

Today At A Glance

Company	Ticker	Rating	PT chg	Curr. Q (e) chg	Curr. Y (e) chg	Next Y (e) chg	Est. Type
Mellanox Technologies	MLNX	H to B	\$37.00 to \$50.00	-	\$0.95 to \$0.76	\$1.85 to \$2.00	EPS
Iluka Resources	ILU AU	N	AUD7.07 to AUD7.36	-	-	-	
Intel	INTC	B	\$40.00 to \$45.00	\$0.61 to \$0.67	\$2.16 to \$2.28	\$2.51 to \$2.84	EPS
Masco	MAS	B	\$25.00 to \$26.00	\$0.29 to \$0.28	\$1.04 to \$1.01	\$1.38 to \$1.34	EPS
Sinopharm	1099 HK	B	HK\$28.00 to HK\$31.00	-	-	-	
Transurban Group	TCL AU	P	AUD7.50 to AUD7.61	-	-	-	
USG	USG	B	\$36.00 to \$33.00	\$0.48 to \$0.43	\$1.80 to \$1.64	\$2.82 to \$2.63	EPS
Comerica	CMA	H	-	-	\$3.02 to \$3.07	\$3.25 to \$3.30	EPS
Commerce Bancshares	CBSH	H	-	\$0.72 to \$0.71	\$2.84 to \$2.80	\$3.00 to \$2.95	EPS
Cummins India Limited	KKC IN	B	-	-	-	-	
JPMorgan Chase	JPM	B	-	-	\$5.15 to \$5.37	\$5.80 to \$5.85	EPS
Nortek	NTK	H	-	\$1.48 to \$1.45	\$2.94 to \$2.90	\$4.79 to \$4.73	EPS
Thermax Limited	TMX IN	U	-	-	-	-	
ADTRAN	ADTN	U	-	-	-	-	
Alliant Techsystems	ATK	H	-	-	-	-	
Antero	AR	B	-	-	-	-	
Boston Private Financial	BPFH	B	-	-	-	-	
British American Tobacco	BATS LN	B	-	-	-	-	
British American Tobacco	BTI	B	-	-	-	-	
Cummins India Limited	KKC IN	B	-	-	-	-	
Frank's International	FI	H	-	-	-	-	
Imperial Tobacco	IMT LN	H	-	-	-	-	
Luk Fook Holdings	590 HK	H	-	-	-	-	
Owens Corning	OC	B	-	-	-	-	
Radius Health	RDUS	B	-	-	-	-	
Repligen Corporation	RGEN	B	-	-	-	-	
Seventy Seven Energy	SSE	H	-	-	-	-	
McGraw-Hill	MHFI	H	-	-	-	-	
T-Mobile US	TMUS	H	-	-	-	-	

Focus Calls

Intel Corporation (NASDAQ: INTC, \$31.71 , BUY) ►►

Mark Lipacis
(415) 229-1438
mlipacis@jefferies.com

Our 2016 Bull Case EPS Goes to \$4 from \$3

Key Takeaway

Our Moore Stress thesis says that Intel stays on the transistor cost curve while its competitors fall off. Said another way, we expect a shakeout in MPUs, share gains in tablets/mobile and higher profitability. Near term Intel is benefiting from a PC upgrade cycle, but signals of our secular cost structure and capital return theses came through in its 2Q14 report. Our bull case price target is \$60.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$40.00 to \$45.00	\$0.61 ▲ \$0.67	\$2.16 ▲ \$2.28	\$2.51 ▲ \$2.84	EPS	Americas

Mellanox Technologies, Ltd. (NASDAQ: MLNX, \$35.77 , BUY) >>

James Kisner, CFA
(713) 308-4509
jkisner@jefferies.com

Giddy About Grantley: Upgrading to Buy**Key Takeaway**

We're upgrading MLNX to Buy as our checks suggest the high-performance Interconnect specialist is likely to benefit from an upgrade cycle driven by the launch of Intel's Grantley server platform. While we think light Q3 guidance is likely, we believe confidence in the shares remains quite low into the print and on balance would be owners.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$37.00 to \$50.00	\$0.09	\$0.95 ▼ \$0.76	\$1.85 ▲ \$2.00	EPS	Americas

Alliant Techsystems Inc. (NYSE: ATK, \$134.86 , HOLD) >>

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

Hunting Bear In the Backwoods of Pennsylvania**Key Takeaway**

We went on a road trip without any bullets and we didn't come back with any. However, we did have a chance to speak to firearms, ammunition, and hunting gear retailers. Although there continues to be short-term demand uncertainties, the stock market appears to be pricing in a bear case scenario for ATK. Long-term we remain HOLD, but could see some short-term bounce in the shares.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$147.00	\$2.90	\$10.42	\$11.35	EPS	Americas

Seventy Seven Energy, Inc. (NYSE: SSE, \$25.23 , HOLD) >>

Brad Handler
(212) 336-7249
brad.handler@jefferies.com

Growth Potential, but Debt Bridles; Initiate with Hold and \$27 PT**Key Takeaway**

This newly trading U.S. focused Small Cap service company has significant margin and frac utilization potential. Chesapeake exposure (80% of 2014E revenues) presents limited risk near-term, in our view, and we expect customer diversification longer term. However, 85% net debt to cap limits expansion opportunity and we look for more visibility on earnings upside to get more aggressive with shares. Initiate with a Hold rating.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$27.00	\$0.13	\$0.60	\$2.00	EPS	Americas

Frank's International N.V. (NYSE: FI, \$23.11 , HOLD) >>

Brad Handler
(212) 336-7249
brad.handler@jefferies.com

Growth Waves Likely Take Time to Catch; Initiate at Hold and \$25 PT**Key Takeaway**

FI is well positioned in core deepwater markets, is building capability in other areas and can benefit from continued efficiency measures. However, nearer-term, deepwater spending plans appear more subdued, competitive pressures seem more likely than not to be relevant and capex investment to position for growth weighs on our DCF-based valuation. Initiate at Hold and \$25 PT.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$25.00	\$0.30	\$1.30	\$1.45	EPS	Americas

Radius Health, Inc. (NASDAQ: RDUS, \$12.14 , BUY) ►►

Eun K. Yang, Ph.D.
(212) 284-2264
eyang@jefferies.com

Initiating with Buy: Potential New Option for Osteoporosis**Key Takeaway**

Ahead of Ph3 data in 12/14, we view highly likely Ph3 success for abaloparatide-SC in osteoporosis (achieving primary endpoint of new vertebral fracture reduction vs. placebo) and potential for better efficacy in some measures vs. Forteo (~\$1.25B in 2013 sales), not factored in current share price. At current modest valuation (EV of ~\$300M), we see limited downside risks and meaningful potential upside.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$17.00	(\$0.54)	(\$2.41)	(\$1.44)	EPS	Americas

US Insights►►

Jefferies Equity Research
(888) JEFFERIES
rdepartm@jefferies.com

Forward Looking Research Reports: Which Are Generating the Most Interest?**Key Takeaway**

We present the most read Jefferies Franchise Notes from the last two months.

All Research**Australia (Evans & Partners) - E&P: Metals & Mining****Iluka Resources (ASX: ILU AU, AUD8.21 , Neutral) ►►**

Cathy Moises
+61 3 9631 9842
cmoises@eandp.com.au

2QCY14 Quarterly: Tide is turning?**Key Takeaway****WHAT SURPRISED?**

Sales exceeded our expectations for the quarter, while remaining below the full calendar year run rate to achieve guidance. All other key metrics appear to place the company in an excellent position to achieve guidance.

Higher-than-expected sales translated into greater cash build, with \$64m cash build for the quarter.

The company has increased its credit facilities from \$800m to \$850m, and extended the term of a large portion of the facility by two years. Given net debt of only \$155m, this signals to us Iluka's commitment to further expanding its business, as evidenced by its recent approach to Kenmare.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
Neutral	▲AUD7.07 to AUD7.36	-	-	-		Asia

Australia (Evans & Partners) - E&P: Transportation Infrastructure**Transurban Group (ASX: TCL AU, AUD7.71 , Positive) ►►**

Tony Wilson
+61 3 9631 9848
twilson@eandp.com.au

Last Of The Sunk Equity**Key Takeaway**

We have reviewed our valuation following: 4Q traffic release, hand back of the Pocahontas asset, purchase of Fluor's 10% interests in Capital Beltway & I-95 and sole participation in the \$280m equity injection into Capital Beltway. There has been a minor upgrade to our base valuation (\$7.50 to \$7.61). We stay Positive.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
Positive	▲AUD7.50 to AUD7.61	-	-	-		Asia

Consumer - China Consumer

Luk Fook Holdings (Intl) Ltd (HKSE: 590 HK, HK\$23.45 , HOLD) ►►

Edwin Fan, CFA
+852 3743 8037
efan@jefferies.com

Expect Higher Sales Contribution from Gem-sets; HK Revenue May Slow in MT; Hold

Key Takeaway

LF's sharp drop in SSS (54%) in Apr-Jun14 is in-line given last year's high revenue base on the gold rush. We expect the HK/China jewellery sector to see a higher sales contribution from gem-sets in the short term. Nevertheless, jewellery revenue growth in HK may slow in the medium term. Remain at Hold with a PT of HKD23.1.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	HK\$23.10	-	-	-	EPS	Asia

Consumer - Cosmetics, Household & Personal Care

Cosmetics, Household & Personal Care►►

Kevin Grundy, CPA
(212) 336-7091
kgrundy@jefferies.com

Nielsen Results for the Four Weeks Ended 7/5 – HPC Sales Trends Remain Weak

Key Takeaway

HPC sales growth in US tracked channels increased +0.4% YoY during the 4-wks ended 7/5, flat sequentially vs. the prior 12 weeks. Four-week sales trends on a two-year stacked basis of +0.9% were modestly better than muted +0.5% growth in the prior 12-weeks. Most notable among our coverage: (i) CHD's trends were surprisingly strong; (ii) ENR's fundamentals remain pressured; and (iii) PBH's mid-single-digit % sales declines persisted.

Consumer - Food & Beverages

Food & Beverages►►

Kevin Grundy, CPA
(212) 336-7091
kgrundy@jefferies.com

Nielsen Results for the 4 Weeks Ended 7/5 - CSDs Trends Remain Weak

Key Takeaway

We estimate LRB sales in US tracked channels declined modestly (-0.3%) YoY during the 4-weeks ended 7/5, down sequentially from flat trends in the prior 12-weeks ended 6/7. Key takeaways for our coverage were as follows: (1) CSD trends remains weak, although in-line sequentially; (2) higher pricing elasticity in CSDs pressured volumes; (3) The major co.'s are holding/gaining share in CSDs at private label's expense; and (4) energy drink demand remains strong.

Consumer - Tobacco

British American Tobacco (LSE: BATS LN, 3,532.00p , BUY) ►►

Martin Deboo
+44 (0) 20 7029 8670
mdeboo@jefferies.com

US consolidation arrives

Key Takeaway

The Reynolds/Lorillard deal finally materialises, in a part cash/part paper deal. From a UK perspective, IMT ends up with more than we thought, not least blu, for a lower price than we thought. Meanwhile, BATS looks to have chosen to play its consolidation hand long. We remain comfortable with our long BATS/neutral IMT position on a 12 month view, but the on-the-day reaction to some sweetly opportunist dealmaking by IMT feels churlish to us.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	3,900.00p	-	223.10p	242.80p	EPS	Europe

British American Tobacco (NYSE: BTI, \$122.92 , BUY) ►►

Martin Deboo
+44 (0) 20 7029 8670
mdeboo@jefferies.com

US consolidation arrives**Key Takeaway**

The Reynolds/Lorillard deal finally materialises, in a part cash/part paper deal. From a UK perspective, IMT ends up with more than we thought, not least blu, for a lower price than we thought. Meanwhile, BATS looks to have chosen to play its consolidation hand long. We remain comfortable with our long BATS/neutral IMT position on a 12 month view, but the on-the-day reaction to some sweetly opportunist dealmaking by IMT feels churlish to us.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$133.00	-	-	-		Europe

Imperial Tobacco (LSE: IMT LN, 2,638.00p , HOLD) ►►

Martin Deboo
+44 (0) 20 7029 8670
mdeboo@jefferies.com

US consolidation arrives**Key Takeaway**

The Reynolds/Lorillard deal finally materialises, in a part cash/part paper deal. From a UK perspective, IMT ends up with more than we thought, not least blu, for a lower price than we thought. Meanwhile, BATS looks to have chosen to play its consolidation hand long. We remain comfortable with our long BATS/neutral IMT position on a 12 month view, but the on-the-day reaction to some sweetly opportunist dealmaking by IMT feels churlish to us.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	2,700.00p	-	205.80p	217.40p	EPS	Europe

Energy - Oil & Gas Exploration & Production**Antero Resources Corporation (NASDAQ: AR, \$60.33 , BUY) ►►**

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

Utica Bookings Set to Kick Already Impressive Reserve Growth Up a Notch**Key Takeaway**

AR released their mid-year reserve update. Mid-year PV10 of \$0.93/mcfe is slightly below our ~\$1/mcfe estimate for the full-year '14. AR has grown PV10 to \$8.5bn from \$6bn at year-end. However, less than 600 bcfe of Utica resource has been booked as proved reserves so far. AR estimates Utica 3P resource of 6.4 tcfe. We forecast year-end PV10 of approximately \$12bn.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$75.00	-	-	-	EPS	Americas

Energy - Oil Services & Equipment**Seventy Seven Energy, Inc. (NYSE: SSE, \$25.23 , HOLD) ►►**

Brad Handler
(212) 336-7249
brad.handler@jefferies.com

Growth Potential, but Debt Bridles; Initiate with Hold and \$27 PT**Key Takeaway**

This newly trading U.S. focused Small Cap service company has significant margin and frac utilization potential. Chesapeake exposure (80% of 2014E revenues) presents limited risk near-term, in our view, and we expect customer diversification longer term. However, 85% net debt to cap limits expansion opportunity and we look for more visibility on earnings upside to get more aggressive with shares. Initiate with a Hold rating.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$27.00	\$0.13	\$0.60	\$2.00	EPS	Americas

Energy - Oil Services & Equipment

Frank's International N.V. (NYSE: FI, \$23.11 , HOLD) ►►

Brad Handler
(212) 336-7249

brad.handler@jefferies.com

Growth Waves Likely Take Time to Catch; Initiate at Hold and \$25 PT

Key Takeaway

FI is well positioned in core deepwater markets, is building capability in other areas and can benefit from continued efficiency measures. However, nearer-term, deepwater spending plans appear more subdued, competitive pressures seem more likely than not to be relevant and capex investment to position for growth weighs on our DCF-based valuation. Initiate at Hold and \$25 PT.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$25.00	\$0.30	\$1.30	\$1.45	EPS	Americas

Energy - Utilities

Utilities►►

Joseph Fong, CFA
+852 3743 8074
jfong@jefferies.com

June Power Growth Trends Higher

Key Takeaway

Power demand growth trended higher in June for the second consecutive month, reaching 5.9% YoY. We believe recent efforts by the government to stimulate the economy are being reflected in power consumption data. Tertiary power demand was up a marked 9% YoY while industrial demand was up a relatively muted 5% YoY. We reiterate our Bullish stance on the IPPs and like CR Power (836 HK, Buy) as its core power business is undervalued.

Equity Strategy - India

India►►

Piyush Nahar
+91 22 4224 6113
pnahar@jefferies.com

Raining Worries

Key Takeaway

A third of the monsoon season is gone and it hasn't gone well. Rains of the first 45 days tells a horrid story for those days and for the rest of the season. We note that probability of a monsoon failure (rains <90% of long term average) has increased significantly to 80%-100%, given what we already know. The impact on agricultural, GDP growth, fiscal situation, power sector and consumer demand is likely to be meaningful but unquantifiable at this stage.

Financials - Banks

Banks►►

Nilanjan Karfa
+91 22 4224 6118
nkarfa@jefferies.com

Easy Infrastructure Financing & More Restructuring Forbearance

Key Takeaway

As highlighted in our [earlier note](#), the RBI has delivered on the proposal of raising long term resources to fund infrastructure loans, added affordable housing to the list and made sweeping changes on restructuring of loans and structuring of loan repayment schedules. CRR/SLR and PSL (Priority Sector Lending) has been eased indirectly. Banks and some Infra-financiers benefit, Housing-financiers lose out. Top picks AXSB, ICICIBC, SBIN, HDFCB.

Financials - Banks/Large-Cap

JPMorgan Chase & Co. (NYSE: JPM, \$58.27 , BUY) ►►

Ken Usdin
(212) 284-2444
kusdin@jefferies.com

Better Cost Outlook Adds a Nickel to '15 EPS

Key Takeaway

2Q results were solid, highlighted by strong loan growth, decent fees (ex. trading), better credit quality, and good expense mgmt. We increase our '15 EPS estimate by a nickel to \$5.85 largely due to a better cost outlook. We continue to like the stock at current levels, and we see a path for meaningful improvement in fundamentals in '15 as trading comps get easier, environmental-related costs decline, and growth initiatives further season.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$65.00	\$1.27	\$5.15 ▲ \$5.37	\$5.80 ▲ \$5.85	EPS	Americas

Financials - Regional Banks

Boston Private Financial Holdings, Inc. (NASDAQ: BPFH, \$13.27 , BUY) ►►

Casey Haire
(212) 707-6418
chaire@jefferies.com

2Q First Look: Bank Growth Disappoints, Delivers Core Miss

Key Takeaway

BPFH reported \$0.25/share vs. \$0.20 consensus, but core is closer to \$0.18-\$0.19 ex. specials. GAAP results were inflated by nonaccrual reversals and a clean-up sale of SoCal CRE loans. Ex. specials, top line increased slightly thanks to decent wealth mgmt. growth, but core banking disappointed. Despite soft top-line, the balance sheet looks stronger with TCE/RWA up 50bp to 10.6% post the loan sale, which could open the door for capital mgmt. opportunities.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$14.50	-	-	-	EPS	Americas

Financials - Regional Banks

Comerica Incorporated (NYSE: CMA, \$51.87 , HOLD) ►►

Ken Usdin
(212) 284-2444
kusdin@jefferies.com

Strong Loan Growth, But Only Modest Revisions

Key Takeaway

2Q results were strong, highlighted by outsized loan growth, NIM expansion, higher fee income, and lower costs. While mgmt. guided higher for average loan growth in '14, expectations for net interest income remained the same. We increase our '14 EPS est. to \$3.07 (from \$3.02) and our 2015 EPS est. to \$3.30 (from \$3.25). CMA is well-positioned for loan growth and higher rates, but the stock reasonably accounts for future EPS normalization.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$48.00	\$0.77	\$3.02 ▲ \$3.07	\$3.25 ▲ \$3.30	EPS	Americas

Financials - Regional Banks**Commerce Bancshares, Inc. (NASDAQ: CBSH, \$46.18 , HOLD) ►►**

Emlen Harmon, CFA
(212) 336-7475
eharmon@jefferies.com

Business Investment Drags on Estimates by a Nickel**Key Takeaway**

Our estimates come down a nickel on 2Q14 earnings, as growth in the company's card and trust businesses is generating slightly higher expenses than expected. Still, the company continues to slowly push earnings power forward, with solid loan and fee growth offsetting the effects of spread compression.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$47.00	\$0.72 ▼ \$0.71	\$2.84 ▼ \$2.80	\$3.00 ▼ \$2.95	EPS	Americas

Healthcare - Biotechnology**Radius Health, Inc. (NASDAQ: RDUS, \$12.14 , BUY) ►►**

Eun K. Yang, Ph.D.
(212) 284-2264
eyang@jefferies.com

Initiating with Buy: Potential New Option for Osteoporosis**Key Takeaway**

Ahead of Ph3 data in 12/14, we view highly likely Ph3 success for abaloparatide-SC in osteoporosis (achieving primary endpoint of new vertebral fracture reduction vs. placebo) and potential for better efficacy in some measures vs. Forteo (~\$1.25B in 2013 sales), not factored in current share price. At current modest valuation (EV of ~\$300M), we see limited downside risks and meaningful potential upside.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$17.00	(\$0.54)	(\$2.41)	(\$1.44)	EPS	Americas

Healthcare - Life Sciences & Diagnostic Tools**Repligen Corporation (NASDAQ: RGEN, \$23.37 , BUY) ►►**

Brandon Couillard
(212) 284-2462
bcouillard@jefferies.com

New CFO Adds High Caliber Talent**Key Takeaway**

RGEN's addition of former TMO executive Jon Snodgres as CFO fills a key position that had been vacant for nearly a year. Coupled with the recent addition of COO Tony Hunt, we view the new CFO as yet another hire that strengthens the overall management team and better positions RGEN to expand its global presence. We will host a meeting & facility tour for investors with management of RGEN (including new COO & CFO) at its HQ in Waltham, MA on August 21.

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

Healthcare - Pharmaceuticals

Sinopharm (HKSE: 1099 HK, HK\$23.25 , BUY) ►►

Jessica Li, Ph.D.
+852 3743 8010
jessica.li@jefferies.com

Central SOE Pilot Reforms to Unleash Significant Potential; Raise TP to HK\$31

Key Takeaway

Sinopharm is the only healthcare CSOE chosen for the pilot mixed-ownership reforms, which would help unleash its significant potential. We anticipate the adoption of stock incentive plans, better corporate governance and more effective supervision, leading to improving productivity, efficiency and faster pace of consolidation. We see upside to our earnings growth projection. Maintain Buy and raise TP to HK\$31 from HK\$28.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ HK\$28.00 to HK\$31.00	-	RMB 1.31	RMB 1.56	EPS	Asia

Industrials - Aerospace & Defense Electronics

Aerospace & Defense Electronics►►

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

The Jet Set: No Air Pockets

Key Takeaway

The Jefferies monthly business jet survey aims to provide insights into used jet inventory, pricing, and aircraft utilization to predict new delivery demand. Our July 2014 survey indicates an 11% YoY decline in the total number of used aircraft for sale encompassing all business jet categories.

Industrials - Aerospace & Defense Electronics

Alliant Techsystems Inc. (NYSE: ATK, \$134.86 , HOLD) ►►

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

Hunting Bear In the Backwoods of Pennsylvania

Key Takeaway

We went on a road trip without any bullets and we didn't come back with any. However, we did have a chance to speak to firearms, ammunition, and hunting gear retailers. Although there continues to be short-term demand uncertainties, the stock market appears to be pricing in a bear case scenario for ATK. Long-term we remain HOLD, but could see some short-term bounce in the shares.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$147.00	\$2.90	\$10.42	\$11.35	EPS	Americas

Industrials - Building Products

Masco Corporation (NYSE: MAS, \$21.13 , BUY) ►►

Philip Ng, CFA
(212) 336-7369
png@jefferies.com

2Q14 Earnings Preview

Key Takeaway

Demand during 2Q was likely a letdown, and the recovery in 3Q could be more gradual than anticipated. We are generally cautious heading into earnings, but the risk is more manageable than we thought, with the Street cutting estimates and expectations appearing reasonable. Our preference would be OC and MAS, which should see better downside protection and have good leverage to the housing recovery.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$25.00 to \$26.00	\$0.29 ▼ \$0.28	\$1.04 ▼ \$1.01	\$1.38 ▼ \$1.34	EPS	Americas

Nortek, Inc. (NYSE: NTK, \$86.97 , HOLD) ►►

Philip Ng, CFA
(212) 336-7369
png@jefferies.com

2Q14 Earnings Preview**Key Takeaway**

Demand during 2Q was likely a letdown, and the recovery in 3Q could be more gradual than anticipated. We are generally cautious heading into earnings, but the risk is more manageable than we thought, with the Street cutting estimates and expectations appearing reasonable. Our preference would be OC and MAS, which should see better downside protection and have good leverage to the housing recovery.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$82.00	\$1.48 ▼ \$1.45	\$2.94 ▼ \$2.90	\$4.79 ▼ \$4.73	EPS	Americas

Owens Corning (NYSE: OC, \$36.95 , BUY) ►►

Philip Ng, CFA
(212) 336-7369
png@jefferies.com

2Q14 Earnings Preview**Key Takeaway**

Demand during 2Q was likely a letdown, and the recovery in 3Q could be more gradual than anticipated. We are generally cautious heading into earnings, but the risk is more manageable than we thought, with the Street cutting estimates and expectations appearing reasonable. Our preference would be OC and MAS, which should see better downside protection and have good leverage to the housing recovery.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	\$49.00	\$0.49	\$1.97	\$2.97	EPS	Americas

USG Corporation (NYSE: USG, \$27.82 , BUY) ►►

Philip Ng, CFA
(212) 336-7369
png@jefferies.com

2Q14 Earnings Preview**Key Takeaway**

Demand during 2Q was likely a letdown, and the recovery in 3Q could be more gradual than anticipated. We are generally cautious heading into earnings, but the risk is more manageable than we thought, with the Street cutting estimates and expectations appearing reasonable. Our preference would be OC and MAS, which should see better downside protection and have good leverage to the housing recovery.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▼\$36.00 to \$33.00	\$0.48 ▼ \$0.43	\$1.80 ▼ \$1.64	\$2.82 ▼ \$2.63	EPS	Americas

Industrials - Machinery**Cummins India Limited (NSEI: KKC IN, INR649.45 , BUY) ►►**

Lavina Quadros
+91 22 4224 6116
lquadros@jefferies.com

Cummins vs Thermax**Key Takeaway**

We have had several discussions with investors on our preference for Cummins over Thermax. Both managements are fairly solid with a strong grip on their respective businesses. We have given below our reasons, including B/S and annual report analyses. We believe Cummins scores on parameters of capital allocation, ROE and margins and will continue to trade at a premium to Thermax. Management alignment of interests is debatable.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	INR670.00	-	-	-	EPS	Asia

Thermax Limited (NSEI: TMX IN, INR921.50 , UNDERPERFORM) ►►

Lavina Quadros
+91 22 4224 6116
lquadros@jefferies.com

Cummins vs Thermax**Key Takeaway**

We have had several discussions with investors on our preference for Cummins over Thermax. Both managements are fairly solid with a strong grip on their respective businesses. We have given below our reasons, including B/S and annual report analyses. We believe Cummins scores on parameters of capital allocation, ROE and margins and will continue to trade at a premium to Thermax. Management alignment of interests is debatable.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
UNDERPERFORM	INR650.00	-	-	-	EPS	Asia

Property - Hong Kong Property**Hong Kong Property►►**

Venant Chiang
+852 3743 8013
venant.chiang@jefferies.com

Bear Dancing To Support Our Negative HK Office Call**Key Takeaway**

Both JLL and CBRE's latest reports echo our anti-consensus bearish view: that office demand remains subdued. The latest transactions show flat rents in general, but for small areas. We still see 2H14 as a critical period for Central rents to be cut again, as landlords will be competing for similar tenants (hedge funds, Chinese satellite offices etc.). Reiterate Underperform on HK Land ahead of Jul 31 earnings release, Hold on Swire Properties.

S. Korea (Mirae) - Mirae: Construction**Mirae: Construction►►**

Seongjin Byun
+82 2 3774 1457
sjbyun@miraeasset.com

Effects of deregulation to be limited**Key Takeaway**

The Korean government has reportedly been pushing to raise the loan-to-value (LTV) ratio to 70% and shift the basis for the debt-to-income ratio (DTI) from prospective homebuyers' debt-servicing ability to buyers' interest-coverage ratio. However, we expect the upcoming deregulation - which is believed to target general homebuyers, rather than first-time homebuyers - to have only a limited impact on Korea's housing market going forward, as most prospective homebuyers have been delaying home purchasing because of lowered expectations for home price rises, rather than mortgage regulations. We think that expectations for the upcoming deregulation are already reflected in Korean constructors' current share price levels, as: 1) impact from the deregulation should fall short of market expectations; and 2) home owners could take the deregulation as an opportunity to sell their property. Our top-picks for the sector are Samsung C&T and Hyundai E&C, in light of their competitiveness in overseas markets.

Special Situations - Telecom Services**T-Mobile US (NYSE: TMUS, \$32.10 , HOLD) ►►**

Mike McCormack, CFA
(212) 284-2516
mmccormack@jefferies.com

Deal Seems Closer...Back Up Plan In Place**Key Takeaway**

WSJ and Bloomberg articles suggest that S and TMUS continue to push towards a transaction announcement, now speculated for August. While much of the commentary is similar to past rumblings, the articles expand on the possibility of a joint spectrum bidding venture. We see the venture as a potential first step to a network sharing agreement, allowing for the realization of network synergies, should the larger transaction not gain regulatory approval.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$30.00	-	-	-	EPS	Americas

Taiwan (Fubon) - Fubon: Biotechnology**YungShin Global Holding Corporation (TSEC: 3705 TT, TWD63.00 ,)**

▶▶

Heather Chang
+8862 27815995 ext 37033
heather.chang@fubon.com

Key Takeaway

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
	TWD72.00	-	-	-		Asia

Taiwan (Fubon) - Fubon: Computer Hardware**Acer (Fubon) (TSEC: 2353_TT, TWD22.05 ,)** ▶▶

Arthur Liao
+8862 66005930
authur.liao@fubon.com

Key Takeaway

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
	▲TWD24.30 to TWD28.00	-	-	-		Asia

Taiwan (Fubon) - Fubon: Healthcare Svcs & Supplies**United Orthopedic Corporation (TSEC: 4129 TT, TWD58.50 ,)** ▶▶

Ricky Chang
+8862 27815995 ext 37025
uihui.chang@fubon.com

Key Takeaway

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
	TWD72.00	-	-	-		Asia

Technology - Data Networking & Wireline Equip.**ADTRAN, Inc. (NASDAQ: ADTN, \$22.64 , UNDERPERFORM)** ▶▶

George C. Notter
(415) 229-1522
gnotter@jefferies.com

Initial Impressions ... In-Line Sales + Better EPS... DT Must Have Been Strong

Key Takeaway

Adtran reported an "in-line / in-line" quarter. Top line results were a touch better than Street consensus. Non-GAAP EPS of \$0.30 equaled our (and Street consensus) estimate of \$0.30. Roughly \$0.02 of the EPS result came from a lower-than-expected tax rate and sharecount.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
UNDERPERFORM	\$19.00	-	-	-	EPS	Americas

Technology - Data Networking & Wireline Equip.**Mellanox Technologies, Ltd. (NASDAQ: MLNX, \$35.77 , BUY) ►►**

James Kisner, CFA
(713) 308-4509
jkisner@jefferies.com

Giddy About Grantley: Upgrading to Buy**Key Takeaway**

We're upgrading MLNX to Buy as our checks suggest the high-performance Interconnect specialist is likely to benefit from an upgrade cycle driven by the launch of Intel's Grantley server platform. While we think light Q3 guidance is likely, we believe confidence in the shares remains quite low into the print and on balance would be owners.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$37.00 to \$50.00	\$0.09	\$0.95 ▼ \$0.76	\$1.85 ▲ \$2.00	EPS	Americas

Technology - Media & Entertainment**The McGraw-Hill Companies, Inc. (NYSE: MHFI, \$83.29 , HOLD) ►►**

David Reynolds
44 (0)20 7029 8694
dreynolds@jefferies.com

Some Press Speculation on the DoJ Case...**Key Takeaway**

Never like to make too much of press speculation, but the WSJ article potentially may represent the beginning of the end game around the pending DoJ lawsuit, and should the settlement be close to the speculated US\$1bn, MHFI would not be unduly troubled financially and perhaps this would represent a victory for the DoJ. Unsure at this stage whether the 'admission of wrong doing' issue gets in the way. Seems positive for MHFI in balance.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
HOLD	\$62.00	-	-	-	EPS	Europe

Technology - Semiconductors**Intel Corporation (NASDAQ: INTC, \$31.71 , BUY) ►►**

Mark Lipacis
(415) 229-1438
mlipacis@jefferies.com

Our 2016 Bull Case EPS Goes to \$4 from \$3**Key Takeaway**

Our Moore Stress thesis says that Intel stays on the transistor cost curve while its competitors fall off. Said another way, we expect a shakeout in MPUs, share gains in tablets/mobile and higher profitability. Near term Intel is benefiting from a PC upgrade cycle, but signals of our secular cost structure and capital return theses came through in its 2Q14 report. Our bull case price target is \$60.

Rating	Price target	Curr. Q (e)	Current year (e)	Next year (e)	Est. type	Region
BUY	▲ \$40.00 to \$45.00	\$0.61 ▲ \$0.67	\$2.16 ▲ \$2.28	\$2.51 ▲ \$2.84	EPS	Americas

Themes & Tactics - US Insights**US Insights►►**

Jefferies Equity Research
(888) JEFFERIES
rdepartm@jefferies.com

Forward Looking Research Reports: Which Are Generating the Most Interest?**Key Takeaway**

We present the most read Jefferies Franchise Notes from the last two months.

Jefferies Events For further details please call your Jefferies contact**Conferences**

page 13 of 18

Title	Dates	Location
Jefferies Boston Healthcare Summit	8/6/2014	Boston
Jefferies Global Industrials Conference	8/11/2014 - 8/14/2014	New York
ASEAN Urbanization & Demography Corporate Access Day- Hong Kong	8/26/2014	Admiralty
Jefferies Semiconductors, Hardware & Communications Infrastructure Summit	8/27/2014	Chicago
Jefferies Mid-Atlantic Corporate Access Day	9/5/2014	Baltimore
Jefferies Global Healthcare Conference in London	11/19/2014 - 11/20/2014	London

Company Marketing

Title	Dates	Location
Aerospace and Defence Wine Tasting Evening at Berry Brothers	7/16/2014	London
Rightside Group (subsidiary of Demand Media Inc, DMD)	7/17/2014 - 7/24/2014	Boston, Los Angeles, Mid-Atlantic, New York, San Francisco
OPG Power Ventures PLC (OPG LN)	7/17/2014	Chicago
Ess Dee Aluminium Ltd (EDA IN)	7/17/2014 - 7/18/2014	Hong Kong, Singapore
Man Yue Technology Holdings Ltd (894 HK)	7/18/2014	Singapore
Ess Dee Aluminium Ltd (EDA IN)	7/21/2014 - 7/23/2014	Boston, Chicago, New York
Nektar Therapeutics (NKTR)	7/22/2014 - 7/23/2014	Mid-Atlantic, New York
Horizon Pharma Inc (HZNP)	7/23/2014 - 7/24/2014	San Diego, San Francisco
Lipocine, Inc. (LPCN)	7/23/2014	New York
Premier Foods PLC (PFD LN)	7/23/2014 - 7/25/2014	London
BB&T Corp. (BBT)	7/24/2014 - 7/25/2014	Baltimore, Morristown, Philadelphia, Princeton
Ess Dee Aluminium Ltd (EDA IN)	7/24/2014 - 7/25/2014	London
Unibail-Rodamco SE (UL FP)	7/28/2014 - 7/30/2014	Boston, Dallas, New York
GlycoMimetics Inc (GLYC)	7/28/2014 - 7/29/2014	Mid-Atlantic
Mattress Firm Holding Corp (MFRM) Group Meeting at Las Vegas Market Show	7/28/2014	Las Vegas
Spectris PLC (SXS LN)	7/29/2014	Edinburgh
Pace PLC (PIC LN)	7/29/2014 - 8/5/2014	Edinburgh, London

Analyst Marketing

Title	Dates	Location
Peter Ward	7/16/2014	Toronto
Takaki Nakanishi	7/17/2014 - 7/25/2014	Tokyo
Omar Fall	7/17/2014 - 7/18/2014	Frankfurt, Zurich
Bradley "Brad" Handler	7/17/2014	New Jersey
Luke Folta	7/17/2014	New Jersey
Christopher Sighinolfi	7/18/2014	New Jersey
Laurence Alexander	7/18/2014	London
Venant Chiang	7/18/2014 - 8/20/2014	Hong Kong
Omar Fall	7/21/2014 - 7/23/2014	Austin, Los Angeles, San Francisco, Santa Fe
Chehan Perera & Vince Ng	7/21/2014 - 7/25/2014	Boston, Midwest, New York, West Coast
Chang Han Joo	7/21/2014 - 7/25/2014	Amsterdam, Copenhagen, London, Paris, Rotterdam, Stockholm, The Hague, Zeist
Nilesh Jasani - Head of Research for Asia Pacific	7/21/2014 - 7/22/2014	London
Mike Betts	7/22/2014	London
Hiroko Sato	7/22/2014	Tokyo
Justin Jordan	7/23/2014	Frankfurt
Dan Dolev	7/24/2014	Boston
Avin Sony- Energy, Petrochemical and Industrial- Asia Plus (Jefferies Thailand co-branded alliance partner)	7/24/2014 - 7/29/2014	Hong Kong, Singapore
John Janedis	7/25/2014	Kansas City
Makarim Salman	7/28/2014 - 8/1/2014	Copenhagen, Edinburgh, London, Stockholm, Zurich

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.

Company Specific Disclosures

Jefferies Group LLC is advising Bristol Myers Squibb on its business combination with Reckitt Benckiser Group Plc regarding Latin American licenses. Jefferies Group, Inc., its affiliates or subsidiaries expect to receive or intend to seek compensation for investment banking services from BP plc within the next three months.

Brian Tanquilut holds a long, equity position in Express Scripts.

Jefferies & Company, Inc. acted as the financial advisor to Newfield Exploration Company in relation to the sale of its remaining assets in the Gulf of Mexico to W&T Offshore, Inc.

Subash Chandra holds a long, equity position in Newfield Exploration Co. (NFX).

Rafi Hassan owns shares of Nvidia Corporation common stock.

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.

Jefferies Franchise Picks

Jefferies Franchise Picks include stock selections from among the best stock ideas from our equity analysts over a 12 month period. Stock selection is based on fundamental analysis and may take into account other factors such as analyst conviction, differentiated analysis, a favorable risk/reward ratio and investment themes that Jefferies analysts are recommending. Jefferies Franchise Picks will include only Buy rated stocks and the number can vary depending on analyst recommendations for inclusion. Stocks will be added as new opportunities arise and removed when the reason for inclusion changes, the stock has met its desired return, if it is no longer rated Buy and/or if it underperforms the S&P by 15% or more since inclusion. Franchise Picks are not intended to represent a recommended portfolio of stocks and is not sector based, but we may note where we believe a Pick falls within an investment style such as growth or value.

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
BUY	958	51.59%	250	26.10%
HOLD	751	40.44%	119	15.85%
UNDERPERFORM	148	7.97%	8	5.41%

Other Important Disclosures

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

United States: Jefferies LLC which is an SEC registered firm and a member of FINRA.

United Kingdom: Jefferies International Limited, which is authorized and regulated by the Financial Conduct 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 (CIN - U74140MH2007PTC200509), which is licensed by the Securities and Exchange Board of India as a Merchant Banker (INM000011443) and a Stock Broker with Bombay Stock Exchange Limited (INB011491033) and National Stock Exchange of India Limited (INB231491037) in the Capital Market Segment; located at 42/43, 2 North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (East) Mumbai 400 051, India; Tel +91 22 4356 6000.

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 LLC, 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 LLC. 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. Jefferies International Limited may allow its analysts to undertake private consultancy work. Jefferies International Limited's conflicts management policy sets out the arrangements Jefferies International Limited employs to manage any potential conflicts of interest that may arise as a result of such consultancy work. 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). In Singapore, Jefferies Singapore Limited is regulated by the Monetary Authority of Singapore. 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, located at 80 Raffles Place #15-20, UOB Plaza 2, Singapore 048624, telephone: +65 6551 3950. 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 the Republic of China (Taiwan), this report should not be distributed. The research in relation to this report is conducted outside the PRC. This report does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. 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 Conduct 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

© 2014 Jefferies Group LLC