



23 February 2011

The key questions

Alternative energy question book: Feb 2011

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A question book to help prepare for upcoming management meetings

The question book highlights key questions (over 225 in total) for DB's alternative energy stocks under coverage, including: AMSC, AONE, BMI, CREE, ELON, ELT, ENOC, ESE, FTEK, GLW, HEV, ITRI, MYRG, PWR, TSLA, VMI and ZOLT.

Smart grid

- Badger Meter Inc (BMI); Hold rated stock; \$36 price target (Shoop)
- Echelon (ELON); Hold rated stock; \$7 price target (Shoop)
- Elster Group SE (ELT); Buy rated stock; \$18 price target (Shoop)
- EnerNOC (ENOC); Hold rated stock; \$19 price target (Shoop)
- ESCO Technologies (ESE); Buy rated stock; \$44 price target (Shoop)
- Itron (ITRI); Buy rated stock \$71; price target (Shoop)

EV/ Batteries

- A123 Systems (AONE); Buy rated stock; \$17 price target (Galves)
- Ener1 Inc (HEV); Buy rated stock; \$5.50 price target (Galves)
- Tesla Motors (TSLA); Hold rated stock; \$21.50 price target (Galves)

Wind Power

- American Superconductor (AMSC); Hold rated stock; \$30 price target (Shoop)
- Zoltek Companies (ZOLT); Hold rated stock; \$8 price target (Shoop)

Transmission and Distribution

- MYR Group (MYRG); Buy rated stock; \$23 price target (Shoop)
- Quanta Services (PWR); Buy rated stock; \$23 price target (Shoop)
- Valmont (VMI); Buy rated stock; \$120 price target (Shoop)

Lighting and Display

- Corning (GLW); Buy rated stock; \$25 price target (Shoop)
- Cree (CREE); Hold rated stock; \$55 price target (Shoop)

Other

- Fuel Tech (FTEK); Hold rated stock; \$7 price target (Shoop)

Sector valuation and risks statement

We value the sector on a P/E multiple because it is the most widely available comp for historical multiple analysis. Sector upside risks include a more favorable than expected impact from the stimulus and increased legislative support / downside risks include a decline in energy demand, legislative support, etc.

Industry Update

Top picks

Valmont (VMI.N),USD105.77	Buy
Itron (ITRI.OQ),USD55.59	Buy

Companies featured

American Superconductor (AMSC.OQ),USD26.94	Hold
Badger Meter (BMI.N),USD39.51	Hold
Cree (CREE.OQ),USD52.47	Hold
Echelon (ELON.OQ),USD8.98	Hold
Elster Group (ELT.N),USD15.24	Buy
EnerNOC (ENOC.OQ),USD18.82	Hold
Fuel Tech (FTEK.OQ),USD7.95	Hold
Itron (ITRI.OQ),USD55.59	Buy
MYR Group (MYRG.OQ),USD23.60	Buy
Quanta Services, Inc. (PWR.N),USD22.63	Buy
Valmont (VMI.N),USD105.77	Buy
Zoltek (ZOLT.OQ),USD15.68	Hold
A123 Systems Inc. (AONE.OQ),USD9.75	Buy
Ener1 Inc. (HEV.OQ),USD3.76	Buy
Tesla Motors (TSLA.OQ),USD21.87	Hold

Deutsche Bank Securities Inc.

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Green Technologies

Summary Financial Data

Figure 1: DB's Greentech valuation sheet

Company	Ticker	DB Ticker	Rating	Stock Price	Price Target	Price performance				Market Cap (\$mln)	P/E (x)			EV/EBITDA (x)			EV/Sales (x)			Price/TB (x) CY10E
						WW	MM	YY	3Y		CY09	CY10E	CY11E	CY09	CY10E	CY11E	CY09	CY10E	CY11E	
Smart grid																				
Badger Meter Inc.	BMI		Hold	\$42	\$36	2%	5%	15%	3%	627	23	22	23	12	12	12	2.5	2.3	2.2	5.0
Echelon	ELON		Hold	\$9	\$7	1%	-1%	13%	-20%	393	nmf	nmf	nmf	nmf	nmf	nmf	3.2	3.0	2.5	4.2
Elster *	ELT		Buy	\$16	\$18	-4%	-1%	na	na	1,786	20	14	14	4	9	8	0.6	1.4	1.2	nmf
EnerNOC	ENOC		Hold	\$26	\$19	35%	13%	-10%	-32%	637	nmf	70	101	62	18	17	2.3	1.9	1.8	3.4
ESCO Technologies *	ESE		Buy	\$36	\$44	-10%	4%	9%	7%	973	17	15	16	12	10	10	1.9	1.7	1.5	nmf
Itron *	ITRI		Buy	\$59	\$71	-8%	1%	-12%	-33%	2,419	28	15	14	15	9	8	1.8	1.3	1.2	nmf
EV/ Batteries (Galves)																				
A123 Systems Inc.	AONE		Buy	\$9	\$17	-12%	-7%	-49%	na	895	nmf	nmf	nmf	nmf	nmf	nmf	4.8	6.7	3.4	na
Ener1 Inc.	HEV		Buy	\$4	\$6	12%	0%	-10%	-36%	629	nmf	nmf	nmf	nmf	nmf	nmf	14.3	8.1	3.3	na
Tesla Motors	TSLA		Hold	\$31	\$22	38%	37%	na	na	3,132	na	nmf	nmf	nmf	nmf	nmf	14.6	14.1	19.5	na
Wind power																				
American Superconductor	AMSC		Hold	\$28	\$30	2%	4%	-10%	45%	1,389	101	33	24	27	14	11	3.9	2.7	2.2	2.9
Zoltek Companies	ZOLT		Hold	\$12	\$8	-25%	1%	31%	-52%	402	nmf	nmf	nmf	29	52	38	3.1	2.9	2.8	1.4
T&D																				
MYR Group	MYRG		Buy	\$22	\$23	-1%	5%	49%	na	457	27	34	24	11	12	9	0.7	0.8	0.7	3.8
Quanta Services	PWR		Buy	\$24	\$23	-1%	8%	32%	-3%	4,992	29	31	24	11	11	9	1.3	1.2	1.0	3.1
Valmont Industries	VMI		Buy	\$93	\$120	-3%	2%	31%	18%	2,470	16	23	18	9	10	8	1.4	1.3	1.1	5.4
Other																				
Corning	GLW		Buy	\$22	\$25	0%	15%	21%	-5%	35,101	16	11	11	23	14	11	6.2	4.7	4.0	1.9
Cree	CREE		Hold	\$52	\$55	-8%	1%	-22%	56%	5,682	60	26	34	22	13	15	6.4	4.5	4.2	3.3
Fuel Tech	FTEK		Hold	\$8	\$7	1%	-2%	33%	-58%	202	nmf	248	42	146	29	15	2.5	2.3	1.8	3.8

Source: Deutsche Bank

*Note: EPS estimates exclude amortization of intangibles

Figure 2: DB estimates vs Consensus

Company	Ticker	FY end	Mar-11 Q Sales			Jun-11 Q Sales			FY1 Sales			FY2 Sales		
			DB	Street	Delta	DB	Street	Delta	DB	Street	Delta	DB	Street	Delta
Smart grid (Shoop)														
Badger Meter Inc.	BMI	Dec	\$66	\$69	-4%	\$72	\$80	-10%	\$285	\$300	-5%	\$301	\$325	-7%
Echelon	ELON	Dec	\$29	\$28	1%	\$32	\$33	-1%	\$135	\$139	-3%	\$148	\$169	-12%
Elster	ELT	Dec	\$435	\$439	-1%	\$459	\$469	-2%	\$1,860	\$1,894	-2%	\$1,969	\$2,058	-4%
EnerNOC	ENOC	Dec	\$29	\$30	-1%	\$69	\$75	-8%	\$321	\$311	3%	\$321	\$363	-12%
ESCO Technologies	ESE	Sep	\$163	\$161	2%	\$172	\$174	-1%	\$694	\$695	0%	\$802	\$754	6%
Itron	ITRI	Dec	\$581	\$552	5%	\$559	\$571	-2%	\$2,274	\$2,270	0%	\$2,226	\$2,359	-6%
EV/ Batteries (Galves)														
A123 Systems Inc.	AONE	Dec	\$26	\$26	0%	\$48	\$34	43%	\$100	\$100	0%	\$253	\$219	16%
Ener1 Inc.	HEV	Dec	\$32	\$25	26%	\$43	\$42	3%	\$76	\$71	8%	\$213	\$216	-1%
Tesla Motors	TSLA	Dec	\$30	\$33	-11%	\$32	\$35	-7%	\$111	\$113	-2%	\$174	\$149	17%
Wind power (Shoop)														
American Superconductor	AMSC	Mar	\$124	\$126	-1%	\$127	\$128	-1%	\$437	\$439	0%	\$528	\$554	-5%
Zoltek Companies	ZOLT	Sep	\$34	\$41	-18%	\$35	\$41	-16%	\$137	\$157	-13%	\$165	\$193	-15%
T&D contractors (Shoop)														
MYR Group	MYRG	Dec	\$141	\$155	-9%	\$150	\$168	-11%	\$591	\$598	-1%	\$640	\$677	-5%
Quanta Services	PWR	Dec	\$790	\$880	-10%	\$977	\$1,043	-6%	\$3,833	\$3,827	0%	\$4,345	\$4,435	-2%
Other (Shoop)														
Valmont Industries	VMI	Dec	\$572	\$527	9%	\$595	\$571	4%	\$2,361	\$2,215	7%	\$2,499	\$2,377	5%
Corning	GLW	Dec	\$1,829	\$1,831	0%	\$1,920	\$1,931	-1%	\$7,750	\$7,832	-1%	\$8,361	\$8,558	-2%
Cree	CREE	Jun	\$250	\$256	-2%	\$267	\$276	-3%	\$1,043	\$1,058	-1%	\$1,198	\$1,305	-8%
Fuel Tech	FTEK	Dec	\$23	\$22	6%	\$25	\$24	4%	\$79	\$76	1%	\$104	\$96	8%
Mar-11 Q EPS														
Smart grid (Shoop)														
Badger Meter Inc.	BMI	Dec	\$0.38	\$0.43	-11%	\$0.46	\$0.57	-19%	\$1.80	\$2.05	-12%	\$2.00	\$2.30	-13%
Echelon	ELON	Dec	(\$0.20)	(\$0.18)	-9%	(\$0.14)	(\$0.13)	-14%	(\$0.52)	(\$0.45)	-15%	(\$0.35)	(\$0.19)	-89%
Elster	ELT	Dec	\$0.17	\$0.20	-18%	\$0.22	\$0.25	-13%	\$0.93	\$1.06	-13%	\$1.09	\$1.24	-12%
EnerNOC	ENOC	Dec	(\$0.92)	(\$0.68)	-37%	(\$0.05)	\$0.11	nmf	\$0.25	\$0.65	-61%	\$0.30	\$1.01	-70%
ESCO Technologies	ESE	Sep	\$0.40	\$0.37	8%	\$0.46	\$0.52	-11%	\$1.92	\$1.99	-3%	\$2.50	\$2.45	2%
Itron	ITRI	Dec	\$1.00	\$0.95	5%	\$0.96	\$1.08	-11%	\$4.15	\$4.19	-1%	\$4.15	\$4.38	-5%
EV/ Batteries (Galves)														
A123 Systems Inc.	AONE	Dec	(\$0.36)	(\$0.36)	0%	(\$0.32)	(\$0.32)	0%	(\$1.38)	(\$1.36)	-1%	(\$0.98)	(\$1.25)	22%
Ener1 Inc.	HEV	Dec	(\$0.05)	(\$0.10)	43%	(\$0.05)	(\$0.08)	40%	(\$0.38)	(\$0.47)	19%	(\$0.17)	(\$0.26)	36%
Tesla Motors	TSLA	Dec	(\$0.54)	(\$0.48)	-12%	(\$0.53)	(\$0.49)	-8%	(\$2.67)	(\$2.20)	-21%	(\$2.08)	(\$1.91)	-9%
Wind power (Shoop)														
American Superconductor**	AMSC	Mar	\$0.36	\$0.36	0%	\$0.37	\$0.38	-1%	\$1.37	\$1.37	0%	\$1.57	\$1.66	-5%
Zoltek Companies	ZOLT	Sep	(\$0.03)	(\$0.01)	-151%	(\$0.03)	(\$0.01)	-511%	(\$0.13)	(\$0.07)	-70%	\$0.06	\$0.26	-77%
T&D contractors (Shoop)														
MYR Group	MYRG	Dec	\$0.17	\$0.17	0%	\$0.19	\$0.24	-21%	\$0.64	\$0.66	-3%	\$0.93	\$0.97	-3%
Quanta Services	PWR	Dec	\$0.16	\$0.18	-10%	\$0.24	\$0.25	-3%	\$0.93	\$0.78	20%	\$1.12	\$1.10	1%
Valmont Industries	VMI	Dec	\$0.96	\$1.04	-8%	\$1.30	\$1.36	-4%	\$5.10	\$5.06	1%	\$6.00	\$6.00	0%
Other (Shoop)														
Corning	GLW	Dec	\$0.43	\$0.43	0%	\$0.50	\$0.50	2%	\$2.00	\$2.01	-1%	\$2.15	\$2.20	-2%
Cree**	CREE	Jun	\$0.40	\$0.55	-27%	\$0.43	\$0.46	-7%	\$1.99	\$2.02	-2%	\$2.00	\$2.36	-15%
Fuel Tech	FTEK	Dec	\$0.03	\$0.03	-5%	\$0.04	\$0.05	-26%	\$0.03	\$0.04	-20%	\$0.20	\$0.22	-10%

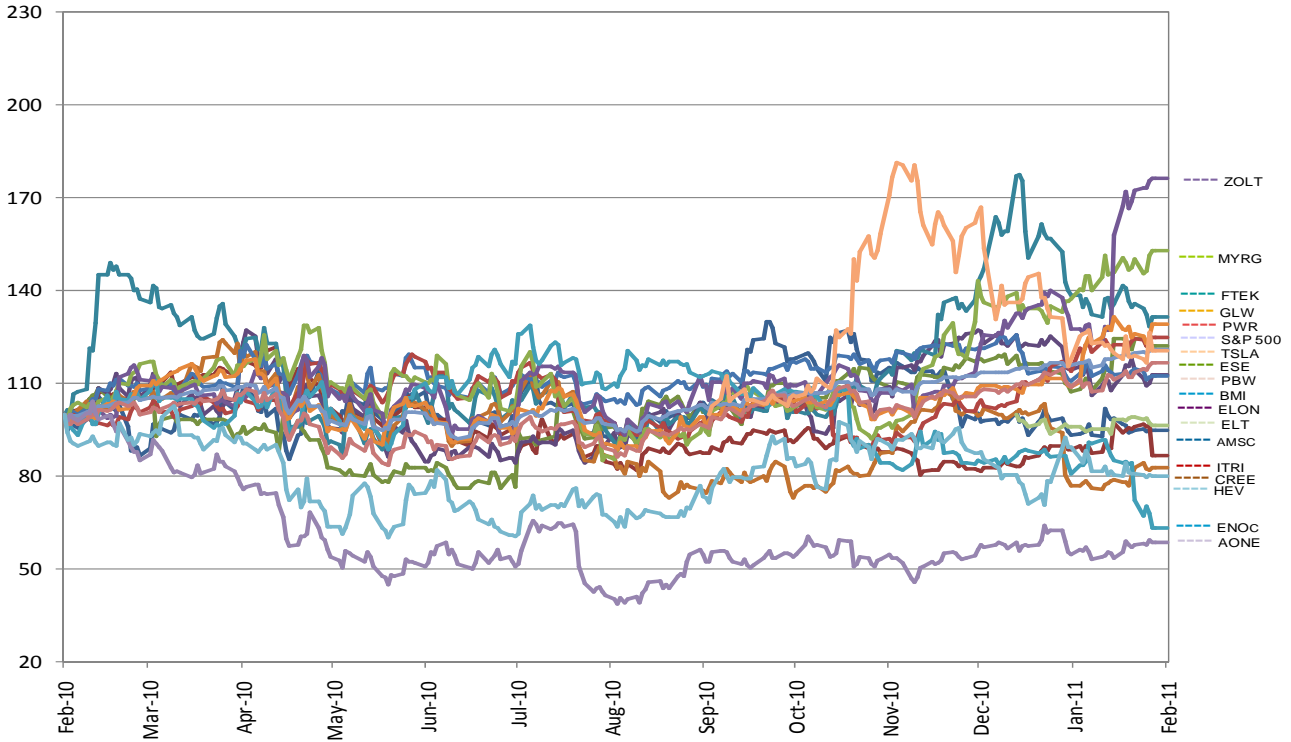
Source: Deutsche Bank

**Note: EPS estimates for AMSC and CREE correspond to Cash EPS estimates

Green Technologies

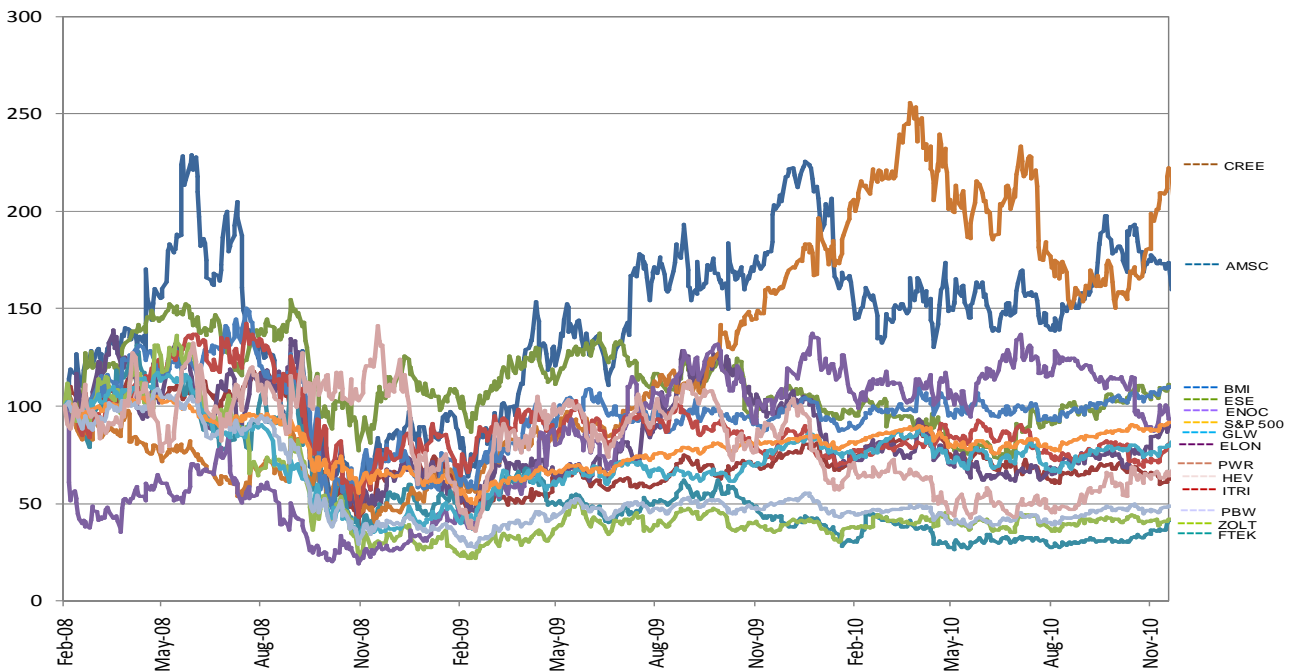
Stock Performance

Figure 3: Stock performance (1 year)



Source: Deutsche Bank

Figure 4: Stock performance (3 years)

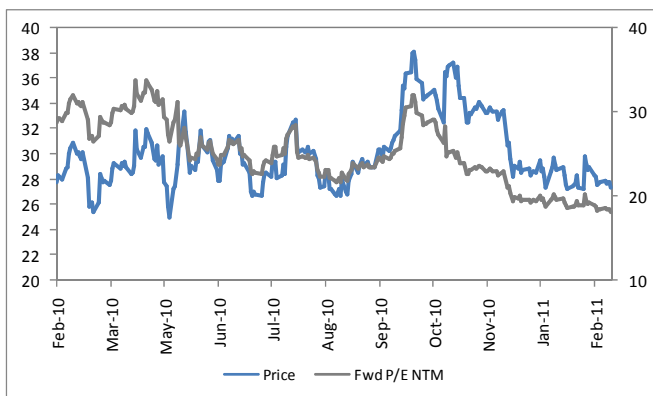


Source: Deutsche Bank

American Superconductor;

\$27.37, Hold; \$30 PT; Lead analyst: Carter Shoop

Figure 5: Price performance / PE (NTM) – 1 yr



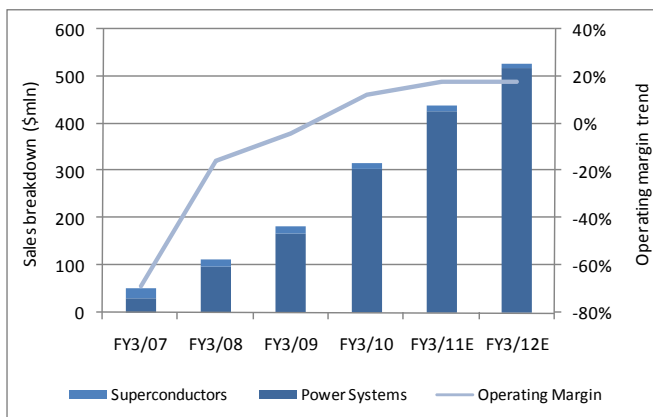
Source: Capital IQ

Figure 6: Investment thesis

- Diversified solutions provider levered to several attractive secular trends in the wind energy and power grid markets
- Remain concerned about 1) the co's lack of positive catalysts, 2) increased scrutiny over Sinovel's quality and 3) margin pressure from new contract
- We will look to become more constructive on shares at a lower valuation, following increased visibility into the profitability of AMSC's new 1.5MW contract with Sinovel (starts in CY2Q) and / or in anticipation of a larger than expected 3MW order from Sinovel
- Potential LT growth drivers (in addition to wind power in China) include wind power growth in the US, Korea and India, smart grid solutions in the US, China and Korea, Sea Titan turbines and solar PV inverters
- \$30 PT; \$25 for Power (13x CY11 cash EPS) / \$5 for Superconductors

Source: Deutsche Bank

Figure 7: Sales breakdown



Source: Deutsche Bank

Figure 8: Consensus and Shareholder trends

	4Q FY3/11E	FY3/11E	FY3/12E
Revenue (Street est, mln)	\$126	\$439	\$554
Revenue (DB est, mln)	\$124	\$437	\$528
% Delta	-1%	0%	-5%
EPS (Street est)	\$0.36	\$1.37	\$1.66
EPS (DB est)	\$0.36	\$1.37	\$1.57
% Delta	0%	0%	-5%

Consensus rating: 11 Buy / 7 Hold / 1 Sell Short as a % of float: 30% / SI ratio: 14x

Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
BlackRock, Inc.	6,796,968	13.41	186.0
Douglas, Kevin G.	5,940,490	11.72	162.6
Douglas, Michelle	4,257,258	8.40	116.5

	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
Deutsche Bank	-919,988	580,466	1,500,454
Goodman and Co	-832,600	0	832,600
American Century	-411,786	329,535	741,321
Top 3 Buyers			
Marshall & Ilsey	562,041	569,787	7,746
Calamos Advisors	475,000	779,200	304,200
Royce and Associates	0	378,000	378,000

Source: DB, Capital IQ and Bloomberg
Note: EPS estimates for AMSC correspond to the Cash EPS number

Figure 9: Model

Income Statement (\$ millions except EPS data)																
	2004A	2005A	2006A	2007A	2008A	2009A	Q1A	Q2A	Q3A	Q4E	2010E	Q1E	Q2E	Q3E	Q4E	2011E
FY March	Year	Year	Year	Year	Year	Year	Jun-10	Sep-10	Dec-10	Mar-11	Year	Jun-11	Sep-11	Dec-11	Mar-12	Year
Total Revenue	58.3	50.9	52.2	112.4	182.8	316.0	97.2	101.5	114.2	124.4	437.3	126.9	129.5	133.5	137.5	527.5
Operating Income	(20.3)	(28.5)	(35.9)	(17.4)	(7.2)	39.1	16.1	15.9	21.5	24.7	78.2	22.8	21.9	23.8	24.5	93.1
Net Income Before Charges	(19.7)	(25.9)	(34.0)	(18.0)	(15.6)	16.7	9.2	10.0	16.0	14.8	50.0	15.2	14.6	16.5	17.0	63.3
Net Income	(19.7)	(30.9)	(34.7)	(25.4)	(16.6)	16.2	9.2	10.0	16.0	14.8	50.0	15.2	14.6	16.5	17.0	63.3
GAAP EPS (US\$)	(0.70)	(0.94)	(1.04)	(0.65)	(0.39)	0.36	0.20	0.22	0.33	0.29	1.04	0.29	0.28	0.31	0.32	1.21
Cash EPS (US\$)				(0.17)	(0.07)	0.70	0.28	0.32	0.40	0.36	1.37	0.37	0.37	0.40	0.42	1.57
Avg. Diluted Shares Out	28.2	32.7	33.3	39.1	42.7	45.3	46.0	46.2	49.0	51.5	48.2	51.8	52.1	52.4	52.7	52.3
Margins																
Gross Margin	0.7%	-5.1%	-1.0%	28.5%	28.4%	36.4%	40.1%	40.7%	40.7%	41.2%	40.7%	39.8%	39.9%	39.9%	40.0%	39.9%
Operating Margin	-34.9%	-56.1%	-68.7%	-15.5%	-3.9%	12.4%	16.5%	15.7%	18.8%	19.8%	17.9%	18.0%	16.9%	17.9%	17.8%	17.6%
EBITDA Margin	-21.6%	-41.4%	-59.6%	-6.5%	0.7%	15.5%	19.3%	18.4%	21.0%	22.1%	20.3%	20.5%	19.3%	20.2%	20.1%	20.0%
Tax Rate	0.0%	0.0%	0.3%	-19.1%	-127.1%	55.1%	44.2%	46.3%	32.7%	40.9%	40.4%	34.7%	35.2%	33.2%	33.2%	34.0%
Net Margin	-33.7%	-50.9%	-65.2%	-16.0%	-8.5%	5.3%	9.4%	9.8%	14.0%	11.9%	11.4%	12.0%	11.3%	12.3%	12.4%	12.0%

Source: Deutsche Bank

Key questions

- **Profitability of the new Sinovel 1.5MW order:** When Sinovel's new contract starts (April), how will margins be impacted? Roughly how large of an ASP decline is built into the new contract?
- **Follow-on 3MW Sinovel order:** Can you provide more details on the follow-on 3MW order you expect to receive from Sinovel in the next 3 to 9 months. Could this order be more than 3 times larger than the current order (\$100mln)? What needs to happen in order to see this order be placed in the 3 month timeframe vs 9 months?
- **Quality of Sinovel's turbines:** There have been recent reports questioning the quality of Sinovel's turbines. Should we be concerned that these incidents may negatively affect Sinovel's opportunity to export turbines?
- **Other wind customers:** Regarding AMSC's other wind customers, what customer do you think could represent over \$30mln in sales (5% of total revenue) in FY11 (ending March 2012)?
- **HHI update:** Could we see a new order from Hyundai in the next 6 months?
- **Other wind markets:** After the Chinese market, where do you see the most growth potential, is it India or Korea or the U.S.?
- **US wind market:** Given the slowdown in the US wind market, could we still see AMSC sign a new licensee contract over the next 6-12 months? Do you expect that to be an established multi-billion dollar industrial company?
- **Superconductor opportunity:** Regarding the roughly \$75mln in Superconductor backlog, how much of this will be recognized in revenue over the next 12 months? What about the next 24 months? In addition, you've mentioned that there are \$300mln in Superconductor-related project opportunities. How much revenue could be billed from these projects by FY12?
- **D-VAR business:** Could your grid products segment become a \$100mln business in FY11 (vs \$40mln in FY09)?
- **New business opportunities:** How long would it take for SolarTie and SeaTitan to become \$100mln businesses?
- **Margins:** What needs to happen to grow GMs above 40%? How long will this take?
- **Opex:** How confident are you that opex:sales will decrease in FY11?
- **Business outlook:** Regarding expectations to become a >\$1B company by FY14, how much of this should we see come through acquisitions?
- **M&A:** What business segments (x-wind) is AMSC targeting for acquisitions over the next 12-months?

A123 Systems, Inc;

\$9.25, Buy; \$17 PT; Lead analyst: Dan Galves

Figure 5: Price performance – 1 yr



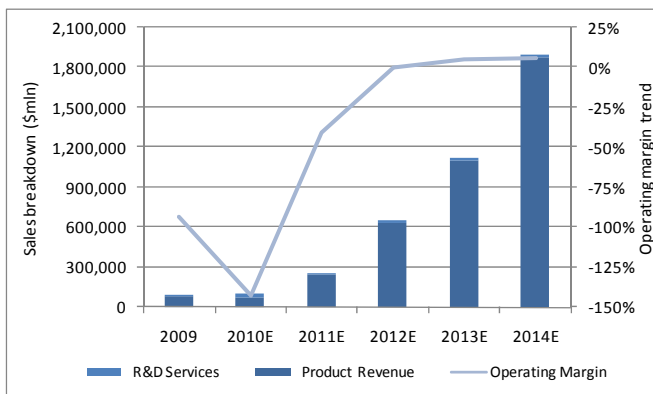
Source: Capital IQ

Figure 6: Investment thesis

- Pre-play lithium-ion battery producer. Early leader in hybrid / EV commercial vehicle batteries and grid storage batteries, as well as strong position in China. Current contracts with major OEMs such as Daimler, BMW, Volvo and Shanghai Automotive
- Significant validating catalysts over the next 6 months include: 1) early indications of consumer demand for EVs (Chevy Volt / Nissan Leaf are launching now); 2) start of production for key customer Fisker, which we expect in early 2011; 3) announcement of an additional major light-vehicle customer (we expect this by mid-2011); 4) indications of significantly improving margins as plant utilizations increase
- Target price of \$17 is based on DCF analysis. Current valuation is compelling relative to current book value of ~\$5.50 per share

Source: Deutsche Bank

Figure 7: Sales breakdown



Source: Deutsche Bank

Figure 8: Consensus and shareholder trends

	4Q10E	2010E	2011E
Revenue (Street est, mln)	\$26	\$100	\$219
Revenue (DB est, mln)	\$26	\$100	\$253
% Delta	0%	0%	16%
EPS (Street est)	(\$0.36)	(\$1.36)	(\$1.25)
EPS (DB est)	(\$0.36)	(\$1.38)	(\$0.98)
% Delta	0%	-1%	22%
Consensus rating: 9 Buy / 5 Hold / 3 Sell Short as a % of float: 14% / SI ratio: 8x			
Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
North Bridge Venture Partners	6,082,709	8.44	86.4
GE Asset Management Incorporatec	3,188,775	7.88	80.7
Deshpande, Gururaj	2,514,930	6.68	68.4
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
AXA	-4,877,214	0	4,877,214
Unicorn Trust IV	-2,546,701	0	2,546,701
Unicorn Trust VI	-1,727,991	0	1,727,991
Top 3 Buyers			
Alliance Bernstein	5,091,773	5,091,773	0
Turner Investment	1,073,770	1,117,000	43,230
Global X Management	770,675	770,675	0

Source: DB, Capital IQ and Bloomberg

Figure 9: Model

A123 Earnings Model (\$000's)	2010E				2011E				Annual					
	Mar	June	Sept	DecE	MarE	JuneE	SeptE	DecE	2009	2010E	2011E	2012E	2013E	2014E
Total Revenue	24,468	22,608	26,218	26,330	48,000	56,625	73,063	75,500	91,049	99,624	253,188	650,250	1,124,798	1,899,729
Gross profit	(2,041)	(2,949)	(3,075)	(2,984)	(1,666)	(201)	8,041	10,995	(2,692)	(11,049)	17,170	133,817	231,418	371,028
Gross margin - Total	-8.3%	-13.0%	-11.7%	-11.3%	-3.5%	-0.4%	11.0%	14.6%	-3.0%	-11.1%	6.8%	20.6%	20.6%	19.5%
Operating Income	(29,008)	(31,753)	(44,211)	(37,350)	(33,966)	(29,501)	(21,259)	(18,305)	(85,437)	(142,322)	(103,031)	(2,935)	51,075	105,066
Operating Margin	-118.6%	-140.5%	-168.6%	-141.9%	-70.8%	-52.1%	-29.1%	-24.2%	-93.8%	-142.9%	-40.7%	-0.5%	4.5%	5.5%
Pre-tax income	(28,981)	(33,351)	(43,610)	(37,541)	(33,968)	(29,570)	(21,365)	(18,434)	(86,311)	(143,484)	(103,337)	(3,514)	44,960	94,624
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			-0.4%	5.0%	15.0%	35.0%
Net income from operations	(29,102)	(33,483)	(43,735)	(37,641)	(34,067.9)	(29,670.5)	(21,465.1)	(18,533.6)	(86,589)	(143,962)	(103,737)	(3,339)	38,216	61,505
Net income to common holders	(29,025)	(33,414)	(43,656)	(37,641)	(34,068)	(29,670)	(21,465)	(18,534)	(85,779)	(143,737)	(103,737)	(3,339)	38,216	61,505
EPS from Continuing Op's	(0.28)	(0.32)	(0.42)	(0.36)	(0.32)	(0.28)	(0.20)	(0.17)	(0.79)	(1.38)	(0.98)	(0.03)	0.34	0.54
Diluted shares outstanding	103,553	104,333	104,743	105,143	105,543	105,943	106,343	106,743	102,434	104,443	106,143	103,553	112,432	113,443

Source: Deutsche Bank

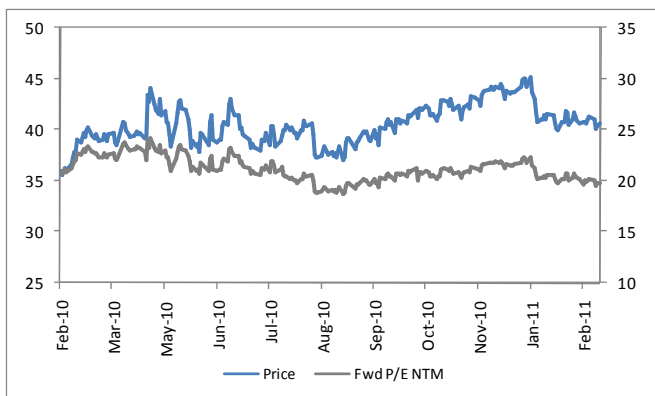
Key questions

- **Bidding Activity:** Has the number of new vehicle contracts being bid increased over the last year? Where do you see the biggest increase in momentum: light vehicle hybrid, light vehicle PHEV / EV, or medium / heavy vehicle? What time period will most of these vehicles start production?
- **Pricing (light-vehicle):** For substantial light-vehicle Electric Vehicle battery contracts, is the price per kWh being bid generally below \$500 per kWh? How quickly should we expect pricing to decline from current levels or will it flatten out for a period?
- **Competition:** How many battery-makers generally qualify from a technological standpoint and end up competing on price? Are differences in technology driving differences in pricing?
- **Pricing (hvy vehicle / grid):** In terms of trajectory of pricing declines / gross margin, is there any differences in terms of pricing for grid / comm'l vehicle contracts? If pricing is more favorable, why?
- **Industry Business Mix:** Sanyo recently announced 2015 projections for global lithium-ion battery market: Compared to \$13bn in 2010, Sanyo projects \$44bn in 2015 (including \$13bn consumer, \$13.5bn transportation, \$17.5bn power storage). Do you agree that power storage can be bigger than transportation at mid-decade?
- **Grid Storage:** With an expectation of 70 mw's of grid systems deployed by mid-2011, you appear to be an early leader in this space. Which company / which technology do you consider your primary competition in this segment? What do you consider the primary determinant of growth rates in this business?
- **AONE Business Mix:** You've stated that the customer relationships in which you are currently engaged support \$1.5bn of revenue in 2013. What is the mix of business and is this still a valid statement? What % of this \$1.5bn is currently under contract?
- **Cost reduction:** What level of margins can you generate at the price levels that light-vehicle batteries are being bid? What are the primary drivers of cost reductions that will enable you to meet your EBIT margin target of 11%-13%?
- **Customers:** What % is Fisker of the \$450-\$550MM revenue run rate you project by late 2011 / early 2012? What % is Fisker of the \$1.5bn of revenue potential in 2013? Will Fisker launch the Karma on-time in February 2011?
- **Customers:** Do you envision multiple battery suppliers for each automaker? Will this occur right away or over time?
- **Customers:** You've been able to expand the SAIC relationship from 1 hybrid vehicle to 1 hybrid, 1 plug-in hybrid, and 1 electric vehicle. Is there potential to expand the BMW relationship? When will we get clarity on this?
- **Customers:** Do you see potential to supply batteries to SAIC's JV partners in China?
- **Customers:** Will the major automaker contract you have been mentioning require another competitive round of bidding? What % of the \$1.5bn revenue target could this potentially represent? When should we expect clarity on this contract?
- **Profitability:** You've projected EBITDA breakeven at \$100MM of revenue per quarter. What are the key variables that could increase / decrease that breakeven point? Does that include significant cost reductions from current levels?
- **Cash Flow:** You've burned \$50MM-\$60MM per quarter the last two periods. Does that burn rate increase or decrease through mid-2011 when revenue is projected to increase meaningfully?

Badger Meter;

\$40.63, Hold; \$36 PT; Lead analyst: Carter Shoop

Figure 10: Price performance / PE (NTM) – 1 yr



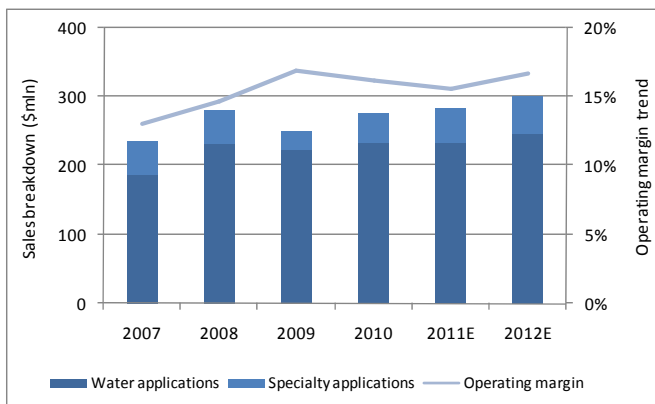
Source: Capital IQ

Figure 11: Investment thesis

- Leading manufacturer of smart metering solutions for water utilities: conservation and automation driving smart meter adoption – according to LEK, value of AMI shipments in US estimated to increase at a CAGR of 7% (2009-14)
- Competing in an oligopoly with an attractive LT outlook: one of four leading NA water meter makers; trend towards AMR/AMI driving ASP and margin expansion
- After a reasonable 2010 (sales up 11% Y/Y; EPS up 7% Y/Y), we are cautious about revenue and margin growth in 2011/2012; muni budget cuts, the ongoing transition to fixed-networks for water meter reading and increased competition will limit Badger's organic growth in 2011 and beyond
- \$36 PT: 20x CY11 EPS (below mid-point of its historical trading range); warranted given our view that demand trends will likely slow down in 2011 (and beyond) and that higher copper prices constitute a significant risk to Badger's margins

Source: Deutsche Bank,

Figure 12: Sales breakdown



Source: Deutsche Bank,

Figure 13: Consensus and Shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$69	\$300	\$325
Revenue (DB est, mln)	\$66	\$285	\$301
% Delta	-4%	-5%	-7%
EPS (Street est)	\$0.43	\$2.05	\$2.30
EPS (DB est)	\$0.38	\$1.80	\$2.00
% Delta	-11%	-12%	-13%
Consensus rating: 3 Buy / 8 Hold / 0 Sell Short as a % of float: 12% / SI ratio: 20x			
Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
BlackRock, Inc.	1,216,323	8.09	49.4
Invesco Ltd.	1,215,705	8.09	49.4
T. Rowe Price Group, Inc.	778,310	5.18	31.6
shares +/- in Q CY4Q10 balance CY3Q10 balance			
Top 3 sellers			
US Bancorp	-103,169	24,283	127,452
Deutsche Bank	-77,446	49,164	126,610
UBS AG	-35,503	94,531	130,034
Top 3 Buyers			
Pictet Asset Management	443,600	443,600	0
Vanguard Group	37,102	742,585	705,483
AllianceBernstein	28,857	28,857	0

Source: DB, Capital IQ and Bloomberg

Figure 14: Model

Income Statement																	
(\$ millions except EPS data)																	
	2004A	2005A	2006A	2007A	2008A	2009A	2010A	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	188.7	203.6	229.8	234.8	279.6	250.3	276.6	66.0	71.6	77.0	70.3	284.9	71.0	75.7	80.8	73.7	301.2
Operating Income	21.6	27.2	28.8	30.6	40.9	42.2	44.8	9.4	11.3	13.3	10.4	44.4	10.3	12.3	14.8	12.7	50.2
Net Income Before Charges	12.1	16.2	16.6	18.4	25.1	26.8	28.7	5.8	7.1	8.4	6.6	27.9	6.7	8.0	9.6	8.4	32.7
Net Income	9.6	13.3	7.5	16.5	25.1	34.2	28.7	5.8	7.1	8.4	6.6	27.9	6.7	8.0	9.6	8.4	32.7
Diluted Reported EPS (US\$)	0.71	0.95	0.52	1.13	1.69	2.28	1.91	0.38	0.46	0.54	0.42	1.80	0.42	0.50	0.59	0.50	2.00
Operating Diluted EPS (US\$)	0.89	1.15	1.15	1.26	1.69	1.79	1.91	0.38	0.46	0.54	0.42	1.80	0.42	0.50	0.59	0.50	2.00
Avg. Diluted Shares Out	13.6	14.0	14.4	14.6	14.8	15.0	15.0	15.2	15.4	15.6	15.8	15.5	16.0	16.2	16.4	16.6	16.3
Margins																	
Gross Margin	34.5%	36.1%	33.4%	34.7%	35.2%	38.8%	37.2%	37.5%	38.0%	38.5%	37.0%	37.8%	37.0%	38.0%	39.2%	38.7%	38.3%
Operating Margin	11.4%	13.3%	12.5%	13.0%	14.6%	16.9%	16.2%	14.2%	15.8%	17.3%	14.8%	15.6%	14.5%	16.3%	18.3%	17.3%	16.7%
EBITDA Margin	15.3%	16.5%	15.6%	15.8%	17.2%	20.1%	19.4%	14.2%	15.8%	17.3%	14.8%	18.8%	14.5%	16.3%	18.3%	17.3%	19.8%
Tax Rate	40.7%	37.0%	39.7%	37.3%	36.6%	36.7%	35.5%	37.0%	37.0%	37.0%	37.0%	37.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Net Margin	6.4%	7.9%	7.2%	7.8%	9.0%	10.7%	10.4%	8.9%	9.9%	10.9%	9.4%	9.8%	9.4%	10.6%	11.9%	11.4%	10.9%

Source: Deutsche Bank

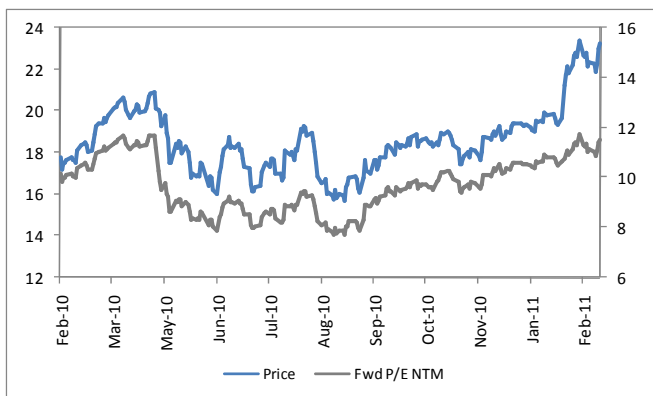
Key questions

- **Opportunities from expanded product line:** When could we see some meaningful orders for your newly introduced AMA (Advanced Metering Analytics) and ORION SE and ME suite of products?
- **Remag AG opportunity:** Could you quantify the TAM for Remag's (recent acquisition) small flow meters for the HVAC market?
- **Competitive scenario:** With the recent IPO of one of your large water metering competitors, have you seen any changes in the competitive environment?
- **Pricing:** With copper prices continuing to rise, can you talk about when you expect to initiate the next price increase? Do your price increases cover polymer meters as well?
- **Copper impact:** What impact do you expect copper prices to have on gross margins in 1Q11?
- **Euro impact:** If the euro holds at current rates, can you discuss what the foreign-exchange headwind would be to margins in the March quarter? Are you employing any hedges against that?
- **AMR / AMI:** What percentage of total installs in 2010 were AMR vs. AMI? Where do you see that number going in 3-5 years?
- **Rebound in Specialty Products sales:** What kind of rebound are you expecting in Specialty Product sales in 2011? Are there any catalysts (regulation/leading indicators) that may provide upside to investors' expectations around sales growth in this segment?
- **Stimulus:** Can you comment on what percentage of your current orders are from stimulus-related projects? Are there any stimulus related programs that could positively impact BMI's sales in 2011?
- **M&A:** Can you talk about what kind of companies you are targeting for M&A? Are these for your Water applications segments or Specialty segment? Are you looking to expand geographically through acquisitions?
- **Strategy in the US water meter market:** Large and medium sized US and Canadian cities are increasingly moving towards smart water metering (with fixed networks). How do you see your positioning in this market? How many large cities are you talking to for smart water meter contracts? Are there large (>1mln meters) opportunities that you expect to be awarded over the next 6-12 months?
- **Cleveland Water's meter portion:** One of your competitors has been awarded the communication module portion of the Cleveland Water project but the meter portion remains open. How confident are you about winning the meter portion of this contract? Are there other similar RFPs out there where you think you could provide just the meter with other vendors' communications modules?
- **Phase II of Chicago contract:** You have successfully completed Phase I of the Chicago smart water meter project with your ORION product. What is your level of confidence that Chicago will choose ORION or GALAXY for Phase II of this project and what is your sense around the timing of Phase II? Is your fixed network solution ready to be installed in a large city like Chicago? Do you think Badger can win the meter part of the next phase if the city chooses another vendor for the communications modules?
- **Gas opportunities:** Can you update us on where you are piloting and / or testing your ORION gas product? Are there any larger (50k points +) utilities outside of Duke Ohio that are testing the product?

Corning;

\$23.23, Buy; \$25 PT; Lead analyst: Carter Shoop

Figure 15: Price performance / PE (NTM) – 1 yr



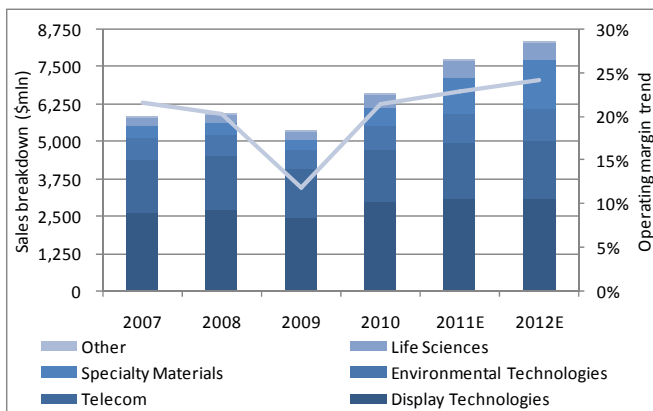
Source: Capital IQ

Figure 16: Investment thesis

- Longer-term we are bullish about 1) Gorilla Glass biz and 2) the upside in developed countries (US and Europe) from the accelerating replacement cycle (LED TVs, 3D, etc)
- The key catalysts to drive multiple expansion for Corning in our opinion, include 1) Gorilla Glass upside and 2) China TV demand- GLW is benefiting from a big inventory build ahead of CNY.
- While the majority of earnings for the company today come from one of its slowest growing divisions- we believe GLW deserves to trade at least in-line with its peer group (vs a significant discount to Texas Inst, AUO and CMI today).
- Our \$25 PT is based on SOTP (glass business \$18 /other assets \$7). On a corporate PE multiple, our PT assumes that GLW trades at 13x CY11 EPS

Source: Deutsche Bank,

Figure 17: Sales breakdown



Source: Deutsche Bank,

Figure 18: Consensus and Shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$1,931	\$7,832	\$8,558
Revenue (DB est, mln)	\$1,920	\$7,750	\$8,361
% Delta	-1%	-1%	-2%
EPS (Street est)	\$0.50	\$2.01	\$2.20
EPS (DB est)	\$0.50	\$2.00	\$2.15
% Delta	2%	-1%	-2%
Consensus rating: 15 Buy / 9 Hold / 1 Sell			
Short as a % of float: 2% / SI ratio: 2x			
Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
BlackRock, Inc.	93,570,468	5.98	2173.6
Capital Research and Management (91,530,000	5.85	2126.2
The Vanguard Group, Inc.	55,711,150	3.56	1294.2
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
AXA	-32,463,049	864,174	33,327,223
Numeric Investors	-4,722,300	1,672,600	6,394,900
Capital World Investors	-3,700,000	122,830,800	126,530,800
Top 3 Buyers			
AllianceBernstein	32,683,108	32,683,108	0
Capital Research Global Investor	17,005,000	119,953,620	102,948,620
T Rowe Price Associates	7,974,795	52,626,633	44,651,838

Source: DB, Capital IQ and Bloomberg

Figure 19: Model

Income Statement (\$ millions except EPS data)																	
	2004A	2005A	2006A	2007A	2008A	2009A	2010A	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	3,854.0	4,579.0	5,174.0	5,860.0	5,948.0	5,395.0	6,632.0	1,829.0	1,919.6	2,015.8	1,985.6	7,750.0	1,981.6	2,104.0	2,156.6	2,118.4	8,360.7
Operating Income	369.0	772.0	898.0	1,262.0	1,211.0	639.0	1,423.0	377.1	440.9	508.6	453.7	1,780.4	452.5	507.0	562.1	501.6	2,023.3
Net Income Before Charges	(361.0)	1,319.0	1,795.0	2,239.3	2,422.1	2,116.0	3,247.5	677.5	801.6	893.6	816.6	3,189.3	778.1	871.7	957.6	874.0	3,481.4
Net Income	(2,231.0)	585.0	1,855.0	2,150.0	5,257.1	2,007.5	3,558.0	677.5	801.6	893.6	816.6	3,189.3	778.1	871.7	957.6	874.0	3,481.4
Reported Diluted EPS (US\$)	(1.61)	0.38	1.16	1.34	3.32	1.28	2.25	0.43	0.50	0.56	0.51	2.00	0.48	0.54	0.59	0.54	2.15
Operating Diluted EPS (US\$)	(0.26)	0.86	1.13	1.40	1.53	1.35	2.05	0.43	0.50	0.56	0.51	2.00	0.48	0.54	0.59	0.54	2.15
Avg. Diluted Shares Out	1,386	1,535	1,594	1,603	1,584	1,568	1,581	1,589	1,594	1,599	1,604	1,597	1,609	1,614	1,619	1,624	1,617
Margins																	
Gross Margin	36.7%	43.3%	44.1%	46.9%	46.0%	38.8%	46.0%	44.2%	45.4%	46.8%	45.8%	45.5%	44.8%	45.3%	46.8%	45.8%	45.7%
Operating Margin	9.6%	16.9%	17.4%	21.5%	20.4%	11.8%	21.5%	20.6%	23.0%	25.2%	22.9%	23.0%	22.8%	24.1%	26.1%	23.7%	24.2%
EBITDA Margin	23.1%	28.0%	28.8%	31.9%	32.0%	26.5%	34.3%	33.4%	35.4%	37.3%	35.4%	35.4%	35.9%	36.9%	38.8%	37.3%	37.2%
Tax Rate	379.0%	17.9%	13.5%	12.6%	15.9%	3.1%	2.9%	15.0%	15.0%	15.0%	15.0%	15.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Net Margin	-9.4%	28.8%	34.7%	38.2%	40.7%	39.2%	49.0%	37.0%	41.8%	44.3%	41.1%	41.2%	39.3%	41.4%	44.4%	41.3%	41.6%

Source: Deutsche Bank

Key questions

- **Impact from lower PC growth assumption:** If one were to assume 15% PC growth in 2011 (vs. GLW's 27%), how much lower would your full year glass growth assumption be?
- **Medium term outlook for Display:** Based on your 2011 and 2014 outlooks, it appears that you expect 1-5% CAGR between 2011-2014. What could drive upside to this estimate?
- **Holiday sales:** Is the initial retail data from the Chinese holiday season in-line with your expectations?
- **TV replacement cycle:** Regarding LCD TV replacement rates, which geography could be the next wave for this trend? Europe? China?
- **Utilization:** How should we think about utilization rates in 2011 for glass? What about 2012?
- **Gorilla Glass sales:** Are you still on track to reach \$1B in 2011 sales? What needs to happen to realize this \$1B estimate? Another TV win?
- **TV cover glass wins:** Do you expect to announce a new customer order in the next 3-6 months? How many new customers could we see in 2011?
- **GG competition:** Has the competitive environment for Gorilla Glass increased over the last 3 months? How do you see the competitive environment evolving over the next 6-12 months?
- **New applications:** What are some of the more promising consumer electronics applications for Gorilla Glass? How big could these opportunities be in 2012?
- **Outlook:** Regarding your expectations to be a \$10B company in the next few years, what needs to happen to grow the company to that level? Could we see Corning achieve this target in less than 3 years?
- **Solar market:** Can you provide some color on your progress into the thin-film solar market? Could we see this market ramp to over \$100mIn for 2011?
- **Tax rate:** What opportunities, if any, do you have to drive your tax rate lower in 2011 (current guidance of 15%)?
- **Share buy-back:** Could we see a share buy-back program initiated over the next 6 months?
- **Dividend increase:** Could we see a dividend-increase announcement over the next 6 months?

Cree;

\$54.68, Hold; \$55 PT; Lead analyst: Carter Shoop

Figure 20: Price performance / PE (NTM) – 1 yr



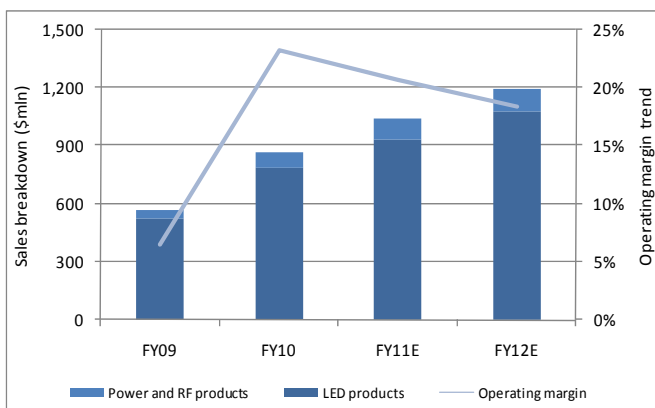
Source: Capital IQ

Figure 21: Investment thesis

- Leading vertically integrated LED producer. Focused on the general lighting market, but benefitting from accelerated adoption of LEDs in backlighting application
- We believe there is more downside vs upside to near-term estimates (GMs in the Mar Q and China street lighting demand in the Jun Q)
- Remain excited about Cree's leading position and LT potential in the general lighting market (strong demand for outdoor/indoor lighting and bulb retrofits to drive growth)
- We would look to become more constructive on shares following reduced expectations about the pace of LED adoption for general lighting and / or a lower valuation
- \$55 PT based on a 1.5x PEG ratio (25% 2-3 year growth rate and \$1.50 CY11 EPS est), justified by Cree's competitive position and the LED market's long term potential

Source: Deutsche Bank,

Figure 22: Sales breakdown



Source: Deutsche Bank,

Figure 23: Consensus and Shareholder trends

	F3Q11E	FY11E	FY12E
Revenue (Street est, min)	\$276	\$1,058	\$1,305
Revenue (DB est, min)	\$273	\$1,043	\$1,198
% Delta	-1%	-1%	-8%
EPS (Street est)	\$0.46	\$2.02	\$2.36
EPS (DB est)	\$0.58	\$1.99	\$2.00
% Delta	26%	-2%	-15%

Consensus rating: 16 Buy / 10 Hold / 5 Sell		Short as a % of float: 19% / SI ratio: 5x	
Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
PRIMECAP Management Company	8,435,807	7.71	461.3
BlackRock, Inc.	8,401,101	7.68	459.4
Sands Capital Management, LLC	5,771,913	5.28	315.6

	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
Fidelity Management	-4,770,500	3,850,027	8,620,527
BNP Paribas	-1,782,789	13,598	1,796,387
Intech Investments	-831,700	447,600	1,279,300
Top 3 Buyers			
Sands Capital	5,771,913	5,771,913	0
PGGM Vermogensbeheer	2,326,942	2,326,942	0
T Rowe Price Associates	1,100,716	4,503,546	3,402,830

Source: DB, Capital IQ and Bloomberg
Note: EPS estimates for CREE correspond to the Cash EPS number

Figure 24: Model

Income Statement	2004A	2005A	2006A	2007A	2008A	2009A	2010A	Q1A	Q2A	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
(\$ millions except EPS data)	Year	Year	Year	Year	Year	Year	Year	Sep-10	Dec-10	Mar-11	Jun-11	Year	Sep-11	Dec-11	Mar-12	Jun-12	Year
Total Revenue	299.6	384.5	423.0	394.1	493.3	567.3	867.3	268.4	257.0	250.1	267.1	1,042.6	279.0	295.4	304.3	318.9	1,197.6
Operating Income	90.2	140.0	101.3	21.8	11.0	36.6	201.9	73.9	55.8	41.5	45.2	216.4	48.9	55.5	57.0	59.3	220.8
Net Income Before Charges	65.2	106.7	81.8	25.6	20.1	35.1	155.4	58.4	50.1	34.4	37.3	180.3	40.4	45.7	46.9	48.9	181.9
Net Income	58.0	91.1	76.7	57.3	33.4	30.3	152.3	58.0	49.8	34.4	37.3	179.6	40.4	45.7	46.9	48.9	181.9
Reported Diluted EPS (US\$)	0.77	1.18	0.98	0.73	0.38	0.34	1.45	0.53	0.45	0.31	0.34	1.63	0.36	0.41	0.42	0.44	1.63
Operating Diluted EPS (US\$)	0.86	1.38	1.05	0.35	0.38	0.54	1.57	0.55	0.48	0.33	0.36	1.71	0.38	0.43	0.44	0.46	1.71
Cash EPS (US\$)					0.54	0.67	1.71	0.60	0.55	0.40	0.43	1.99	0.45	0.50	0.51	0.53	2.00
Avg. Diluted Shares Out	75.7	77.2	78.2	79.5	88.1	89.1	104.7	109.6	110.0	110.6	110.8	110.2	111.0	111.2	111.4	111.6	111.3
Margins																	
Gross Margin	49.7%	55.0%	47.5%	34.8%	33.6%	37.4%	47.4%	48.6%	47.1%	45.5%	45.5%	46.7%	45.0%	45.0%	44.5%	44.0%	44.6%
Operating Margin	30.1%	36.4%	23.9%	5.5%	2.2%	6.4%	23.3%	27.5%	21.7%	16.6%	16.9%	20.8%	17.5%	18.8%	18.7%	18.6%	18.4%
EBITDA Margin	48.6%	54.5%	41.5%	27.0%	22.4%	23.5%	33.7%	36.6%	31.8%	27.2%	27.6%	30.9%	28.3%	29.1%	29.2%	28.6%	28.8%
Tax Rate	31.0%	26.8%	28.4%	30.9%	22.4%	23.0%	25.9%	23.0%	13.7%	21.0%	21.0%	19.8%	21.0%	21.0%	21.0%	21.0%	21.0%
Net Margin	21.7%	27.8%	19.3%	6.5%	4.1%	6.2%	17.9%	21.8%	19.5%	13.8%	14.0%	17.3%	14.5%	15.5%	15.4%	15.3%	15.2%

Source: Deutsche Bank

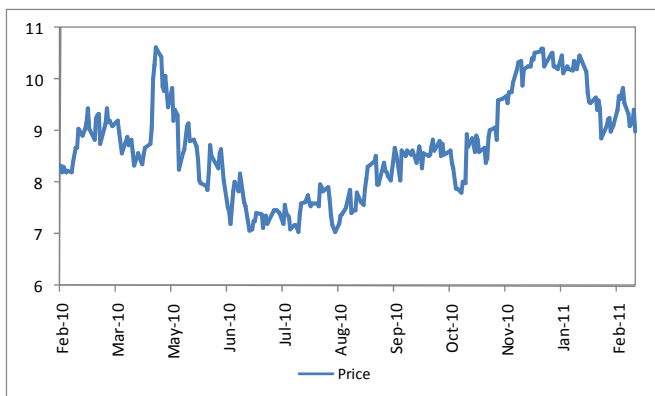
Key questions

- **LED business:** Could you provide some color on your current breakdown by end-market, how much is from street lighting, outdoor lighting, indoor lighting, etc? Growth prospects by end-market in FY11/FY12? How is CREE positioned in these markets?
- **ASPs:** Regarding general lighting pricing, has ASP erosion in the general lighting market accelerated? When should we expect ASP erosion to moderate?
- **Backlighting recovery:** How has demand for backlighting applications progressed since mid-January? Has the supply/demand environment improved for your chip business?
- **Chip business:** How should we think about the chip business in FY2H11? Could this business increase vs. FY1H11?
- **Chinese lighting market:** How is demand for your general lighting products progressing in China? Could we see sales for Chinese street lighting double in FY12 Y/Y?
- **Distributors' inventories:** How are the inventory levels at your lighting distributors trending? Have these decreased over the last month? How do you see these progressing over the next 6 months?
- **CR6 sales:** How do you see sales of your CR6 progressing at Home Depot? Is the residential adoption for this product trending in-line with expectations?
- **Competition:** How has the competitive environment changed for your components business over the last 3 months?. Are you seeing new players in the market? Can you talk about where Asian competition is at this point in time?
- **Power/RF division:** How should we think about the Power/RF division in 2012 and beyond? Could this business grow 10% per year over the next three years?
- **Margins:** How sustainable are your current GMs? Throughout a cycle, when do you see GMs troughing?
- **Long term margin goals:** How confident are you that you will be able to achieve your long-term gross margin (mid to upper 40s) and operating margin (low to mid 20s) goals in 2 yrs time? What needs to happen for this to take place?
- **Tax rate:** What is a good tax range for FY12?
- **Cash:** What are your priorities for deploying the \$1B in cash? At what point will you start returning it to shareholders?
- **M&A:** Will acquisitions play a major role in your growth strategy going forward? If so, could there be any transformative deals – or are they likely to be tuck-in acquisitions?

Echelon;

\$8.98, Hold; \$7 PT; Lead analyst: Carter Shoop

Figure 25: Price performance – 1 yr



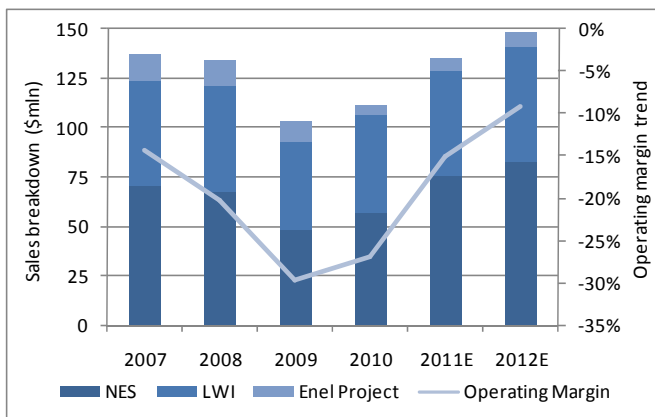
Source: Capital IQ

Figure 1: Investment thesis

- Pure energy efficiency play: enabling utility, commercial, industrial and residential end customers
- While we are encouraged to see ELON's new CEO establish an aggressive goal of non-GAAP profitability for FY12, we think execution remains a significant concern
- We would look to get more constructive on shares following increased visibility into the ramp in Brazil and Duke-Indiana in 2012 or at a better valuation
- \$7 PT: 2x CY11 sales (multiple is warranted given the company's contract with Duke and its current position in the EU AML market)

Source: Deutsche Bank,

Figure 27: Sales breakdown



Source: Deutsche Bank,

Figure 28: Consensus and Shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$28	\$139	\$169
Revenue (DB est, mln)	\$29	\$135	\$148
% Delta	1%	-3%	-12%
EPS (Street est)	(\$0.18)	(\$0.45)	(\$0.19)
EPS (DB est)	(\$0.20)	(\$0.52)	(\$0.35)
% Delta	-9%	-15%	-89%
Consensus rating: 4 Buy / 11 Hold / 1 Sell Short as a % of float: 9% / SI ratio: 14x			
Top 3 holders			
	Amt held	% shares out	Mkt value (\$mln)
Oshman, M. Kenneth	3,379,692	8.08	30.3
Enel SpA	3,000,000	7.17	26.9
Riverbridge Partners, LLC	2,024,596	4.84	18.2
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Invesco LTD	-389,867	1,215,476	1,605,343
Aster Investment Mgmt	-378,100	0	378,100
Dimensional Fund Advisors	-126,753	712,193	838,946
Top 3 Buyers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Riverbridge Partners	570,710	2,024,596	1,453,886
Levin Capital Strategies	234,330	234,330	0
BlackRock Group	182,000	191,064	9,064

Source: DB, Capital IQ and Bloomberg

Figure 29: Model

Income Statement																	
(\$ millions except EPS data)																	
	2004A	2005A	2006A	2007A	2008A	2009A	2010A	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	109.9	74.4	57.3	137.6	134.0	103.3	111.0	28.5	32.5	33.5	40.0	134.5	32.0	36.0	36.7	43.4	148.0
Operating Income	3.7	(24.8)	(29.2)	(19.7)	(27.1)	(30.6)	(29.8)	(7.9)	(5.6)	(4.7)	(2.1)	(20.4)	(5.4)	(3.7)	(3.4)	(1.0)	(13.5)
Net Income Before Charges	5.3	(19.7)	(25.1)	(15.7)	(25.8)	(32.0)	(31.3)	(8.4)	(6.0)	(5.2)	(2.5)	(22.1)	(5.8)	(4.1)	(3.9)	(1.4)	(15.2)
Net Income	5.3	(19.7)	(25.1)	(15.7)	(25.8)	(32.0)	(31.3)	(8.4)	(6.0)	(5.2)	(2.5)	(22.1)	(5.8)	(4.1)	(3.9)	(1.4)	(15.2)
Reported Diluted EPS (US\$)	0.13	(0.49)	(0.64)	(0.39)	(0.64)	(0.79)	(0.76)	(0.20)	(0.14)	(0.12)	(0.06)	(0.52)	(0.14)	(0.10)	(0.09)	(0.03)	(0.35)
Avg. Diluted Shares Out	41.0	40.4	39.5	39.9	40.6	40.7	41.4	41.8	42.0	42.2	42.4	42.1	42.6	42.8	43.0	43.2	42.9
Cash EPS			(0.50)	(0.20)	(0.28)	(0.43)	(0.46)	(0.13)	(0.07)	(0.05)	0.01	(0.25)	(0.06)	(0.02)	(0.02)	0.04	(0.07)
Margins																	
Gross Margin	56.2%	55.6%	58.2%	36.5%	38.4%	42.7%	44.0%	45.0%	45.5%	45.5%	45.5%	45.4%	46.0%	46.1%	46.2%	45.9%	46.1%
Operating Margin	3.4%	-33.3%	-51.0%	-14.3%	-20.2%	-29.6%	-26.9%	-27.8%	-17.3%	-14.1%	-5.2%	-15.2%	-16.8%	-10.3%	-9.4%	-2.2%	-9.1%
EBITDA Margin	7.9%	-27.7%	-38.6%	-8.9%	-14.7%	-23.3%	-21.1%	-27.8%	-17.3%	-14.1%	-5.2%	-15.2%	-16.8%	-10.3%	-9.4%	-2.2%	-9.1%
Tax Rate	10.0%	-0.8%	-1.4%	-3.0%	-1.2%	0.8%	-1.0%	-0.6%	-0.8%	-1.0%	-2.0%	-0.9%	-0.8%	-1.2%	-1.3%	-3.7%	-1.3%
Net Margin	4.8%	-26.5%	-43.9%	-11.4%	-19.3%	-31.0%	-28.2%	-29.4%	-18.6%	-15.4%	-6.3%	-16.4%	-18.2%	-11.5%	-10.6%	-3.2%	-10.3%

Source: Deutsche Bank

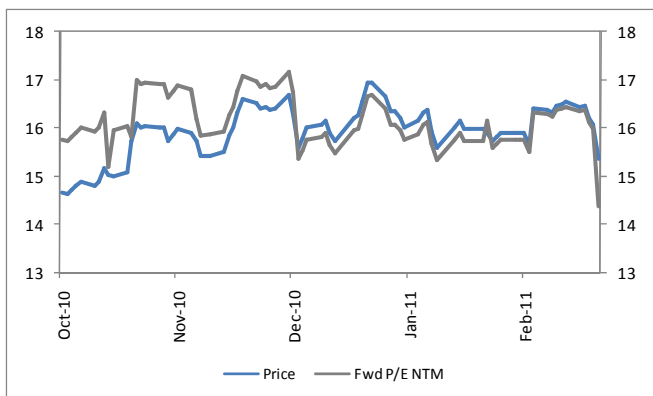
Key questions

- **Sales strategy:** Can you talk about what alternative sales and distribution channels you are looking at to broaden your exposure? Partnering with other vendors or expanding on the ELO model? Are you recruiting additional VARs for the EU and Asian markets?
- **Commercial Products opportunity:** Can you talk about the size of the opportunity for demand response and street lighting markets for Commercial Products (formerly LWI)? What kind of sales growth can you see here?
- **2011 outlook:** What is your level of confidence of achieving “greater than 20%” revenue growth in 2011? What do you think could drive the upside to your sales guidance? What poses the biggest risk? What level of opex:sales do you expect in 2011?
- **Profitability:** How confident are you that the company can achieve non-GAAP profitability in FY12? What is the biggest risks to this guidance?
- **Duke Ohio:** What percentage of smart meters for the Ohio installations have been shipped so far? When do you expect this installation to be completed?
- **Duke Indiana:** The Indiana PUC has pushed back the approval of the first 40k smart meters. How confident are you that the phase I deployment will get approved? Can you talk about your confidence level on getting selected for the volume deployment for Indiana? What is your expectation around the timing of that deployment?
- **Other NA opportunities:** Are there other large utilities (>1mln meters) in North America that you are talking to for your Utility Products? How advanced are these discussions? Could any of them announce a contract within the next 6 months?
- **ECoS opportunity:** You have said in the past that there are 70mln low-voltage transformers worldwide, which represents a large potential opportunity for the ECoS product. Can you provide color on how many utilities (aside from Duke Energy) you are talking to in North America for this product? How far along are you in the discussions with these utilities? Can you provide color on the market opportunity for this product in Europe, where there are far more homes per transformer? Is the product transferable to Europe ‘as-is’? When do you expect to start selling to EU utilities?
- **EU opportunity:** Can you provide an update on the Utility Products pilot activity in Europe and some of the opportunities that you are involved with in Eastern Europe that had stalled earlier due to tougher macro/financing conditions?
- **Endesa smart meter project:** Endesa is now owned by Enel, the Italian utility where Echelon deployed its smart metering solution. Various reports have suggested that Endesa is working with Enel on a similar PLC solution. Are you involved in this project? If so, in what capacity – will you be selling the meters, or just some components of the AMI solution? (Our checks suggest Echelon is not involved).
- **Latin American opportunity:** In regards to Brazil and your partnership with ELO, can you talk about your expectations around timing and the revenue opportunity - per meter - for a company like Echelon? Is this going to be more of a licensing agreement or are you going to be actually reselling the meter?
- **Consumer backlash around smart meters:** Can you talk a bit about the recent consumer backlash around smart meters and implications for Echelon and the smart metering industry in North America?

Elster;

\$15.36, Buy; \$18 PT; Lead analyst: Carter Shoop

Figure 30: Price performance / PE (NTM) – 1 yr



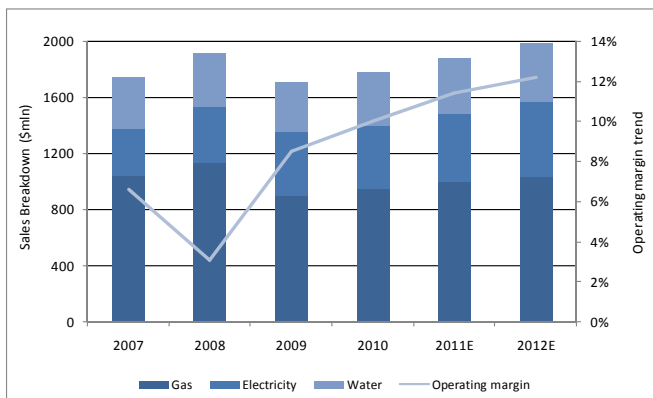
Source: Capital IQ

Figure 31: Investment thesis

- One of the world's largest providers of meters and related communications, networking and software solutions; divides its operations into three business segments: gas (54% of sales), electricity (26%) and water (22%)
- A good way for investors to gain exposure to the multi-decade meter upgrade cycle: we are forecasting 7% CAGR between 2009-2014 for metering market (over 100Mln new smart meters in NA and EU alone)
- With its differentiated product offering and exposure to international markets, we think Elster is well positioned to deliver low double-digit earnings growth over the next several years
- \$18 PT: 16x CY11 EPS; multiple (roughly in-line with peers) is justified given Elster's healthy medium-term outlook, but limited liquidity, recent AMI wins and track record of being a public co.

Source: Deutsche Bank,

Figure 32: Sales breakdown



Source: Deutsche Bank,

Figure 33: Consensus and Shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$439	\$1,894	\$2,058
Revenue (DB est, mln)	\$435	\$1,860	\$1,969
% Delta	-1%	-2%	-4%
EPS (Street est)	\$0.20	\$1.06	\$1.24
EPS (DB est)	\$0.17	\$0.93	\$1.09
% Delta	-18%	-13%	-12%
Consensus rating: 10 Buy / 1 Hold / 0 Sell			
Short as a % of float: na / SI ratio: na			
Top 3 holders			
	Amnt held	% shares out	Mkt value (\$mln)
Rembrandt Holdings S.A.	1,408,016	80.15	1389.7
Elster Group SE, Management Equit	1,319,029	2.12	36.8
Columbia Management Investment F	1,269,259	1.93	33.4
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Alyeska Investment Group	-413,514	0	413,514
Putnam Investments	-272,128	1,431,953	1,704,081
DNB Nor Asset Management	-71,487	28,513	na
Top 3 Buyers			
	1,730,907	1,730,907	0
Pictet Asset Management	1,600,100	1,600,100	0
Waddell & Reed Financial	1,565,028	1,565,028	0
Lord Abbett & Co			

Source: DB, Capital IQ and Bloomberg

Figure 34: Model

Income Statement (\$ millions except EPS data)														
	2007A	2008A	2009A	2010A	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	1,735.6	1,904.5	1,695.1	1,759.4	435.2	459.0	472.3	493.3	1,859.7	462	483	499	524	1,969
Operating Income	114.4	58.2	143.8	176.1	40.9	50.5	57.0	63.4	211.8	50	57	63	69	240
Net Income attributable to Elster Group SE	72.3	(91.7)	48.9	87.3	18.9	24.7	28.9	32.6	105.1	25	30	33	37	125
Net income continuing ops (x-amortization)	101.9	(62.6)	78.2	120.2	25.3	31.0	35.3	38.9	130.5	30	34	38	42	148
EPS from continuing ops (x-amortization)	\$1.03	-\$0.63	\$0.79	\$1.17	\$0.22	\$0.27	\$0.31	\$0.34	\$1.15	\$0.26	\$0.30	\$0.33	\$0.36	\$1.30
Weighted average shares outstanding	99.4	99.4	99.4	102.8	113.1	113.3	113.5	113.7	113.4	113.9	114.1	114.3	114.5	114.2
Margins														
Gross Margin	30.4%	31.4%	29.7%	31.3%	30.2%	31.2%	31.9%	32.4%	31.5%	30.9%	31.6%	32.1%	32.6%	31.8%
Operating Margin	6.6%	3.1%	8.5%	10.0%	9.4%	11.0%	12.1%	12.8%	11.4%	10.9%	11.9%	12.6%	13.3%	12.2%
Adj EBITDA Margin	15.4%	16.5%	15.6%	16.2%	14.5%	15.9%	16.8%	17.5%	16.2%	15.4%	16.1%	16.7%	17.1%	16.3%
Tax Rate	-289.8%	-55.0%	42.9%	24.7%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Net Margin	-2.2%	-4.6%	3.1%	5.1%	4.5%	5.6%	6.3%	6.9%	5.9%	5.6%	6.3%	6.8%	7.3%	6.5%

Source: Deutsche Bank

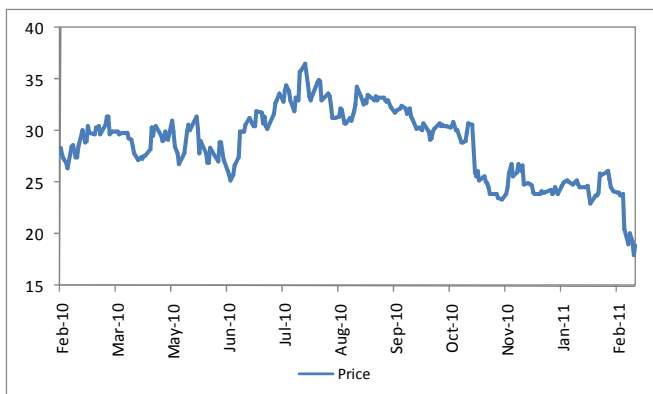
Key questions

- **Debt refinancing:** Can you discuss your plans to refinance your debt? What will be the implications to net interest expense?
- **Follow on offer:** How should investors think about a follow-on offer from CVC?
- **Upcoming North American contract announcements:** Can you talk about the large electric and gas opportunities in North America that you expect to be awarded over the next 12-18 months? Specifically, how confident are you of Elster's positioning at BC Hydro, Hydro Quebec, Consumers Energy and Dominion Virginia Power?
- **Metering contract opportunity at SoCal Gas:** The gas utility will be replacing 2.4mln gas meters as part of its AMI project. What portion of that opportunity do you expect to be awarded?
- **Strategy in the US water meter market:** Large and medium sized US and Canadian cities are increasingly moving towards smart water metering. How do you see your positioning in this market? How many large cities (>1mln meters) are you talking to for smart water meter contracts? Are there opportunities that you expect to be awarded over the next 6-12 months?
- **Hydro Quebec:** You recently won the MDM portion of this very large (3.9mln points) utility. How confident are you of winning the AMI portion at Hydro Quebec? Are you supplying the utility with any smart meters for a pilot? What are your expectations around timing of a volume deployment?
- **ErDF electric opportunity in France:** Can you update us on your modular meter pilot for ErDF? When do you expect ErDF to award the first tranche of its smart metering project and do you think Elster would be part of the first tranche? Do you expect Chinese meter manufacturers to participate in the Linky project – either in the initial volume deployments or follow-on deployments?
- **GrDF gas opportunity in France:** Can you update us on your pilot at GrDF? Recent presentations by GrDF point to volume deployments not beginning until 2014. Can you talk about when you expect volume deployments to begin at GrDF and your level of confidence on securing a contract award?
- **EANDIS in Belgium:** Can you update us on your pilot with Belgian utility EANDIS and the timeline of the pilot as well as full deployment?
- **CFE in Mexico:** Elster's EnergyAxis system is being tested by Mexico's CFE, which is a 33mln point utility. Some of your competitors are also providing smart grid technologies to CFE, with one of them actively deploying AMI comms modules. Can you talk about your confidence in securing an AMI contract award at this customer and your expectations around the timeline of volume deployments? Could this be a \$100mln customer in 2012?
- **Other LatAm opportunities:** Are you involved in pilot projects or RFPs with utilities outside of Mexico and Ecuador? Brazil's regulator Aneel has outlined tentative plans for a systemwide (63mln points) smart meter rollout potentially starting in late 2011 – how are you planning to participate in that opportunity? Have you formed any partnerships with local meter manufacturers or value added resellers to address this market?
- **Chinese water meter opportunity:** Can you talk about your expectations of meter shipments in 2011/2012 by your newly formed JV with Jiangxi Sanchuan Water Meter Co of China?

EnerNOC;

\$18.82, Hold; \$19 PT; Lead analyst: Carter Shoop

Figure 25: Price performance – 1 yr



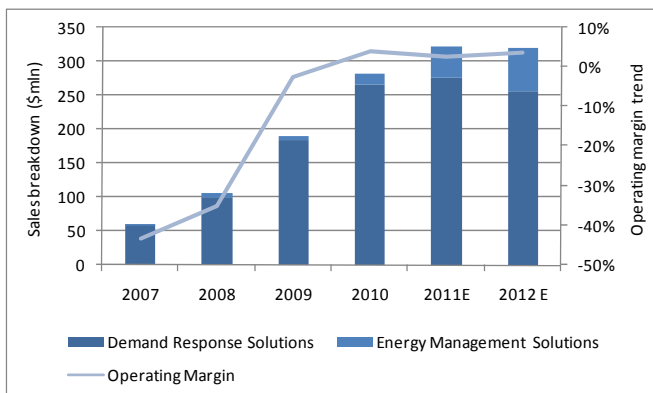
Source: Capital IQ

Figure 36: Investment thesis

- Dominant NA DR player with LT potential in adjacent opportunities (European DR, energy efficiency, carbon mgmt, energy supply mgmt)
- LT outlook for DR is attractive
- ... But opportunities in the domestic DR market, European DR market, energy efficiency, carbon mgmt and energy supply mgmt likely to develop slower and cost more than currently expected by the market
- Near term, 2011 results could be impacted due to double-counting issue in PJM; CY13 EPS forecast could prove aggressive if PJM/FERC rules to ban double counting
- \$19 PT: 19x CY13 EPS; this multiple is a roughly 25% premium to other SG stocks, to discount ENOC's superior growth profile

Source: Deutsche Bank,

Figure 37: Sales breakdown



Source: Deutsche Bank,

Figure 38: Consensus and Shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$30	\$311	\$363
Revenue (DB est, mln)	\$29	\$321	\$321
% Delta	-1%	3%	-12%
EPS (Street est)	(\$0.68)	\$0.65	\$1.01
EPS (DB est)	(\$0.92)	\$0.25	\$0.30
% Delta	-37%	-61%	-70%
Consensus rating: 14 Buy / 12 Hold / 1 Sell Short as a % of float: 20% / SI ratio: 9x			
Top 3 holders			
	Amt held	% shares out	Mkt value (\$mln)
BlackRock, Inc.	1,408,016	5.65	26.5
Brewster, David	1,319,029	5.29	24.8
Foundation Capital	1,269,259	5.09	23.9
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Granahan Investment Mgmt	-710,680	35,000	745,680
Massachusetts Mut Life	-699,741	3,455	703,196
Lord Abbett & Co LLC	-687,356	75,894	763,250
Top 3 Buyers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Putnam Investments	611,543	925,303	313,760
Fidelity Management	300,000	300,500	500
GAM Holding	294,655	294,655	0

Source: DB, Capital IQ and Bloomberg

Figure 39: Model

Income Statement (\$ millions except EPS data)																
FY December	2005A Year	2006A Year	2007A Year	2008A Year	2009A Year	2010A Year	Q1E Mar-11	Q2E Jun-11	Q3E Sep-11	Q4E Dec-11	2011E Year	Q1E Mar-12	Q2E Jun-12	Q3E Sep-12	Q4E Dec-12	2012E Year
Total Revenue	9.8	26.1	60.8	106.1	190.7	280.2	29.3	68.7	163.9	59.5	321.5	60.3	81.4	128.1	50.8	320.6
Operating Income	(1.8)	(5.6)	(26.3)	(37.2)	(5.0)	11.2	(31.0)	(1.7)	52.0	(10.6)	8.8	(16.8)	8.2	33.8	(14.0)	11.2
Net Income Before Charges	(1.7)	(5.8)	(23.6)	(36.7)	(6.8)	9.6	(23.2)	(1.3)	39.0	(7.9)	6.6	(12.6)	6.1	25.4	(10.4)	8.5
Net Income (Loss)	(1.7)	(5.8)	(23.6)	(36.7)	(6.8)	9.6	(23.2)	(1.3)	39.0	(7.9)	6.6	(12.6)	6.1	25.4	(10.4)	8.5
Reported Diluted EPS (US\$)	(0.56)	(1.60)	(1.80)	(1.88)	(0.32)	0.37	(0.92)	(0.05)	1.49	(0.30)	0.25	(0.46)	0.22	0.90	(0.37)	0.30
Operating Diluted EPS (US\$)	(0.56)	(1.60)	(1.80)	(1.88)	(0.32)	0.37	(0.92)	(0.05)	1.49	(0.30)	0.25	(0.46)	0.22	0.90	(0.37)	0.30
Cash EPS (US\$)	(0.56)	(1.60)	(1.05)	(1.29)	0.33	0.97	(0.71)	0.15	1.68	(0.13)	1.03	(0.23)	0.44	1.10	(0.19)	1.13
Avg. Diluted Shares Out	3.1	3.6	13.1	19.5	21.5	26.1	25.1	25.6	26.1	26.6	25.9	27.1	27.6	28.1	28.6	27.9
Margins																
Gross Margin	57.4%	35.5%	36.0%	38.9%	45.3%	42.9%	16.0%	46.0%	51.0%	31.0%	43.0%	21.0%	47.0%	51.0%	33.0%	41.5%
Operating Margin	-18.2%	-21.6%	-43.2%	-35.1%	-2.6%	4.0%	-105.8%	-2.5%	31.7%	-17.8%	2.7%	-27.9%	10.1%	26.4%	-27.5%	3.5%
EBITDA Margin	-3.2%	-9.9%	-34.1%	-26.5%	3.7%	10.1%	-84.8%	6.4%	35.5%	-7.5%	10.3%	-27.9%	10.1%	26.4%	-27.5%	3.5%
Tax Rate	0.0%	0.0%	-0.4%	-0.7%	-5.1%	8.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Margin	-17.4%	-22.1%	-38.8%	-34.5%	-3.6%	3.4%	-79.3%	-1.9%	23.8%	-13.3%	2.0%	-20.9%	7.6%	19.8%	-20.6%	2.6%

Source: Deutsche Bank

Key questions

- **Expectations around PJM sales longer-term:** Can you talk about expectations of ILR registrations in the PJM market in 2011? Do you expect that to be up Y/Y from 2010 levels? What would be the drivers behind growth in ILR MWs in 2011? What are your expectations of RPM MW growth in the 2014/15 delivery year when the auction is held in May 2011? Do you expect to increase market share in the next auction?
- **Double counting:** What do you think is the biggest single point that investors and analysts are missing in the double-counting issue? When do you expect a decision from PJM/ FERC on this issue? What gives you confidence that the decision will be in ENOC's favor? DB's view is that ENOC's revenue could be impacted materially (>10%) if the PJM proposal - to keep the PLC the same - is approved. If EnerNOC's proposal - to significantly raise customers' PLC - is approved, the financial impact to CSPs would be less significant but could squeeze margins).
- **Bilateral contract wins:** Many utilities are taking a closer look at DR as a "ready-now" option for managing peak load. How many utilities in the US and Canada are you talking to about sizeable bilateral contracts (>200MW)? How advanced are these discussions?
- **California DR market:** How do you envision the California DR market developing? You have bilateral contracts with some of the large utilities there, and the California ISO has been talking about expanding its own DR program - can you help us understand how these programs would work in tandem? Would the ISO market be like a PJM auction (capacity) initially then move to economic DR?
- **Other ISO and RTOs:** Which wholesale market regions do you see the most activity in terms of DR after PJM and ISO-NE? What is your expectation around pricing in these regions?
- **UK DR market:** Can you update us on progress being made in the UK DR market? Are you expecting to sign any contracts in that country in addition to participating in National Grid's Short Term Operating Reserve market? What are your expectations around the timing of DR adoption in UK?
- **Acquisitions:** What kind of acquisitions are you looking at in 2011? Can you provide us with some details on the size of companies you are looking at?
- **Competition from utilities:** How do you see utilities changing the dynamics of the DR market? Do you think acquisitions by utilities of curtailment service providers could drive prices down?
- **Headcount:** Can you talk about how many sales, marketing and other employees you expect to add in 2011 and 2012?
- **Cross selling resources:** How many of your existing sales reps are exclusively cross-selling energy management products to DR customers? As a percentage, where do you see this number heading?
- **Energy management growth:** What levels of sales growth do you envision for the energy management products over the next two years organically?
- **MW portfolio:** Can you talk about expectations of your megawatt portfolio in 2011 and 2012 and the mix of PJM versus non-PJM megawatts?
- **Adoption of AMI:** Do you see the adoption of AMI in the residential and C&I market as a threat or an opportunity for ENOC?

Ener1, Inc;

\$3.76, Buy; \$5.50 PT; Lead analyst: Dan Galves

Figure 5: Price performance – 1 yr



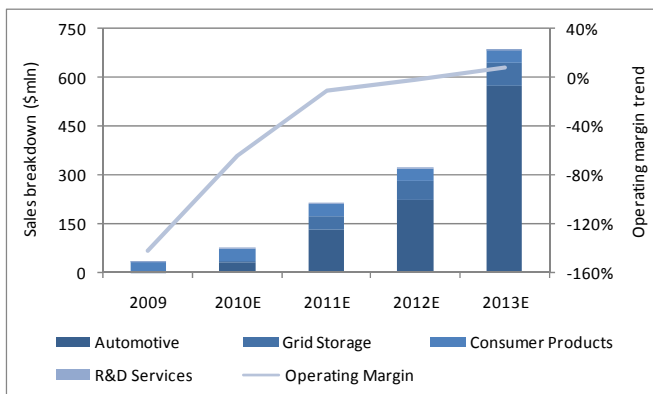
Source: Capital IQ

Figure 6: Investment thesis

- Pure-play lithium-ion battery-maker. Well-respected technology and strong partnerships distinguish Ener1 relative to other start-up battery-makers
- Anticipate revenue to reach a \$250MM annual run rate by late 2011 from \$70MM today based on current contracts with Think, Russian Federal Grid, and Volvo
- Significant upside to stock will depend on success of Ener1's partnerships with Wanxiang (largest tier 1 auto supplier in China), Russian Federal Grid (controls Russian electric transmission system), and Itochu Corp (large Japanese holding company that is pursuing broad vehicle electrification opportunities). We believe that commercial vehicle opportunity in China (particularly buses) can be meaningful. Key questions revolve around possible additional capital needs and ability for customer Think to successfully grow vehicle sales
- Price target of \$5.50 is based on a DCF analysis

Source: Deutsche Bank

Figure 7: Sales breakdown



Source: Deutsche Bank

Figure 8: Consensus and shareholder trends

	4Q10E	2010E	2011E
Revenue (Street est, mln)	\$25	\$71	\$216
Revenue (DB est, mln)	\$32	\$76	\$213
% Delta	26%	8%	-1%
EPS (Street est)	(\$0.10)	(\$0.47)	(\$0.26)
EPS (DB est)	(\$0.05)	(\$0.38)	(\$0.17)
% Delta	43%	19%	-36%
Consensus rating: 5 Buy / 4 Hold / 1 Sell			
Short as a % of float: 11% / SI ratio: 6x			
Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
Bzinfin, S.A.	1,408,016	49.32	303.5
Anchorage Advisors, L.L.C.	1,319,029	5.41	33.3
Novak, Peter	1,269,259	3.82	23.5
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
Ener1 Group	-952,299	70,654,430	71,606,729
Goldman Sachs	-395,970	347,386	743,356
Schroder Investment	-337,339	0	337,339
Top 3 Buyers			
Platinum Investments	2,360,575	2,360,575	0
Global X Management	1,364,765	1,364,765	0
Bzinfin SA	952,299	10,053,209	9,100,910

Source: DB, Capital IQ and Bloomberg

Figure 9: Model

ENER1 Earnings Model (\$MM)	2009				2010E				2011E				2009	2010E	2011E	2012E	2013E	2014E
	Mar	June	Sept	Dec	Mar	June	Sept	Dec	MarE	JuneE	SeptE	DecE						
Revenue	8,192	7,537	8,117	10,954	10,975	16,051	17,262	31,773	42,615	60,715	51,315	58,615	34,800	76,061	213,260	322,137	687,939	874,340
Gross profit	1,389	1,177	424	1,078	1,147	2,069	2,098	5,718	8,111	11,720	11,106	12,769	4,068	11,032	43,705	74,970	167,388	218,825
Gross margin	17.0%	15.6%	5.2%	9.8%	10.5%	12.9%	12.2%	18.0%	19.0%	19.3%	21.6%	21.8%	11.7%	14.5%	20.5%	23.3%	24.3%	25.0%
Operating Income	(10,598)	(11,370)	(12,753)	(14,715)	(15,269)	(15,260)	(10,633)	(7,569)	(6,260.5)	(6,242.6)	(5,613.0)	(4,680.0)	(49,436)	(48,731)	(22,796)	(5,508)	54,020	76,904
Operating Margin	-129.4%	-150.9%	-157.1%	-134.3%	-139.1%	-95.1%	-61.6%	-23.8%	-14.7%	-10.3%	-10.9%	-8.0%	-142.1%	-64.1%	-10.7%	-1.7%	7.9%	8.8%
Pre-tax income	(7,271)	(12,896)	(16,096)	(15,223)	(15,447)	(15,518)	(13,663)	(9,304)	(8,150.4)	(8,042.5)	(7,220.3)	(6,228.3)	(51,486)	(54,012)	(29,641)	(11,694.0)	46,209.4	64,933.1
Tax rate	0.0%	0.0%	0.0%	0.0%	20.0%	0.0%	-0.6%	10.0%	10.0%	10.0%	10.0%	10.0%	0.0%	1.6%	10.0%	35.0%	35.0%	35.0%
Net income from operations	(7,308)	(12,861)	(16,072)	(15,264)	(15,463)	(15,512)	(13,744)	(8,446)	(7,335.4)	(7,238.2)	(6,498.3)	(5,605.5)	(51,505)	(53,165)	(26,677)	(7,601.1)	30,036.1	42,206.5
Reported net income	(7,308)	(12,861)	(15,837)	(14,998)	(15,337)	(15,611)	(13,704)	(8,406)	(7,335.4)	(7,238.2)	(6,498.3)	(5,605.5)	(51,004)	(53,058)	(26,677)	(7,601.1)	30,036.1	42,206.5
Net margin	-89.2%	-170.6%	-195.1%	-136.9%	-139.7%	-97.3%	-79.4%	-26.5%	-17.2%	-11.9%	-12.7%	-9.6%	-146.6%	-69.8%	-12.5%	-2.4%	4.4%	4.8%
EPS from Continuing Op's	(0.06)	(0.11)	(0.14)	(0.12)	(0.12)	(0.11)	(0.09)	(0.05)	(0.05)	(0.05)	(0.04)	(0.03)	(0.44)	(0.38)	(0.17)	(0.04)	0.17	0.24
Diluted shares outstanding	113,470	113,803	117,238	122,100	124,968	135,953	148,632	154,494	159,047	160,702	162,292	163,822	116,711	141,012	161,466	169,098	175,607	176,840

Source: Deutsche Bank

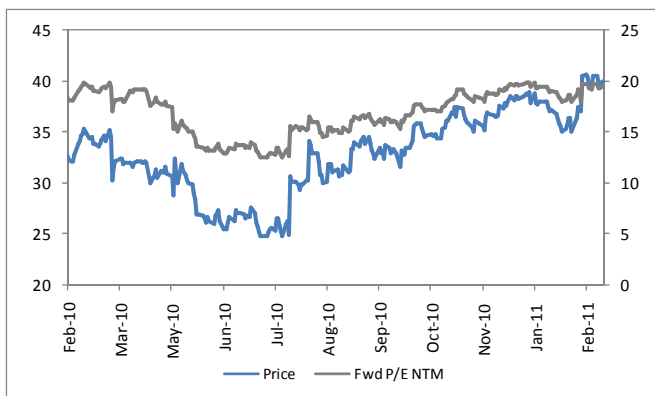
Key questions

- **Bidding Activity:** Has the number of new vehicle contracts being bid increased over the last year? Where do you see the biggest increase in momentum: light vehicle hybrid, light vehicle PHEV / EV, or medium / heavy vehicle? What time period will most of these vehicles start production?
- **Pricing (light-vehicle):** For substantial light-vehicle Electric Vehicle battery contracts, is the price per kWh being bid generally below \$500 per kWh? How quickly should we expect pricing to decline from current levels? Are you able to compete with current pricing for light-vehicle batteries?
- **Pricing:** You have talked about battery residual values as an important driver of lower up-front cost for electric vehicles. Have you made any progress on discussions with potential buyers of used batteries?
- **Pricing:** There has been a lot of talk about intense price competition in the light vehicle market. Why should we expect commercial vehicle / grid storage to be different?
- **Capacity:** How is Ener1's production capacity progressing toward the goal of 11k units per year run-rate? How much add'l capex do you need to complete this Phase 1 of your capacity plan?
- **Profitability:** Do you still expect 11k unit level of production to lead to EBITDA breakeven? When should that occur?
- **Capital Spending:** 2010 Gross capex (excluding DOE Grant offsets) has been \$67MM through Q3. Do you expect this rate to continue or will we see a meaningful pause in the capital spending once capacity phase 1 plan is reached? What is the outlook / timing for a Phase 2?
- **Industry Business Mix:** Sanyo recently announced 2015 projections for global lithium-ion battery market: Compared to \$13MM in 2010, Sanyo projects \$44MM in 2015 (including \$13MM consumer, \$13.5MM transportation, \$17.5MM power storage). Do you agree that power storage can be bigger than transportation at mid-decade?
- **Revenue growth:** You've talked about \$600MM-\$800MM of revenue potential by 2013. What is your expectation of the mix of business (light veh / comm'l veh / grid / consumer)? What % is Think of that revenue potential?
- **Think:** Do you expect any additional investment in Think? What is their order backlog currently? Do you expect this vehicle to remain viable / competitive once add'l EV's are introduced in 2012 / 2013? What is the status of the U.S. production plan for Think?
- **Wanxiang JV:** Does Wanxiang have current production contracts that will transfer to the JV immediately? Will there be capital contributions required from Ener1 to the JV?
- **Russian Federal Grid:** You've announced a \$40MM supply contract for grid storage batteries through mid-2011. What is the next logical step in this relationship?
- **Itochu Corp:** What are the tangible benefits that your Itochu relationship is providing currently? Are they providing receivables-based financing? Are there Asian OEM opportunities that Itochu can help you with? Specifically, Itochu just raised its stake in Mazda. What is Mazda's electrification plans and do you have an opportunity there?
- **Cash Flow:** You've burned about \$27MM per quarter in 2010 and you have \$52MM of cash on the balance sheet. Will that burn rate decrease in coming quarters? Should we expect more capital raising activity in 2011?

ESCO Technologies;

\$39.91, Buy; \$44 PT; Lead analyst: Carter Shoop

Figure 40: Price performance / PE (NTM) – 1 yr



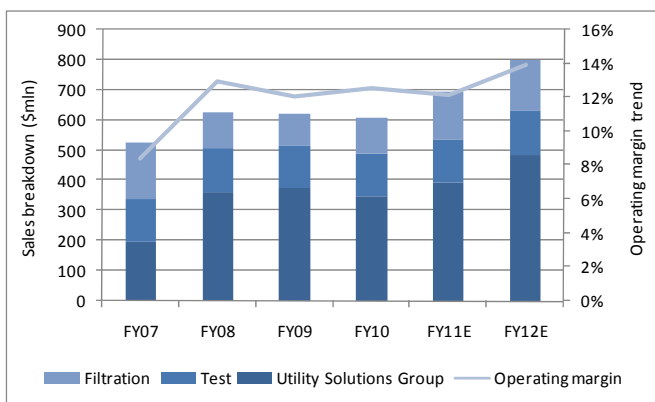
Source: Capital IQ

Figure 41: Investment thesis

- Manufacturer and solutions provider of engineered products; operates in three segments: Utility Solutions Group, Test, and Filtration; large installed base positions ESCO well for smart grid investments at smaller electric IOUs and muni / co-ops
- ESCO has a broad suite of smart grid technologies, solid visibility into 2011 and 2012 earnings (robust backlog + SoCal Gas win) and is trading at a discounted multiple (14x CY12 EPS x-amortization)
- Mgmt reiterated FY11 rev and GAAP EPS guidance of +10-15% Y/Y. We expect this guidance to increasingly look conservative as the year progresses- and for mgmt to raise FY11 guidance later this year
- \$44 PT: 16x our CY12 EPS (x-amort); we believe this multiple is warranted given current visibility into forward earnings and increased confidence in the SoCal Gas opportunity

Source: Deutsche Bank,

Figure 42: Sales breakdown



Source: Deutsche Bank,

Figure 43: Consensus and Shareholder trends

	F2Q11E	FY11E	FY12E
Revenue (Street est, min)	\$161	\$695	\$754
Revenue (DB est, min)	\$163	\$694	\$802
% Delta	2%	0%	6%
EPS (Street est)	\$0.37	\$1.99	\$2.45
EPS (DB est)	\$0.40	\$1.92	\$2.50
% Delta	8%	-3%	2%
Consensus rating: 8 Buy / 9 Hold / 0 Sell			
Short as a % of float: 3% / SI ratio: 8x			
Top 3 holders			
	amt held	% shares out	Mkt value (\$min)
Columbia Wanger Asset Manageme	3,468,500	13.06	138.4
BlackRock, Inc.	3,338,285	12.57	133.2
Waddell & Reed Investment Manage	3,090,864	11.64	123.4
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Aston Asset Management	-414,591	0	414,591
Bank of New York Mellon Corp	-284,467	1,601,536	1,886,003
Copper Rock Capital	-251,232	325,665	576,897
Top 3 Buyers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Heartland Advisors	415,850	415,850	0
Kennedy Capital Management	184,474	272,591	88,117
William Blair & Co	134,400	192,105	57,705

Source: DB, Capital IQ and Bloomberg

Figure 44: Model

	2004A	2005A	2006A	2007A	2008A	2009A	2010A	Q1A	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
	Year	Year	Year	Year	Year	Year	Year	Dec-10	Mar-11	Jun-11	Sep-11	Year	Dec-11	Mar-12	Jun-12	Sep-12	Year
Total Revenue	422.1	429.1	458.9	527.5	623.8	620.9	607.5	159.9	163.3	171.7	198.7	693.7	174.7	186.4	199.4	241.1	801.5
Operating Income	60.3	61.2	44.8	44.4	81.0	75.1	76.2	16.0	18.1	20.9	29.1	84.1	19.9	22.9	27.8	40.9	111.5
Net Income Before Charges	37.8	44.3	31.3	33.7	47.4	49.3	44.8	10.8	10.7	12.5	17.8	51.8	12.1	14.0	17.2	25.4	68.7
Net Income	35.7	43.5	31.3	33.7	46.7	49.4	44.8	10.8	10.7	12.5	17.8	51.8	12.1	14.0	17.2	25.4	68.7
Reported Diluted EPS (US\$)	1.34	1.66	1.19	1.28	1.78	1.86	1.68	0.40	0.40	0.46	0.66	1.92	0.44	0.51	0.62	0.92	2.50
Operating Diluted EPS (US\$)	1.42	1.69	1.19	1.28	1.80	1.86	1.68	0.40	0.40	0.46	0.66	1.92	0.44	0.51	0.62	0.92	2.50
Op EPS (xcl amortization)	1.47	1.74	1.35	1.60	2.25	2.43	1.97	0.48	0.46	0.53	0.74	2.21	0.52	0.59	0.70	0.96	2.78
Avg. Diluted Shares Out	26.6	26.3	26.4	26.4	26.3	26.5	26.7	26.8	26.9	27.0	27.1	27.0	27.3	27.4	27.5	27.6	27.5
Margins																	
Gross Margin	33.1%	34.4%	34.6%	33.7%	40.0%	39.9%	40.4%	39.0%	40.1%	41.1%	41.6%	40.6%	40.6%	40.8%	41.3%	41.3%	41.1%
Operating Margin	14.3%	14.3%	9.8%	8.4%	13.0%	12.1%	12.5%	10.0%	11.1%	12.2%	14.6%	12.1%	11.4%	12.3%	13.9%	17.0%	13.9%
EBITDA Margin	17.1%	17.1%	13.5%	12.6%	17.4%	17.0%	16.2%	13.4%	14.5%	15.4%	17.4%	15.3%	14.5%	15.1%	16.5%	19.1%	16.5%
Tax Rate	37.6%	31.5%	36.0%	21.1%	33.3%	21.9%	35.6%	31.6%	37.0%	37.0%	37.0%	35.9%	37.0%	37.0%	37.0%	37.0%	37.0%
Net Margin	9.0%	10.3%	6.8%	6.4%	7.6%	7.9%	7.4%	6.8%	6.5%	7.3%	8.9%	7.5%	6.9%	7.5%	8.6%	10.5%	8.6%

Source: Deutsche Bank

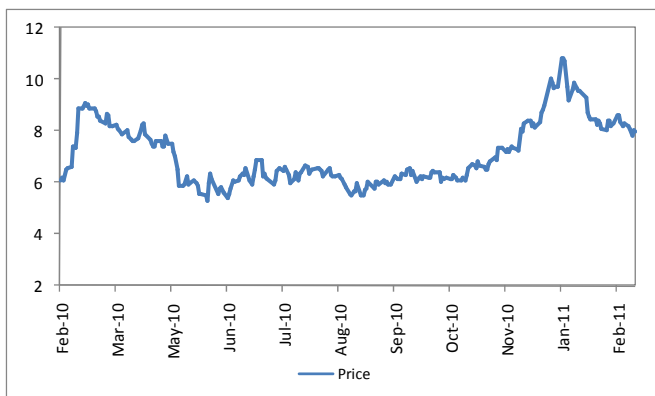
Key questions

- **SoCal Gas contract:** When do you expect to sign a definitive contract for this utility? Could there be upside to your FY11 revenue expectations of 'a small amount' from this contract (initial test module orders in addition to network build-out sales)?
- **Test and Filtration orders:** Can you talk about the size and timing of orders that are expected in the Test and Filtration segment in FY11? What geographies do you think will drive order momentum?
- **Other gas AMI opportunities:** Can you talk about momentum in the North American gas market? Very few of the roughly 80mln gas meters have been converted to AMI. Are you seeing any large gas AMI bids out there that could materialize over the next 12-18 months?
- **EU gas metering opportunity:** The EU gas opportunity is very large with some significant players like British Gas, GrDF and Italgas moving forward with gas smart metering projects. Is there any opportunity for ESCO in this market (partnerships, etc)?
- **Municipal market recovery:** What are you expecting in the municipal market in 2011? Have you started to see increased pricing pressure from new entrants?
- **ESCO's strategy in the NA water meter market:** Large and medium sized US and Canadian cities are increasingly moving towards smart water metering. Can you maintain share in this market? Who do you see as the biggest competitive threat?
- **Doble's international opportunity:** You have talked about expanding Doble's presence into international markets by opening offices in South America and the Middle East. With 70mln low-voltage transformers worldwide, where do you see the most lucrative market for Doble after North America? Can you talk about the incremental opex impact investors should expect from Doble's expanding presence?
- **Additional opportunities in Latin America:** What are your expectations around timing of additional orders from your Latin American customers CFE and EMCALI? How large could these orders be? What are your expectations around timing of a larger rollout in CFE's territory? Can you update us on your pilot activity in Brazil?
- **Opportunities in Asia:** Can you update us on your pilot with TEPCO in Japan? Do you expect meaningful orders for this project? If so, when? In China, you have talked about working with local manufacturers to integrate ESCO's comms – can you tell us when they expect initial volume orders from Chinese utilities?
- **RF electric product:** Can you talk a little bit about where you are with the development of your RF electric product? Are you piloting the product now with customers? Do you still plan to roll-out the product by end of Cy1H11?
- **FY11 outlook:** Can you talk about factors that could drive upside to your current FY11 rev and GAAP EPS guidance of +10-15% Y/Y?
- **USG segment margin expectations:** How much of a rebound could we see in USG EBIT margins in 2012 with SoCal Gas? Are you expecting a fairly aggressive rebound?
- **Consumer backlash around smart meters:** Can you talk a bit about the consumer backlash around smart meters and implications for ESCO Tech and the smart metering industry in North America?
- **Regulatory headwinds:** Can you provide your thoughts on the recent rise in regulatory headwinds and the near and mid-term impact this may have on ESCO, and the rest of the smart metering industry.

Fuel Tech;

\$7.95, Hold; \$7 PT; Lead analyst: Carter Shoop

Figure 45: Price performance – 1 yr



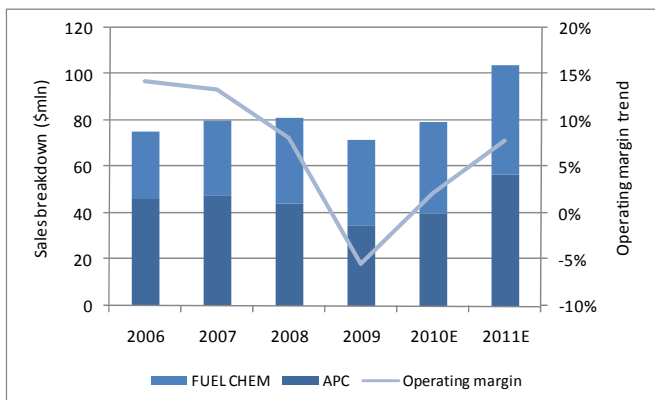
Source: Capital IQ

Figure 46: Investment thesis

- Clean coal play: FUEL CHEM (reduces slag / improves efficiency) and APC (NOx reduction)
- We've become more constructive about the outlook for FTEK's APC segment (Transport Rule, Chinese mkt opportunity), but are more cautious about near-term fundamentals in its FUEL CHEM division (sluggish electricity demand, low gas prices, etc)
- We would look to become more constructive on shares in anticipation of 1) accelerated FC / APC adoption in China, 2) improving electricity/coal demand and 3) stability in the executive suite.
- \$7 PT assumes shares trade at 35x our CY11 EPS (warranted given long-term potential, but near term headwinds)

Source: Deutsche Bank,

Figure 47: Sales breakdown



Source: Deutsche Bank,

Figure 48: Consensus and Shareholder trends

	4Q10E	2010E	2011E
Revenue (Street est, mln)	\$21	\$78	\$96
Revenue (DB est, mln)	\$22	\$79	\$104
% Delta	5%	1%	8%
EPS (Street est)	\$0.02	\$0.04	\$0.22
EPS (DB est)	\$0.02	\$0.03	\$0.20
% Delta	-4%	-20%	-10%
Consensus rating: 2 Buy / 6 Hold / 1 Sell Short as a % of float: 4% / SI ratio: 5x			
Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
Bailey, Ralph E.	4,288,380	17.71	34.1
Bailey, Douglas G.	1,352,434	5.59	10.8
Invesco Ltd.	1,324,624	5.47	10.5
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
DNB Nor Asset Management	-186,698	896,356	1,083,054
KBC Group NV	-131,400	70,237	201,637
DWS Finanz Service	-120,000	30,000	150,000
Top 3 Buyers			
Boston Trust & Investment	372,776	590,310	217,534
Technical Financial Services	75,622	75,622	0
Eudaimonia Asset Management	68,705	68,705	0

Source: DB, Capital IQ and Bloomberg

Figure 49: Model

Income Statement																
(\$ millions except EPS data)																
	2004A	2005A	2006A	2007A	2008A	2009A	Q1A	Q2A	Q3A	Q4E	2010E	Q1E	Q2E	Q3E	Q4E	2011E
FY December	Year	Year	Year	Year	Year	Year	Mar-10	Jun-10	Sep-10	Dec-10	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year
Total Revenue	30.8	52.9	75.1	80.3	81.1	71.4	17.6	18.9	20.3	22.3	79.1	23.4	24.6	27.2	28.7	104.0
Operating Income	0.1	7.2	10.7	10.7	6.6	(3.9)	0.5	(0.3)	0.7	0.9	1.8	1.2	1.6	2.6	2.9	8.2
Net Income Before Charges	1.6	7.6	6.8	7.2	3.6	(3.1)	0.2	(0.3)	0.4	0.5	0.8	0.7	1.0	1.6	1.8	5.0
Net Income	1.6	7.6	6.8	7.2	3.6	(2.3)	0.2	(0.3)	0.8	0.5	1.2	0.7	1.0	1.6	1.8	5.0
Reported Diluted EPS (US\$)	0.07	0.33	0.28	0.29	0.15	(0.10)	0.01	(0.01)	0.03	0.02	0.05	0.03	0.04	0.06	0.07	0.20
Operating Diluted EPS (US\$)	0.07	0.33	0.28	0.29	0.15	(0.13)	0.01	(0.01)	0.02	0.02	0.03	0.03	0.04	0.06	0.07	0.20
Avg. Diluted Shares Out	22.2	23.1	24.2	24.7	24.6	24.1	24.4	24.2	24.4	24.7	24.4	24.8	24.9	25.0	25.1	25.0
Margins																
Gross Margin	46.3%	48.8%	48.8%	47.1%	45.3%	40.6%	46.1%	41.5%	43.3%	40.7%	42.8%	41.2%	41.9%	42.8%	42.7%	42.2%
Operating Margin	0.4%	13.5%	14.3%	13.4%	8.2%	-5.4%	2.8%	-1.8%	3.5%	4.1%	2.2%	4.9%	6.4%	9.6%	10.1%	7.9%
EBITDA Margin	4.9%	16.7%	17.1%	16.4%	11.9%	1.7%	9.2%	4.2%	9.1%	9.2%	8.0%	9.8%	11.0%	13.8%	14.1%	12.3%
Tax Rate	-847.0%	-5.8%	42.0%	41.7%	48.5%	26.3%	39.9%	43.4%	46.9%	46.1%	46.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net Margin	5.1%	14.3%	9.1%	9.0%	4.4%	-4.3%	1.2%	-1.6%	2.0%	2.2%	1.0%	3.0%	3.9%	5.8%	6.1%	4.8%

Source: Deutsche Bank

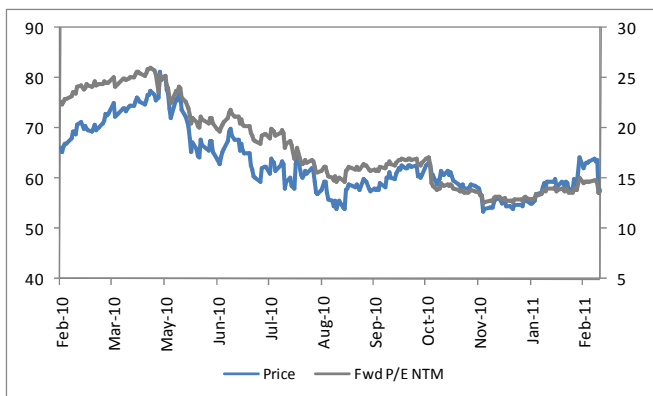
Key questions

- **FUEL CHEM business:** How many of the coal-fired units are suspended currently? How many of these could we see come back-on in 2011?
- **Clean energy competition:** What impact could the increased demand for cleaner generation sources (like natural gas and renewables) have on the FUEL CHEM business in 2011 and beyond?
- **Regulatory delays:** Given the fact that your business is regulatory-driven, in the event that regulations are delayed (like Transport Rule), or they are less strict than expected, what impact could this have on your business? Do you have a plan B if this happens?
- **Transport Rule:** Final proposal is not expected until June 2011, could we see any potential delays on this decision? What could cause a delay? In addition, implementation of the rule is expected to start in 2012. Does this mean early 2012, mid-2012? Could we see a significant pick-up in APC orders 6-months before implementation?
- **Other air quality legislation:** What other legislation in the US could have a positive impact for FTEK's APC division in the near-term (boiler control and solid waste incinerator)? When could we see these implemented?
- **Chinese market:** Regarding APC opportunities in the Chinese market. The new 12th five year plan is expected to begin in Jan 2011, could we see demand for APC accelerate by that time? Could you quantify (in \$ amounts) the opportunity we could see from the Chinese market in 2011?
- **Other markets:** Could you touch on some of the opportunities you're seeing beyond China or outside of the US. Which other markets could become a significant contributor in 2011?
- **APC backlog:** How does your APC backlog look today vs September. You recently announced a \$5.6mln APC order, will any of this be recognized in 4Q?
- **APC margins:** Looking at the APC backlog you have right now, what's the right margin level going forward given the backlog mix?
- **Tax rate for 2011:** you've guided for a low-40s range, what opportunities, if any, do you have to drive your tax rate lower in 2011?
- **2011 outlook:** How should we think about your sales growth in 2011? Which division will provide the most growth? Could FTEK grow sales to over \$100mln in 2011?
- **M&A:** Any comments on the M&A outlook that you're seeing. Is this something you're actively looking at? Would you be willing to raise debt for an acquisition?

Itron;

\$57.71, Buy; \$71 PT; Lead analyst: Carter Shoop

Figure 50: Price performance / PE (NTM) – 1 yr



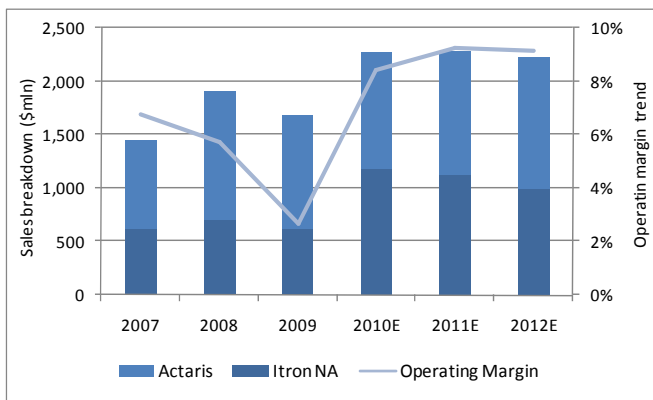
Source: Capital IQ

Figure 51: Investment thesis

- World's leading provider of electricity, water and gas data collection / communication systems, including automated meter reading (AMR) and advanced metering infrastructure (AMI) technology
- New wins and improved execution could drive EPS est's and investor sentiment higher over the next 3-6 months
- Catalysts include 1) upcoming NA contract announcements (BC Hydro, Duquesne and Hydro Quebec), 2) traction with Cisco partnership and 3) upcoming EU opportunities (ErDF, GrDF, Iberdrola)
- \$71 PT: 17x CY12 EPS; justified given our increased confidence in Itron's ability to win new contracts (BCHydro, Duquesne Light, Hydro Quebec)

Source: Deutsche Bank,

Figure 52: Sales breakdown



Source: Deutsche Bank,

Figure 53: Consensus and Shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$552	\$2,270	\$2,359
Revenue (DB est, mln)	\$581	\$2,274	\$2,226
% Delta	5%	0%	-6%
EPS (Street est)	\$0.95	\$4.19	\$4.38
EPS (DB est)	\$1.00	\$4.15	\$4.15
% Delta	5%	-1%	-5%

Consensus rating: 18 Buy / 12 Hold / 1 Sell Short as a % of float: 6% / SI ratio: 4x

Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
BlackRock, Inc.	4,033,486	9.98	232.8
The Vanguard Group, Inc.	1,904,450	4.71	109.9
Invesco Ltd.	1,688,423	4.18	97.4

	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
Maverick Capital	-1,665,352	418,851	2,084,203
Munder Capital	-1,107,412	1,725	1,109,137
Roosevelt Investment Group	-548,230	0	548,230
Top 3 Buyers			
Jacobs Levy Equity	406,668	444,068	37,400
Pictet Asset Management	376,044	1,397,342	1,021,298
Water Asset Management	343,248	343,248	0

Source: DB, Capital IQ and Bloomberg

Figure 54: Model

Income Statement		(\$ millions except EPS data)															
	2004A	2005A	2006A	2007A	2008A	2009A	2010A	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	399.2	552.7	644.0	1,451.3	1,909.6	1,687.4	2,265.4	580.7	558.7	555.9	578.5	2,273.7	569.4	556.0	551.8	548.6	2,225.8
Operating Income	17.6	46.6	61.7	98.5	109.8	45.0	190.7	51.0	48.3	51.9	59.2	210.3	51.0	50.2	52.3	50.0	203.6
Net Income Before Charges	8.4	33.5	24.6	3.3	(2.8)	(16.1)	94.9	25.6	23.9	26.8	32.3	108.6	27.3	27.0	28.8	27.4	110.4
Net Income	(5.3)	33.1	33.8	(16.1)	28.1	(2.2)	109.4	27.5	25.9	32.1	37.6	123.1	32.6	32.3	34.1	32.7	131.6
Reported Diluted EPS (US\$)	(\$0.25)	\$1.30	\$1.28	(\$0.55)	\$0.80	(\$0.06)	\$2.67	\$0.67	\$0.63	\$0.77	\$0.90	\$2.98	\$0.78	\$0.77	\$0.81	\$0.78	\$3.15
Operating Diluted EPS (US\$)	\$0.39	\$1.35	\$2.12	\$2.81	\$3.36	\$2.12	\$4.00	\$1.00	\$0.96	\$1.03	\$1.16	\$4.15	\$1.03	\$1.02	\$1.06	\$1.03	\$4.15
Avg. Diluted Shares Out	20.9	24.8	26.3	31.1	35.0	38.9	40.9	41.1	41.3	41.4	41.5	41.4	41.6	41.7	41.8	41.9	41.8
Margins																	
Gross Margin	42.8%	42.3%	41.5%	34.7%	33.9%	31.9%	31.1%	29.9%	30.0%	30.5%	30.9%	30.3%	29.9%	30.1%	30.4%	30.0%	30.1%
Operating Margin	4.4%	8.4%	9.6%	6.8%	5.8%	2.7%	8.4%	8.8%	8.6%	9.3%	10.2%	9.2%	9.0%	9.0%	9.5%	9.1%	9.1%
EBITDA Margin	14.1%	17.8%	16.8%	15.5%	14.8%	11.9%	14.2%	14.5%	14.5%	15.3%	15.9%	15.1%	9.0%	9.0%	9.5%	9.1%	9.1%
Tax Rate	-97.6%	-19.8%	36.5%	25.2%	27.0%	-2.9%	22.6%	28.0%	28.0%	28.0%	28.0%	28.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Net Margin	2.1%	6.1%	3.8%	0.2%	-0.1%	-1.0%	4.2%	4.4%	4.3%	4.8%	5.6%	4.8%	4.8%	4.9%	5.2%	5.0%	5.0%

Source: Deutsche Bank

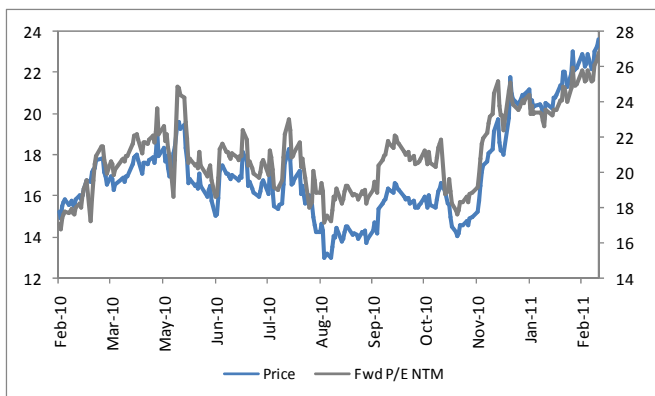
Key questions

- **Upcoming North American contract announcements:** Can you talk about the large electric and gas opportunities in North America that you expect to be awarded over the next 12 months? Specifically, how confident are you of Itron's positioning at BC Hydro, Hydro Quebec, Duquesne Light, Consumers Energy and Dominion Virginia Power?
- **Traction with Cisco partnership:** Can you talk about what savings on R&D this partnership might result in? What are your expectations around the timing of a commercial solution? What opportunities do you see from this partnership for the EU market – is the solution transferable 'as-is'?
- **Metering contract opportunity at SoCal Gas:** The gas utility will be replacing 2.4mln gas meters as part of its AMI project. Do you expect to be awarded a metering contract at SoCal Gas? If so, roughly how large?
- **Itron's strategy in the NA water meter market:** Large and medium sized US and Canadian cities and municipalities are increasingly moving towards smart water metering. How do you see your positioning in this market considering that Itron does not have a large metering base in North America?
- **ErDF electric opportunity in France:** Can you update us on your pilot at ErDF? When do you expect ErDF to award the first tranche of this project? Do you expect Chinese meter manufacturers to participate in the Linky project – either in the initial volume deployments or follow-on deployments?
- **GrDF gas opportunity in France:** Recent presentations by GrDF point to volume deployments not beginning until 2014. Can you talk about when you expect volume deployments to begin at GrDF?
- **Iberdrola opportunity in Spain:** Do you feel that having the MDM portion of Iberdrola's smart grid project positions you to have a larger share of the smart metering opportunity at this utility? Can you comment on your expectations around the timing of volume deployments in Spain?
- **UK opportunity:** Itron has a large metering installed base and is a pioneer with the PAYG (pay as you go) technology. Do you see any near term opportunity for gas or electric smart meters in UK (either with or outside of British Gas)?
- **German smart metering opportunity:** Investors are increasingly assuming that Germany will be the last (and slowest) major Western EU country to adopt smart meters. Can you talk about why that is and your expectations around the timing of this opportunity? Can you also elaborate on your partnership with Hager in Germany?
- **Pricing in Europe:** There has been recent chatter about significantly lower price points in Europe for smart meters than North America. Without divulging sensitive information, could you provide us your general thoughts on this?
- **Bookings momentum:** Bookings in 4Q were up 47% Y/Y and did not include any AMI orders. Do you feel that this trend is something that we can continue to see in 2011? Is there any reason to think that the bookings momentum outside of OpenWay will slow down?
- **2011 guidance:** If we assume the mid-point of your guidance (\$2.25-2.3B), your book/ship assumption is the lowest in at least 3 years. If we assume normal rates of orders through the year, is it safe to assume that guidance could prove conservative?
- **Opex:** How confident are you that opex:sales will decline in 2011? Where do you see the most opportunity to reduce opex?

MYR Group;

\$23.60, Buy; \$23 PT; Lead analyst: Carter Shoop

Figure 55: Price performance / PE (NTM) – 1 yr



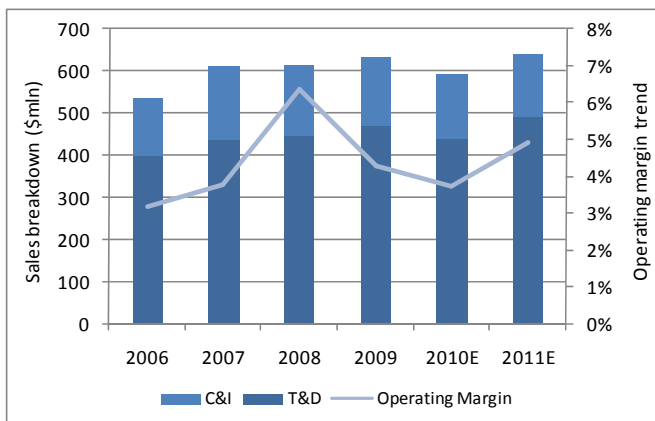
Source: Capital IQ

Figure 56: Investment thesis

- Specialty contractor serving the electrical infrastructure industry in the US; purest play on transmission market: generated 56% of rev in 2009 from transmission
- Recent transmission wins are encouraging (One Nevada, MPRP and CapX2020)
- We believe MYR Group is well positioned to win at least one more contract over the next 3-6 months (CREZ, CapX2020), which should drive estimates higher
- \$23 PT: 19x CY12 EPS (multiple warranted given the improving trends in the T&D market and MYRG's healthy LT outlook)

Source: Deutsche Bank,

Figure 57: Sales breakdown



Source: Deutsche Bank,

Figure 58: Consensus and Shareholder trends

	4Q10E	2010E	2011E
Revenue (Street est, mln)	\$156	\$598	\$677
Revenue (DB est, mln)	\$149	\$591	\$640
% Delta	-5%	-1%	-5%
EPS (Street est)	\$0.18	\$0.66	\$0.97
EPS (DB est)	\$0.18	\$0.64	\$0.93
% Delta	-3%	-3%	-3%
Consensus rating: 13 Buy / 1 Hold / 1 Sell Short as a % of float: 3% / SI ratio: 4x			
Top 3 holders	Amt held	% shares out	Mkt value (\$mln)
Fidelity Investments	2,411,899	12.08	56.9
Vaughan Nelson Investment Manage	1,298,100	6.50	30.6
BlackRock, Inc.	1,166,133	5.84	27.5
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Top 3 sellers			
TCW Group Inc	-1,027,059	361,399	1,388,458
Van Eck Associates	-818,661	0	818,661
Sam Sustainable Asset Mgmt	-720,000	0	720,000
Top 3 Buyers			
Fidelity Investments	795,700	2,411,899	1,616,199
Friess Associates	362,100	362,100	0
DWS Finanz Services	248,000	248,000	0

Source: DB, Capital IQ and Bloomberg,

Figure 59: Model

Income Statement (\$ millions except EPS data)																	
	2004A	2005A	2006A	2007A	2008A	2009A	2010E	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	322.1	508.7	535.3	610.3	616.1	631.2	590.5	141.2	149.7	170.4	178.9	640.2	158.3	161.9	178.1	180.1	678.4
Operating Income	(6.6)	13.7	17.1	23.1	39.2	27.1	22.0	5.6	6.4	9.3	10.1	31.4	8.0	8.8	11.5	11.8	40.1
Net Income Before Charges	(4.0)	7.2	10.5	12.5	22.8	17.0	13.3	3.4	4.0	5.8	6.2	19.4	4.9	5.5	7.1	7.4	24.9
Net Income	(5.6)	(9.5)	11.0	(3.2)	23.6	17.2	13.3	3.4	4.0	5.8	6.2	19.4	4.9	5.5	7.1	7.4	24.9
Reported Diluted EPS (US\$)	(0.34)	(0.58)	0.67	(0.19)	1.14	0.83	0.64	0.17	0.19	0.28	0.30	0.93	0.24	0.26	0.34	0.36	1.20
Operating Diluted EPS (US\$)	(0.24)	0.43	0.64	0.75	1.10	0.82	0.64	0.17	0.19	0.28	0.30	0.93	0.24	0.26	0.34	0.36	1.20
Avg. Diluted Shares Out	16.4	16.4	16.4	16.5	20.7	20.7	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8	20.8
Margins																	
Gross Margin	8.8%	10.1%	10.9%	11.4%	14.6%	12.0%	11.2%	11.5%	11.7%	12.6%	12.7%	12.1%	12.4%	12.7%	13.5%	13.6%	13.0%
Operating Margin	-2.0%	2.7%	3.2%	3.8%	6.4%	4.3%	3.7%	4.0%	4.3%	5.5%	5.6%	4.9%	5.1%	5.4%	6.4%	6.6%	5.9%
EBITDA Margin	-0.5%	3.6%	4.3%	5.5%	8.2%	6.4%	6.5%	7.1%	7.3%	8.1%	8.1%	7.7%	5.1%	5.4%	6.4%	6.6%	8.6%
Tax Rate	39.6%	48.1%	41.8%	44.5%	40.4%	35.4%	37.3%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%
Net Margin	-1.2%	1.4%	2.0%	2.0%	3.7%	2.7%	2.2%	2.4%	2.6%	3.4%	3.5%	3.0%	3.1%	3.4%	4.0%	4.1%	3.7%

Source: Deutsche Bank

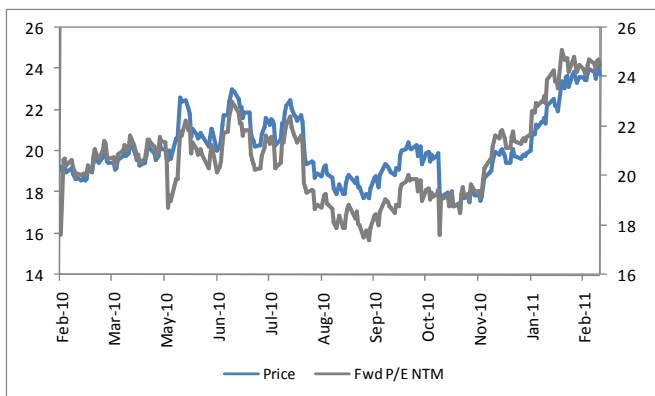
Key questions

- **Transmission business:** Now that you have won several large transmission projects, are you actively engaged in other large RFPs? How do margins for your recent wins compare with the margins at Dominion?
- **Dominion:** Dominion has expressed its plans of investing over \$550mln a year in electric transmission over the next 5 years. Could MYRG win 30-50% of this work? How much of a headwind will Dominion be in 2012 (Y/Y)?
- **Distribution business:** Do you think we have reached the bottom for distribution spending? How much could distribution spending be up in 2011?
- **Renewables:** You consistently mention renewables as a market opportunity. Have you performed any EPC work on a renewable project? Could renewables account for a meaningful percentage of your T&D business in 2011 (>10%)?
- **Competition:** How would you characterize the competitive pricing environment going forward, should we see it stabilize in 1H11?
- **C&I market:** Regarding the C&I market, how has bidding activity progressed during this past month?
- **Stimulus upside:** Could we see Federal funds from the DOT and DOE increasingly benefit MYRG's C&I business in 2011?
- **Bookings:** Can you talk about order activity thus far in the first quarter? Is it higher Y/Y?
- **Margins:** Given the increased pricing competition and lower productivity at a few large transmission projects, how should we think about GMs in 1H11?
- **Tax rate:** What opportunities, if any, do you have to drive your tax rate lower in 2011?
- **Capex:** Regarding capex, how should we think about your capex plans for next year?
- **M&A:** Growing through acquisitions has been a key part of your competitors' business model; will acquisitions play a role in your growth strategy going forward?
- **Asset efficiency:** Can you discuss the importance of asset efficiency in the E&C industry?

Quanta Services;

\$23.74, Buy; \$23 PT; Lead analyst: Carter Shoop

Figure 60: Price performance / PE (NTM) – 1 yr



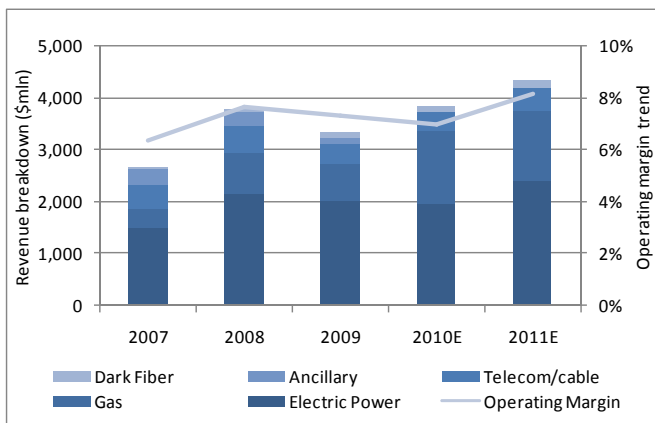
Source: Capital IQ

Figure 61: Investment thesis

- Provider of specialty contracting services: dominant electric transmission provider with exposure to wind, solar and natural gas
- Recent transmission wins are encouraging (MPRP and CapX2020); co well positioned to win at least one more contract over the next 3-6 months (CREZ, CapX2020)...
- ...that said, we believe there is more downside vs upside risk to investors' outlook for transmission spending in 2011
- Renewables revenue expected to grow double-digits in 2011; recent wins increase our confidence in Quanta's solar / wind capabilities and outlook ; Nat gas: while Quanta is well positioned to win other large-diameter gas/oil pipeline projects out for bid in 2011, we are concerned this biz could decline Y/Y
- \$23 PT: 20x CY12 EPS (well below its avg 5yr multiple of 28x); justified given the slower growth profile off of 2012 EPS

Source: Deutsche Bank,

Figure 62: Sales breakdown



Source: Deutsche Bank,

Figure 63: Consensus and Shareholder trends

	4Q10E	2010E	2011E
Revenue (Street est, mln)	\$1,003	\$3,827	\$4,435
Revenue (DB est, mln)	\$1,008	\$3,833	\$4,345
% Delta	1%	0%	-2%
EPS (Street est)	\$0.18	\$0.78	\$1.10
EPS (DB est)	\$0.17	\$0.93	\$1.12
% Delta	-6%	20%	1%
Consensus rating: 17 Buy / 3 Hold / 1 Sell			
Short as a % of float: 5% / SI ratio: 5x			
Top 3 holders			
	Amt held	% shares out	Mkt value (\$mln)
T. Rowe Price Group, Inc.	20,981,183	9.74	498.1
BlackRock, Inc.	12,995,964	6.03	308.5
Invesco Ltd.	12,190,157	5.66	289.4
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Jennison Associates	-7,821,506	1,292,869	9,114,375
TCW Group	-3,663,448	0	3,663,448
Cramer Rosenthal LLC	-2,081,150	5,100	2,086,250
Top 3 Buyers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Invesco Ltd.	4,472,638	12,190,157	7,717,519
Schroder Investment	1,478,177	1,478,177	0
Goldman Sachs Group	1,405,028	6,028,631	4,623,603

Source: DB, Capital IQ and Bloomberg

Figure 64: Model

Income Statement (\$ millions except EPS data)																	
	2004A	2005A	2006A	2007A	2008A	2009A	2010E	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	1,626.5	1,858.6	2,131.0	2,656.0	3,780.2	3,318.1	3,832.6	790.0	976.5	1,391.2	1,187.5	4,345.2	914.8	1,068.3	1,475.0	1,261.6	4,719.7
Operating Income	9.9	68.5	132.8	169.5	289.2	242.1	267.8	45.3	75.4	132.1	100.6	353.4	64.4	92.0	146.2	114.8	417.5
Net Income Before Charges	(9.2)	29.6	72.7	133.2	166.7	162.2	159.5	26.5	44.6	78.8	60.0	209.9	38.4	55.1	87.7	69.4	250.7
GAAP net Income	(9.2)	29.6	17.5	136.0	166.7	162.2	159.5	26.5	44.6	78.8	60.0	209.9	38.4	55.1	87.7	69.4	250.7
GAAP Diluted EPS (US\$)	(0.08)	0.25	0.15	0.89	0.88	0.81	0.75	0.12	0.21	0.37	0.28	0.98	0.18	0.25	0.40	0.32	1.15
Operating Diluted EPS (US\$)	(0.08)	0.25	0.62	0.87	0.88	0.82	0.75	0.12	0.21	0.37	0.28	0.98	0.18	0.25	0.40	0.32	1.15
Cash EPS			0.66	0.78	1.04	0.90	0.93	0.16	0.24	0.41	0.31	1.12	0.21	0.29	0.44	0.35	1.29
Avg. Diluted Shares Out	114	117	118	167	202	201	212	215	215	216	216	215	217	217	218	218	217
Margins																	
Gross Margin	11.2%	13.8%	14.8%	16.1%	16.8%	17.9%	16.4%	15.7%	16.4%	16.3%	16.1%	16.1%	16.1%	16.7%	16.5%	16.3%	16.4%
Operating Margin	0.6%	3.7%	6.2%	6.4%	7.6%	7.3%	7.0%	5.7%	7.7%	9.5%	8.5%	8.1%	7.0%	8.6%	9.9%	9.1%	8.8%
EBIT Margin	0.6%	3.7%	6.2%	7.1%	8.6%	8.5%	8.0%	6.4%	8.3%	10.1%	9.0%	8.7%	7.5%	9.0%	10.4%	9.5%	9.3%
EBITDA Margin	4.3%	6.7%	8.6%	9.2%	10.7%	11.1%	10.8%	10.0%	11.2%	12.1%	11.4%	11.3%	7.0%	8.6%	9.9%	9.1%	11.8%
Tax Rate	27.3%	43.4%	39.6%	20.4%	40.8%	30.0%	38.8%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Net Margin	-0.6%	1.6%	3.4%	5.0%	4.4%	4.9%	4.2%	3.4%	4.6%	5.7%	5.1%	4.8%	4.2%	5.2%	5.9%	5.5%	5.3%

Source: Deutsche Bank

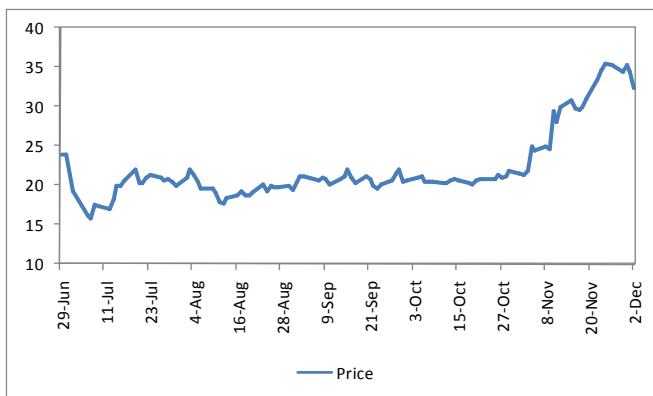
Key questions

- **Transmission business:** In your Electric Transmission business, you've mentioned that bidding activity is robust (bidding up >40% Y/Y for large projects) and that you are bidding / will bid on over 10 large transmission projects in the near-term. Could you give me a rough idea to how much of an opportunity these projects represent? How much revenue could be billed from these projects in 2011? 2012? Do you think Quanta is well positioned to win 30-40% of these projects?
- **Distribution business:** Do you think we have reached the bottom for distribution spending? How much could distribution spending be up in 2011? (MYRG's distribution biz was up 23% Q/Q in Sept Q)
- **Renewables:** Do you think growth in renewables in 2011 will be back-half weighted, similar to 2010?
- **Electric Power division:** How confident are you that Quanta will be able to grow its Elec Power division in the double digits Y/Y in 2011? If you fail to do so, what would be the most likely reason?
- **Valard acquisition:** Does Valard (Canadian acquisition last Q) have any large projects that are rolling off in 2H11 / 2012 (they are working on a large 500kv line...it's not clear when it rolls off)?
- **Pipeline capacity:** How much large-pipeline capacity do you estimate was added in 2010 by your competitors? Any thoughts on 2011?
- **Nat Gas pricing environment:** How would you characterize the competitive pricing environment in the Nat Gas division, vs 6months ago? What about 12 months ago?
- **Nat Gas competition in Canada:** How would you characterize the competitive environment in Canada vs US?
- **Nat Gas margins:** How should investors think about margins in this business going fwd (including one-time items like heavy rain, etc) given that 4Q09 op margins were 15.5% and 3Q10 margins were 9.6% (and 3Q10 sales were 60% higher than 4Q09).
- **Keystone XL:** When do you think TransCanada could start construction on the northern section of the Keystone XL line?
- **Nat Gas outlook:** What is the likelihood that this division declines Y/Y in 2011? (there have been several projects cancelled / competitors won big portion of Keystone XL)
- **Telecom business:** Regarding your Telecom biz, do you have any updated thoughts on the stimulus- when could we see this market really pick-up? Could we see telecom revenue get back to 2008 levels in 2011 (>\$500mln vs \$370mln in 2010E)?
- **M&A:** What role will acquisitions play in your growth strategy going forward? Where is your current focus in terms of types of acquisitions (domestic / int'l; Elec Power vs Nat Gas, etc)?
- **Gross margins:** What needs to happen to get back to 19% GMs (2H09)? How long will this take?
- **Opex:** Is your current opex run rate of \$82mln sustainable (this is really \$77mln excluding charges in the quarter)? How was opex down Q/Q (excluding these charges) in 3Q on a 39% increase in sales?

Tesla Motors;

\$23.18, Hold; \$21.50 PT; Lead analyst: Dan Galves

Figure 5: Price performance – 1 yr



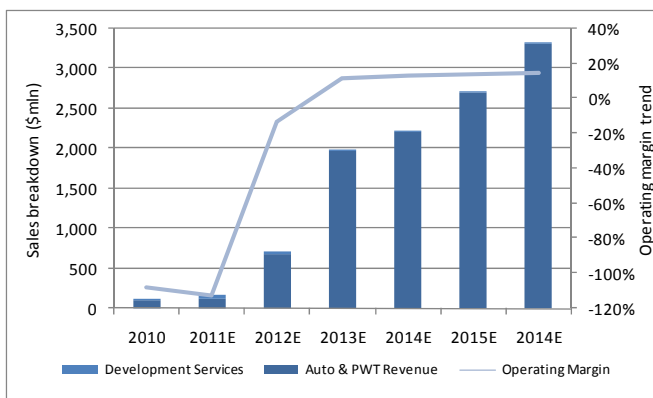
Source: Capital IQ

Figure 6: Investment thesis

- Pure-play electric vehicle maker. Early, low volume (600 units per year) model (Roadster) has performed well. Business model relies on successful launch of the Model S in mid-2012 (expected 20k units per year)
- Tesla's deep technical talent, head-start in EV technology, low product development costs, unique product offering, low cost DOE financing, and an already-ubiquitous brand name position the company to succeed in bringing competitive vehicles to market. We expect strong demand and profitability in the intermediate term (20k Model S sold would enable Tesla to generate \$250MM-\$300MM of EBITDA in 2013)
- \$21.50 price target is based on a long-term DCF analysis. Price target and current shares (\$21.87 as of 2/22/11) imply approximately 11.5x 2013 EBITDA, as of 2012YE. Key near-term risk continues to be increased supply of shares due to potential selling by pre-IPO shareholders (representing approximately 85% of current shares), although increased supply increase appears to have been minor since lock-up expired in late December 2010.

Source: Deutsche Bank

Figure 7: Sales breakdown



Source: Deutsche Bank

Figure 8: Consensus and shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$33	\$113	\$149
Revenue (DB est, mln)	\$30	\$111	\$174
% Delta	-11%	-2%	17%
EPS (Street est)	(\$0.48)	(\$2.20)	(\$1.91)
EPS (DB est)	(\$0.54)	(\$2.67)	(\$2.08)
% Delta	-12%	-21%	-9%
Consensus rating: 3 Buy / 3 Hold / 1 Sell Short as a % of float: 21% / SI ratio: 5x			
Top 3 holders			
	Amt held	% shares out	Mkt value (\$mln)
Musk, Elon	1,408,016	27.55	595.7
Daimler AG	1,428,100	8.02	173.3
Al Wahda Capital Investment LLC	1,934,093	7.82	169.1
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Draper Fisher	-1,958,038	806,830	2,764,868
Franklin Resources	-442,660	0	442,660
Alyeska Investments	-359,687	0	359,687
Top 3 Buyers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Fidelity Management	4,143,454	4,344,654	201,200
Vanguard Group	1,226,232	1,344,455	118,223
Zevenbergen Capital	1,162,200	1,173,800	11,600

Source: DB, Capital IQ and Bloomberg

Figure 9: Model

TESLA EARNINGS MODEL	2010 QUARTERS				2011 QUARTERS				Annual							
	1Q10	2Q10	3Q10	4Q10	1Q11E	2Q11E	3Q11E	4Q11E	F2009	F2010	F2011E	F2012E	F2013E	F2014	F2015	F2016
Total Revenue	20.8	28.4	31.2	36.3	41.9	44.1	44.1	44.3	111.9	116.7	174.4	712.1	1,986.2	2,223.4	2,717.1	3,332.7
Gross Profit	3.9	6.3	9.4	11.4	11.8	12.4	12.8	13.0	9.5	31.0	50.1	122.0	443.9	524.1	653.7	828.2
Gross Margin	18.7%	22.2%	30.0%	31.5%	28.2%	28.2%	29.1%	29.3%		26.5%	28.7%	17.1%	22.4%	23.6%	24.1%	24.9%
Operating Profit	(22.6)	(25.2)	(34.0)	(43.8)	(48.9)	(49.0)	(49.0)	(49.5)	(51.9)	(125.7)	(196.5)	(96.9)	232.1	286.6	371.6	490.0
Operating Margin	-108.6%	-88.9%	-108.9%	-120.7%	-116.8%	-111.3%	-111.0%	-111.8%		-107.7%	-112.7%	-13.6%	11.7%	12.9%	13.7%	14.7%
Pretax Income	(23.7)	(26.0)	(34.2)	(44.1)	(49.1)	(49.3)	(49.4)	(50.1)	(55.7)	(128.1)	(198.0)	(106.7)	217.8	272.9	361.2	484.6
Taxes	(0.1)	(0.0)	(0.1)	0.0	0.0	0.0	0.0	0.0	(0.0)	(0.2)	0.1	0.1	0.1	(4.0)	(36.7)	(116.3)
Tax Rate					0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	24%
Net Income	(23.8)	(26.1)	(34.3)	(44.1)	(49.1)	(49.3)	(49.4)	(50.1)	(55.7)	(128.3)	(197.9)	(106.6)	217.9	268.9	324.5	368.3
EPS	(3.26)	(3.41)	(0.37)	(0.47)	(0.52)	(0.52)	(0.52)	(0.52)		(2.55)	(2.08)	(1.11)	2.08	2.55	3.04	3.42
Diluted Shares	7.3	7.6	99.5	101.4	102.1	102.4	102.7	102.9	54.0	54.0	102.5	103.6	104.6	105.6	106.7	107.8

Source: Deutsche Bank

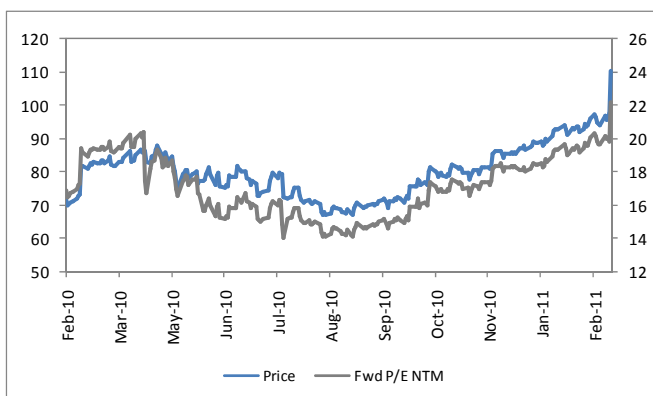
Key questions

- **Model S Launch:** Can you give us an update on development progress on the Model S? What are the key gates that you are working towards in 2011 and what communications are you likely to make to investors so we can gauge your progress?
- **Model S Launch:** Are you 100% sourced? In terms of your vertical integration strategy, are there any specific items that you are still deciding whether to in-source / out-source? Do you have backup plans if an in-sourced component causes you problems?
- **Powertrain durability:** What is the expectation for the cycle life / calendar life of the Roadster battery? Are there improvements planned for the Model S?
- **Battery cost:** Is there anything you can tell us about the cost of your battery and how that compares to the current costs of large-format automotive batteries (industry chatter is implying \$400-\$500 per kWh for an EV battery pack)?
- **Model S pricing:** You are comparing the Model S to a BMW 5-Series type vehicle, but your expected average transaction price of ~\$80k is well above 5-Series ATP's in the low \$60k range. If lower option content / battery size content supports a lower ATP, how will that impact your expected gross margins on the Model S?
- **Model S pricing:** You have a specific plan for ATP's which requires a relatively rich mix of battery size and options. Do you have a plan to only make certain versions of the vehicle available at first? What if customer ordering is more focused on the lower-end. How will you handle that?
- **Model S leasing:** Approximately 30% of U.S. Roadster sales in 3Q10 were leased. You are currently financing leases from your own balance sheet. Are you seeking 3rd-party lenders to finance Model S leases? If so, what is the current state of discussions?
- **Model S volume:** What do you think is the best vehicle comparison in terms of gauging potential demand for Model S? What is your current expectation for the geographic split of volume?
- **Competitors:** Are you still comfortable that the Model S will be entering a pretty open space in terms of EV competition? Have you heard of any competitive vehicles being out in that time-frame? How do you see your strategy changing, if at all, as more premium EV's are introduced?
- **Warranty:** Most vehicles in the U.S. carry a warranty on the powertrain of 7 years plus. Are you planning on offering that level of warranty on the Model S? Are you prepared to take on that level of warranty risk?
- **Powertrain Sales:** Do you believe that selling powertrains to other OEM's can be a meaningful revenue-driver for Tesla long-term? Or do you think your current customers are looking to learn from your technology and get a vehicle on the road quickly, and plan to develop in-house production capability?
- **Small-Format / Large-Format:** Given the steep reduction in large-format (automotive) cell pricing, do you expect to switch from small cells to large cells at some point? If the price was the same, which type of battery cell would you choose?
- **Margins:** Do you still expect to be able to sustain 13%-15% operating margins once Model S gets to 20k units per year? What are the primary drivers of upside / downside to this level of margins?
- **Labor:** Your Fremont plant was formerly unionized. Are you in discussions with UAW currently? When will you have to begin hiring and can UAW cause you problems?
- **Breakeven point:** What level of Model S production do you need to break-even on a cash basis?

Valmont Industries;

\$110.26, Buy; \$120 PT; Lead analyst: Carter Shoop

Figure 65: Price performance / PE (NTM) – 1 yr



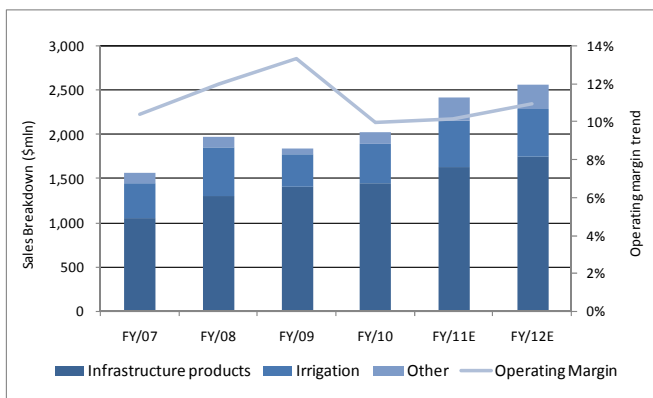
Source: Capital IQ

Figure 66: Investment thesis

- Leading provider of irrigation systems for farmers and transmission structures for utilities- two markets that we believe will exhibit growth in 2011 and 2012
- Utility division should see improved demand trends in 2011 and 2012; we think Valmont could be the recipient of pole orders at the recently awarded MPRP, SWIP, Tehachapi and CapX2020 projects and remains well positioned for pole orders at the upcoming CREZ lines
- Irrigation: Higher crop prices and improved farmer sentiment could drive rapid growth for center pivot systems in 2011 and 2012. DB's commodities team estimates that the price of corn will increase from \$6.25 a bushel in 1Q11 to \$6.75 in 2Q11 and \$7.15 in 3Q11.
- In a year from now, under our Bull case scenario, we see investors paying 23x 2012 EPS- which could be approaching \$7 (for a \$160 stock price).
- \$120PT: 20x CY12 EPS; multiple is justified given our confidence in Valmont's irrigation and electric transmission businesses

Source: Deutsche Bank,

Figure 67: Sales breakdown



Source: Deutsche Bank,

Figure 68: Consensus and Shareholder trends

	1Q11E	2011E	2012E
Revenue (Street est, mln)	\$527	\$2,215	\$2,377
Revenue (DB est, mln)	\$572	\$2,361	\$2,499
% Delta	9%	7%	5%
EPS (Street est)	\$1.04	\$5.06	\$6.00
EPS (DB est)	\$0.96	\$5.10	\$6.00
% Delta	-8%	1%	0%
Consensus rating: 6 Buy / 6 Hold / 1 Sell			
Short as a % of float: 5% / SI ratio: 8x			
Top 3 holders			
	Amt held	% shares out	Mkt value (\$mln)
Robert B. Daugherty Revocable Tru:	4,143,568	15.73	456.9
The First National Bank Wealth Man:	3,654,564	13.87	403.0
Neuberger Berman, LLC	1,631,389	6.19	179.9
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
AXA	-525,732	0	525,732
Renaissance Technologies	-176,599	21,701	198,300
Fisher Investments	-144,745	0	144,745
Top 3 Buyers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
First National Bank of Omaha	3,643,268	3,654,564	11,296
AllianceBernstein	526,647	526,647	0
Neuberger Berman	263,815	1,631,389	1,367,574

Source: DB, Capital IQ and Bloomberg

Figure 69: Model

Income Statement (\$ millions except EPS data)																
	2005A	2006A	2007A	2008A	2009A	2010A	Q1E	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY December	Year	Year	Year	Year	Year	Year	Mar-11	Jun-11	Sep-11	Dec-11	Year	Mar-12	Jun-12	Sep-12	Dec-12	Year
Total Revenue	1,108.1	1,281.3	1,499.8	1,907.3	1,786.6	1,975.5	572.4	595.1	592.3	601.3	2,361.1	600.2	628.7	630.2	640.3	2,499.3
Operating Income	82.9	110.1	155.6	228.6	238.0	196.6	47.2	60.9	61.2	70.0	239.3	57.0	70.4	70.6	74.9	272.9
Net Income Before Charges	39.1	61.5	94.7	132.4	150.6	106.4	25.3	34.4	34.6	40.6	134.8	32.5	41.4	41.7	44.8	160.4
Net Income	39.1	61.5	94.7	132.4	150.6	94.4	25.3	34.4	34.6	40.6	134.8	32.5	41.4	41.7	44.8	160.4
Reported Diluted EPS (US\$)	1.54	2.38	3.63	5.04	5.73	3.57	0.96	1.30	1.31	1.54	5.10	1.21	1.55	1.56	1.68	6.00
Operating Diluted EPS (US\$)	1.54	2.38	3.63	5.04	5.73	4.03	0.96	1.30	1.31	1.54	5.10	1.21	1.55	1.56	1.68	6.00
Avg. Diluted Shares Out	25.4	25.9	26.1	26.3	26.3	26.4	26.4	26.4	26.4	26.4	26.4	26.7	26.7	26.7	26.7	26.7
Margins																
Gross Margin	25.1%	25.5%	26.7%	26.8%	29.8%	26.3%	24.3%	26.0%	26.0%	27.0%	25.9%	25.4%	26.4%	26.4%	26.9%	26.3%
Operating Margin	7.5%	8.6%	10.4%	12.0%	13.3%	9.9%	8.2%	10.2%	10.3%	11.6%	10.1%	9.5%	11.2%	11.2%	11.7%	10.9%
EBITDA Margin	11.0%	11.4%	12.7%	14.1%	15.8%	13.0%	11.4%	13.3%	13.4%	14.7%	13.2%	9.5%	11.2%	11.2%	11.7%	13.7%
Tax Rate	37.8%	32.0%	31.4%	34.2%	32.2%	35.7%	34.5%	34.5%	34.5%	34.5%	34.5%	34.0%	34.0%	34.0%	34.0%	34.0%
Net Margin	3.5%	4.8%	6.3%	6.9%	8.4%	5.4%	4.4%	5.8%	5.8%	6.7%	5.7%	5.4%	6.6%	6.6%	7.0%	6.4%

Source: Deutsche Bank

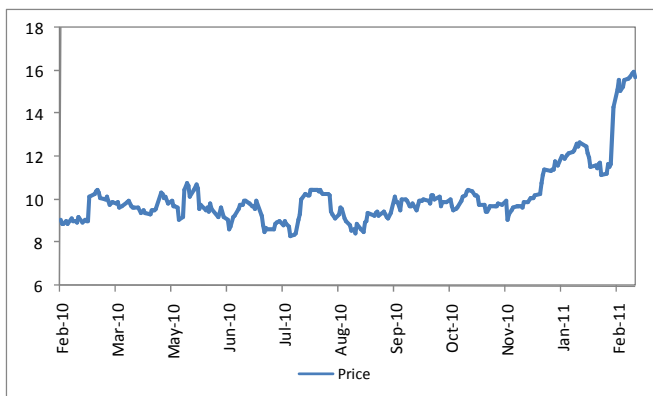
Key questions

- **Transmission business:** In your Utility segment, you've mentioned that bidding activity is improving and that you have won \$100mln of business that hasn't hit backlog yet. How much of that \$100mln will be recognized as revenue in 2011? Do you think 2012 sales could be up >10% following an improved 2011?
- **Monopole vs lattice:** Of the upcoming large transmission projects, how many are using monopoles vs lattice? How has this changed over the past 3 years?
- **Distribution business:** Do you think we have reached the bottom for distribution spending? How much could distribution spending be up in 2011?
- **Irrigation:** Do you expect to realize sequential growth in the seasonally stronger 1Q and 2Q following the exceptionally strong 4Q results? How much of the Y/Y growth in 4Q came from domestic vs international markets?
- **ESS:** Without a new highway bill or substantial upside to current WW GDP forecasts, do you expect ESS' sales to grow in 2011? How should investors think about margins in this division in this type of demand environment? Is there further restructuring that will be taken in this division given the poor margin profile and growth outlook?
- **Steel prices:** If steel prices hold at current rates, how much of a headwind would you expect to see in 1Q from changes to the LIFO reserve? How confident are you that Valmont will be able to pass along the vast majority of the steel price increases within 6 months in USS and Irrigation? What about ESS?
- **Coatings:** How many potential acquisition targets are you talking to today in Coatings? Are the margin profiles of the companies consistent with your Coatings division? Is Coatings competitor AZZ a potential target? Why / why not?
- **M&A:** Outside of Coatings, what role will acquisitions play in your growth strategy going forward? Where is your current focus in terms of types of acquisitions (domestic / int'l, USS/Irrigation, etc)?
- **CFO transition:** When do you plan to name a new CFO to replace the current (and long-time) CFO Terry McClain?
- **Potential CEO transition:** What is the likelihood that Mogens Bay retires within 3 years?
- **Dividend increase:** What is the Board's view on a dividend increase vs stock buy back? How does this differ from senior management's view?

Zoltek Companies;

\$15.68, Hold; \$8 PT; Lead analyst: Carter Shoop

Figure 70: Price performance – 1 yr



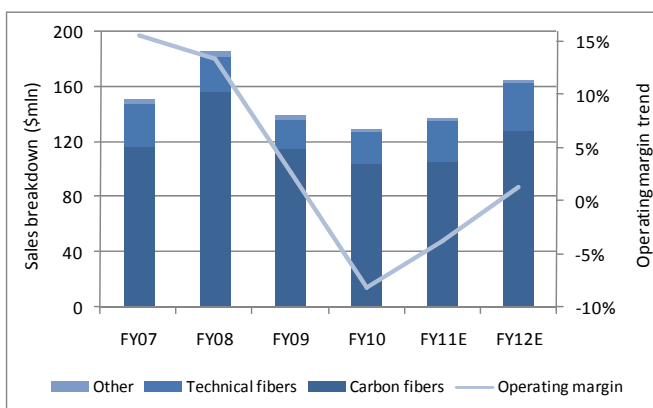
Source: Capital IQ

Figure 71: Investment thesis

- Low-cost leader in the \$1B a year carbon fiber market
- Wind energy exposure to provide boost longer-term: strong demand for wind / adoption of larger blades which often use carbon fiber / strong positioning with leading turbine manufacturers
- We continue to be concerned about ZOLT's 1) weak order trends in the wind market (Vestas' outlook deteriorating), 2) glut of capacity (still running at 50% utilization) and 3) inability to land new customers (no big auto win expected for FY11).
- We would look to become more constructive on shares in anticipation of a large win in auto or wind, improving industry utilization and stability in the executive suite
- \$8 PT assumes that ZOLT trades at 2x our CY11 price to sales; multiple justified given the uncertain macro environment and Zoltek's disappointing margin performance

Source: Deutsche Bank,

Figure 72: Sales breakdown



Source: Deutsche Bank,

Figure 73: Consensus and Shareholder trends

	F2Q11E	FY11E	FY12E
Revenue (Street est, mln)	\$41	\$157	\$193
Revenue (DB est, mln)	\$34	\$137	\$165
% Delta	-18%	-13%	-15%
EPS (Street est)	(\$0.01)	(\$0.07)	\$0.26
EPS (DB est)	(\$0.03)	(\$0.13)	\$0.06
% Delta	n/m	-70%	-77%
Consensus rating: 1 Buy / 4 Hold / 1 Sell Short as a % of float: 15% / SI ratio: 11x			
Top 3 holders			
	Amt held	% shares out	Mkt value (\$mIn)
Rumy, Zsolt	6,082,709	17.69	95.4
Fidelity Investments	3,188,775	9.27	50.0
Dimensional Fund Advisors LP	2,514,930	7.31	39.4
Top 3 sellers			
	shares +/- in Q	CY4Q10 balance	CY3Q10 balance
Riverbridge Partners	-1,237,935	72,229	1,310,164
CS McKee LP	-1,124,707	0	1,124,707
Invesco LTD	-408,840	1,169,570	1,578,410
Top 3 Buyers			
Dimensional Fund Advisors	1,088,787	2,514,930	1,426,143
Guggenheim Capital	160,608	1,423,546	1,262,938
Two Sigma Investments	125,591	125,591	0

Source: DB, Capital IQ and Bloomberg

Figure 74: Model

Income Statement																	
(\$ millions except EPS data)																	
	2004A	2005A	2006A	2007A	2008A	2009A	2010A	Q1A	Q2E	Q3E	Q4E	2011E	Q1E	Q2E	Q3E	Q4E	2012E
FY September	Year	Year	Year	Year	Year	Year	Year	Dec-10	Mar-11	Jun-11	Sep-11	Year	Dec-11	Mar-12	Jun-12	Sep-12	Year
Total Revenue	45.3	60.2	92.4	150.9	185.6	138.8	128.5	32.9	33.6	34.7	36.0	137.2	37.8	40.0	42.3	44.8	165.0
Operating Income	(5.5)	(8.1)	7.1	23.5	24.9	3.6	(10.6)	(1.2)	(1.4)	(1.3)	(1.3)	(5.2)	(0.6)	0.3	0.9	1.6	2.2
Net Income Before Charges	(6.1)	(11.4)	5.0	21.6	20.4	2.8	(7.4)	(1.2)	(1.1)	(1.1)	(1.0)	(4.4)	(0.5)	0.3	0.8	1.4	2.1
Net Income	(22.8)	(40.4)	(65.8)	(2.5)	7.4	(4.2)	(6.3)	(1.561)	(1.2)	(1.1)	(1.0)	(4.5)	(0.5)	0.3	0.8	1.4	2.1
Reported Diluted EPS (US\$)	(1.39)	(2.24)	(2.91)	(0.09)	0.22	(0.12)	(0.18)	(0.05)	(0.03)	(0.03)	(0.03)	(0.13)	(0.01)	0.01	0.02	0.04	0.06
Operating Diluted EPS (US\$)	(0.37)	(0.63)	0.19	0.72	0.60	0.08	(0.22)	(0.04)	(0.03)	(0.03)	(0.03)	(0.13)	(0.01)	0.01	0.02	0.04	0.06
Avg. Diluted Shares Out	16.4	18.1	22.6	28.5	34.2	34.4	34.4	34.4	34.7	34.9	35.1	34.8	36.2	35.5	35.7	35.9	35.8
Margins																	
Gross Margin	6.5%	1.7%	24.2%	28.7%	27.6%	22.1%	10.3%	12.4%	12.9%	13.9%	14.9%	13.6%	15.9%	17.9%	19.4%	20.9%	18.6%
Operating Margin	-12.1%	-13.5%	7.7%	15.6%	13.4%	2.6%	-8.2%	-3.6%	-4.3%	-3.9%	-3.5%	-3.8%	-1.6%	0.8%	2.1%	3.5%	1.3%
EBITDA Margin	0.3%	-4.8%	14.0%	21.7%	22.3%	14.4%	4.6%	9.1%	7.2%	7.2%	7.2%	7.6%	8.5%	10.2%	10.9%	11.8%	10.4%
Tax Rate	-7.7%	-6.6%	15.0%	8.4%	21.0%	42.8%	19.9%	-29.4%	20.0%	20.0%	20.0%	10.3%	15.0%	15.0%	15.0%	15.0%	15.0%
Net Margin	-13.4%	-18.9%	5.4%	14.3%	11.0%	2.0%	-5.8%	-3.8%	-3.4%	-3.1%	-2.7%	-3.2%	-1.2%	0.9%	2.0%	3.1%	1.3%

Source: Deutsche Bank

Key questions

- **Vestas orders:** Could we see orders from Vestas (Zoltek's largest wind customer) double Y/Y in FY11? How do you think the recent reduction in capacity in Europe (Vestas closing 5 manufacturing facilities) could impact your orders in FY11?
- **Second-source supplier:** What percentage of Vestas' turbines use Zoltek's carbon fibers and what percentage is second-sourced? Who is Vestas second sourcing this carbon fiber from?
- **Gamesa orders:** Gamesa, your second largest wind customer, has provided upbeat guidance for 2011. Could we see orders from this customer significantly return in FY11? Could you quantify?
- **DeWind:** Do you think the acquisition of DeWind (Zoltek's third wind customer) by Daewoo could provide more business opportunities for Zoltek? Could we see orders from this customer in FY11?
- **Pricing:** How should investors think about carbon fiber pricing in FY11? Will it stabilize/increase relative to F1Q11?
- **Raw material prices:** How do you see ACN prices trending for FY11?
- **New customer wins:** Could we see a new win for carbon fiber in the wind market in FY11? Will this be from a US wind manufacturer or international?
- **Automotive market:** Any updates on what Zoltek is doing in the automotive business? You highlighted on a recent call that this market could significantly grow by 2013. Could you quantify? Could we see this market become an over \$100mln market in 2013?
- **Offshore drilling business:** On the offshore drilling part of your business, do you see recent scrutiny and regulations having any impact on your offshore customers? You have talked about one of the offshore customer becoming a meaningful portion of revenues. Have you seen continued orders from them?
- **Other business opportunities:** What other business opportunities do you see for carbon fibers?
- **Supply/demand:** Following the recent demand pick-up, where do you see industry-wide supply/demand in the carbon fiber market? How much additional supply do you expect the industry to add in 2011 and 2012?
- **Technical fibers:** Are you seeing any increase in orders from your two major customers? Could we see the technical fiber business double in FY11? What needs to happen for this to occur?
- **Utilization:** Where could Zoltek's utilization rate be exiting FY11?
- **Idled capacity:** What should we expect idled capacity costs to be in FY11?
- **Tax rate:** What is a good range for the tax rate in FY11?
- **Profitability:** How confident are you that Zoltek can be profitable next year? What needs to happen for this to occur?
- **Management stability:** Should we be concerned by the recent management turnover (COO left last Q, new CFO, etc)? What is Zoltek doing to stabilize its management suite?

Appendix 1

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Equity rating key Equity rating dispersion and banking relationships

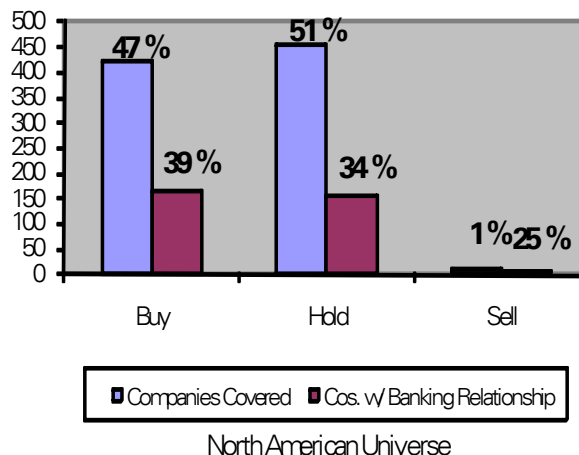
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