantnagar, Uttarakhand which resulted in production loss as well as supply constraints from the vendors (the Ace, Tata Motors' largest selling LCV is manufactured primarily at Pantnagar plant).

Domestic passenger vehicles' volumes rose marginally by 3% on a small base of 2010. Indigo sales declined by 24% YoY reflecting, we believe, loss in market share to Hyundai (Accent+new 'fluidic' Verna) and Volkswagen Vento. While we await SIAM data to arrive at accurate market share trends, press reports suggest that Hyundai Accent+Verna sales for October 2011 were 6,929 (+21% YoY) while Volkswagen October volumes rose ~67% YoY (we await model specific volumes). Indica sales growth of 11% could be partially driven by purchase diverted from Maruti (dispatches marred by labour strike). Nano sales growth of ~26% appears to be more a reflection of a weak base rather than significant demand buoyancy.

Hero MotoCorp

(HROM.BO; Rs2,141.85; 3)

Valuation

Our target price of Rs1,673 is based on 13x March13 earnings. The multiple is at a slight discount to the stock's long term historical average of ~13.8x, due to the uncertainties regarding HMCL's market positioning, as well as R&D and brand related issues, post its split with Honda. We have chosen to use the P/E valuation metric to value Hero MotoCorp, given the company's high level of cash generation, reflecting its strong balance sheet (around Rs 52bn in cash and liquid investments).

Risks

The key upside risks to our target price include: 1) Lower than expected market share losses, 2) Better margins, 3) Change in corporate structure (technical collaboration, etc).The key downside risks that could impede the stock from reaching our target price are: 1) Slower-than-forecast growth in the two-wheeler industry, 2) Any substantial increase in interest rates and greater than forecast increase in material costs; and 3) Greater than expected increase in the competitive intensity.

Mahindra & Mahindra

(MAHM.BO; Rs834.05; 2)

Valuation

Our target price of Rs888 is based on a sum-of-parts methodology. We value M&M's core business at Rs767/share (12x March 2013E core CEPS, at a slight premium to its 10-year average multiple). We also incorporate value for M&M's listed subsidiaries at Rs121/share. Our subsidiary valuations are based on a 25% discount to market prices of the listed subsidiaries. We have chosen P/CEPS to value the core business to facilitate comparison with historical trading bands; the company is undertaking a significant product development and capital expenditure program.

Risks

Key downside risks to our investment thesis which could prevent the shares from reaching our target price include: a) any substantial rise in interest rates that could curb demand for farm equipment and utility vehicles, b) increase in raw material costs, especially Steel and Rubber, may put downward pressure on margins, c) given M&M's strong dependence on the rural economy, which has significantly benefited from the governments policies, a slight reversal in these policies could impact the outlook for tractors/change secular growth trajectory, and d) escalating competition within the UV segment (notably from Maruti R III concept), which might lead to an increase in discounts and result in margin pressure. Key upside risks to our investment thesis include: a) a significant uptick in Y/Y growth in tractors of 20%+ could imply meaningful upgrades into FY13, b) a benign commodity cost environment could buoy margins, c) higher than expected volumes, especially for new model / variants of UVs and pick-ups could result in volume uptick despite increasing competitive intensity

Maruti Suzuki India

(MRTI.BO; Rs1,130.60; 2)

Valuation

Our target price for Maruti of Rs1,161 is based on Sum-of-Parts methodology. We value the parent business at Rs1,127 based on 9x March FY13E cash earnings (CEPS = PAT + depreciation). At 9x we value the parent business at slight discount with its historical average, reflecting escalating competitive pressures, commodity cost pressure, foreign currency exposure and our concerns on the changing contours of the relationship between Suzuki Motors and Maruti Suzuki. We value MSIL's subsidiaries at Rs34/share, based on 12x March FY13E EPS. We estimate cash earnings CAGR of ~5% over FY11-FY13E. On our target price, Maruti would trade at FY13E P/E of around 14.3x. We prefer price/cash earnings as a valuation metric for the automobile sector, given the industry's high capital intensity (both in terms of capacity and product development). Moreover, MSIL's depreciation policy is per IFRS standards, and is thus more aggressive than those of peers.

Risks

Key upside risks that could prevent the stock from reaching our target price include: 1) greater than forecast increase in volumes and realizations; and 2) a meaningful depreciation of the Yen vs. INR. Key downside risks to our investment thesis and target price include: 1) sales of passenger vehicles are sensitive to economic variables with an appreciable rise in interest rates potentially hitting volume growth across the auto sector; 2) higher than forecast increase in commodity costs, 3) competitive pressures in the Indian market continue to increase, which could impact margins over the longer term; and 4) unfavorable foreign currency rates.

Tata Motors

(TAMO.BO; Rs193.50; 1)

Valuation

Our Rs228 target price for Tata Motors is based on a sum-of-the-parts valuation. We value Tata Motors' core business at Rs123/share (on a share count of 659m shares), based on 7x Mar13E EV/EBITDA. We value subsidiaries and investments at Rs17. We attribute around Rs88/share to JLR - we value this at 3x Mar13E EV/EBITDA, which equates to around Rs120/share and then deduct the total net debt which amounts to around Rs32/share. At our target price, TTMT would trade at a consolidated price-to-book value of 2.8x / 2.1x (FY12/13E), which appears reasonable when juxtaposed against ROEs of 32%, 28% in FY12E/13E respectively. On a P/E basis, the stock would trade at ~8.6x and 7.5x FY12E/13E EPS.

Risks

The key downside risks to our estimates that could prevent the shares from reaching our target price emanate from: a) JLR is exposed to risks of a global macro slowdown. Weaker-than-forecast demand conditions for luxury cars and SUVs in Europe and the US could impact JLR volumes and EPS, given the high leverage of this business to these geographies, b) increase in competitive intensity from JLR's peer group (Mercedes, BMW, Audi) could result in lower-than-expected volume growth, c) cyclical risks within the CV business are increasing- our CV forecasts are predicated on our economist Rohini Malkani's view that industrial growth should rebound in FY13, and d) we assume that the credit and liquidity environment will remain stable. A credit 'crunch' could impact consumer confidence and possibly JLR's sales (especially in developed markets). Given TTMT's fairly leveraged balance sheet, this is a risk. Key upside risks to our target price are as follows: a) better-than-forecast growth in the Range Rover / Land Rover product portfolio, b) a turnaround of the passenger car business in India, and c) a sharp upward climb in the CV cycle in India.

Appendix A-1

Analyst Certification

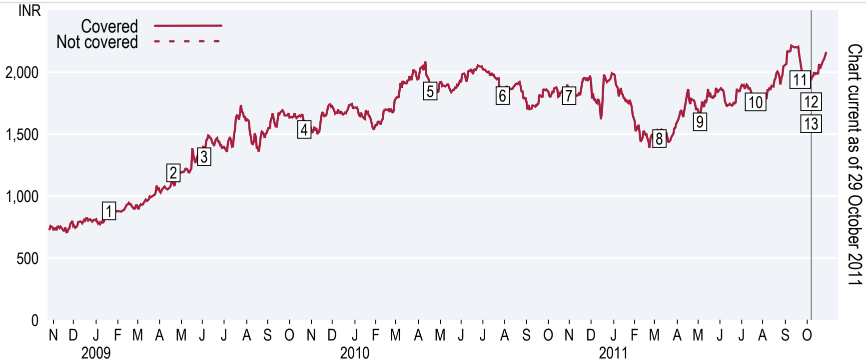
The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

Hero MotoCorp (HROM.BO)

Ratings and Target Price History
Fundamental Research

Analyst: Jamshed Dadabhoy



	Date	Rating	Target Price	Closing Price
1	20-Jan-09	2L	*931.00	834.05
2	21-Apr-09	*1L	*1,258.00	1,100.90
3	3-Jun-09	1L	*1,593.00	1,392.05
4	22-Oct-09	*2L	*1,790.00	1,605.65
5	19-Apr-10	2L	*2,002.00	1,896.90
6	29-Jul-10	2L	*1,952.00	1,870.50
7	31-Oct-10	2L	*1,936.00	1,865.80
8	8-Mar-11	*3L	*1,443.00	1,518.15
9	4-May-11	3L	*1,501.00	1,600.10
10	21-Jul-11	3L	*1,552.00	1,788.85
11	22-Sep-11	3L	*1,673.00	2,088.75
12	7-Oct-11	Stock rating system changed		
13	7-Oct-11	*3	1,673.00	1,941.05

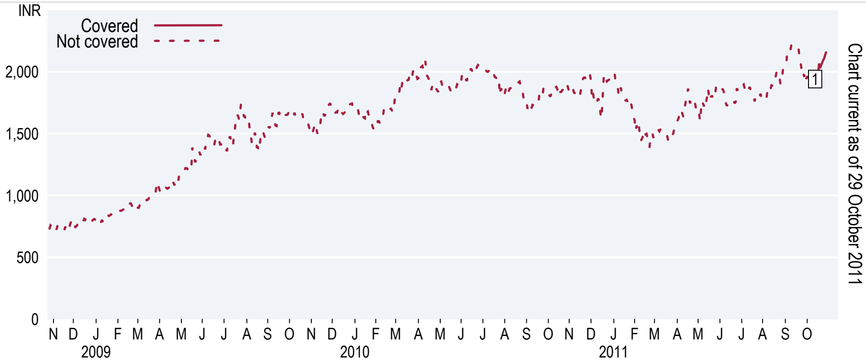
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Hero MotoCorp (HROM.BO)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Jamshed Dadabhoy



	Date	Rating	Target Price	Closing Price
1	13-Oct-11	*ADD LP	-	1,980.75

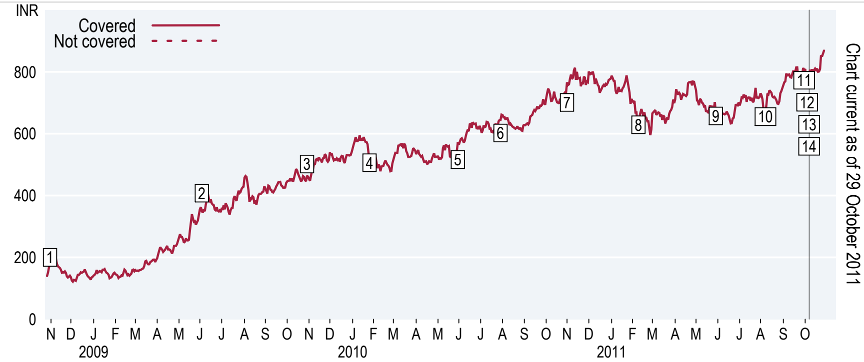
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Mahindra & Mahindra (MAHM.BO)

Ratings and Target Price History
Fundamental Research

Analyst: Jamshed Dadabhoy



#	Date	Rating	Target Price	Closing Price
1	30-Oct-08	*1M	*223.50	151.25
2	3-Jun-09	*1L	*422.00	348.75
3	29-Oct-09	1L	*543.50	463.88
4	26-Jan-10	1L	*619.00	536.18
5	31-May-10	1L	*676.00	572.45
6	29-Jul-10	1L	*753.00	644.10
7	31-Oct-10	1L	*842.00	731.85
8	9-Feb-11	1L	*771.00	654.20
9	30-May-11	1L	*757.00	664.60
10	8-Aug-11	1L	*767.00	666.00
11	30-Sep-11	*2L	*895.00	802.55
12	5-Oct-11	2L	*888.00	784.45
13	7-Oct-11	Stock rating system changed		
14	7-Oct-11	*2	888.00	795.95

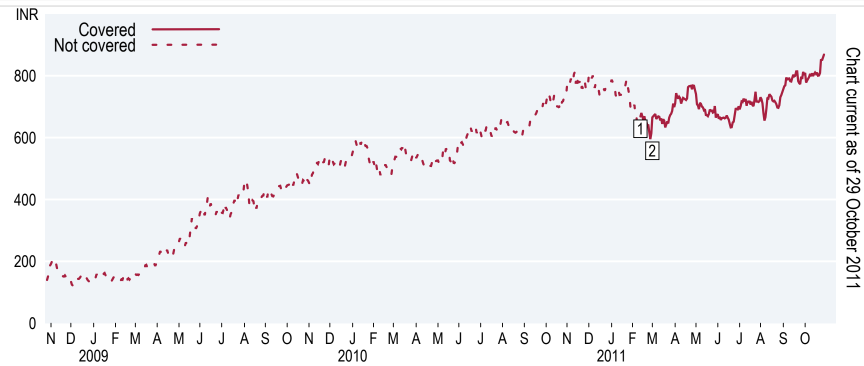
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Mahindra & Mahindra (MAHM.BO)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Jamshed Dadabhoy



#	Date	Rating	Target Price	Closing Price
1	11-Feb-11	*ADD MP	-	668.40
2	1-Mar-11	*REM MP	-	665.45

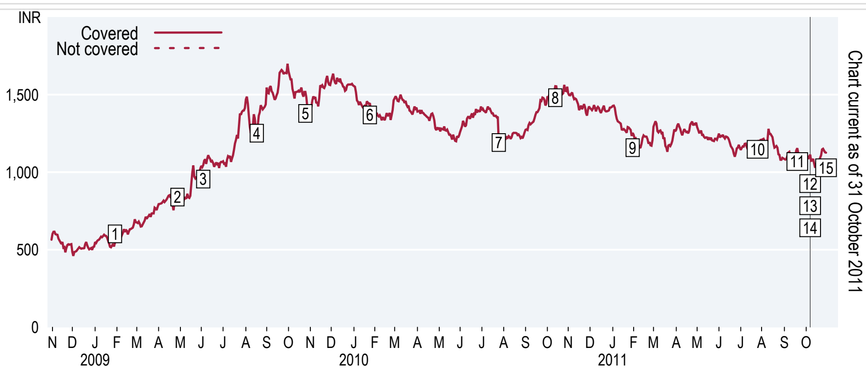
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Maruti Suzuki India (MRTI.BO)

Ratings and Target Price History
Fundamental Research

Analyst: Jamshed Dadabhoy



#	Date	Rating	Target Price	Closing Price
1	29-Jan-09	2M	*596.00	544.80
2	28-Apr-09	*2L	*863.00	800.65
3	3-Jun-09	2L	*1,079.00	1,045.70
4	18-Aug-09	*1L	*1,542.00	1,302.55
5	25-Oct-09	1L	*1,751.00	1,517.35
6	24-Jan-10	1L	*1,707.00	1,439.70
7	25-Jul-10	*2L	*1,435.00	1,358.25
8	13-Oct-10	2L	*1,631.00	1,554.45
9	30-Jan-11	2L	*1,395.00	1,233.55
10	26-Jul-11	2L	*1,297.00	1,177.95
11	20-Sep-11	2L	*1,252.00	1,154.65
12	7-Oct-11	2L	*1,237.00	1,113.10
13	7-Oct-11	Stock rating system changed		
14	7-Oct-11	*2	1,237.00	1,113.10
15	31-Oct-11	2	*1,161.00	1,125.65

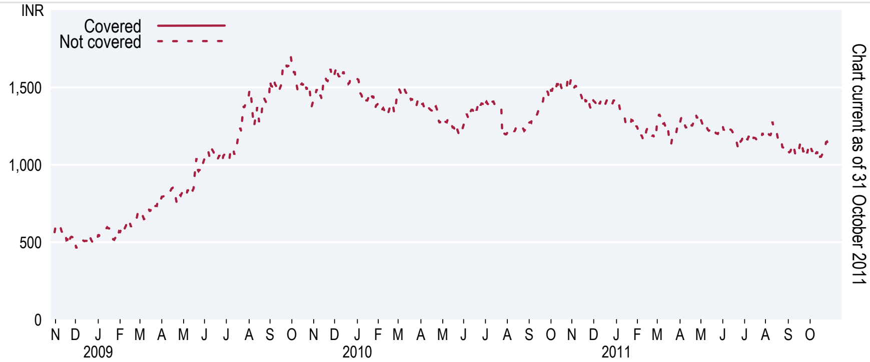
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Maruti Suzuki India (MRTI.BO)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Jamshed Dadabhoy



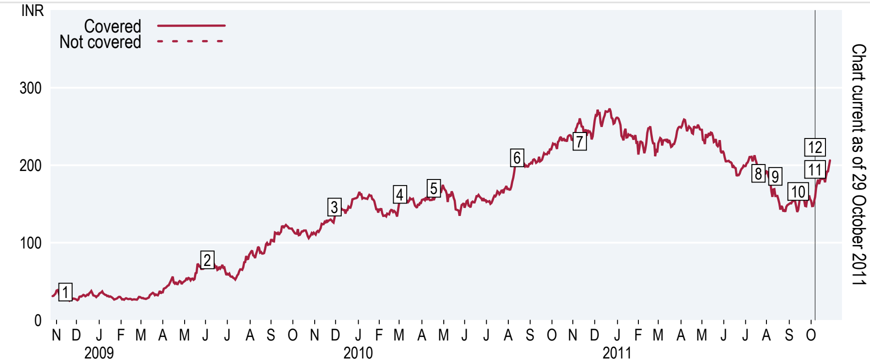
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Tata Motors (TAMO.BO)

Ratings and Target Price History
Fundamental Research

Analyst: Jamshed Dadabhoy



	Date	Rating	Target Price	Closing Price
1	14-Nov-08	*2H	*32.60	27.39
2	3-Jun-09	*2M	*76.80	72.40
3	30-Nov-09	*1M	*165.60	132.18
4	2-Mar-10	1M	*170.20	159.42
5	19-Apr-10	1M	*189.40	155.09
6	13-Aug-10	1M	*239.40	203.40
7	10-Nov-10	1M	*306.60	260.43
8	20-Jul-11	1M	*240.60	193.74
9	12-Aug-11	1M	*228.20	160.22
10	14-Sep-11	1M	*228.20	142.50
11	7-Oct-11	Stock rating system changed		
12	7-Oct-11	*1	228.20	158.80

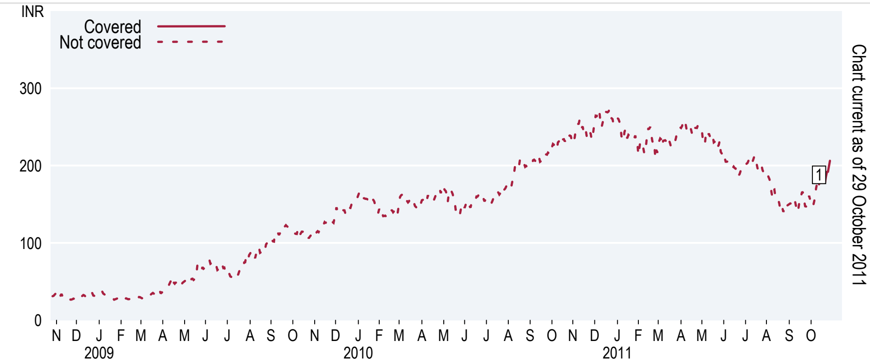
* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Tata Motors (TAMO.BO)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Jamshed Dadabhoy



	Date	Rating	Target Price	Closing Price
1	13-Oct-11	*ADD MP	-	175.75

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Citi Global Markets India Private Limited beneficially owns 129 of the equity securities of Company Maruti Suzuki India Ltd. This position reflects information as at close of 31 Oct 2011.

Citigroup Global Markets Inc. or its affiliates beneficially owns 1% or more of any class of common equity securities of Tata Motors. This position reflects information available as of the prior business day.

Within the past 12 months, Citigroup Global Markets Inc. or its affiliates has acted as manager or co-manager of an offering of securities of Mahindra & Mahindra, Tata Motors.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from Mahindra & Mahindra, Tata Motors.

Citigroup Global Markets Inc. or an affiliate received compensation for products and services other than investment banking services from Hero MotoCorp, Mahindra & Mahindra, Maruti Suzuki India, Tata Motors in the past 12 months.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as investment banking client(s): Mahindra & Mahindra, Tata Motors.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, securities-related: Hero MotoCorp, Mahindra & Mahindra, Maruti Suzuki India, Tata Motors.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, non-securities-related: Hero MotoCorp, Mahindra & Mahindra, Maruti Suzuki India, Tata Motors.

Analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates ("the Firm"). Like all Firm employees, analysts receive compensation that is impacted by overall firm profitability which includes investment banking revenues.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citi Investment Research & Analysis product ("the Product"), please contact Citi Investment Research & Analysis, 388 Greenwich Street, 28th Floor, New York, NY, 10013, Attention: Legal/Compliance [E6WYB6412478]. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's disclosure website at www.citigroupgeo.com. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Historical disclosures (for up to the past three years) will be provided upon request.

Citi Investment Research & Analysis Ratings Distribution

	12 Month Rating			*Relative Rating*		
Data current as of 9 Oct 2011	**Buy**	**Hold**	**Sell**	**Buy**	**Hold**	**Sell**
Citi Investment Research & Analysis Global Fundamental Coverage	59%	34%	7%	10%	79%	10%
% of companies in each rating category that are investment banking clients	45%	42%	37%	50%	43%	46%

Guide to Citi Investment Research & Analysis (CIRA) Fundamental Research Investment Ratings:
CIRA's stock recommendations include an investment rating and an optional risk rating to highlight high risk stocks.
Risk rating takes into account both price volatility and fundamental criteria. Stocks will either have no risk rating or a High risk rating assigned.
Investment Ratings: CIRA's investment ratings are Buy, Neutral and Sell. Our ratings are a function of analyst expectations of expected total return ("ETR") and risk. ETR is the sum of the forecast price appreciation (or depreciation) plus the dividend yield for a stock within the next 12 months. The Investment rating definitions are: Buy (1) ETR of 15% or more or 25% or more for High risk stocks; and Sell (3) for negative ETR. Any covered stock not assigned a Buy or a Sell is a Neutral (2). For stocks rated Neutral (2), if an analyst believes that there are insufficient valuation drivers and/or investment catalysts to derive a positive or negative investment view, they may elect with the approval of CIRA management not to assign a target price and, thus, not derive an ETR. Analysts may place covered stocks "Under Review" in response to exceptional circumstances (e.g. lack of information critical to the analyst's thesis) affecting the company and / or trading in the company's securities (e.g. trading suspension). As soon as practically possible, the analyst will publish a note re-establishing a rating and investment thesis. To satisfy regulatory requirements, we correspond Under Review and Neutral to Hold in our ratings distribution table for our 12-month fundamental rating system. However, we reiterate that we do not consider Under Review to be a recommendation.
Relative three-month ratings: CIRA may also assign a three-month relative call (or rating) to a stock to highlight expected out-performance (most preferred) or under-performance (least preferred) versus the geographic and industry sector over a 3 month period. The relative call may highlight a specific near-term catalyst or event impacting the company or the market that is anticipated to have a short-term price impact on the equity securities of the company. Absent any specific catalyst the analyst(s) will indicate the most and least preferred stocks in the universe of stocks under consideration, explaining the basis for this short-term view. This three-month view may be different from and does not affect a stock's fundamental equity rating, which reflects a longer-term total absolute return expectation. For purposes of NASD/NYSE ratings-distribution-disclosure rules, most preferred calls correspond to a buy recommendation and least preferred calls correspond to a sell recommendation. Any stock not assigned to a most preferred or least preferred call is considered non-relative-rated (NRR). For purposes of NASD/NYSE ratings-distribution-disclosure rules we correspond NRR to Hold in our ratings distribution table for our 3-month relative rating system. However, we reiterate that we do not consider NRR to be a recommendation.

Prior to October 8, 2011, the firm's stock recommendation system included a risk rating and an investment rating. **Risk ratings,** which took into account both price volatility and fundamental criteria, were: Low (L), Medium (M), High (H), and Speculative (S). **Investment Ratings** of Buy, Hold and Sell were a function of CIRA's expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and risk rating. Additionally, analysts could have placed covered stocks "Under Review" in response to exceptional circumstances (e.g. lack of information critical to the analyst's thesis) affecting the company and/or trading in the company's securities (e.g. trading suspension). Stocks placed "Under Review" were monitored daily by management and as practically possible, the analyst published a note re-establishing a rating and investment thesis. For securities in developed markets (US, UK, Europe, Japan, and Australia/New Zealand), investment ratings were:Buy (1) (expected total return of 10% or more for Low-Risk stocks, 15% or more for Medium-Risk stocks, 20% or more for High-Risk stocks, and 35% or more for Speculative stocks); Hold (2) (0%-10% for Low-Risk stocks, 0%-15% for Medium-Risk stocks, 0%-20% for High-Risk stocks, and 0%-35% for Speculative stocks); and Sell (3) (negative total return). For securities in emerging markets (Asia Pacific, Emerging Europe/Middle East/Africa, and Latin America), investment ratings were:Buy (1) (expected total return of 15% or more for Low-Risk stocks, 20% or more for Medium-Risk stocks, 30% or more for High-Risk stocks, and 40% or more for Speculative stocks); Hold (2) (5%-15% for Low-Risk stocks, 10%-20% for Medium-Risk stocks, 15%-30% for High-Risk stocks, and 20%-40% for Speculative stocks); and Sell (3) (5% or less for Low-Risk stocks, 10% or less for Medium-Risk stocks, 15% or less for High-Risk stocks, and 20% or less for Speculative stocks).

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

NON-US RESEARCH ANALYST DISCLOSURES
Non-US research analysts who have prepared this report (i.e., all research analysts listed below other than those identified as employed by Citigroup Global Markets Inc.) are not registered/qualified as research analysts with FINRA. Such research analysts may not be associated persons of the member

organization and therefore may not be subject to the NYSE Rule 472 and NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. The legal entities employing the authors of this report are listed below:

Citigroup Global Markets India Private Limited	Jamshed Dadabhoy; Arvind Sharma

OTHER DISCLOSURES

Citigroup Global Markets Inc. and/or its affiliates has a significant financial interest in relation to Tata Motors. (For an explanation of the determination of significant financial interest, please refer to the policy for managing conflicts of interest which can be found at www.citigroupgeo.com.)

Citigroup Global Markets Inc. or its affiliates beneficially owns 2% or more of any class of common equity securities of Tata Motors.

For securities recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in the issuers' financial instruments and may act as principal in connection with such transactions. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the issuer(s) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citi Investment Research & Analysis (CIRA) does not set a predetermined frequency for publication, if the Product is a fundamental research report, it is the intention of CIRA to provide research coverage of the/those issuer(s) mentioned therein, including in response to news affecting this issuer, subject to applicable quiet periods and capacity constraints. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers: Morgan Stanley & Co. LLC (Morgan Stanley) research reports may be available about the companies that are the subject of this Citi Investment Research & Analysis (CIRA) research report. Ask your Financial Advisor or use smithbarney.com to view any available Morgan Stanley research reports in addition to CIRA research reports.
Important disclosure regarding the relationship between the companies that are the subject of this CIRA research report and Morgan Stanley Smith Barney LLC and its affiliates are available at the Morgan Stanley Smith Barney disclosure website at www.morganstanleysmithbarney.com/researchdisclosures.
For Morgan Stanley and Citigroup Global Markets, Inc. specific disclosures, you may refer to www.morganstanley.com/researchdisclosures and https://www.citigroupgeo.com/geopublic/Disclosures/index_a.html.
This CIRA research report has been reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval was conducted by the same person who reviewed this research report on behalf of CIRA. This could create a conflict of interest.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by. The Product is made available in **Australia** through Citigroup Global Markets Australia Pty Ltd. (ABN 64 003 114 832 and AFSL No. 240992), participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in Australia to Private Banking wholesale clients through Citigroup Pty Limited (ABN 88 004 325 080 and AFSL 238098). Citigroup Pty Limited provides all financial product advice to Australian Private Banking wholesale clients through bankers and relationship managers. If there is any doubt about the suitability of investments held in Citigroup Private Bank accounts, investors should contact the Citigroup Private Bank in Australia. Citigroup companies may compensate affiliates and their representatives for providing products and services to clients. The Product is made available in **Brazil** by Citigroup Global Markets Brasil - CCTVM SA, which is regulated by CVM - Comissão de Valores Mobiliários, BACEN - Brazilian Central Bank, APIMEC - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and ANBID - Associação Nacional dos Bancos de Investimento. Av. Paulista, 1111 - 11º andar - CEP. 01311920 - São Paulo - SP. If the Product is being made available in certain provinces of **Canada** by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. This product is available in **Chile** through Banchile Corredores de Bolsa S.A., an indirect subsidiary of Citigroup Inc., which is regulated by the Superintendencia de Valores y Seguros. Agustinas 975, piso 2, Santiago, Chile. The Product is made available in **France** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. 1-5 Rue Paul Cézanne, 8ème, Paris, France. The Product is distributed in

Germany by Citigroup Global Markets Deutschland AG ("CGMD"), which is regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin). CGMD, Reuterweg 16, 60323 Frankfurt am Main. Research which relates to "securities" (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) is issued in **Hong Kong** by, or on behalf of, Citigroup Global Markets Asia Limited which takes full responsibility for its content. Citigroup Global Markets Asia Ltd. is regulated by Hong Kong Securities and Futures Commission. If the Research is made available through Citibank, N.A., Hong Kong Branch, for its clients in Citi Private Bank, it is made available by Citibank N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citibank N.A. is regulated by the Hong Kong Monetary Authority. Please contact your Private Banker in Citibank N.A., Hong Kong, Branch if you have any queries on or any matters arising from or in connection with this document. The Product is made available in **India** by Citigroup Global Markets India Private Limited, which is regulated by Securities and Exchange Board of India. Bakhtawar, Nariman Point, Mumbai 400-021. The Product is made available in **Indonesia** through PT Citigroup Securities Indonesia. 5/F, Citibank Tower, Bapindo Plaza, Jl. Jend. Sudirman Kav. 54-55, Jakarta 12190. Neither this Product nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable capital market laws and regulations. This Product is not an offer of securities in Indonesia. The securities referred to in this Product have not been registered with the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market laws and regulations. The Product is made available in **Israel** through Citibank NA, regulated by the Bank of Israel and the Israeli Securities Authority. Citibank, N.A, Platinum Building, 21 Ha'arba'ah St, Tel Aviv, Israel. The Product is made available in **Italy** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. Foro Buonaparte 16, Milan, 20121, Italy. The Product is made available in **Japan** by Citigroup Global Markets Japan Inc. ("CGMJ"), which is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Shin-Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6520 Japan. If the Product was distributed by SMBC Nikko Securities Inc. it is being so distributed under license. In the event that an error is found in an CGMJ research report, a revised version will be posted on the Firm's Global Equities Online (GEO) website. If you have questions regarding GEO, please call (81 3) 6270-3019 for help. The Product is made available in **Korea** by Citigroup Global Markets Korea Securities Ltd., which is regulated by the Financial Services Commission, the Financial Supervisory Service and the Korea Financial Investment Association (KOFIA). Citibank Building, 39 Da-dong, Jung-gu, Seoul 110-180, Korea. KOFIA makes available registration information of research analysts on its website. Please visit the following website if you wish to find KOFIA registration information on research analysts of Citigroup Global Markets Korea Securities Ltd. http://dis.kofia.or.kr/fs/dis2/fundMgr/DISFundMgrAnalystPop.jsp?companyCd2=A03030&pageDiv=02. The Product is made available in **Malaysia** by Citigroup Global Markets Malaysia Sdn Bhd, which is regulated by Malaysia Securities Commission. Menara Citibank, 165 Jalan Ampang, Kuala Lumpur, 50450. The Product is made available in **Mexico** by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, Integrante del Grupo Financiero Banamex ("Accival") which is a wholly owned subsidiary of Citigroup Inc. and is regulated by Comision Nacional Bancaria y de Valores. Reforma 398, Col. Juarez, 06600 Mexico, D.F. In **New Zealand** the Product is made available to 'wholesale clients' only as defined by s5C(1) of the Financial Advisers Act 2008 ('FAA') through Citigroup Global Markets Australia Pty Ltd (ABN 64 003 114 832 and AFSL No. 240992), an overseas financial adviser as defined by the FAA, participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in **Pakistan** by Citibank N.A. Pakistan branch, which is regulated by the State Bank of Pakistan and Securities Exchange Commission, Pakistan. AWT Plaza, 1.1. Chundrigar Road, P.O. Box 4889, Karachi-74200. The Product is made available in the **Philippines** through Citicorp Financial Services and Insurance Brokerage Philippines, Inc., which is regulated by the Philippines Securities and Exchange Commission. 20th Floor Citibank Square Bldg. The Product is made available in **Poland** by Dom Maklerski Banku Handlowego SA an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Nadzoru Finansowego. Dom Maklerski Banku Handlowego S.A. ul.Senatorska 16, 00-923 Warszawa. The Product is made available in the **Russian Federation** through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No. 135-FZ (as amended) On Appraisal Activities in the Russian Federation. 8-10 Gasheka Street, 125047 Moscow. The Product is made available in **Singapore** through Citigroup Global Markets Singapore Pte. Ltd. ("CGMSPL"), a capital markets services license holder, and regulated by Monetary Authority of Singapore. Please contact CGMSPL at 1 Temasek Avenue, #39-02 Millenia Tower, Singapore 039192, in respect of any matters arising from, or in connection with, the analysis of this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). The Product is made available by The Citigroup Private Bank in Singapore through Citibank, N.A., Singapore Branch, a licensed bank in Singapore that is regulated by Monetary Authority of Singapore. Please contact your Private Banker in Citibank N.A., Singapore Branch if you have any queries on or any matters arising from or in connection with this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). This report is distributed in Singapore by Citibank Singapore Ltd ("CSL") to selected Citigold/Citigold Private Clients. CSL provides no independent research or analysis of the substance or in preparation of this report. Please contact your Citigold//Citigold Private Client Relationship Manager in CSL if you have any queries on or any matters arising from or in connection with this report. This report is intended for recipients who are accredited investors as defined under the Securities and Futures Act (Cap. 289). Citigroup Global Markets (Pty) Ltd. is incorporated in the **Republic of South Africa** (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. The Product is made available in **Spain** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. 29 Jose Ortega Y Gassef, 4th Floor, Madrid, 28006, Spain. The Product is made available in the **Republic of China** through Citigroup Global Markets Taiwan Securities Company Ltd. ("CGMTS"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan and/or through Citibank Securities (Taiwan) Company Limited ("CSTL"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan, subject to the respective license scope of each entity and the applicable laws and regulations in the Republic of China. CGMTS and CSTL are both regulated by the Securities and Futures Bureau of the Financial Supervisory Commission of Taiwan, the Republic of China. No portion of the Product may be reproduced or quoted in the Republic of China by the press or any third parties [without the written authorization of CGMTS and CSTL]. If the Product covers securities which are not allowed to be offered or traded in the Republic of China, neither the Product nor any information contained in the Product shall be considered as advertising the securities or making recommendation of the securities in the Republic of China. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security or financial products. Any decision to purchase securities or financial products mentioned in the Product must take into account existing public information on such security or the financial products or any registered prospectus. The Product is made available in **Thailand** through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 18/F, 22/F and 29/F, 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand. The Product is made available in **Turkey** through Citibank AS which is regulated by Capital Markets Board. Tekfen Tower, Eski Buyukdere Caddesi # 209 Kat 2B, 23294 Levent, Istanbul, Turkey. In the **U.A.E**, these materials (the "Materials") are communicated by Citigroup Global Markets Limited, DIFC branch ("CGML"), an entity registered in the Dubai International Financial Center ("DIFC") and licensed and regulated by the Dubai Financial Services Authority ("DFSA") to Professional Clients and Market Counterparties only and should not be relied upon or distributed to Retail Clients. A distribution of the different CIRA ratings distribution, in percentage terms for Investments in each sector covered is made available on request. Financial products and/or services to which the Materials relate will only be made available to Professional Clients and Market Counterparties. The Product is made available in **United Kingdom** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. This material may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA and further details as to where this may be the case are available upon request in respect of this material. Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. The Product is made available in **United States** by Citigroup Global Markets Inc, which is a member of FINRA and registered with the US Securities and Exchange Commission. 388 Greenwich Street, New York, NY 10013. Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Limited, which is regulated by Financial Services Authority.

Pursuant to Comissão de Valores Mobiliários Rule 483, Citi is required to disclose whether a Citi related company or business has a commercial relationship with the subject company. Considering that Citi operates multiple businesses in more than 100 countries around the world, it is likely that Citi has a commercial relationship with the subject company.

Many European regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of investment research. The policy applicable to CIRA's Products can be found at www.citigroupgeo.com.

Compensation of equity research analysts is determined by equity research management and Citigroup's senior management and is not linked to specific transactions or recommendations.

The Product may have been distributed simultaneously, in multiple formats, to the Firm's worldwide institutional and retail customers. The Product is not to be construed as providing investment services in any jurisdiction where the provision of such services would not be permitted.

Subject to the nature and contents of the Product, the investments described therein are subject to fluctuations in price and/or value and investors may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Certain investments contained in the Product may have tax implications for private customers whereby levels and basis of taxation may be subject to change. If in doubt, investors should seek advice from a tax adviser. The Product does not purport to identify the nature of the specific market or other risks associated with a particular transaction. Advice in the Product is general and should not be construed as personal advice given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. Prior to acquiring any financial product, it is the client's responsibility to obtain the relevant offer document for the product and consider it before making a decision as to whether to purchase the product.

With the exception of our product that is made available only to Qualified Institutional Buyers (QIBs), CIRA concurrently disseminates its research via proprietary and non-proprietary electronic distribution platforms. Periodically, individual CIRA analysts may also opt to circulate research posted on such platforms to one or more clients by email. Such email distribution is discretionary and is done only after the research has been disseminated via the aforementioned distribution channels. CIRA simultaneously distributes product that is limited to QIBs only through email distribution.

The level and types of services provided by CIRA analysts to clients may vary depending on various factors such as the client's individual preferences as to the frequency and manner of receiving communications from analysts, the client's risk profile and investment focus and perspective (e.g. market-wide, sector specific, long term, short-term etc.), the size and scope of the overall client relationship with Citi and legal and regulatory constraints.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST
