



RESEARCH

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The worst appears to be over

4Q shortfall on non-operating items

Mediatek's higher contribution from handset chip sales helped GM hold up well in 4Q at 54.5% (vs. 54.3% in 3Q and BAS-MLe 53.5%). Inventory days dipped to 71 (vs. 73 in 3Q). But above estimated non-op loss of NT\$1.6bn (NT\$1.26bn impairment loss on fixed income securities and NT\$409mn inventory loss provision) led net profit down to NT\$2.9bn (22% below BAS-MLe and -60% QoQ).

Positive 1Q09 guidance

Management expects 1Q sales to decline 8-16% QoQ (better than our and market estimates) with margin upside potential and significant OPEX cut. Thanks to its clients' market share gain in the global handset market, Mediatek's handset chip sales contribution could get close to 70% in 1Q09. We estimate its handset chip shipment will be around 53mn units in 1Q09, down 10% QoQ but up 8% YoY.

New product development on schedule

During the call, management indicated that new products such as single chip for handset, WCDMA solution and smartphone solution will ramp up mass production in 2H09. Single chip for BD DVD player is also expected to ramp in 2H. We are positive on Mediatek's new product cycle to help the company weather the downturn and expect to see sequential sales growth for the company over 2009.

Reiterate Buy; PO up to NT\$285

Despite the weak 4Q result, we think Mediatek's better outlook ahead will catalyze more potential upside for the stock. In addition, we expect the company will significantly increase its payout ratio to over 60%, which would provide a dividend yield of 5%. Thanks to its OPEX control and stable margin outlook, we slightly raise our FY09 earnings by 4% and raise our PO to NT\$285. Reiterate Buy rating on the stock.

Estimates (Dec)

(NT\$)	2006A	2007A	2008E	2009E	2010E
Net Income (mn) Taiwan GAAP	22,572	33,581	19,187	20,248	23,097
EPS (Pre Bonus)	22.392	32.612	24.106	25.093	28.697
EPS (Post Bonus)	10.562	23.497	18.212	18.867	21.523
EPS Change (YoY)	-18.3%	122.5%	-22.5%	3.6%	14.1%
Dividend / Share	15.00	19.00	10.02	11.32	12.91
Free Cash Flow / Share	21.18	25.06	30.51	24.42	33.36

* Taiwan GAAP changed from Pre Bonus to Post Bonus earnings from 2008.

Valuation (Dec)

	2006A	2007A	2008E	2009E	2010E
P/E (Post Bonus)	24.19x	10.87x	14.03x	13.54x	11.87x
Dividend Yield	5.87%	7.44%	3.92%	4.43%	5.05%
Free Cash Flow Yield*	7.79%	9.41%	11.72%	9.56%	13.06%

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

Stock Data

Price	NT\$255.50
Price Objective	NT\$258.00 to NT\$285.00
Date Established	9-Feb-2009
Investment Opinion	C-1-7
Volatility Risk	HIGH
52-Week Range	NT\$177.00-NT\$440.10
Mrkt Val / Shares Out (mn)	US\$8,141 / 1,073.2
Average Daily Volume	8,260,586
ML Symbol / Exchange	MDTKF / TWO
Bloomberg / Reuters	2454 TT / 2454.TW
ROE (2008E)	22.9%
Net Dbt to Eqty (Dec-2007A)	-58.8%
Est. 5-Yr EPS / DPS Growth	10.0% / 10.0%
Free Float	70.0%



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Refer to important disclosures on page 9 to 11. Analyst Certification on Page 7. Price Objective Basis/Risk on page 7.

09 February 2009

iQprofileSM Mediatek

Key Income Statement Data (Dec)	2006A	2007A	2008E	2009E	2010E
(NT\$ Millions)					
Sales	52,942	80,390	90,402	89,683	105,826
Gross Profit	30,654	45,204	48,582	47,896	56,088
Sell General & Admin Expense	(2,430)	(4,135)	(4,030)	(3,600)	(4,248)
Operating Profit	23,816	31,974	22,306	21,115	24,670
Net Interest & Other Income	551	3,067	(1,193)	560	60
Associates	NA	NA	NA	NA	NA
Pretax Income	24,366	35,041	21,112	21,675	24,730
Tax (expense) / Benefit	(1,794)	(1,460)	(1,926)	(1,428)	(1,633)
Net Income (Adjusted)	22,572	33,581	19,187	20,248	23,097
Average Fully Diluted Shares Outstanding	1,008	1,030	1,054	1,073	1,073

Key Cash Flow Statement Data

Net Income	22,572	33,581	19,187	20,248	23,097
Depreciation & Amortization	1,473	1,830	5,919	4,000	4,000
Change in Working Capital	(757)	(5,267)	4,861	(4,517)	1,251
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	48	(3,210)	5,867	7,481	8,499
Cash Flow from Operations	23,335	26,934	35,834	27,212	36,848
Capital Expenditure	(1,987)	(1,127)	(3,686)	(1,000)	(1,050)
(Acquisition) / Disposal of Investments	(5,469)	(7,024)	3,838	(6,457)	(2,000)
Other Cash Inflow / (Outflow)	(103)	(801)	(10,846)	(800)	(800)
Cash Flow from Investing	(7,558)	(8,952)	(10,694)	(8,257)	(3,850)
Shares Issue / (Repurchase)	0	0	0	0	0
Cost of Dividends Paid	(9,554)	(14,588)	(19,706)	(10,768)	(12,364)
Cash Flow from Financing	(9,554)	(4,049)	(22,707)	(10,768)	(12,364)
Free Cash Flow	21,348	25,808	32,148	26,212	35,798
Net Debt	(38,497)	(50,579)	(53,021)	(61,208)	(81,758)
Change in Net Debt	(6,223)	(13,933)	(2,493)	(8,187)	(20,634)

Key Balance Sheet Data

Property, Plant & Equipment	4,815	5,922	6,709	6,970	7,300
Other Non-Current Assets	24,355	12,783	22,695	19,000	18,000
Trade Receivables	3,857	7,192	5,429	6,950	6,379
Cash & Equivalents	38,497	50,588	53,021	61,208	81,758
Other Current Assets	6,984	22,382	11,220	22,443	23,048
Total Assets	78,508	98,867	99,074	116,571	136,484
Long-Term Debt	0	9	0	0	0
Other Non-Current Liabilities	61	67	83	100	100
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	9,080	12,721	17,232	17,677	18,261
Total Liabilities	9,141	12,797	17,315	17,777	18,361
Total Equity	69,367	86,069	81,759	98,794	118,122
Total Equity & Liabilities	78,508	98,867	99,074	116,571	136,484

iQmethodSM - Bus Performance*

Return On Capital Employed	35.8%	38.8%	25.3%	21.8%	21.1%
Return On Equity	36.7%	43.2%	22.9%	22.4%	21.3%
Operating Margin	45.0%	39.8%	24.7%	23.5%	23.3%
EBITDA Margin	47.8%	42.1%	31.2%	28.0%	27.1%

iQmethodSM - Quality of Earnings*

Cash Realization Ratio	1.0x	0.8x	1.9x	1.3x	1.6x
Asset Replacement Ratio	1.3x	0.6x	0.6x	0.3x	0.3x
Tax Rate (Reported)	7.4%	4.2%	9.1%	6.6%	6.6%
Net Debt-to-Equity Ratio	-55.5%	-58.8%	-64.9%	-62.0%	-69.2%
Interest Cover	NA	NA	NA	NA	NA

Key Metrics

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

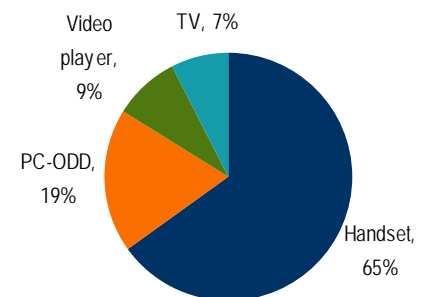
Company Description

Established in 1997, MediaTek Inc. is the largest fabless IC company in Taiwan with more than 3,000 employees (over 70% as R&D personnel). The company has developed comprehensive digital media integrated chipset solutions for CD-ROM, DVD-ROM, CD-R/RW, Combi, DVD-rewritable drives, DVD players and DVD recorders. In addition, it is making progress in handset and LCD TV chips and steadily gaining market share by providing cost-effective solutions.

Investment Thesis

We believe Mediatek will be one of the few companies that will survive the current downturn in the handset IC industry. Gross margin, too, should be sustainable given its ongoing technology/process migration as well as enhanced pricing power over founder/back-end vendor. In our view, As its long-term new product cycle story is still intact, we maintain our positive view on the company.

Chart 1: Mediatek 2009E product mix



Source: Banc of America Securities-Merrill Lynch estimates

Stock Data

Price to Book Value 3.4x

4Q08 results summary

Mediatek's 4Q sales amounted to NT\$21bn (down 26.4% QoQ, and up 1.4% YoY). Its gross margin increased to 54.5% (vs. 54.3% in 3Q08) thanks to NTD depreciation, increasing handset sales contribution and its continuous cost down efforts. Inventory days also dipped to 71 days (vs. 73 days in 3Q08). However, 4Q net profits came in at NT\$2.9bn, 21.6% lower than our forecast mainly due to non-operating loss of NT\$1.6bn (including NT\$1.26bn impairment loss on fixed income securities investment and NT\$409m inventory loss provision).

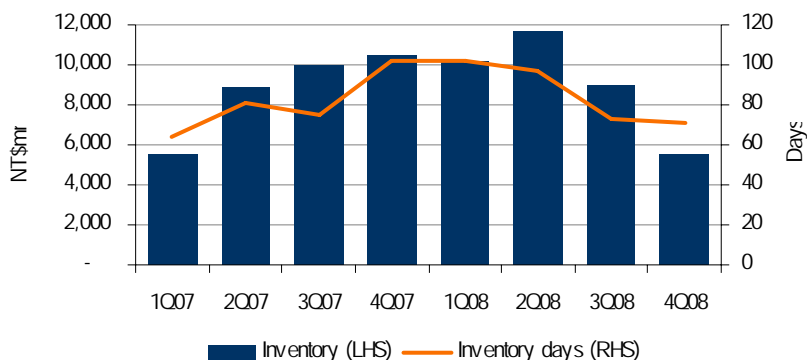
Table 1: Mediatek 4Q08 results

(NT\$m)	4Q08A	4Q08E	Diff. (%)	3Q08A	QoQ (%)	4Q07A	YoY (%)
Sales	20,654	20,496	0.8	28,052	-26.4	20,360	1.4
Gross profit	11,252	10,965	2.6	15,219	-26.1	11,148	0.9
Operating income	4,732	4,441	6.6	7,639	-38.1	6,457	-26.7
Pretax income	3,102	3,986	-22.2	7,569	-59.0	6,757	-54.1
Net income	2,881	3,673	-21.6	7,183	-59.9	6,314	-54.4
Reported EPS (NT\$)	2.73	3.49	-21.6	6.82	-59.9	6.13	-54.4
Gross margin (%)	54.5%	53.5%		54.3%		54.8%	
Operating margin (%)	22.9%	21.7%		27.2%		31.7%	
Net margin (%)	13.9%	17.9%		25.6%		31.0%	

Source: Company data, Banc of America Securities-Merrill Lynch

Note: 4Q07 financial data is pre-bonus

Chart 2: Mediatek inventory trends



Source: Company data, Banc of America Securities-Merrill Lynch estimates

Positive 1Q guidance

During Chinese New Year, local handset makers' sell-through and inventory levels were healthy. While the macro demand remains uncertain, the worst seems to be over. Mediatek's management guided 8-16% QoQ sales decline in 1Q09, which is better than our previous estimate of 21% QoQ. Among its product lines, management is less negative on its handset business thanks to the company's market share gain momentum, in particular in emerging markets. BD DVD chip is also ramping up thanks to significant DVD player price declines. In addition, we are also seeing Mediatek benefit from recouping TV demand in China. We project 1Q sales of NT\$18bn (down 13% QoQ and 7% YoY), implying sales declines of 12% QoQ for handset, 16% QoQ for PC ODD, 6% for DVD players but 5% QoQ increase for TV.

Inventory down to normal level

Margin outlook better than expected

While ASP pressure remains fierce, Mediatek expects its gross margin to sustain at the level seen in 4Q08 or slightly higher. We attribute the upside to: (1) NT\$ depreciation and (2) less competition. Mediatek has secured the leading position in each product line. In particular, for handset chip business, the company has cornered more than 70% of the local Chinese handset maker. Thanks to its clients' market share gain, Mediatek is outperforming global top-tier players.

Table 2: Handset IC makers' 1Q09 outlook comparison

Companies	1Q09 outlook	Inventory days
TI	* 15-35% QoQ revenue decline as demand remains weak * Management indicated utilization is expected to decline below 35% (48% in 4Q) with continuing inventory reduction efforts	82 days from 81 days
Qualcomm	* Revenue down 3-11% QoQ * Management is conservative on 2H outlook and expects sequential decrease in sales between 2H and 1H	53 days from 59 days
Mediatek	* Revenue down 8-16% QoQ with flat or slight increase in GM	71 days from 73 days

Source: Company data, Banc of America Securities-Merrill Lynch

In order to improve its profitability, the company is also targeting to cut operating expenses to NT\$4.5-4.7bn from NT\$5.7bn currently (before bonus expense) by streamlining new technology development, reducing overseas operation costs and benefiting from foundry/back-end pricing negotiations. We therefore see upside potential for Mediatek's operating margin in 2009.

New product development on schedule

During the call, management indicated that its new products such as single chip for handset, WCDMA solution and smartphone solution will ramp up mass production in 2H09. Single chip for BD DVD player is also expected to ramp up in 2H. While the sales contribution could be minimal in 2009 as these new products will only gradually pick up in 2H, we are positive on Mediatek's new product cycle to help the company weather the downturn, and expect to see sequential sales growth over 2009 and better momentum in 2010.

Raise FY09 number by 4%; reiterate Buy

Thanks to Mediatek's better-than-expected 1Q sales momentum, stable margin outlook and better efforts on OPEX control, we revise our FY09 number up by 4.4%. The stock has rebounded by more than 40% from its recent trough and outperformed the TAIEX by 35%. We view its current P/E of 13.5x as more attractive than the valuations of other fabless companies. Our PO of NT\$285 is based on 15x FY09E EPS, which is at the low end of its recent 4-year P/E band.

Table 3: Mediatek revenue breakdown and YoY growth

Revenue (NT\$bn)	2006	2007	2008E	2009E
Handset	23	42	53	58
PC-ODD	17	20	19	17
Video player	11	10	10	8
TV	2	8	8	7
Others	0	0	0	0
Total	53	80	90	90
Revenue breakdown (%)	2006	2007	2008E	2009E
Handset	43%	52%	59%	65%
PC-ODD	33%	25%	21%	19%
Video player	21%	13%	11%	9%
TV	3%	9%	8%	7%
Others	0%	0%	0%	0%
YoY growth (%)	2006	2007	2008E	2009E
Handset	92%	84%	27%	10%
PC-ODD	-13%	16%	-5%	-12%
Video player	-23%	-7%	-5%	-18%
TV	1017%	366%	1%	-13%
Others	17%	120%	10%	na

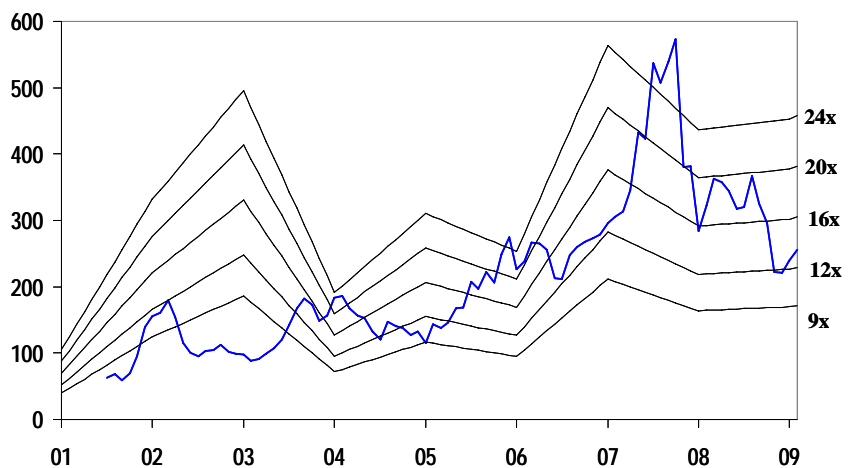
Source: Company data, Banc of America Securities-Merrill Lynch estimates

Table 4: Mediatek earnings revision

NT\$m	2008E			2009E		
	Previous	New	Change	Previous	New	Change
Sales	90,178	90,402	0.2%	85,443	89,683	5.0%
Gross profit	48,157	48,582	0.9%	45,762	47,896	4.7%
Operating income	21,862	22,306	2.0%	19,297	21,115	9.4%
Net income	20,022	19,187	-4.2%	19,396	20,248	4.4%
EPS	19.00	18.21	-4.2%	18.07	18.87	4.4%
Gross margin	53.4%	53.7%		53.6%	53.4%	
Operating margin	24.2%	24.7%		22.6%	23.5%	
Net margin	22.2%	21.2%		22.7%	22.6%	

Source: Banc of America Securities-Merrill Lynch estimates

Chart 3: Mediatek bonus-adjusted PE band



Source: TEJ, Banc of America Securities-Merrill Lynch estimates

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Table 5: Mediatek quarterly P&L

NT\$mnn; %	1Q08	2Q08	3Q08	4Q08	1Q09E	2Q09E	3Q09E	4Q09E	FY2008E	FY2009E	FY2010E
Sales	19,378	22,318	28,052	20,654	17,974	19,004	26,281	26,423	90,402	89,683	105,826
Cost of Sales	(9,276)	(10,309)	(12,834)	(9,401)	(8,178)	(8,837)	(12,352)	(12,419)	(41,820)	(41,786)	(49,738)
Gross Profit	10,102	12,010	15,219	11,252	9,796	10,167	13,929	14,004	48,582	47,896	56,088
Operating Expenses	(5,991)	(6,184)	(7,581)	(6,521)	(5,763)	(6,109)	(7,355)	(7,554)	(26,277)	(26,781)	(31,417)
Operating Profits	4,111	5,826	7,639	4,731	4,033	4,058	6,574	6,450	22,306	21,115	24,670
Non-operating Income	174	333	(70)	(1,629)	125	145	145	145	(1,193)	560	60
Pre-tax Profit	4,285	6,159	7,569	3,102	4,158	4,203	6,719	6,595	21,112	21,675	24,730
Tax Expense	(255)	(1,063)	(386)	(222)	(266)	(276)	(454)	(432)	(1,926)	(1,428)	(1,633)
Net Profit	4,030	5,096	7,183	2,880	3,892	3,928	6,265	6,163	19,187	20,248	23,097
EPS (NT\$)	3.8	4.8	6.8	2.7	3.6	3.7	5.8	5.7	18.2	18.9	21.5
% of revenue											
Gross Margin	52.1%	53.8%	54.3%	54.5%	54.5%	53.5%	53.0%	53.0%	53.7%	53.4%	53.0%
Operating Expense	-30.9%	-27.7%	-27.0%	-31.6%	-32.1%	-32.1%	-28.0%	-28.6%	-29.1%	-29.9%	-29.7%
Operating Margin	21.2%	26.1%	27.2%	22.9%	22.4%	21.4%	25.0%	24.4%	24.7%	23.5%	23.3%
Pre-tax Margin	22.1%	27.6%	27.0%	15.0%	23.1%	22.1%	25.6%	25.0%	23.4%	24.2%	23.4%
Net Margin	20.8%	22.8%	25.6%	13.9%	21.7%	20.7%	23.8%	23.3%	21.2%	22.6%	21.8%
Tax Rate	-6.0%	-17.3%	-5.1%	-7.1%	-6.4%	-6.6%	-6.8%	-6.6%	-9.1%	-6.6%	-6.6%
Sequential Growth											
Sales	-4.8%	15.2%	25.7%	-26.4%	-13.0%	5.7%	38.3%	0.5%	12.5%	-0.8%	18.0%
Cost of Sales	0.5%	11.1%	24.5%	-26.7%	-13.0%	8.1%	39.8%	0.5%	18.9%	-0.1%	19.0%
Gross Profit	-9.4%	18.9%	26.7%	-26.1%	-12.9%	3.8%	37.0%	0.5%	7.5%	-1.4%	17.1%
Operating Expense	27.7%	3.2%	22.6%	-14.0%	-11.6%	6.0%	20.4%	2.7%	98.6%	1.9%	17.3%
Operating Profit	-36.3%	41.7%	31.1%	-38.1%	-14.7%	0.6%	62.0%	-1.9%	-30.2%	-5.3%	16.8%
Non-operating Income	-42.0%	91.4%	-121.0%	na	na	16.0%	0.0%	0.0%	-138.9%	na	-89.3%
Pre-Tax Profit	-36.6%	43.7%	22.9%	-59.0%	34.1%	1.1%	59.9%	-1.8%	-39.7%	2.7%	14.1%
Tax Expense	-42.4%	316.9%	-63.7%	-42.6%	20.1%	3.6%	64.6%	-4.7%	31.9%	-25.9%	14.4%
Net Profit	-36.2%	26.5%	40.9%	-59.9%	35.1%	0.9%	59.5%	-1.6%	-42.9%	5.5%	14.1%
YoY Growth											
Sales	29.8%	21.2%	5.1%	1.4%	-7.2%	-14.8%	-6.3%	27.9%	12.5%	-0.8%	18.0%
Cost of Sales	45.6%	26.9%	12.0%	1.8%	-11.8%	-14.3%	-3.8%	32.1%	18.9%	-0.1%	19.0%
Gross Profit	18.1%	16.7%	-0.1%	0.9%	-3.0%	-15.3%	-8.5%	24.5%	7.5%	-1.4%	17.1%
Operating Expense	150.5%	119.8%	127.4%	39.0%	-3.8%	-1.2%	-3.0%	15.8%	98.6%	1.9%	17.3%
Operating Profit	-33.3%	-22.1%	-35.8%	-26.7%	-1.9%	-30.3%	-13.9%	36.3%	-30.2%	-5.3%	16.8%
Non-operating Income	-89.3%	-62.7%	-128.7%	-643.1%	-28.2%	-56.5%	na	na	-138.9%	na	-89.3%
Pre-Tax Profit	-45.0%	-26.4%	-37.7%	-54.1%	-3.0%	-31.8%	-11.2%	112.6%	-39.7%	2.7%	14.1%
Tax Expense	na	38.8%	33.1%	-50.0%	4.3%	-74.1%	17.5%	95.2%	31.9%	-25.9%	14.4%
Net Profit	-48.6%	-33.0%	-39.4%	-54.4%	-3.4%	-22.9%	-12.8%	114.0%	-42.9%	5.5%	14.1%

Source: Company data, Banc of America Securities-Merrill Lynch estimates

Price objective basis & risk

Mediatek (MDTKF)

Our PO of NT\$285 is based on a P/E of 15x FY09E EPS, around the mid-cycle of Mediatek's historical trading range (7-25x during 2001-08). While some profit taking in the near term might constrain upside, we are positive on its long term growth outlook and think the stock provides a good long-term investment opportunity. Our PO is further supported by the long-term return on our operating capital fair value model. Downside risks: (1) Weak sell-through in China handset market, (2) stronger-than-expected ASP erosion, and (3) failure to ramp up new product lines.

Analyst Certification

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APR - Semiconductor Coverage Cluster

Investment rating	Company	ML ticker	Bloomberg symbol	Analyst
BUY				
	Mediatek	MDTKF	2454 TT	Laura Chen
	Nan Ya PCB Corporation	NANYF	8046 TT	Daniel Heyler
	Siliconware	SPIL	SPIL US	Daniel Heyler
	Siliconware	SPILF	2325 TT	Daniel Heyler
NEUTRAL				
	Advanced Semi	ASX	ASX US	Daniel Heyler
	Advanced Semiconductor Engineering	ASXCF	2311 TT	Daniel Heyler
	Chartered Semiconductor	CHRT	CHRT US	Daniel Heyler

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APR - Semiconductor Coverage Cluster

Investment rating	Company	ML ticker	Bloomberg symbol	Analyst
	Chartered Semiconductor	CHRTF	CSM SP	Daniel Heyler
	Himax Technology-ADR	HIMX	HIMX US	Laura Chen
	Taiwan Semi	TSM	TSM US	Daniel Heyler
	Taiwan Semi	TSMWF	2330 TT	Daniel Heyler
	VIA Tech	VIATF	2388 TT	Daniel Heyler
UNDERPERFORM				
	ASM Pacific	ASMFV	522 HK	Daniel Heyler
	Chipbond Technology	CPBTF	6147 TT	Daniel Heyler
	Elpida Memory	ELPDF	6665 JP	Simon Dong-je Woo, CFA
	Faraday	FDYTF	3035 TT	Laura Chen
	Hynix	HXSCF	000660 KS	Simon Dong-je Woo, CFA
	Inotera Memories	INMFF	3474 TT	Simon Dong-je Woo, CFA
	Kinsus Interconnect Technology	KNSUF	3189 TT	Daniel Heyler
	Nanya Tech Corp.	NNYAF	2408 TT	Simon Dong-je Woo, CFA
	NEC Electronics	NELTF	6723 JP	Simon Dong-je Woo, CFA
	Novatek	NVKMF	3034 TT	Laura Chen
	Phoenix Precision	PHXPF	2446 TT	Daniel Heyler
	Powerchip	PWSMF	5346 TT	Simon Dong-je Woo, CFA
	ProMOS Tech	PTGSF	5387 TT	Simon Dong-je Woo, CFA
	Realtek	RLTOF	2379 TT	Laura Chen
	Richtek Technology	RHTKF	6286 TT	Laura Chen
	Samsung Elec	SSNLF	005930 KS	Simon Dong-je Woo, CFA
	Samsung Elec -G	SSNHY	SMSN LI	Simon Dong-je Woo, CFA
	SMIC	SIUIF	981 HK	Daniel Heyler
	SMIC	SMI	SMI US	Daniel Heyler
	Spreadtrum-ADR	SPRD	SPRD US	Daniel Heyler
	Sunplus	SNPLF	2401 TT	Laura Chen
	Toshiba	TOSBF	6502 JP	Simon Dong-je Woo, CFA
	UMC	UMC	UMC US	Daniel Heyler
	UMC	UMELF	2303 TT	Daniel Heyler

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	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

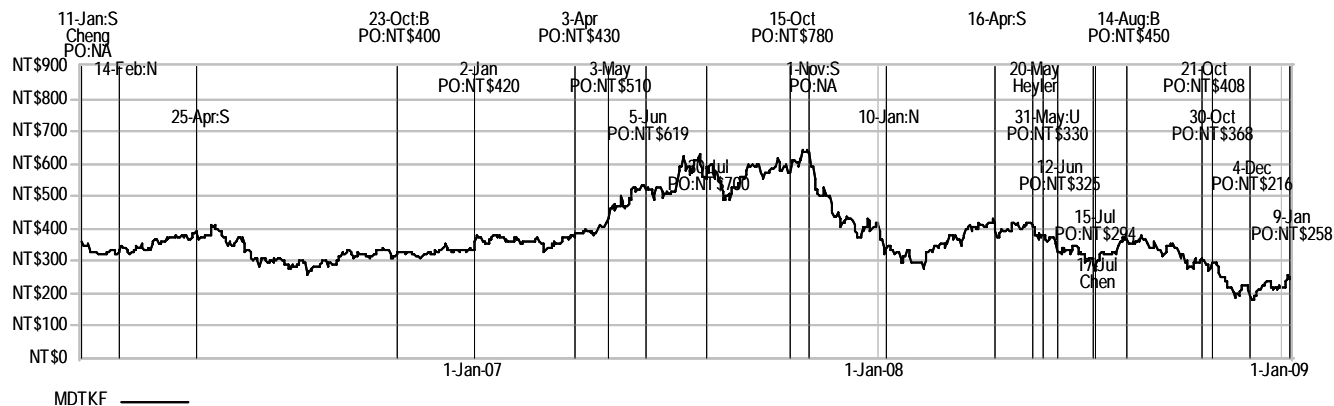
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MDTKF Price Chart



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 December 31, 2008 or such later date as indicated.

BAS-ML price charts do not reflect analysts' coverage of the stock at prior firms. Historical price charts relating to companies covered as of December 31, 2008 by former Banc of America Securities LLC (BAS) analysts are available to BAS clients on the BAS website.*

Investment Rating Distribution: Technology Group (as of 01 Jan 2009)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	68	35.79%	Buy	4	6.35%
Neutral	49	25.79%	Neutral	9	23.68%
Sell	73	38.42%	Sell	12	18.18%

Investment Rating Distribution: Global Group (as of 01 Jan 2009)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	1297	38.46%	Buy	314	26.81%
Neutral	859	25.47%	Neutral	210	28.23%
Sell	1216	36.06%	Sell	229	20.71%

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

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