

## Today At A Glance

Company	Ticker	Rating	PT chg	Curr. Q (e) chg	Curr. Y (e) chg	Next Y (e) chg	Est. Type
Olympic Steel	ZEUS	H to B	\$32.00 to \$34.00	-	\$2.55 to \$2.49	\$2.65 to \$2.68	EPS
SJM Holdings Ltd.	880 HK	H to B	HK\$17.10 to HK\$22.40	-	HK\$0.87 to HK\$1.09	HK\$1.04 to HK\$1.42	EPS
Steel Dynamics	STLD	B	-	-	-	-	
Cigna Corp.	CI	B	\$62.00 to \$64.00	-	\$4.96 to \$5.04	\$5.29 to \$5.59	EPS
Edison Int'l	EIX	B	\$44.50 to \$44.00	\$0.55 to \$0.50	-	-	EPS
Franklin Resources	BEN	H	\$130.00 to \$135.00	\$2.14 to \$2.13	\$8.80 to \$8.82	\$9.50 to \$9.55	EPS
GrafTech Int'l	GTI	B	\$30.00 to \$28.00	\$0.19 to \$0.22	\$1.05 to \$1.06	\$1.50 to \$2.00	EPS
Melco International Develop.	200 HK	H	HK\$4.80 to HK\$8.00	-	(HK\$0.08) to HK\$0.28	-	EPS
Metals USA	MUSA	B	\$23.00 to \$20.00	\$0.48 to \$0.47	-	-	EPS
Reliance Steel & Aluminum	RS	B	\$66.00 to \$69.00	\$1.28 to \$1.33	\$4.50 to \$4.75	\$5.50 to \$6.00	EPS
SemiLEDs	LEDS	H	\$6.00 to \$5.00	(\$0.05) to (\$0.20)	(\$0.01) to (\$0.32)	\$0.31 to \$0.10	EPS
WMS Industries	WMS	H	\$36.00 to \$32.00	\$0.51 to \$0.48	\$1.75 to \$1.72	\$1.99 to \$1.87	EPS
Wynn Macau Ltd.	1128 HK	B	HK\$24.40 to HK\$31.70	-	HK\$1.55 to HK\$1.49	-	EPS
Affiliated Managers Group	AMG	B	-	\$1.67 to \$1.64	\$7.45 to \$7.35	\$8.45 to \$8.35	EPS
Bally Technologies	BYI	B	-	\$0.61 to \$0.58	\$1.92 to \$1.89	\$2.82 to \$2.70	EPS
Invesco Ltd.	IVZ	B	-	\$0.44 to \$0.43	\$1.85 to \$1.83	-	EPS
Legg Mason	LM	B	-	\$0.43 to \$0.38	\$2.05 to \$1.99	\$2.46 to \$2.45	EPS
Penford Corp.	PENX	B	-	\$0.10 to \$0.06	\$0.10 to (\$0.10)	-	EPS
T. Rowe Price	TROW	B	-	\$0.78 to \$0.77	\$3.18 to \$3.14	\$3.76 to \$3.70	EPS
AK Steel Holding Corp.	AKS	H	-	-	-	-	
Amylin Pharmaceuticals	AMLN	B	-	-	-	-	
Commercial Metals Co.	CMC	H	-	-	-	-	
Eaton Vance	EV	H	-	-	-	-	
Nucor Corp.	NUE	B	-	-	-	-	
Sagent Pharmaceuticals	SGNT	B	-	-	-	-	
Schnitzer Steel	SCHN	B	-	-	-	-	
Solutia	SOA	B	-	-	-	-	
Boeing	BA	B	-	-	-	-	
United States Steel	X	H	-	-	-	-	
W.R. Grace	GRA	B	-	-	-	-	
Worthington Industries	WOR	H	-	-	-	-	

## Focus Calls

### Industrials>>

### Initiating Coverage on U.S. Steel Industry

#### Key Takeaway

**With the U.S. steel industry at the beginning stages of a multi-year recovery and valuations depressed on reasonable cycle earnings prospects, we see long term risk-reward as attractive and advise investors to increase exposure to high-quality, well-positioned steel names ahead of improving market fundamentals in 2012.**

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

## Restaurants&gt;&gt;

## 2Q 2011 Earnings Preview

Andy Barish  
(415) 229-1524  
abarish@jefferies.com

## Key Takeaway

Given our view that sales trends in the industry remain relatively choppy and that the remainder of 2011 will likely only see “normalized” sales gains as we lap more difficult comparisons, we stay selective on the stocks. We believe higher EPS growth rates are already being discounted by the market, and see potential risk to EPS estimates as commodity cost pressures remain elevated and underestimated by investors.

## Brokers, Asset Mgrs &amp; Exchanges&gt;&gt;

## 2Q11 Asset Manager Preview

Daniel T. Fannon  
(415) 229-1523  
dfannon@jefferies.com

## Key Takeaway

Similar to last quarter, we anticipate a mixed set of results for the industry when they begin reporting 2Q11 results. Firms that are poised to post the strongest organic growth rates in our view are AMG, BEN and TROW. However, compared to 1Q11 we believe IVZ has the potential for the greatest q/q improvement in the “quality” of its flows.

## Bally Technologies Inc. (NYSE: BYI, \$41.10 , BUY ) &gt;&gt;

## When Is the Waiting Game Over?

David Katz  
(212) 336-7379  
dkatz@jefferies.com

## Key Takeaway

With the collection of flimsy theses and missed expectations, investors’ trepidation on equipment companies has been sensible. However, we believe a change is forthcoming in 2HFY12, and some credit for certain business opportunities should be given. Although our updated estimates suggest the next few quarters should bear little change from the past several, we remain focused on the key differentiating factors for BYI.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$52.00	\$0.61 ▼ \$0.58	\$1.92 ▼ \$1.89	\$2.82 ▼ \$2.70	EPS	Americas

## WMS Industries Inc. (NYSE: WMS, \$28.11 , HOLD ) &gt;&gt;

## The Power of Momentum; It Goes Faster Than It Comes

David Katz  
(212) 336-7379  
dkatz@jefferies.com

## Key Takeaway

Recent market dynamics as well as industry channel checks suggest that the domestic market conditions and WMS’ present competitive positioning warrant a more conservative approach to our estimates. In short, irrespective of the new casinos opening later in 2012, we believe it could be several quarters before WMS regains its momentum. Reiterating HOLD rating and reducing our price target to \$32.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▼\$36.00 to \$32.00	\$0.51 ▼ \$0.48	\$1.75 ▼ \$1.72	\$1.99 ▼ \$1.87	EPS	Americas

**Cigna Corp. (NYSE: CI, \$51.86 , BUY ) ▶▶**

David Windley, CFA, CPA  
(615) 963-8313  
dwindley@jefferies.com

**CI's Consultative Selling Approach Is Still a Consultative Buy****Key Takeaway**

We continue to like CI's progress in Commercial Select Segment and in International markets. Recent discussions with management affirm pricing consistency/discipline in US Commercial and focus on total cost management. A 15% discount to group valuations also suggests the stock is not overheated; however, valid reasons for discount remain in VADBe, Pension, and Medicaid.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲\$62.00 to \$64.00	\$1.32	\$4.96 ▲\$5.04	\$5.29 ▲\$5.59	EPS	Americas

**The Boeing Company (NYSE: BA, \$75.99 , BUY ) ▶▶**

Howard A. Rubel  
(212) 284-2126  
hrubel@jefferies.com

**Orders, Deliveries and Other Items****Key Takeaway**

We continue to believe Boeing's efforts at improving its productivity will lead to a higher share price. The company announced deliveries of 118 planes for the June quarter, matching our estimate. Year-ago deliveries were 114 jetliners.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$90.00	\$1.00	\$4.25	\$5.00	EPS	Americas

**All Research****Clean Technology - Alternative Energy****SemiLEDs (NASDAQ: LEDS, \$6.20 , HOLD ) ▶▶**

Jesse Pichel  
(212) 323-3987  
jpichel@jefferies.com

**F3Q11 Miss; Cost Reduction Is The Focus Until Outdoor Lighting Demand Recovers****Key Takeaway**

SemiLEDs missed F3Q11 on continued pricing pressure, end-demand weakness, low utilization, and inventory write-down. The management saw minimal growth and negative GM in F4Q11. We maintain our Hold rating and lower our PT to \$5 from \$6 on lower volumes and ASPs.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▼\$6.00 to \$5.00	(\$0.05) ▼(\$0.20)	(\$0.01) ▼(\$0.32)	\$0.31 ▼\$0.10	EPS	Americas

**Consumer - Gaming & Lodging****Gaming & Lodging▶▶**

David Katz  
(212) 336-7379  
dkatz@jefferies.com

**The Gaming and Lodging Daily Digest****Key Takeaway**

The Gaming and Lodging Daily Digest for July 8, 2011

## Consumer - Gaming &amp; Lodging

## SJM Holdings Ltd. (HKSE: 880 HK, HK\$18.54 , BUY ) ►►

Ken Chen  
852 3743 8031  
kchen@jefferies.com

## Attractive earnings with sweet dividend; Upgrade to Buy

## Key Takeaway

We are positive on SJM and its earnings outlook, and we believe it should continue to be strong in holding its market share leadership. We raised our assumptions for its earnings as Macau growth surpassed our expectations. We find its annual dividend to be attractive. Assumptions raised, PT raised to HK\$22.40, upgrade to Buy.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ HK\$17.10 to HK\$22.40	-	HK\$0.87 ▲ HK\$1.09	HK\$1.04 ▲ HK\$1.42	EPS	Asia

## Consumer - Gaming &amp; Lodging

## Gaming &amp; Lodging ►►

Ken Chen  
852 3743 8031  
kchen@jefferies.com

## Cherry Picking of the Group

## Key Takeaway

We remain positive on the outlook of the Macau gaming industry and revise our 2011 GGR growth up by 10% to 40%, while keeping our 25% growth for 2012.

## Consumer - Gaming &amp; Lodging

## Wynn Macau Ltd. (HKSE: 1128 HK, HK\$27.05 , BUY ) ►►

Ken Chen  
852 3743 8031  
kchen@jefferies.com

## Still has the Best to Offer; Re-iterate Buy

## Key Takeaway

We consider Wynn Macau a leader in the sector, thanks to its premium VIP business. We are positive as it continues to build on that strength and a strong 2Q11 result is expected. It should be in a better position to expand on Cotai thanks to quality Management. The stock deserves to trade at a premium, in our view. PT raised to HK\$31.70, re-iterate Buy.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ HK\$24.40 to HK\$31.70	-	HK\$1.55 ▼ HK\$1.49	HK\$1.79	EPS	Asia

## Consumer - Gaming &amp; Lodging

## Bally Technologies Inc. (NYSE: BYI, \$41.10 , BUY ) ►►

David Katz  
(212) 336-7379  
dkatz@jefferies.com

## When Is the Waiting Game Over?

## Key Takeaway

With the collection of flimsy theses and missed expectations, investors' trepidation on equipment companies has been sensible. However, we believe a change is forthcoming in 2HFY12, and some credit for certain business opportunities should be given. Although our updated estimates suggest the next few quarters should bear little change from the past several, we remain focused on the key differentiating factors for BYI.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$52.00	\$0.61 ▼ \$0.58	\$1.92 ▼ \$1.89	\$2.82 ▼ \$2.70	EPS	Americas

## Consumer - Gaming &amp; Lodging

## WMS Industries Inc. (NYSE: WMS, \$28.11 , HOLD ) &gt;&gt;

David Katz  
(212) 336-7379  
dkatz@jefferies.com

## The Power of Momentum; It Goes Faster Than It Comes

## Key Takeaway

Recent market dynamics as well as industry channel checks suggest that the domestic market conditions and WMS' present competitive positioning warrant a more conservative approach to our estimates. In short, irrespective of the new casinos opening later in 2012, we believe it could be several quarters before WMS regains its momentum. Reiterating HOLD rating and reducing our price target to \$32.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▼ \$36.00 to \$32.00	\$0.51 ▼ \$0.48	\$1.75 ▼ \$1.72	\$1.99 ▼ \$1.87	EPS	Americas

## Consumer - Restaurants

## Restaurants&gt;&gt;

Andy Barish  
(415) 229-1524  
abarish@jefferies.com

## 2Q 2011 Earnings Preview

## Key Takeaway

Given our view that sales trends in the industry remain relatively choppy and that the remainder of 2011 will likely only see "normalized" sales gains as we lap more difficult comparisons, we stay selective on the stocks. We believe higher EPS growth rates are already being discounted by the market, and see potential risk to EPS estimates as commodity cost pressures remain elevated and underestimated by investors.

## Energy - Electric Utilities

## Edison International (NYSE: EIX, \$38.79 , BUY ) &gt;&gt;

Paul B. Fremont  
(212) 284-2466  
pfremont@jefferies.com

## Lower 2Q11 EPS Estimate; Maintain 2011-2013 EPS Estimates

## Key Takeaway

We are lowering our 2Q11 EPS estimate by \$0.05 to \$0.50. We are increasing our 3Q11 EPS estimate by \$0.05 to \$1.25.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▼ \$44.50 to \$44.00	\$0.55 ▼ \$0.50	\$2.75	\$2.35	EPS	Americas

## Energy - Oil &amp; Gas Exploration &amp; Production

## Oil &amp; Gas Exploration &amp; Production&gt;&gt;

Subash Chandra, CFA  
(212) 284-2271  
schandra@jefferies.com

## Back to School: A Day With a Leading Marcellus Authority

## Key Takeaway

We spent a day in New York with Professor Terry Engelder of Penn State University. As a member of the Governor's Marcellus Shale Commission, he is a "fair" party in the Marcellus discussion. Highlights were that the Marcellus core is still growing, but that the decline-curve controversy is still years from being settled.

## Financials - Brokers, Asset Mgrs &amp; Exchanges

## Brokers, Asset Mgrs &amp; Exchanges&gt;&gt;

Daniel T. Fannon

(415) 229-1523

dfannon@jefferies.com

## Weekly Mutual Fund Flows

## Key Takeaway

During the week ended July 6th, domestic equities ex-ETF experienced modest outflows while int'l/global funds ex-ETF returned to positive flows. The four week rolling average for aggregate equity flows is -\$842M. Taxable bond flows remained positive albeit below the YTD weekly average of \$2.9B. Tax exempt funds slipped back into the red for the week following two positive weeks.

## Financials - Brokers, Asset Mgrs &amp; Exchanges

## T. Rowe Price Group (NASDAQ: TROW, \$61.87 , BUY ) &gt;&gt;

Daniel T. Fannon

(415) 229-1523

dfannon@jefferies.com

## 2Q11 Asset Manager Preview

## Key Takeaway

Similar to last quarter, we anticipate a mixed set of results for the industry when they begin reporting 2Q11 results. Firms that are poised to post the strongest organic growth rates in our view are AMG, BEN and TROW. However, compared to 1Q11 we believe IVZ has the potential for the greatest q/q improvement in the "quality" of its flows.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$73.00	\$0.78 ▼ \$0.77	\$3.18 ▼ \$3.14	\$3.76 ▼ \$3.70	EPS	Americas

## Affiliated Managers Group (NYSE: AMG, \$108.51 , BUY ) &gt;&gt;

Daniel T. Fannon

(415) 229-1523

dfannon@jefferies.com

## 2Q11 Asset Manager Preview

## Key Takeaway

Similar to last quarter, we anticipate a mixed set of results for the industry when they begin reporting 2Q11 results. Firms that are poised to post the strongest organic growth rates in our view are AMG, BEN and TROW. However, compared to 1Q11 we believe IVZ has the potential for the greatest q/q improvement in the "quality" of its flows.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$126.00	\$1.67 ▼ \$1.64	\$7.45 ▼ \$7.35	\$8.45 ▼ \$8.35	EPS	Americas

## Legg Mason Inc. (NYSE: LM, \$34.22 , BUY ) &gt;&gt;

Daniel T. Fannon

(415) 229-1523

dfannon@jefferies.com

## 2Q11 Asset Manager Preview

## Key Takeaway

Similar to last quarter, we anticipate a mixed set of results for the industry when they begin reporting 2Q11 results. Firms that are poised to post the strongest organic growth rates in our view are AMG, BEN and TROW. However, compared to 1Q11 we believe IVZ has the potential for the greatest q/q improvement in the "quality" of its flows.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$40.00	\$0.43 ▼ \$0.38	\$2.05 ▼ \$1.99	\$2.46 ▼ \$2.45	EPS	Americas

**Invesco Ltd. (NYSE: IVZ, \$23.90 , BUY ) >>**

Daniel T. Fannon  
(415) 229-1523  
dfannon@jefferies.com

**2Q11 Asset Manager Preview****Key Takeaway**

Similar to last quarter, we anticipate a mixed set of results for the industry when they begin reporting 2Q11 results. Firms that are poised to post the strongest organic growth rates in our view are AMG, BEN and TROW. However, compared to 1Q11 we believe IVZ has the potential for the greatest q/q improvement in the "quality" of its flows.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$29.00	\$0.44 ▼ \$0.43	\$1.85 ▼ \$1.83	\$2.15	EPS	Americas

**Eaton Vance (NYSE: EV, \$30.81 , BUY ) >>**

Daniel T. Fannon  
(415) 229-1523  
dfannon@jefferies.com

**2Q11 Asset Manager Preview****Key Takeaway**

Similar to last quarter, we anticipate a mixed set of results for the industry when they begin reporting 2Q11 results. Firms that are poised to post the strongest organic growth rates in our view are AMG, BEN and TROW. However, compared to 1Q11 we believe IVZ has the potential for the greatest q/q improvement in the "quality" of its flows.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$34.00	\$0.54	\$1.91	\$2.28	EPS	Americas

**Franklin Resources Inc. (NYSE: BEN, \$137.26 , BUY ) >>**

Daniel T. Fannon  
(415) 229-1523  
dfannon@jefferies.com

**2Q11 Asset Manager Preview****Key Takeaway**

Similar to last quarter, we anticipate a mixed set of results for the industry when they begin reporting 2Q11 results. Firms that are poised to post the strongest organic growth rates in our view are AMG, BEN and TROW. However, compared to 1Q11 we believe IVZ has the potential for the greatest q/q improvement in the "quality" of its flows.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▲\$130.00 to \$135.00	\$2.14 ▼ \$2.13	\$8.80 ▲ \$8.82	\$9.50 ▲ \$9.55	EPS	Americas

**Healthcare - Biotechnology****Amylin Pharmaceuticals, Inc. (NASDAQ: AMLN, \$13.71 , BUY ) >>**

Thomas Wei  
(212) 284-2326  
twei@jefferies.com

**Favorable Outcome In tQT Study Will Likely Lead To Bydureon FDA Approval****Key Takeaway**

Today, AMLN reported that the Bydureon thorough QT (tQT) study did not show prolongation of the QT interval. We believe this positive outcome, which is in line with our expectations, will likely result in regulatory approval of Bydureon in 1Q12.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$22.00	-	-	-	EPS	Americas

## Healthcare - Managed Care

### Cigna Corp. (NYSE: CI, \$51.86 , BUY ) ►►

David Windley, CFA, CPA  
(615) 963-8313  
dwindley@jefferies.com

#### CI's Consultative Selling Approach Is Still a Consultative Buy

##### Key Takeaway

We continue to like CI's progress in Commercial Select Segment and in International markets. Recent discussions with management affirm pricing consistency/discipline in US Commercial and focus on total cost management. A 15% discount to group valuations also suggests the stock is not overheated; however, valid reasons for discount remain in VADBe, Pension, and Medicaid.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲\$62.00 to \$64.00	\$1.32	\$4.96 ▲\$5.04	\$5.29 ▲\$5.59	EPS	Americas

## Healthcare - Pharmaceuticals/Specialty

### Sagent Pharmaceuticals (NASDAQ: SGNT, \$26.51 , BUY ) ►►

Corey Davis, Ph.D.  
(212) 336-7187  
cdavis@jefferies.com

#### Generic Levaquin IS Their Bag, Baby

##### Key Takeaway

FDA just approved Sagent's 2nd ANDA for generic Levaquin. While already in our model, Sagent appears to be the only generic approved for this pre-mixed "bag" formulation -- presenting the potential for significant upside. Right now we have only \$4.5M in our model for 2011, but with a \$150M brand product and as a sole generic (we don't know about an AG), it could be closer to \$30M, which could raise EPS by \$0.05 in 2011.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$31.00	-	-	-	EPS	Americas

## Industrials - Aerospace & Defense Electronics

### The Boeing Company (NYSE: BA, \$75.99 , BUY ) ►►

Howard A. Rubel  
(212) 284-2126  
hrubel@jefferies.com

#### Orders, Deliveries and Other Items

##### Key Takeaway

We continue to believe Boeing's efforts at improving its productivity will lead to a higher share price. The company announced deliveries of 118 planes for the June quarter, matching our estimate. Year-ago deliveries were 114 jetliners.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$90.00	\$1.00	\$4.25	\$5.00	EPS	Americas



## Industrials - Chemicals

### Solutia (NYSE: SOA, \$23.18 , BUY ) ►►

Laurence Alexander, CFA  
(212) 284-2553  
lalexander@jefferies.com

#### Q2 Preview: Muddle Through 2H11; Start looking at 2012.

##### Key Takeaway

We expect Solutia to meet or beat our Q2 EPS estimate of \$0.55 (vs. \$0.56 consensus) and likely maintain the 2011E range of \$2.10-\$2.25. We expect the Q2 call to focus on raw material pressures heading into 2H11. Solutia shares could remain rangebound until investors shift the focus to 2012.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$30.00	\$0.55	\$2.20	\$2.55	EPS	Americas

## Industrials - Chemicals

### W.R. Grace (NYSE: GRA, \$47.57 , BUY ) ►►

Laurence Alexander, CFA  
(212) 284-2553  
lalexander@jefferies.com

#### Despite headlines, latest Libby news is old news.

##### Key Takeaway

Tuesday, an article in the Associated Press referred to a "new danger in town scarred by asbestos" referring to Libby, MT. While the article may appear a headline risk to Grace investors, the company's liability on the matter was settled in 2008 when Grace made a \$250m payment to the EPA. The crux of the article alleges that the EPA (not Grace) failed to alert residents to known asbestos contamination in the material.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$56.00	-	-	-	EPS	Americas

## Industrials - Chemicals

### Penford Corporation (NASDAQ: PENX, \$5.29 , BUY ) ►►

Laurence Alexander, CFA  
(212) 284-2553  
lalexander@jefferies.com

#### Q3 miss on ethanol. Industrial starch mix improves.

##### Key Takeaway

Penford reported a \$0.06/share loss. Ethanol volatility should continue to offset margin expansion in industrial starches and momentum in food in the near-term. We are lowering 2011E EPS by \$0.20 to (\$0.10) but maintaining 2012E at \$0.45.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$8.00	\$0.10 ▼ \$0.06	\$0.10 ▼ (\$0.10)	\$0.45	EPS	Americas

## Industrials - Conglomerates

### Melco International Develop. (HKSE: 200 HK, HK\$8.34 , HOLD ) >>

Ken Chen  
852 3743 8031  
kchen@jefferies.com

#### Holding Structure Unattractive; Maintain Hold

##### Key Takeaway

We expect Melco International's bottom line to turn black for 1H11 thanks to its core investment in MPEL. However, we remain cautious on the stock due to its complex holding structure, non-performing investments, and lack of transparency. MPEL accounts for 99% of Melco's 2011E gross NAV, with its current price 3% above our PT after holding discount, valuation is fair. Maintain Hold with PT raised to HK\$8.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	▲ HK\$4.80 to HK\$8.00	-	(HK\$0.08) ▲ HK\$0.28	HK\$0.33	EPS	Asia

## Industrials - Industrials

### Industrials>>

H. Peter Nesvold, CFA  
(212) 284-2318  
pnesvold@jefferies.com

#### Auto & Transport Week in Review: LTL Pricing Improved Sequentially in 2Q

##### Key Takeaway

Channel check highlights: (1) Two of our auto industry contacts told us that prices are going up, but they don't expect a price war; (2) One of our trucking contacts commented that LTL pricing improved sequentially in 2Q and volumes were steady.

## Industrials - Industrials

### Industrials>>

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Initiating Coverage on U.S. Steel Industry

##### Key Takeaway

With the U.S. steel industry at the beginning stages of a multi-year recovery and valuations depressed on reasonable cycle earnings prospects, we see long term risk-reward as attractive and advise investors to increase exposure to high-quality, well-positioned steel names ahead of improving market fundamentals in 2012.

## Industrials - Industrials - Distribution

### Olympic Steel, Inc. (NASDAQ: ZEUS, \$27.50 , BUY ) >>

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Long-Term Growth Likely to Exceed Expectations; Assume Coverage with Buy

##### Key Takeaway

We are assuming coverage of ZEUS with a Buy rating and \$34 price target. With long-term earnings power likely to exceed expectations following the company's substantial growth investments during the downturn and valuations off -23% from YTD highs, we see risk-reward as attractive for the shares. Our \$34 target price values the shares at 8.1x 2012E EBITDA.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$32.00 to \$34.00	\$0.94	\$2.55 ▼ \$2.49	\$2.65 ▲ \$2.68	EPS	Americas

## Industrials - Materials (Steel)

### United States Steel (NYSE: X, \$45.85 , HOLD ) ►►

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Poor Cost Structure to Continue Driving Underperformance: Initiate with HOLD

##### Key Takeaway

Though valuations look cheap relative to historical mid-cycle earnings, X's unfavorable cost structure poorly positions it in the expected low utilization expected for carbon flat rolled steel in the coming years. Given this and less favorable competitive dynamics in its Tubular and USSE business relative to last cycle, we expect earnings for X to continue to underperform its peers.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$45.00	\$1.18	\$1.54	\$3.82	EPS	Americas

## Industrials - Materials (Steel)

### AK Steel Holding Corp. (NYSE: AKS, \$16.61 , HOLD ) ►►

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Cheap Valuation Tempting but Likely Warranted: Initiate with HOLD

##### Key Takeaway

While valuations look cheap relative to historical earnings, AKS' high cost structure and lack of vertical integration positions it poorly in the expected low utilization, high input cost, and intensifying competitive environment for carbon flat rolled steel. This and less favorable supply/demand dynamics for its specialty steel products make it unlikely it will reach prior peak earnings this cycle.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$18.00	\$0.53	\$1.15	\$1.55	EPS	Americas

## Industrials - Materials (Steel)

### Metals USA, Inc. (NYSE: MUSA, \$15.14 , BUY ) ►►

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Attractive Growth Story at Depressed Valuation; Assume Coverage with Buy

##### Key Takeaway

We are assuming coverage of MUSA with a Buy rating and \$20 price target. With valuations depressed relative to the company's attractive longer-term earnings prospects in the coming years, we see risk-reward as favorable at current prices. Our \$20 target price values the shares at 6.9x 2012E EPS, which is in line with the historical long-term average multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▼ \$23.00 to \$20.00	\$0.48 ▼ \$0.47	\$1.60	\$2.00	EPS	Americas

## Industrials - Materials (Steel)

### GrafTech International Ltd. (NYSE: GTI, \$21.58 , BUY ) ▶▶

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Tightening Supply to Drive Significant Pricing Power: Maintain BUY

##### Key Takeaway

We're assuming coverage on GTI with a BUY rating and \$28 price target. With utilizations expected to exceed 90% for its needle coke and electrode operations by year's end, we expect pricing power to improve for the company in 2012, driving a substantial increase in earnings power YoY. Our \$28 target price values the shares at 14.0x 2012E EPS, which is in line with historical long term average levels.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▼ \$30.00 to \$28.00	\$0.19 ▲ \$0.22	\$1.05 ▲ \$1.06	\$1.50 ▲ \$2.00	EPS	Americas

## Industrials - Materials (Steel)

### Nucor Corp. (NYSE: NUE, \$41.51 , BUY ) ▶▶

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### High Quality Producer with Above Average Growth Prospects: Initiate with BUY

##### Key Takeaway

We are initiating coverage on NUE with a BUY-rating and \$52 price target. With the shares having pulled back -16% from YTD highs (currently 5.6x 2012E EBITDA), current prices represent an attractive entry point ahead of improving industry fundamentals in 2012 and beyond. Our \$52 price target values the shares at 6.9x long term historical average multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$52.00	\$0.85	\$2.26	\$3.57	EPS	Americas

## Industrials - Materials (Steel)

### Steel Dynamics, Inc. (NASDAQ: STLD, \$16.44 , BUY ) ▶▶

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Well Positioned for Continued Outperformance: Initiate with BUY

##### Key Takeaway

We're initiating coverage on STLD with a BUY-rating and \$20 price target. Following the 21% pullback in valuations from YTD highs (currently 8.2x 2012E EPS), current prices represent an attractive entry point ahead of improving industry fundamentals in 2012 and beyond. Our \$20 target price values the shares at 10.0x 2012E EPS; in line with long term historical median cycle multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$20.00	\$0.36	\$1.45	\$2.00	EPS	Americas

## Industrials - Materials (Steel)

### Schnitzer Steel Industries Inc. (NASDAQ: SCHN, \$58.57 , BUY ) >>

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Attractive Growth Story at Reasonable Valuation: Initiate with BUY

##### Key Takeaway

We're initiating coverage of SCHN with a BUY rating and \$70 price target (7.5x 2012E EBITDA). With continued growth from acquisitions and benefits from the company's investments in recycling technology we see the likelihood for earnings power to exceed expectations in the coming years as scrap flows recover and ferrous margins normalize.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$70.00	\$1.20	\$3.94	\$5.15	EPS	Americas

## Industrials - Materials (Steel)

### Worthington Industries (NYSE: WOR, \$23.39 , HOLD ) >>

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Seeking Better Entry Point: Initiating with Hold & \$26 Price Target

##### Key Takeaway

Favorable Long Term Story: Though we maintain a favorable outlook on the company's long term earnings prospects, we see risk-reward as balanced following WOR's recent earnings beat (and subsequent rise in valuations). Seeking a more attractive entry point into the shares, we rate WOR a Hold at this time. Our \$26 target price values the shares at 14x F2012 EPS, roughly in line with long term historical median levels.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$26.00	\$0.38	\$1.85	\$2.30	EPS	Americas

## Industrials - Materials (Steel)

### Commercial Metals Co. (NYSE: CMC, \$14.36 , HOLD ) >>

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Earnings Recovery to Lag Peers; Initiate with HOLD

##### Key Takeaway

We're initiating coverage on CMC with a HOLD rating and \$16.50 price target. Though valuations appear favorable on longer term earnings prospects, losses in its N.A. fabrication and Croatian steel business along with lagging U.S. non-residential construction trends dim our outlook on the shares. Our \$16.50 target price values the shares at 5.9x F2012E EBITDA; in line with historical long term multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$16.50	\$0.25	\$0.17	\$1.48	EPS	Americas

## Industrials - Materials (Steel)

### Reliance Steel & Aluminum Co. (NYSE: RS, \$49.64 , BUY ) ►►

Luke Folta, CFA  
(212) 284-2044  
lfolta@jefferies.com

#### Earnings Power Underappreciated at Current Valuation; Assuming Coverage at Buy

##### Key Takeaway

We assume coverage of RS with a Buy rating and \$69 price target. Following the -19% pull back in prices from YTD peaks, valuations are notably attractive and underestimate the company's long term earnings potential following its acquisition and expansion activity during the downturn. Our \$69 price target values the shares at 7.0x 2012E EBITDA; in line with long term historical average multiples.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲\$66.00 to \$69.00	\$1.28 ▲\$1.33	\$4.50 ▲\$4.75	\$5.50 ▲\$6.00	EPS	Americas

## Technology - Computer Services & IT Consulting

### Computer Services & IT Consulting►►

Jason Kupferberg  
(646) 805 5412  
jkupferberg@jefferies.com

#### Introducing The Weekly "Edge"

##### Key Takeaway

Our new weekly product, The "Edge," provides investors in the Computer Services & IT Consulting space with unique insights into key upcoming events and potential catalysts for the sector, while also analyzing important developments from the most recent week.

## Technology - Internet

### Internet►►

Youssef H. Squali  
(212) 284-2121  
ysquali@jefferies.com

#### eWeekly: Is a Hulu/Google tie-up coming? We think so.

##### Key Takeaway

With Hulu up for sale, we believe that Google has the most to offer and receive from a potential purchase of the company. For the week ended 7/5/2011, the Jefferies Internet Index (JII) is up 5.45% vs. the S&P500, up 3.18% (up 13.4% YTD vs. the S&P500, up 5.2%).

## Technology - Technology

### Technology►►

Peter Misek, CFA, CPA  
(212) 336-7361  
pmisek@jefferies.com

#### Wireless & Handsets Weekly: Demand Improving

##### Key Takeaway

In early June, our checks pointed toward a stabilization of end demand for consumer electronics after several months of slowing. Recent retail data point to improving trends and macro data is starting to turn positive as well. We believe this is particularly positive for handset-exposed companies like Apple, MMI, and Brightpoint.

## Jefferies Events For further details please call your Jefferies contact

### Conferences

<b>Title</b>	<b>Dates</b>	<b>Location</b>
Jefferies 2011 Global Industrial and A&D Conference	8/9/2011 - 8/11/2011	New York
Jefferies 2011 Global Shipping Conference	9/7/2011	New York
Jefferies 2011 Global Healthcare Conference in London	9/27/2011 - 9/28/2011	London, UK

## Company Marketing

<b>Title</b>	<b>Dates</b>	<b>Location</b>
Optos Plc (OPTS LN)	7/11/2011	Zurich
Aegean Marine Petroleum Network Inc (ANW)	7/11/2011 - 7/12/2011	Chicago, Milwaukee
El Paso Electric Co (EE)	7/12/2011 - 7/13/2011	Boston, New York
Devon Energy Corp (DVN)	7/12/2011 - 7/13/2011	Chicago, Kansas City
Comba Telecom Systems Holdings Limited (2342 HK)	7/12/2011	Hong Kong
Nordion Inc (NDZ)	7/13/2011 - 7/14/2011	Denver, Milwaukee
Ariad Pharmaceuticals Inc (ARIA)	7/14/2011	New York
Isis Pharmaceuticals Inc (ISIS)	7/18/2011 - 7/19/2011	Austin, Dallas, Houston
China Communications Services Corp Ltd - Underlyin (552 HK)	7/20/2011	Hong Kong
Group meeting with The Travelers Companies, Inc.	7/21/2011	New York

## Analyst Marketing

<b>Title</b>	<b>Dates</b>	<b>Location</b>
Charlotte Edgar	7/8/2011	Geneva
Jerry Dellis, Ulrich Rathe	7/11/2011 - 7/12/2011	Boston, New York
Jason Kupferberg	7/11/2011	Stamford
Christie Ju	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Naomi Kumagai	7/11/2011 - 7/14/2011	Austin, Boston, Dallas, New York
Laban Yu	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Nilesh Jasani	7/11/2011 - 7/15/2011	Austin, Boston, Dallas, New York, San Francisco
Cynthia Meng	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Makarim Salman	7/11/2011 - 7/15/2011	Austin, Boston, Dallas, New York, San Francisco
Johnson Leung	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Jessie Guo	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Julian Bu	7/11/2011 - 7/15/2011	Boston, Dallas, New York, San Francisco
Mike Betts	7/11/2011 - 7/14/2011	Boston, New York
Stephen Gengaro	7/11/2011	Chicago
Jeffrey Holford	7/11/2011	London
Daniel Fannon	7/11/2011 - 7/12/2011	New York
Scott Mushkin	7/11/2011	New York
Jeffrey Farmer	7/11/2011	Connecticut
Ken Usdin, Daniel Fannon - Dinner with Blackrock	7/11/2011	Plainsboro
Peter Nesvold	7/12/2011	New York
Andrew Barish	7/12/2011 - 7/13/2011	Austin, Dallas, Houston
Jon Wood	7/12/2011 - 7/14/2011	Edinburgh, Glasgow, London
Milan Radia	7/12/2011	Geneva, Zurich
Arthur Henderson, Brian Tanquilut	7/12/2011 - 7/14/2011	Connecticut, New Jersey, New York
Peter Welford	7/12/2011	Frankfurt
Corey Davis	7/12/2011 - 7/14/2011	Edinburgh, London
Peter Misek	7/12/2011 - 7/14/2011	Boston, New York
Ken Usdin, Daniel Fannon, Daniel Furtado, Emlen Harmon, Casey Haire, Steven Benyik, Omotayo Okusanya, Jason Kupferberg	7/12/2011	New York
Peter Nesvold	7/13/2011	Toronto
Omotayo Okusanya, Steven Benyik	7/13/2011	Detroit
Douglas Mavrinac	7/13/2011	Boston
Scott Graham	7/13/2011 - 7/14/2011	Kansas City, Minneapolis

James Shuck	7/13/2011 - 7/19/2011	Atlanta, Boston, Chicago, Connecticut, Dallas, Houston, New York
Milan Radia	7/13/2011	Frankfurt
Subash Chandra, Biju Perincheril	7/14/2011	Connecticut
Douglas Mavrinac	7/14/2011 - 7/15/2011	New York
Jeffrey Holford	7/14/2011	Connecticut
Laurence Alexander	7/15/2011	Stamford
Jason Kupferberg	7/18/2011 - 7/20/2011	Chicago, Denver, Kansas City, Minneapolis
Iain Reid, Alexander Barnett, Gerard Reid	7/18/2011 - 7/22/2011	London
Omotayo Okusanya, Steven Benyik	7/18/2011	Cleveland, Pittsburgh
Brendan Warn, Laura Loppacher	7/18/2011	Frankfurt
Daniel Fannon	7/19/2011 - 7/21/2011	Chicago, Kansas City, Minneapolis
Omotayo Okusanya, Steven Benyik	7/19/2011	Columbus
David Katz	7/21/2011 - 7/22/2011	Boston



## Important Disclosures

As is the case with all Jefferies employees, the analyst(s) responsible for the coverage of the financial instruments discussed in this report receives compensation based in part on the overall performance of the firm, including investment banking income. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Aside from certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgement.

In April, 2011, Jefferies & Company acted as a Joint Bookrunner in connection with the Initial Public Offering of equity for Sagent Pharmaceuticals, Inc. Jefferies is acting as Agent in an Open Market Sales Program for Olympic Steel Inc.

Jefferies is acting as Joint Bookrunning Manager on an offering of Senior Notes for Solutia Inc.

In December 2010, Jefferies & Company acted as a Bookrunner in connection with the Initial Public Offering for SemiLEDs Corporation.

In March 2011 Jefferies acted as a Joint Bookrunner in connection with an Equity offering for BRAVO BRIO Restaurant Group. In October 2010, Jefferies acted as a Joint Bookrunner in the Initial Public Offering of Bravo Brio Restaurant Group, Inc.

In December 2010 Jefferies acted as Joint Bookrunner in connection with an equity offering for Caribou Coffee Co Inc.

Concluding in February 2010, Jefferies acted as financial advisor and dealer-manager to Ruths Hospitality Group Inc. in connection with the PIPE transaction and the Rights Offering, announced on 23rd December 2009.

## Meanings of Jefferies Ratings

**Buy** - Describes stocks that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

**Hold** - Describes stocks that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

**Underperform** - Describes stocks that we expect to provide a total negative return (price appreciation plus yield) of 10% or more within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated stocks with an average stock price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated stocks with an average stock price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated stocks with an average stock price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% within a 12-month period.

**NR** - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.

**CS** - Coverage Suspended. Jefferies has suspended coverage of this company.

**NC** - Not covered. Jefferies does not cover this company.

**Restricted** - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.

**Monitor** - Describes stocks whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

## Valuation Methodology

Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

## Risk which may impede the achievement of our Price Target

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, the financial instruments discussed in this report may not be suitable for all investors and investors must make their own investment decisions based upon their specific investment objectives and financial situation utilizing their own financial advisors as they deem necessary. Past performance of the financial instruments recommended in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from, any of the financial instruments mentioned in this report can rise as well as fall and may be affected by changes in economic, financial and political factors. If a financial instrument is denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the financial instrument described in this report. In addition, investors in securities such as ADRs, whose values are affected by the currency of the underlying security, effectively assume currency risk.

## Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
<b>BUY</b>	657	53.40%	41	6.24%
<b>HOLD</b>	509	41.30%	26	5.11%
<b>UNDERPERFORM</b>	65	5.30%	3	4.62%

## Other Important Disclosures

Jefferies Equity Research refers to research reports produced by analysts employed by one of the following Jefferies Group, Inc. ("Jefferies") group companies:

**United States:** Jefferies & Company, Inc., which is an SEC registered firm and a member of FINRA.

**United Kingdom:** Jefferies International Limited, which is authorized and regulated by the Financial Services Authority; registered in England and Wales No. 1978621; registered office: Vintners Place, 68 Upper Thames Street, London EC4V 3BJ; telephone +44 (0)20 7029 8000; facsimile +44 (0)20 7029 8010.

**Hong Kong:** Jefferies Hong Kong Limited, which is licensed by the Securities and Futures Commission of Hong Kong with CE number AT5546; located at Suite 2201, 22nd Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

**Singapore:** Jefferies Singapore Limited, which is licensed by the Monetary Authority of Singapore; located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950.

**Japan:** Jefferies (Japan) Limited, Tokyo Branch, which is a securities company registered by the Financial Services Agency of Japan and is a member of the Japan Securities Dealers Association; located at Hibiya Marine Bldg, 3F, 1-5-1 Yuraku-cho, Chiyoda-ku, Tokyo 100-0006; telephone +813 5251 6100; facsimile +813 5251 6101.

**India:** Jefferies India Private Limited, which is licensed by the Securities and Exchange Board of India as a Category I merchant banker.

This material has been prepared by Jefferies employing appropriate expertise, and in the belief that it is fair and not misleading. The information set forth herein was obtained from sources believed to be reliable, but has not been independently verified by Jefferies. Therefore, except for any obligation under applicable rules we do not guarantee its accuracy. Additional and supporting information is available upon request. Unless prohibited by the provisions of Regulation S of the U.S. Securities Act of 1933, this material is distributed in the United States ("US"), by Jefferies & Company, Inc., a US-registered broker-dealer, which accepts responsibility for its contents in accordance with the provisions of Rule 15a-6, under the US Securities Exchange Act of 1934. Transactions by or on behalf of any US person may only be effected through Jefferies & Company, Inc. In the United Kingdom and European Economic Area this report is issued and/or approved for distribution by Jefferies International Limited and is intended for use only by persons who have, or have been assessed as having, suitable professional experience and expertise, or by persons to whom it can be otherwise lawfully distributed. Jefferies International Limited has adopted a conflicts management policy in connection with the preparation and publication of research, the details of which are available upon request in writing to the Compliance Officer. For Canadian investors, this material is intended for use only by professional or institutional investors. None of the investments or investment services mentioned or described herein is available to other persons or to anyone in Canada who is not a "Designated Institution" as defined by the Securities Act (Ontario). For investors in the Republic of Singapore, this material is provided by Jefferies Singapore Limited pursuant to Regulation 32C of the Financial Advisers Regulations. The material contained in this document is intended solely for accredited, expert or institutional investors, as defined under the Securities and Futures Act (Cap. 289 of Singapore). If there are any matters arising from, or in connection with this material, please contact Jefferies Singapore Limited. In Japan this material is issued and distributed by Jefferies (Japan) Limited to institutional investors only. In Hong Kong, this report is issued and approved by Jefferies Hong Kong Limited and is intended for use only by professional investors as defined in the Hong Kong Securities and Futures Ordinance and its subsidiary legislation. In India this report is made available by Jefferies India Private Limited. In Australia this information is issued solely by Jefferies International Limited and is directed solely at wholesale clients within the meaning of the Corporations Act 2001 of Australia (the "Act") in connection with their consideration of any investment or investment service that is the subject of this document. Any offer or issue that is the subject of this document does not require, and this document is not, a disclosure document or product disclosure statement within the meaning of the Act. Jefferies International Limited is authorised and regulated by the Financial Services Authority under the laws of the United Kingdom, which differ from Australian laws. Jefferies International Limited has obtained relief under Australian Securities and Investments Commission Class Order 03/1099, which conditionally exempts it from holding an Australian financial services licence under the Act in respect of the provision of certain financial services to wholesale clients. Recipients of this document in any other jurisdictions should inform themselves about and observe any applicable legal requirements in relation to the receipt of this document.

This report is not an offer or solicitation of an offer to buy or sell any security or derivative instrument, or to make any investment. Any opinion or estimate constitutes the preparer's best judgment as of the date of preparation, and is subject to change without notice. Jefferies assumes no obligation to maintain or update this report based on subsequent information and events. Jefferies, its associates or affiliates, and its respective officers, directors, and employees may have long or short positions in, or may buy or sell any of the securities, derivative instruments or other investments mentioned or described herein, either as agent or as principal for their own account. Upon request Jefferies may provide specialized research products or services to certain customers focusing on the prospects for individual covered stocks as compared to other covered stocks over varying time horizons or under differing market conditions. While the views expressed in these situations may not always be directionally consistent with the long-term views expressed in the analyst's published research, the analyst has a reasonable basis and any inconsistencies can be reasonably explained. This material does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this report is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of the investments referred to herein and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments. This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of securities. None of Jefferies, any of its affiliates or its research analysts has any authority whatsoever to make any representations or warranty on behalf of the issuer(s). Jefferies policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis. Any comments or statements made herein are those of the author(s) and may differ from the views of Jefferies.

This report may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party.

Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Jefferies research reports are disseminated and available primarily electronically, and, in some cases, in printed form. Electronic research is simultaneously available to all clients. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Jefferies. Neither Jefferies nor any officer nor employee of Jefferies accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.

For Important Disclosure information, please visit our website at <https://javatar.bluematrix.com/sellside/Disclosures.action> or call 1.888.JEfferies

© 2011 Jefferies Group, Inc.