

Capesize rates capsize

PO cut 75% to NT\$22.5 as capesize rates fall 99% in 6mths

Capesize rates have been the worst affected by the commodity slump, with rates plunging 99% since May. U-Ming's focus on this segment (around 68% of its bulk capacity is in capesize vessels) is clearly negative for the stock. We cut our 2008-10 estimates and lower our price objective from NT\$91 to NT\$22.50.

Earnings set to collapse as charter agreements expire

The capesize market is in crisis as large stockpiles of iron ore at Chinese ports, the credit crunch and a global recession has resulted in spot rates diving from \$235K/day to just \$2,800. This is well below even cash breakeven levels, as operators seek cargoes at any price. U-Ming's long-term contracts offer only temporary protection. We cut our 2008 estimates by 10% and 2009-10 by ~85%.

Global capesize supply may double in next 3 years

Despite the long-term demand growth for iron ore and coal by India and China, we remain negative on the outlook for capesize vessels. Over the next three years, global capesize supply may double, which is likely to impede any recovery in rates and leave ship vessels highly depressed.

Valuation at a large premium to peers. Maintain U/perform

We value U-Ming using a trough multiple of 4x EV/EBITDA and 0.8x 2009 PBV to arrive at our PO of NT\$22.50. We think U-Ming warrants a PBV premium to its peers due to its long term contracts and small orderbook which reduces exposure to collapsing vessel valuations. However, we maintain our Underperform rating.

For more, see our report – *Dry Bulk Shipping: Staying in the slump (28-Nov-08)*

Estimates (Dec)

(NT\$)	2006A	2007A	2008E	2009E	2010E
Net Income (Adjusted - mn)	4,836	9,052	10,600	2,484	934
EPS	5.64	10.55	12.35	2.90	1.09
EPS Change (YoY)	-27.3%	87.2%	17.1%	-76.6%	-62.4%
Dividend / Share	5.00	8.50	8.65	2.32	0.871
Free Cash Flow / Share	6.52	10.95	13.93	6.01	(3.40)
Book Value Per Share	23.80	28.91	32.77	27.03	25.82

Valuation (Dec)

	2006A	2007A	2008E	2009E	2010E
P/E	6.68x	3.57x	3.05x	13.00x	34.59x
Dividend Yield	13.28%	22.58%	22.97%	6.15%	2.31%
EV / EBITDA*	5.12x	2.59x	2.29x	7.98x	11.74x
Free Cash Flow Yield*	17.32%	29.07%	36.99%	15.95%	-9.04%

* For full definitions of *iQmethod*SM measures, see page 8.



Paul Dewberry >> +65 6330 7191

Research Analyst
Merrill Lynch (Singapore)
paul_dewberry@ml.com

YingYing Hou >> +65 6330 7213

Research Analyst
Merrill Lynch (Singapore)
yingying_hou@ml.com

Stock Data

Price	NT\$37.65
Price Objective	NT\$91.00 to NT\$22.50
Date Established	28-Nov-2008
Investment Opinion	C-3-7 to C-3-8
Volatility Risk	HIGH
52-Week Range	NT\$31.40-NT\$118.50
Mrkt Val / Shares Out (mn)	US\$970 / 858.0
Average Daily Volume	10,540,870
ML Symbol / Exchange	UMGMF / TWO
Bloomberg / Reuters	2606 TT / 2606.TW
ROE (2008E)	40.1%
Net Dbt to Eqty (Dec-2007A)	-31.3%
Est. 5-Yr EPS / DPS Growth	-62.5% / -62.5%
Free Float	59.4%



No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or other persons.

>> 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 9 to 10. Analyst Certification on Page 7. Price Objective Basis/Risk on page 7.

iQprofileSM U-Ming

Key Income Statement Data (Dec)	2006A	2007A	2008E	2009E	2010E
(NT\$ Millions)					
Sales	9,448	14,758	19,153	7,456	5,637
Gross Profit	8,783	14,087	18,443	6,732	4,876
Sell General & Admin Expense	(3,499)	(3,650)	(6,627)	(3,342)	(2,572)
Operating Profit	3,730	8,860	10,237	1,789	420
Net Interest & Other Income	270	490	628	714	492
Associates	309	333	293	112	71
Pretax Income	4,309	9,683	11,158	2,615	983
Tax (expense) / Benefit	(338)	(423)	(558)	(131)	(49)
Net Income (Adjusted)	4,836	9,052	10,600	2,484	934
Average Fully Diluted Shares Outstanding	858	858	858	858	858

Key Cash Flow Statement Data

Net Income	3,972	9,260	10,600	2,484	934
Depreciation & Amortization	1,554	1,577	1,579	1,601	1,883
Change in Working Capital	(254)	(581)	195	2,908	357
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	334	219	76	(340)	(94)
Cash Flow from Operations	5,606	10,475	12,451	6,653	3,080
Capital Expenditure	(12)	(1,084)	(500)	(1,500)	(6,000)
(Acquisition) / Disposal of Investments	NA	NA	NA	NA	NA
Other Cash Inflow / (Outflow)	977	(309)	0	0	0
Cash Flow from Investing	965	(1,393)	(500)	(1,500)	(6,000)
Shares Issue / (Repurchase)	0	0	0	0	0
Cost of Dividends Paid	(4,362)	(4,364)	(7,293)	(7,420)	(1,987)
Cash Flow from Financing	(3,457)	(603)	(10,195)	(8,073)	(2,445)
Free Cash Flow	5,594	9,391	11,951	5,153	(2,920)
Net Debt	(3,933)	(7,770)	(12,028)	(9,353)	(4,029)
Change in Net Debt	(1,788)	(3,832)	(4,258)	2,675	5,323

Key Balance Sheet Data

Property, Plant & Equipment	9,234	9,110	8,430	8,737	13,270
Other Non-Current Assets	3,096	3,515	3,848	4,141	4,254
Trade Receivables	5,703	6,324	6,321	2,759	2,255
Cash & Equivalents	9,590	17,183	18,539	15,211	9,430
Other Current Assets	NA	NA	NA	NA	NA
Total Assets	27,623	36,132	37,138	30,848	29,208
Long-Term Debt	2,895	5,511	4,858	4,401	4,080
Other Non-Current Liabilities	308	639	1,039	982	990
Short-Term Debt	2,762	3,902	1,653	1,457	1,320
Other Current Liabilities	1,236	1,275	1,467	813	667
Total Liabilities	7,201	11,328	9,018	7,653	7,057
Total Equity	20,422	24,804	28,121	23,195	22,151
Total Equity & Liabilities	27,623	36,132	37,138	30,848	29,208

iQmethodSM - Bus Performance*

Return On Capital Employed	14.8%	28.3%	28.3%	7.1%	3.1%
Return On Equity	24.4%	40.0%	40.1%	9.7%	4.1%
Operating Margin	39.5%	60.0%	53.4%	24.0%	7.5%
EBITDA Margin	55.9%	70.7%	61.7%	45.5%	40.9%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	1.2x	1.2x	1.2x	2.7x	3.3x
Asset Replacement Ratio	0x	0.9x	0.4x	1.3x	4.1x
Tax Rate (Reported)	7.8%	4.4%	5.0%	5.0%	5.0%
Net Debt-to-Equity Ratio	-19.3%	-31.3%	-42.8%	-40.3%	-18.2%
Interest Cover	27.3x	47.9x	NM	25.1x	5.7x

Key Metrics

* For full definitions of iQmethodSM measures, see page 8.

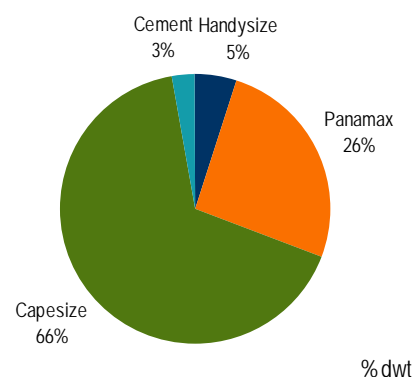
Company Description

U-Ming Marine is in the tramp-shipping business and is the largest dry-bulk shipping company in Taiwan. It ships mainly commodities such as iron ore, coal, grains and cement. Its fleet includes cement, handymax, panamax and capesize dry-bulk carriers, more than 30 in total.

Investment Thesis

U-Ming's focus on the capesize segment is a major negative given the recent collapse in rates and large outstanding global orderbook. Its long-term contracts offer only temporary shelter. However, it only made limited capex investments during the upswing leaving it with a strong balance sheet to face the current downturn.

Chart 1: Capacity by vessel type



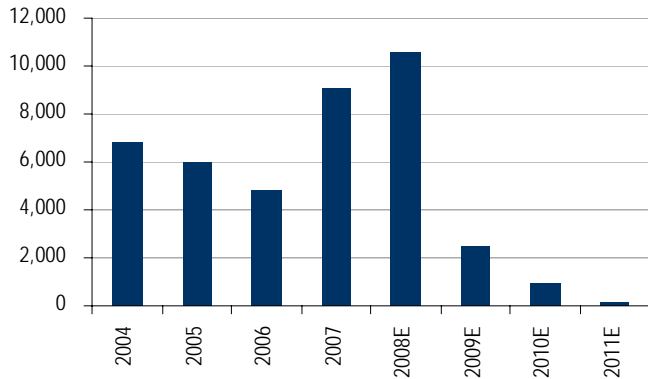
Source: Merrill Lynch estimates.

Stock Data

Price to Book Value 1.15x

Revisions to earnings forecasts

Chart 2: Net income, 2004-11E (NT\$ mn)



Source: Company reports and Merrill Lynch forecasts.

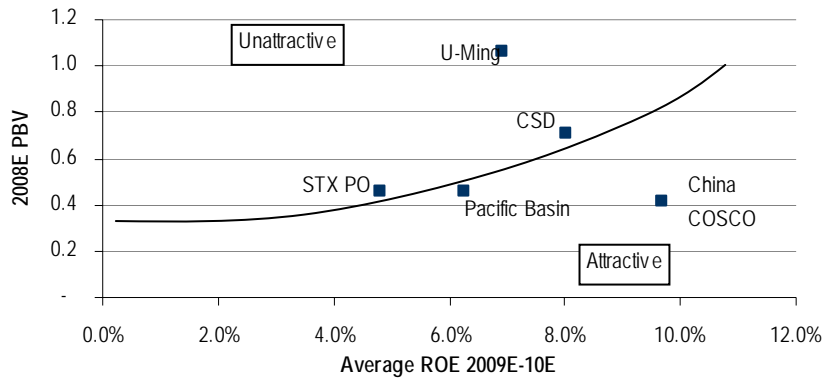
Table 1: Revisions to earnings forecasts, 2008E-10E (NT\$ mn)

	NT\$ mn	2008E	2009E	2010E
Operating profit				
New		10,237	1,789	420
Old		14,001	13,379	13,624
% change		-27%	-87%	-97%
Net profit				
New		10,600	2,484	934
Old		11,809	11,858	13,423
% change		-10%	-79%	-93%
Reported EPS (NT\$)				
New		12.35	2.90	1.09
Old		15.80	15.20	15.64
% change		-22%	-81%	-93%

Source: Merrill Lynch forecasts.

Unattractive valuation

Chart 3: Asian dry bulk stocks – prospective PBV vs. 2yr average forward ROE



Source: Merrill Lynch.

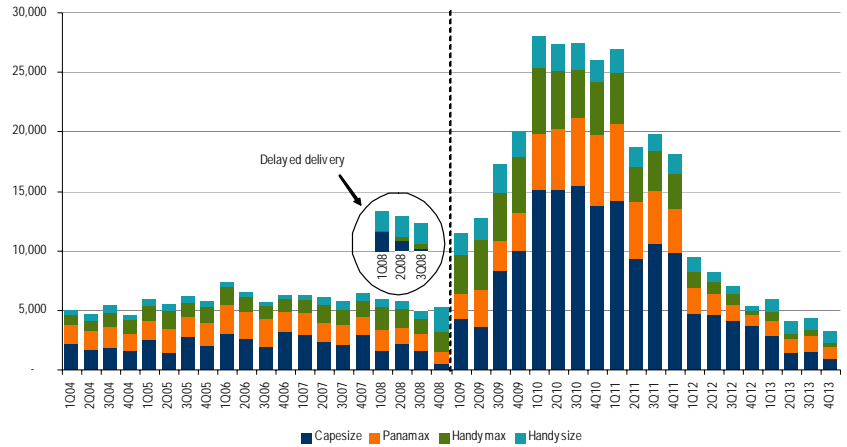
Chart 4: Baltic Capesize Index, 2002-08



Source: Bloomberg.

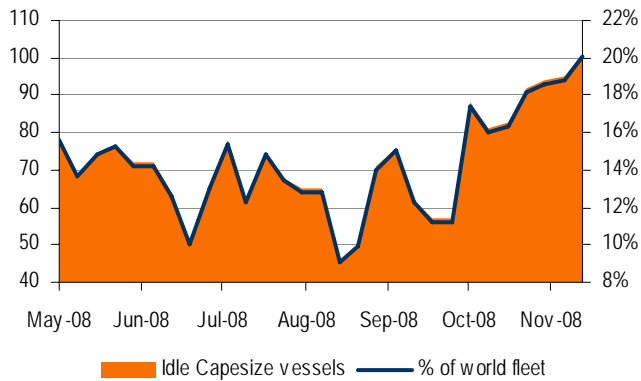
Orderbook for capesize vessels looks excessive

Chart 5: Quarterly dry bulk deliveries by vessel type, 2004-2013E ('000 dead weight tonnes)



Source: Clarksons.

Chart 6: Anchored capesize bulk vessels



Source: Bloomberg.

Table 2: Average age and outstanding orderbook of bulk vessel types

	Avg. age	% fleet on order
Capesize	11.7	110%
Panamax	12.2	53%
Handymax	15.4	61%
Handysize	18.1	47%
Overall		71%

Source: Clarksons.

Earnings model

Table 3: Annual income statement, 2004-11E (NT\$ mn)

	2004	2005	2006	2007	2008E	2009E	2010E	2011E
Chartered-in revenue	2,568	2,064	1,688	2,074	1,915	1,436	72	-
Owned revenue	10,211	9,273	7,760	12,684	17,238	6,019	5,565	5,637
Total revenue	12,779	11,337	9,448	14,758	19,153	7,456	5,637	5,637
Staff cost	(723)	(642)	(665)	(671)	(710)	(723)	(761)	(800)
Depreciation	(1,212)	(1,235)	(1,230)	(1,181)	(1,179)	(1,193)	(1,467)	(1,676)
Amortization	(141)	(238)	(324)	(396)	(400)	(408)	(416)	(424)
General Admin & other	(3,489)	(3,464)	(3,499)	(3,650)	(6,627)	(3,342)	(2,572)	(2,980)
Operating profit	7,213	5,758	3,730	8,860	10,237	1,789	420	(244)
<i>Operating margin</i>	<i>56.4%</i>	<i>50.8%</i>	<i>39.5%</i>	<i>60.0%</i>	<i>53.4%</i>	<i>24.0%</i>	<i>7.5%</i>	<i>-4.3%</i>
Finance income	71	258	420	777	850	800	580	450
Finance costs	(171)	(138)	(137)	(185)	(127)	(71)	(73)	(75)
Investment income/ (loss)	58	293	309	333	293	112	71	73
Other finance income / (loss)	39	(18)	(17)	(34)	(100)	(20)	(20)	(20)
Others	31	81	3	(68)	5	5	5	5
Ordinary pre-tax profit	7,241	6,234	4,309	9,683	11,158	2,615	983	189
Disposal gains/exceptionals	(27)	(10)	815	(209)	-	-	-	-
Reported pre-tax profit	7,214	6,224	5,125	9,475	11,158	2,615	983	189
Tax	(372)	(208)	(338)	(423)	(558)	(131)	(49)	(9)
Accounting change	-	-	49	-	-	-	-	-
Net income	6,842	6,017	4,836	9,052	10,600	2,484	934	179
<i>Recurring net income</i>	<i>6,869</i>	<i>6,026</i>	<i>4,020</i>	<i>9,260</i>	<i>10,600</i>	<i>2,484</i>	<i>934</i>	<i>179</i>
Earnings per share (NT\$)	10.3	7.7	5.6	10.5	12.4	2.9	1.1	0.2
Dividends per share (NT\$)	0.0	5.0	5.0	8.5	8.6	2.3	0.9	0.2

Source: Company reports and Merrill Lynch forecasts.

Table 4: Balance sheet, 2004-11E (NT\$ mn)

	2004	2005	2006	2007	2008E	2009E	2010E	2011E
Fixed assets	11,445	10,937	9,234	9,110	8,430	8,737	13,270	12,093
Fixed assets - other/deferred	779	1,134	1,583	1,893	1,893	1,893	1,893	1,893
Financial investments	1,857	1,043	1,513	1,623	1,955	2,249	2,361	2,432
Cash	5,277	6,897	9,590	17,183	18,539	15,211	9,430	9,727
Current assets	2,369	4,923	5,703	6,324	6,321	2,759	2,255	2,255
Current liabilities	(1,317)	(710)	(1,236)	(1,275)	(1,467)	(813)	(667)	(756)
Short term debt	(1,371)	(1,758)	(2,762)	(3,902)	(1,653)	(1,457)	(1,320)	(1,224)
Long term debt	(3,321)	(2,994)	(2,895)	(5,511)	(4,858)	(4,401)	(4,080)	(3,856)
Deferred items	(163)	(264)	(308)	(639)	(1,039)	(982)	(990)	(970)
	15,555	19,209	20,422	24,804	28,121	23,195	22,151	21,593
Share capital	7,150	8,580	8,580	8,580	8,580	8,580	8,580	8,580
P&L reserve	8,485	10,124	10,583	15,257	18,564	13,628	12,574	12,007
Share premium & other reserves	(81)	504	1,259	967	977	987	996	1,006
Shareholders' funds	15,555	19,209	20,422	24,804	28,121	23,195	22,151	21,593

Source: Company reports and Merrill Lynch forecasts.

Table 5: Cash flow statement, 2004-11E (NT\$ mn)

Cash flow statement	2004	2005	2006	2007	2008E	2009E	2010E	2011E
Operating profit	7,213	5,758	3,730	8,860	10,237	1,789	420	(244)
Depreciation & amortization	1,354	1,473	1,554	1,577	1,579	1,601	1,883	2,101
Changes in working capital	(500)	(3,161)	(254)	(581)	195	2,908	357	89
Net interest	(100)	120	284	592	723	729	507	375
Taxation paid	(193)	(459)	(85)	(263)	(283)	(374)	(88)	(33)
Provision changes and other	465	2,738	377	291	0	0	0	0
Cash flow from operations	8,239	6,469	5,606	10,475	12,451	6,653	3,080	2,288
Gross capital expenditure	(1,245)	(395)	(12)	(1,084)	(500)	(1,500)	(6,000)	(500)
Proceeds from fixed asset disposals	0	0	1,221	0	0	0	0	0
Free cash flow	6,994	6,074	6,815	9,391	11,951	5,153	(2,920)	1,788
Cashflow from (to) investments	(295)	(1,507)	(244)	(309)	0	0	0	0
Other	(222)	314	(421)	(886)	(400)	(408)	(416)	(424)
Cashflow before dividends and financing	6,477	4,881	6,150	8,196	11,551	4,745	(3,336)	1,364
Additional (repayment of) debt	(2,317)	(400)	905	3,761	(2,902)	(653)	(457)	(320)
Dividends paid	(1,244)	(2,860)	(4,362)	(4,364)	(7,293)	(7,420)	(1,987)	(747)
Issue (repurchase) of equity	0	0	0	0	0	0	0	0
Increase in cash & equivalents	2,916	1,620	2,693	7,593	1,356	(3,328)	(5,781)	297

Source: Company reports and Merrill Lynch forecasts.

Price objective basis & risk

U-Ming (UMGMF)

Our PO of NT\$22.50 is based on a trough EV/EBITDA multiple of 4x for 2009E. A trough multiple is appropriate in our view, given our expectation that earnings are likely to remain depressed for some time. Our PO is equivalent to a PBV of 0.8x. Risks include: (1) An unexpected recovery in the BDI and capesize vessel in particular, (2) more/less favorable than expected time charter renewals (3) better/worse than expected cost control (4) counterparty failures.

Analyst Certification

I, Paul Dewberry, 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

Foreign investment in Taiwan securities is regulated and restricted. Currently, foreign investment in Taiwan securities is permitted by investment through: (1) global depository receipts, (2) convertible bonds, (3) mutual funds issued offshore of Taiwan, and (4) a special foreign institutional investors (FINIs) and foreign individual investors (FIDIs) program supervised by the Taiwan SFB whereunder FINIs/FIDIs may apply for investment ID to invest in Taiwan securities by registration with Taiwan Stock Exchange. FINIs will additionally need consent from the foreign exchange authority, ie, the Central Bank of China. In addition to the limitations above, various industry-specific percentage-based limitations on foreign ownership of Taiwan companies (and in some cases prohibitions) may apply. Investments are subject to exchange rate and currency conversion restrictions and risks. Dividends and interest earned by foreign investors' Taiwan securities/instruments are generally subject to a 20% withholding tax. Ordinary shares are not available to ML private client accounts in the U.S.

This report is distributed in the Republic of China by Merrill Lynch, Pierce, Fenner & Smith Inc., Taiwan Branch, which is regulated by the US SEC and the SFB of the Republic of China.

Research provided by Merrill Lynch Global (Taiwan) Limited, a registered SICE, for distribution in Taiwan is provided under contract to Merrill Lynch, Pierce, Fenner & Smith Inc., Taiwan Branch.

APR - Transportation Coverage Cluster

Investment rating	Company	ML ticker	Bloomberg symbol	Analyst
BUY				
	Air China Ltd-H	AICAF	753 HK	Paul Dewberry
	AirAsia BHD	AIABF	AIRA MK	Paul Dewberry
	China Southern	CHKIF	1055 HK	YingYing Hou
	Hainan Meilan	HMCTF	357 HK	YingYing Hou
	Pacific Basin	PCFBF	2343 HK	Paul Dewberry
NEUTRAL				
	Malaysia Airport	MAAPF	MAHB MK	YingYing Hou
UNDERPERFORM				
	Beijing Cap Air	BJCHF	694 HK	YingYing Hou
	Cathay Pac Air	CPCAF	293 HK	Paul Dewberry
	China Airlines	CHAWF	2610 TT	Paul Dewberry
	China Eastern	CHEAF	670 HK	YingYing Hou
	China Shipping	CSDXF	1138 HK	Paul Dewberry
	Eva Airways	EVAYF	2618 TT	Paul Dewberry
	Korean Air	KRNRF	003490 KS	Paul Dewberry
	Singapore Air	SINGF	SIA SP	Paul Dewberry
	STX Pan Ocean	SPNOF	STX SP	Paul Dewberry
	U-Ming	UMGMF	2606 TT	Paul Dewberry
REVIEW				
	Evergreen Marine	EVGQF	2603 TT	Paul Dewberry
	MISC Bhd	MYSPPF	MISC MK	Paul Dewberry
	MISC Bhd -F	MYSFF	MISF MK	Paul Dewberry
	Wan Hai	WHILF	2615 TT	Paul Dewberry
	Yang Ming Marine	YMGXF	2609 TT	Paul Dewberry

iQmethodSM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) * (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$	$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
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	$\text{Net Debt} = \text{Total Debt, Less Cash \& Equivalents}$	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	$\text{Market Cap.} = \text{Current Share Price} * \text{Current Basic Shares}$
Enterprise Value / Sales	$\text{EV} = \text{Current Share Price} * \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} + \text{Other LT Liabilities}$	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

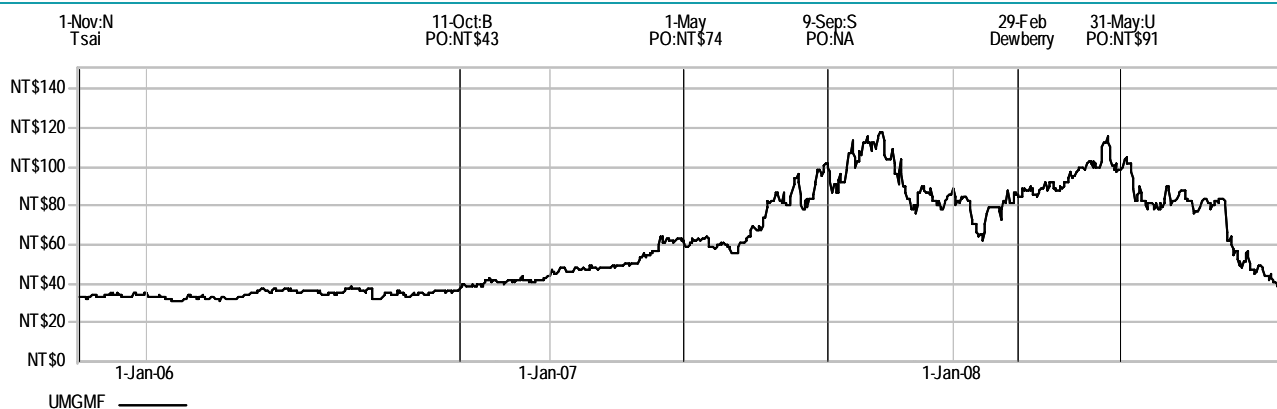
iQmethodSM is the set of Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize 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.

iQprofileSM, iQmethodSM are service marks of Merrill Lynch & Co., Inc. iQdatabase[®] is a registered service mark of Merrill Lynch & Co., Inc.

Important Disclosures

UMGMF Price Chart



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

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 October 31, 2008 or such later date as indicated.

Investment Rating Distribution: Transport/Infrastructure Group (as of 01 Oct 2008)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	76	50.67%	Buy	23	30.67%
Neutral	32	21.33%	Neutral	8	26.67%
Sell	42	28.00%	Sell	5	12.82%

Investment Rating Distribution: Global Group (as of 01 Oct 2008)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1647	45.31%	Buy	429	28.83%
Neutral	858	23.60%	Neutral	240	31.41%
Sell	1130	31.09%	Sell	227	22.02%

* Companies in respect of which MLPF&S or an affiliate 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.

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** reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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 Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent Merrill Lynch Comment referencing the stock.

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: U-Ming.

MLPF&S together with its affiliates beneficially owns one percent or more of the common stock of this company. If this report was issued on or after the 10th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 10th day of a month reflect the ownership position at the end of the second month preceding the date of the report: U-Ming.

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: U-Ming.

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 Securities (Taiwan) Ltd.; 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; Merrill Lynch (Turkey): Merrill Lynch Yatirim Bankasi A.S.; Merrill Lynch (Dubai): Merrill Lynch International Bank Ltd, Dubai Branch; MLPF&S (Zürich rep. office): MLPF&S Incorporated Zürich representative office.

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 Securities (Taiwan) Ltd.; is issued and distributed in Malaysia by Merrill Lynch (KL) Sdn. Bhd., a licensed investment adviser regulated by the Malaysian Securities Commission; is issued and distributed in India by DSP Merrill Lynch Limited; 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 2008 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.