



4 October 2010

Paper & Packaging

Dr. Paper's Pulse on Pricing

Periodical

Mark Wilde

Research Analyst
 (+1) 212 250-5570
 mark.wilde@db.com

Christopher Chun, CFA

Research Analyst
 (+1) 212 250-8342
 christopher.chun@db.com

Debbie Jones

Research Associate
 (+1) 212 250-2956
 debbie.jones@db.com

Market Pulp

Market pulp prices appear set to decline in Oct. While no other major producer announced a price decrease after Canfor's announcement of \$20/mton price cut on NBSK, we are hearing of reports that others may announce similar price cuts. On the hardwood side, LatAm producers Fibria (# 1 producer in the world) & Suzano last week announced flat global prices on BEK for Oct. With buyers pushing for a \$40-50/mton price decline this month, it's going to be a battle. The August global market pulp data (higher inventories & lower shipments) suggest that buyers should have the bargaining power to drive down prices. Reports of producers offering ~\$25/mton discounts in South Korea also lends credence to this argument. We also note that Terrace Bay restarted its 350K tpy NBSK mill in Ontario this week.

Containerboard

What now? After PPW's recent backtrack on \$40/ton worth increase recognized in August (taking linerboard from \$680 to \$640/ton), the near-term focus has shifted to defense. The risk is that prices could begin to ease, especially as we approach the seasonal doldrums around yr-end. Our discussions with trade contacts suggest that market appears to have a bit more slack than the August operating rate & inventory numbers would suggest. We are starting to hear some reports of "deals" being offered on "side rolls" and other products. Having past the seasonally high period of maintenance downtime (Q2) and with all the macro data pointing to an easing in rate of economic expansion, we think the industry will be forced to announce more downtime during Q4 in order to keep inventories in balance. Domestic OCC prices continue to rise, reportedly as much as +\$15/ton m/m.

Uncoated Free Sheet

The market is OK - nothing more. Prices appear slightly under pressure. We are hearing reports of some spot deals on both cut-size and offset rolls. UFS list price in Sept remained flat at Aug levels. Prices for both offset & repro bonds are up \$45-50/ton from the \$60/ton hike announced in May. The pricing gains over the last 5 months have been driven by tight supply even as overall demand remains sluggish. Aug shipments were slightly better, +4.1% m/m & -2.4% y/y (July = -2.1% m/m & -5.7% y/y). YTD shipments are now marginally lower than year ago levels (-0.2% y/y). Between the two grades, UFS roll shipments appear stronger due to recovery in commercial printing while cut-size shipments are still hit by high unemployment levels. On a positive note, the downturn in market pulp has been more measured than we expected, alleviating the risk that a sharp downward correction in pulp prices could ripple thru to paper prices.

Source for pricing data: Pulp & Paper Week, Random Lengths

Deutsche Bank Securities Inc.

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, 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. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MICA(P) 007/05/2010

PAPER & FOREST PRODUCT PRICING

DR. PAPER'S PULSE ON PRICING

10.4.10

GRADE	CURRENT COMMENTARY	DATE	PRICING INITIATIVES	CURRENT PRICE
LUMBER Affects: <i>TIN, WY</i>	The market remains listless. The Random Lengths Lumber composite was flat this week at \$251/mbf (+\$16/mbf y/y). Improved housing starts failed to bolster domestic demand as buyers remain cautious. Offshore sales continue to remain strong, especially to Asian markets. British Columbia exports to China are rising sharply. Price stands were mixed - western species were slightly stronger while Southern Pine showed signs of weakness. We note that traders in the Upper Midwest & Northeast were hit by wet weather & flooding. With demand set to enter the seasonally slower Q4 & Q1, it's hard to envision much near-term excitement.			\$0 \$251
PANELS Affects: <i>WV, LPX</i>	The Random Lengths Panel composite was flat this week at \$278/msf (+\$12/msf y/y). OSB (7/16" North Central) rose \$15/msf to \$178/msf (+\$13/msf y/y). Higher prices were driven by supply-side actions (limits taking downtime) rather than any meaningful pick-up in demand. In Southern & Western Plywood markets, higher sales were driven by further price cuts (down \$7-12/msf this week).			\$0 \$278
MARKET PULP Affects: <i>ABH, UFS, WY</i>	Market pulp prices appear set to decline in Oct. While no other major producer announced a price decrease after Cantor's announcement of \$20/mton price cut on NBSK, we are hearing of reports that others may announce similar price cuts. On the hardwood side, LatAm producers Fibria (#1 producer in the world) & Suzano last week announced flat global prices on BEK for Oct. With buyers pushing for a \$40-50/mton price decline this month, it's going to be a battle. The August global market pulp data (higher inventories & lower shipments) suggest that buyers should have the bargaining power to drive down prices. Reports of producers offering -\$25/mton discounts in South Korea also lends credence to this argument. We also note that Terrace Bay restarted its 350K tpy NBSK mill in Ontario this week.	8/1/2010 MARKET PULP 6/1/2010 MARKET PULP 5/1/2010 MARKET PULP 4/1/2010 MARKET PULP	DECREASE INCREASE INCREASE INCREASE	(\$30) MTON \$20 MTON \$40 MTON \$50 MTON
NEWSPRINT Affects: <i>ABH</i>	West coast producers closed the gap to East coast producers as newsprint list price in the West rose \$20/mton in Sept to \$610/mton. With East coast prices flat in Sept, the gap is now down to \$30/mton. Reports suggest that small customers are paying the full \$40/mton increase this month. For large customers, price pass-thru is happening in two monthly installments of \$20/mton each. In addition to the \$40/mton Sept price increase, White Birch has announced a \$25/mton price increase in the western mts, effective Oct 1. No other producer has yet announced a hike for Oct. Aug NA operating rate was 97%. Total US newsprint consumption was -2.9% y/y. Recent data suggest that newspaper ad-spending in the US is improving. Meanwhile, producers are increasingly focusing on alternative products (high brites & packaging grades) and off-shore markets like Asia, LA & Middle East where newsprint demand is growing.	8/1/2010 STANDARD 30-LB NEWSPRINT 7/1/2010 STANDARD 30-LB NEWSPRINT 6/1/2010 STANDARD 30-LB NEWSPRINT 5/1/2010 STANDARD 30-LB NEWSPRINT 4/1/2010 STANDARD 30-LB NEWSPRINT 3/1/2010 STANDARD 30-LB NEWSPRINT	INCREASE INCREASE INCREASE INCREASE INCREASE INCREASE	\$10 MTON \$15 MTON \$20 MTON \$20 MTON \$10 MTON \$15 MTON
UNCOATED GROUNDWOOD Affects: <i>ABH</i>	List prices for most of the uncoated mechanical grades rose in Sept. 35-lb offset was up \$45/ton to \$670-740/ton. SC grades (both A & B) rose \$30/ton. This is the third price increase of the year. All the major producers (NewPage, Verso, Mylykoski NA, Abitibi, Catalyst & Irving) have announced \$60/ton price increase on uncoated mechanical grades, effective mid-Sept/early-Oct. The current price increase is driven by improving industry fundamentals - reduced supplies, improving order backlogs & higher operating rates. The current price hike is also driven by improvement in advertising demand and pick-up in catalog business. August data suggests that shipments rebounded from slightly weaker July levels, +9.0% m/m & +14.9% y/y. YTD thru August, shipments were +18.6% y/y. In Europe, the potential combination of UPM and Mylykoski is drawing attention. The 2 control nearly half of the European SC market.	9/1/2010 35-LB MF OFFSET, 65 BRIGHT 9/1/2010 SUPERCALENDERED (35-LB, SC-A) 7/1/2010 35-LB MF OFFSET, 65 BRIGHT 7/1/2010 SUPERCALENDERED (35-LB, SC-A) 6/1/2010 35-LB MF OFFSET, 65 BRIGHT	INCREASE INCREASE INCREASE INCREASE INCREASE	\$45 TON \$30 TON \$30 TON \$40 TON \$30 TON
UNCOATED FREE SHEET Affects: <i>UFS, GLT, IP, WPP</i>	The market is OK - nothing more. Prices appear slightly under pressure. We are hearing reports of some spot deals on both cut-size and offset rolls. UFS list price in Sept remained flat at Aug levels. Prices for both offset & repro bonds are up \$45-50/ton from the \$60/ton hike announced in May. The pricing gains over the last 5 months have been driven by tight supply even as overall demand remains sluggish. Aug shipments were slightly better, +4.1% m/m & -2.4% y/y (July = -2.1% m/m & -5.7% y/y). YTD shipments are now marginally lower than year ago levels (-0.2% y/y). Between the two grades, UFS roll shipments appear stronger due to recovery in commercial printing while cut-size shipments are still hit by high unemployment levels. On a positive note, the downturn in market pulp has been more measured than we expected, alleviating the risk that a sharp downward correction in pulp prices could ripple thru to paper prices.	8/1/2010 UNCOATED PAPER-OFFSET 6/1/2010 UNCOATED PAPER-OFFSET 6/1/2010 UNCOATED PAPER-REPRO BOND 6/1/2010 20-LB FORMS BOND, STOCK TAB 5/1/2010 UNCOATED PAPER-OFFSET 5/1/2010 UNCOATED PAPER-REPRO BOND	INCREASE INCREASE INCREASE INCREASE INCREASE INCREASE	\$5 TON \$10 TON \$5 TON \$10 TON \$30 TON \$40 TON
COATED GROUNDWOOD Affects: <i>ABH, UFS, VRS</i>	Market dynamics have been improving. List prices rose \$30/ton in most of the coated groundwood grades. No. 5, 40-lb offset rolls rose \$30/ton to \$795-875/ton in Sept. Most of the producers (NewPage, Verso, Mylykoski NA, Kruger, Abitibi & Catalyst) have announced price increases of \$60-75/ton, effective mid-Sept/early-Oct. The current price increase is driven by supply cuts, lean inventory levels, improvement in advertising & catalog business and higher shipments (YTD thru Aug +17.1%). Aug shipments were -2.3% y/y. However, this is against a difficult comp of last Aug (-7.6% y/y). On a m/m basis, shipments were up 2.7%.	9/1/2010 COATED GROUNDWOOD 7/1/2010 COATED GROUNDWOOD 6/1/2010 COATED GROUNDWOOD 5/1/2010 COATED GROUNDWOOD 4/1/2010 COATED GROUNDWOOD	INCREASE INCREASE INCREASE INCREASE INCREASE	\$30 TON \$40 TON \$10 TON \$5 TON \$5 TON
COATED FREE SHEET Affects: <i>SPP, VRS</i>	As with LWC, the tenor of the CFS market has been improving. List prices for most of the grades rose \$10-25/ton in Sept. No. 3, 60-lb rolls rose \$25/ton to \$330-1,000/ton. Verso, NewPage, Sagami NA & Appten have all announced \$40-60/ton price increases, effective mid-Sept/early-Oct. Aug shipment data suggests vol's rebounded from slightly weaker July levels --- +10.7% m/m, +14.6% y/y & YTD +21.8% y/y. Thermal POS coated paper prices rose for the third straight month in Sept, +2.5% m/m.	9/1/2010 COATED FREE SHEET 7/1/2010 COATED FREE SHEET 6/1/2010 COATED FREE SHEET 5/1/2010 COATED FREE SHEET 4/1/2010 COATED FREE SHEET	INCREASE INCREASE INCREASE INCREASE INCREASE	\$25 TON \$20 TON \$10 TON \$5 TON \$5 TON
KRAFT PAPER Affects: <i>TIN, SSCC</i>	List prices in Sept remained flat at Aug levels for all kraft paper grades. In Aug, trade papers reported \$30-40/ton increase in kraft paper prices. Extensible sack kraft prices rose \$30/ton in Aug (Jul = +\$30/ton), essentially completing the \$60/ton price increase. Multiwall kraft producers implemented the full \$40/ton price hike in Aug. On the sack grades, producers implemented \$40/ton of the announced \$60/ton price increase in August. The current price increase is driven by a combination of strong demand (strong order backlogs & long order lead times) and tight supply mainly due to the several maintenance outages. One possibility: the potential for a strike at Longview Fibre (the primary West Coast producer).	8/1/2010 KRAFT PAPER, 70lb GROCERY 4/1/2010 KRAFT PAPER, 70lb GROCERY 1/1/2010 KRAFT PAPER, 70lb GROCERY 12/1/2009 KRAFT PAPER, 70lb GROCERY 5/1/2009 KRAFT PAPER, 70lb GROCERY	INCREASE INCREASE INCREASE INCREASE DECREASE	\$40 TON \$60 TON \$20 TON \$20 TON (\$10) TON
CONTAINERBOARD Affects: <i>SSCC, IP, TIN, PKG, GEF, RKT</i>	What now? After PPW's recent backtrack on \$40/ton worth increase recognized in August (taking linerboard from \$680 to \$640/ton), the near-term focus has shifted to defense. The risk is that prices could begin to ease, especially as we approach the seasonal doldrums around year-end. Our discussions with trade contacts suggest that market appears to have a bit more slack than the August operating rate & inventory numbers would suggest. We are starting to hear some reports of "deals" being offered on "side rolls" and other products. Having past the seasonally high period of maintenance downtime (Q2) and with all the macro data pointing to an easing in rate of economic expansion, we think the industry will be forced to announce more downtime during Q4 in order to keep inventories in balance. Domestic OCC prices continue to rise, reportedly as much as +\$15/ton m/m.	4/1/2010 LINERBOARD 4/1/2010 MEDIUM 1/1/2010 LINERBOARD 1/1/2010 MEDIUM	INCREASE INCREASE INCREASE INCREASE	\$60 TON \$60 TON \$50 TON \$50 TON
BLEACHED BOARD / SBS Affects: <i>IP, M/VW, RKT</i>	The market appears tight. All the major producers (IP, MWV, RKT, G-P and Clearwater) have announced a \$40/ton price increase for Oct. This is the fourth price increase attempt of the year. The first attempt in Jan failed to stick, but there were hikes of \$40/ton in April and \$50/ton in August. The current increase is driven by strong order backlogs and tight supplies. Discussions with trade contacts suggest that some customers are on allocation. There are also reports of customers substituting SBS with other grades and looking offshore for quick delivery. Some producers have also announced price increases on bleached bristols & plate stock grades for October. No announcements have been made on cupstock grades. In Sept, 16-pt folding carton list prices remained flat at \$1,090-1,140/ton.	8/1/2010 BLEACHED PAPERBOARD 7/1/2010 BLEACHED PAPERBOARD 4/1/2010 BLEACHED PAPERBOARD 6/1/2009 BLEACHED PAPERBOARD 5/1/2009 BLEACHED PAPERBOARD	INCREASE INCREASE INCREASE DECREASE DECREASE	\$10 TON \$40 TON \$40 TON (\$10) TON (\$15) TON
UNBLEACHED KRAFT BOARD Affects: <i>M/VW</i>	CUK producers implemented the full \$50/ton price increase this month. 20-pt folding carton list prices rose to \$915-975/ton in Sept (+10.5% y/y). This is the second price increase of the year after the \$40/ton price increase in Jun/Jul (first increase since Aug 08). The current price increase is driven by improved domestic beverage packaging demand, substitution from other grades like SBS and good export demand. Graphic Pkg's closure of Golden, CO beverage pkg. plant + 6 folding carton plants have tightened supplies. The current increase will also help in restoring the spread with CRB prices, which rose \$120/ton since Sept 09. Unbleached kraft folding carton board production in Aug was -3% m/m & +8.7% y/y.	9/1/2010 UNBLEACHED KRAFT FOLDING CARTON 7/1/2010 UNBLEACHED KRAFT FOLDING CARTON 6/1/2010 UNBLEACHED KRAFT FOLDING CARTON 6/1/2009 UNBLEACHED KRAFT FOLDING CARTON 5/1/2009 UNBLEACHED KRAFT FOLDING CARTON	INCREASE INCREASE INCREASE DECREASE DECREASE	\$50 TON \$10 TON \$30 TON (\$10) TON (\$10) TON
RECYCLED BOARD Affects: <i>CSAR, RKT</i>	Recycled boardboard markets look solid. All the major producers have announced price increases for late-Sept/mid-Oct. Sonoco, Rock-Tenn, Ox Paperboard, Paperworks, Carustar & Graphic Packaging have announced \$35/ton while Newark has announced \$30/ton. Sonoco has also announced a \$40/ton price increase in Europe, effective mid-October. UFB list prices were flat at \$610-640/ton in Sept (+14.7% y/y), after two rounds of price increases of \$30/ton in February and \$40/ton in April (announced = \$60/ton). In CRB, prices rose \$5/ton to \$845-965/ton in Sept (+12.9% y/y). Since July, prices are up \$30/ton (announced = \$40/ton). The current price increase in both the grades is driven by somewhat improved consumer pkg. demand, strong order backlogs and higher operating rates. With domestic OCC costs starting to rise again (+\$15/ton m/m) driven by strong Chinese demand & stock rebuilding, producers' resolve to implement this hike may strengthen.	9/1/2010 RECYCLED BOARD, COATED 8/1/2010 RECYCLED BOARD, COATED 4/1/2010 RECYCLED BOARD, COATED 1/1/2010 RECYCLED BOARD, COATED 9/1/2009 RECYCLED BOARD, COATED	INCREASE INCREASE INCREASE INCREASE INCREASE	\$5 TON \$25 TON \$35 TON \$30 TON \$25 TON

SOURCE: Deutsche Bank Securities, Inc. estimates, Pulp & Paper Week, and Random Lengths, American Forest and Paper Association

Mark Wilde (212) 260-6570, Christopher Chun (212) 260-8342, Debbie Jones (212) 260-2866

Figure 1: Companies Mentioned List: Covered Companies

Company Name	Ticker	10/1/2010
Domtar	UFS	65.03
Glatfelter	GLT	12.16
Greif	GEF	59.59
International Paper	IP	22.36
Louisiana Pacific Corp	LPX	7.63
MeadWestvaco	MWV	24.58
Packaging Corp. of America	PKG	23.33
Rock Tenn	RKT	50.45
Smurfit Stone	SSCC	18.75
Sonoco	SON	33.70
Temple Inland	TIN	19.22
Wausau Paper	WPP	8.38
Weyerhaeuser	WY	16.09

Source: Deutsche Bank, Capital IQ

Figure 2: Companies Mentioned List: Companies Not Covered

Company Name	Ticker	Company Name	Ticker
AbitibiBowater	OTCPK:ABWT.Q	Myllykoski	Private Co.
Appleton Paper	Private Co.	Mercer International	NasdaqGM:MERC
Arauco	Private Co.	Newark Group	Private Co.
Canfor Pulp	TSX:CFX.UN	NewPage	Private Co.
Catalyst Paper	TSX:CTL	Ox Paperboard	Private Co.
Clearwater Paper	NYSE:CLW	PaperWorks	Private Co.
Georgia-Pacific	Private Co.	Sappi NA	Private Co.
Graphic Packaging	GPK	Terrace Bay	Private Co.
Irving	Private Co.	Verso Paper	NYSE:VRS
Kruger	Private Co.	White Birch	Private Co.
Longview Fiber	Private Co.		

Source: Deutsche Bank, Capital IQ

Appendix 1

Important Disclosures

Additional information available upon request

For disclosures pertaining to recommendations or estimates made on a security mentioned in this report, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr>.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst about the subject issuers and the securities of those issuers. In addition, the undersigned lead analyst has not and will not receive any compensation for providing a specific recommendation or view in this report. Mark Wilde

Equity rating key

Buy: Based on a current 12-month view of total shareholder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield), we recommend that investors buy the stock.

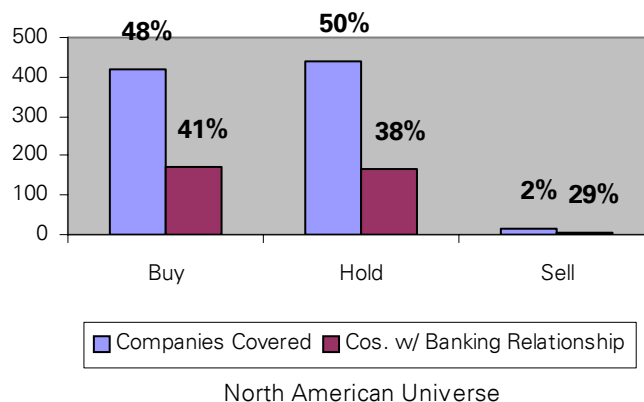
Sell: Based on a current 12-month view of total shareholder return, we recommend that investors sell the stock

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.
2. Ratings definitions prior to 27 January, 2007 were:
 - Buy: Expected total return (including dividends) of 10% or more over a 12-month period
 - Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period
 - Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships



Regulatory Disclosures

1. Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

2. Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at <http://gm.db.com>.

3. Country-Specific Disclosures

Australia: This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

Brazil: The views expressed above accurately reflect personal views of the authors about the subject company(ies) and its(their) securities, including in relation to Deutsche Bank. The compensation of the equity research analyst(s) is indirectly affected by revenues deriving from the business and financial transactions of Deutsche Bank.

EU countries: Disclosures relating to our obligations under MiFiD can be found at <http://globalmarkets.db.com/riskdisclosures>.

Japan: Disclosures under the Financial Instruments and Exchange Law: Company name - Deutsche Securities Inc. Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, The Financial Futures Association of Japan. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered as rating agency in Japan unless specifically indicated as Japan entities of such rating agencies.

New Zealand: This research is not intended for, and should not be given to, "members of the public" within the meaning of the New Zealand Securities Market Act 1988.

Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Deutsche Bank Securities Inc.

North American locations

Deutsche Bank Securities Inc.

60 Wall Street
New York, NY 10005
Tel: (212) 250 2500

Deutsche Bank Securities Inc.

One International Place
12th Floor
Boston, MA 02110
United States of America
Tel: (1) 617 217 6100

Deutsche Bank Securities Inc.

222 South Riverside Plaza
30th Floor
Chicago, IL 60606
Tel: (312) 537-3758

Deutsche Bank Securities Inc.

3033 East First Avenue
Suite 303, Third Floor
Denver, CO 80206
Tel: (303) 394 6800

Deutsche Bank Securities Inc.

1735 Market Street
24th Floor
Philadelphia, PA 19103
Tel: (215) 854 1546

Deutsche Bank Securities Inc.

101 California Street
46th Floor
San Francisco, CA 94111
Tel: (415) 617 2800

Deutsche Bank Securities Inc.

700 Louisiana Street
Houston, TX 77002
Tel: (832) 239-4600

International locations

Deutsche Bank Securities Inc.

60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

Deutsche Bank AG London

1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank AG

Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG

Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG

Level 55
Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.

2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Global Disclaimer

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). The information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Deutsche Bank makes no representation as to the accuracy or completeness of such information.

Deutsche Bank may engage in securities transactions, on a proprietary basis or otherwise, in a manner **inconsistent** with the view taken in this research report. In addition, others within Deutsche Bank, including strategists and sales staff, may take a view that is **inconsistent** with that taken in this research report.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments are subject to change without notice. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst judgement.

As a result of Deutsche Bank's recent acquisition of BHF-Bank AG, a security may be covered by more than one analyst within the Deutsche Bank group. Each of these analysts may use differing methodologies to value the security; as a result, the recommendations may differ and the price targets and estimates of each may vary widely.

Deutsche Bank has instituted a new policy whereby analysts may choose not to set or maintain a target price of certain issuers under coverage with a Hold rating. In particular, this will typically occur for "Hold" rated stocks having a market cap smaller than most other companies in its sector or region. We believe that such policy will allow us to make best use of our resources. Please visit our website at <http://gm.db.com> to determine the target price of any stock.

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Stock transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Deutsche Bank may with respect to securities covered by this report, sell to or buy from customers on a principal basis, and consider this report in deciding to trade on a proprietary basis.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. In the U.S. this report is approved and/or distributed by Deutsche Bank Securities Inc., a member of the NYSE, the NASD, NFA and SIPC. In Germany this report is approved and/or communicated by Deutsche Bank AG Frankfurt authorized by the BaFin. In the United Kingdom this report is approved and/or communicated by Deutsche Bank AG London, a member of the London Stock Exchange and regulated by the Financial Services Authority for the conduct of investment business in the UK and authorized by the BaFin. This report is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. This report is distributed in Singapore by Deutsche Bank AG, Singapore Branch, and recipients in Singapore of this report are to contact Deutsche Bank AG, Singapore Branch in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), Deutsche Bank AG, Singapore Branch accepts legal responsibility to such person for the contents of this report. In Japan this report is approved and/or distributed by Deutsche Securities Inc. The information contained in this report does not constitute the provision of investment advice. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10). Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published by any person for any purpose without Deutsche Bank's prior written consent. Please cite source when quoting.