

USA – Offshore Drillers

November 23, 2011

SELL

SPECULATIVE RISK

Objective: \$N/A

❖ Our discounted cash flow (DCF) analysis derives a fair value of \$60.00/share using a weighted average cost of capital (WACC) of 10.0% and a terminal EBITDA multiple of 5.0x

Positives —

- ❖ Good industry outlook
- ❖ Focus on Brazil
- ❖ Good balance sheet
- ❖ Global footprint
- ❖ Good management
- ❖ Potential consolidator

Negatives —

- ❖ Rise in costs
- ❖ Macondo cost at \$100 Mil.
- ❖ Surveys/downtime
- ❖ Global economic downturn
- ❖ Labor shortage
- ❖ Standard jackups age = 30

New 2011 Est. Guidance

- ❖ Total Other Rev = \$650 Mil.
- ❖ SG&A = \$260-270 Mil.
- ❖ Op. Exp. = \$5.8-\$6.0 Bil.
- ❖ DD&A = \$1.5-1.6 Bil.
- ❖ Int. Exp = \$570-580 Mil.
- ❖ Tax rate = 33-35%
- ❖ Cap-x = \$800-900 Mil.
- ❖ Backlog \$23.6 Bil.
- ❖ 2012 Op. Exp. = \$6.2-6.5 Bil.

Transocean Ltd. (RIG)

A Bumpy ride ahead...!

- So what does our conversation with Transocean and the reviewing of our model says about Transocean now? **The prognosis is neither a collapse nor a boom but a bumpy ride stretching well into 2013. We are increasing our risk rating to SPECULATIVE from HIGH.**
- **Execution.** Despite the uncertainty surrounding Transocean, we are surprised by the level of difficulty the company is facing in its execution front. We suspect that management may be doing too much to fix its image, instead of focusing on further reduction of debt and or spinning off the Standard Jackups segment. **The average age of the Standard Jackups segment is approximately 30-years. This segment has a current backlog of \$1.2 billion, down from \$3.6 billion at the end of 2008.**
- **The Backlog.** Based on the recent fleet status report, we estimate that the company has incrementally added approximately \$138 million to the backlog from the end of Q311 to \$23.6 billion.
- **What is happening in Q411?** An estimated loss of \$346.8 million in total revenues due to 1,195 days of rig downtime in Q411.
- We are adjusting our Q411 EPS to \$0.36 per share to reflect the approximate year-end guidance. **Given our adjusted Q411 EPS, we suspect that the downside risk is higher than our expectations leading into 2012.**

Earnings/Share

	Mar.	Jun.	Sep.	Dec.	Year	P/E Ratio
2010	\$2.22	\$1.67	\$1.36	\$0.68	\$5.93	7.7x
2011E	0.59a	0.64a	0.07a	0.36	1.67	27.3
2012E	0.49	0.76	0.86	0.94	3.06	14.9

Market Profile

52-Week Range	\$43-86	EPS Growth Rate (3-Yrs)	N/M
Avg. Volume (3 Month)	6,123 M	EBITDA Gwth Rate (3-Yrs)	N/M
Shares Outstanding	319.0 MM	ROE (LTM)	3.2%
Market Capitalization	\$14,595 MM	Debt to Total Capital	37.5%
Floating Market Cap.	\$13,834 MM	Book Value Per Share	\$65.04
Institutional Owner.	94.9%	Indicated Dividend/Yield	\$0.00/0.00%
Insider Holdings	5.1%	Revenue (LTM)	\$8,192 MM

RIG: \$45.63

OSX: 217.94

S&P 500: 1,188.04

NASDAQ: 2,521.28

DOW: 11,493.72

Post Macondo —

❖ Transocean Ltd. shares are down by approximately 50.4%. The peer group is down by 9.5% and the OSX is down slightly by 0.9%.

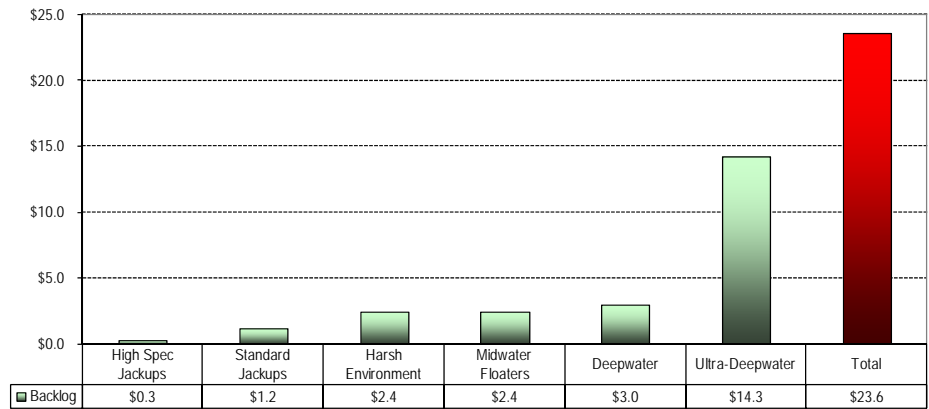
Research Analyst



Backlog = Good Visibility

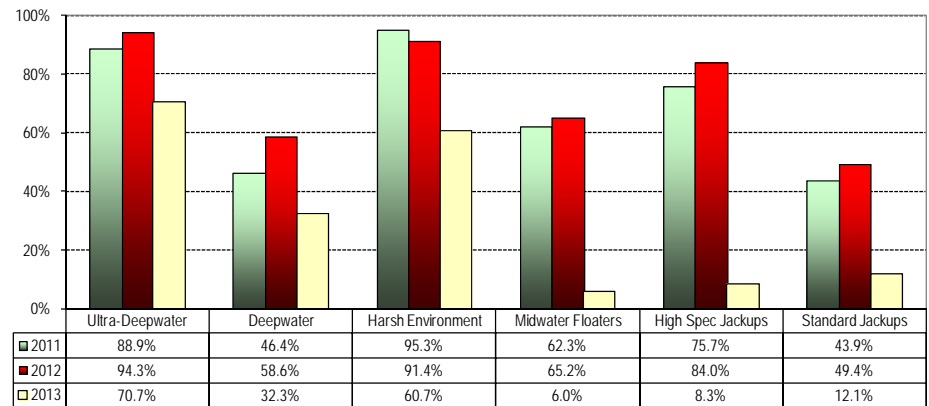
Exhibit 1. Transocean Ltd. Segment Backlog Analysis (\$ in Billion)

The ultra-deepwater segment (\$14.3 billion) amounts to an estimated 60.4% of total backlog.



Source: Company data and Zephyrin Group, Inc. (ZGI) estimates

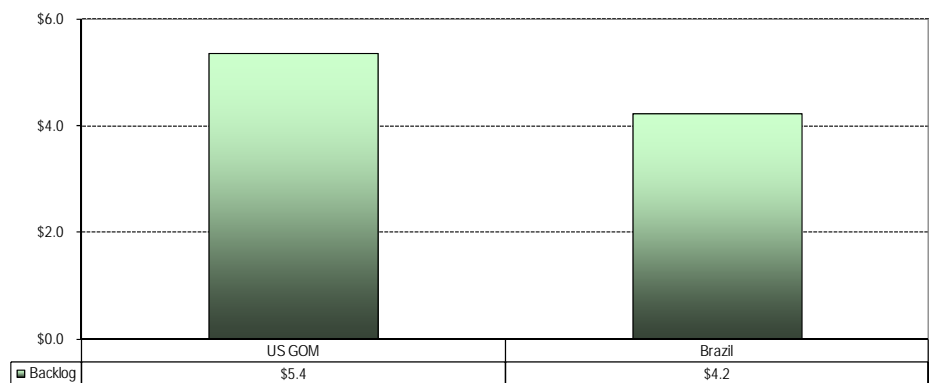
Exhibit 2. Transocean Ltd. Segment Rigs Commitment Analysis



Source: Company data and Zephyrin Group, Inc. (ZGI) estimates

Exhibit 3. Transocean Ltd. Segment Backlog Analysis (\$ in Billion)

Brazil and the US GOM combined (\$9.6 billion) amounts to an estimated 40.7% of total backlog.



Source: Company data and Zephyrin Group, Inc. (ZGI) estimates



Earnings Update

Q411 Earnings Update

We are adjusting our Q4 2011 earnings based on the recent street fleet status report and our conversation with Transocean. For Q4 2011, we are estimating an EBITDA of \$685.2 million versus consensus estimates of \$909.8 million and operating earnings of \$0.36 versus consensus of \$0.55 per share. We are forecasting total revenues of \$2,355.5 million versus consensus of \$2,472.8 million and versus \$2,242.4 million in Q3 2011. **We believe that commodity prices could fall to a moderate pace in 2012. Thereby, adding additional pressure to 2012 earnings.**

Exhibit 4. Transocean Ltd. Financial Summary

	2008	2009	2010	Q111	Q211	Q311	Q411	2011E	Q112	Q212	Q312	Q412	2012E
Total Revenue	\$12,674.3	\$11,554.4	\$9,577.4	\$2,143.9	\$2,334.1	\$2,242.4	\$2,355.5	\$9,075.9	\$2,315.8	\$2,436.7	\$2,481.3	\$2,516.8	\$9,750.6
Gross Profit	7,363.3	6,556.4	4,655.7	784.9	842.1	702.4	751.1	3,080.6	783.6	894.6	932.7	968.3	3,579.2
EBITDA	7,164.3	6,347.4	4,408.7	717.9	776.1	635.4	685.2	2,814.7	718.8	826.3	863.2	897.8	3,306.2
Net Income	4,612.5	3,661.4	1,902.1	190.0	205.9	23.0	115.0	534.0	156.7	244.5	274.2	301.9	977.2
EPS	\$14.38	\$11.40	\$5.94	\$0.59	\$0.64	\$0.07	\$0.36	\$1.67	\$0.49	\$0.76	\$0.86	\$0.94	\$3.06
EBITDA per share	\$22.34	\$19.76	\$13.78	\$2.24	\$2.43	\$1.99	\$2.14	\$8.80	\$2.25	\$2.58	\$2.70	\$2.81	\$10.34
CFPS	\$18.71	\$15.96	\$10.91	\$1.70	\$1.69	\$1.20	\$1.51	\$6.10	\$1.65	\$1.93	\$2.03	\$2.13	\$7.74
Profit & Loss Statement													
Deepwater Revenue	\$4,457.0	\$5,343.0	\$5,245.4	\$1,284.0	\$1,424.0	\$1,407.0	\$1,596.5	\$5,711.4	\$1,696.5	\$1,716.6	\$1,702.2	\$1,728.5	\$6,843.8
Other Revenue	8,217.3	6,211.4	4,332.0	859.9	910.1	835.5	759.0	3,364.5	619.3	720.0	779.1	788.3	2,906.7
Total Expenses	\$5,311.0	\$4,998.0	\$4,921.7	\$1,359.0	\$1,492.0	\$1,540.0	\$1,604.3	\$5,995.3	\$1,532.1	\$1,542.1	\$1,548.6	\$1,548.6	\$6,171.4
Gross Profit	7,363.3	6,556.4	4,655.7	784.9	842.1	702.4	751.1	3,080.6	783.6	894.6	932.7	968.3	3,579.2
SG&A	199.0	209.0	247.0	67.0	66.0	67.0	66.0	266.0	64.8	68.2	69.5	70.5	273.0
EBITDA	\$7,164.3	\$6,347.4	\$4,408.7	\$717.9	\$776.1	\$635.4	\$685.2	\$2,814.7	\$718.8	\$826.3	\$863.2	\$897.8	\$3,306.2
DD&A	1,390.0	1,464.0	1,589.0	354.0	359.0	362.0	367.0	1,442.0	370.0	373.0	376.0	379.0	1,498.0
Other Income	25.2	17.0	94.5	26.0	0.0	(1.0)	(3.5)	21.5	3.5	3.5	3.5	3.5	14.0
EBIT	5,799.5	4,900.4	2,914.2	389.9	417.1	272.4	314.7	1,394.2	352.3	456.8	490.7	522.3	1,822.2
Net Int. Exp.	469.0	484.0	567.0	145.0	147.0	151.0	159.2	602.2	157.0	154.9	152.8	150.6	615.3
PBT	\$5,330.5	\$4,416.4	\$2,347.2	\$244.9	\$270.1	\$121.4	\$155.5	\$792.0	\$195.3	\$301.9	\$338.0	\$371.7	\$1,206.8
Income Tax	724.0	747.0	418.1	54.9	78.2	87.4	27.5	248.0	34.6	53.4	59.8	65.8	213.6
Net Income from Op.	4,612.5	3,661.4	1,902.1	190.0	182.9	23.0	115.0	511.0	156.7	244.5	274.2	301.9	977.2
Adjustment	(27.0)	(489.6)	(932.8)	150.1	23.0	(96.1)	-	77.0	-	-	-	-	-
Net Inc. Reported	\$4,585.5	\$3,171.8	\$969.3	\$340.1	\$205.9	(\$73.1)	\$115.0	\$588.0	\$156.7	\$244.5	\$274.2	\$301.9	\$977.2
Cash Flow													
Net Income	\$4,585.5	\$3,171.8	\$2,098.1	\$340.1	\$182.9	\$23.0	\$115.0	\$661.1	\$156.7	\$244.5	\$274.2	\$301.9	\$977.2
DD&A	1,390.0	1,464.0	1,589.0	354.0	359.0	362.0	367.0	1,442.0	370.0	373.0	376.0	379.0	1,498.0
Deferred Tax	62.2	13.0	(145.0)	11.0	(23.5)	(14.0)	4.1	(22.3)	10.4	(16.0)	(17.9)	9.9	(13.7)
Other	(1,078.7)	939.4	501.0	(315.1)	(178.5)	121.0	173.0	(199.6)	(25.0)	(25.0)	(25.0)	(25.0)	(100.0)
Cash From Operations	\$4,959.0	\$5,588.2	\$4,043.1	\$390.0	\$340.0	\$492.0	\$659.1	\$1,881.1	\$512.1	\$576.5	\$607.2	\$665.7	\$2,361.5
Capital Expenditures	(2,208.0)	(3,052.0)	(1,411.0)	(240.0)	(293.0)	(137.0)	(137.0)	(807.0)	(300.0)	(300.0)	(300.0)	(300.0)	(1,200.0)
Dividend	-	-	-	-	(254.0)	(254.0)	(254.0)	(762.0)	(254.0)	(12.5)	(12.5)	(12.5)	(291.5)
Free Cash Flow	\$2,751.0	\$2,536.2	\$2,632.1	\$150.0	(\$207.0)	\$101.0	\$268.1	\$312.1	(\$41.9)	\$264.0	\$294.7	\$353.2	\$870.0
Cash From Financing	(2,196.0)	(2,684.0)	(721.0)	26.0	(315.0)	(320.0)	(135.0)	(744.0)	(298.0)	(298.0)	(298.0)	(298.0)	(1,192.0)
Net Change in Cash	(\$278.0)	\$167.2	\$2,263.8	\$418.0	(\$423.0)	(\$103.0)	\$1,835.3	\$1,727.3	(\$189.9)	\$116.0	\$146.7	\$205.2	\$278.0
Balance Sheet													
Cash	\$1,296.0	\$1,168.2	\$3,394.0	\$3,812.0	\$3,389.0	\$3,286.0	\$5,121.3	\$5,121.3	\$4,931.4	\$5,047.3	\$5,194.0	\$5,399.3	\$5,399.3
Total Assets	35,182.0	36,436.0	36,811.0	37,210.0	36,936.0	36,645.0	38,250.3	36,296.0	35,988.7	36,010.7	36,062.3	36,188.6	36,141.7
Total Debt	13,557.0	11,717.0	11,221.0	11,241.0	11,081.0	11,100.0	10,950.0	10,950.0	10,800.0	10,650.0	10,500.0	10,350.0	10,350.0
Minority Interest	(6.0)	16.0	27.0	-	9.0	11.0	13.0	33.0	4.0	4.0	4.0	4.0	16.0
Shareholders' Equity	17,167.0	20,559.0	21,383.0	21,710.0	20,873.0	20,812.0	20,673.0	20,673.0	20,575.7	20,807.7	21,069.3	21,358.7	21,358.7
Debt/Cap	44.1%	36.3%	34.4%	34.1%	34.7%	34.8%	34.6%	34.6%	34.4%	33.9%	33.3%	32.6%	32.6%
EBITDA/Interest Paid	15.3x	13.1x	7.8x	5.0x	5.3x	4.2x	4.3x	4.7x	4.6x	5.3x	5.7x	6.0x	5.4x
Rate of Return													
Book Value Per Share	\$53.94	\$64.17	\$66.90	\$68.06	\$65.23	\$65.04	\$64.63	\$64.66	\$64.33	\$65.05	\$65.87	\$66.78	\$66.78
Return on Average Equity	31.0%	19.4%	9.1%	6.4%	4.9%	3.2%	2.4%	2.4%	2.3%	2.6%	3.8%	4.6%	4.6%
Return on Average Assets	13.3%	10.2%	5.2%	3.7%	2.7%	1.8%	1.4%	1.4%	1.3%	1.5%	2.2%	2.7%	2.7%
Return on Invested Capital	16.7%	13.4%	7.8%	5.5%	4.3%	1.4%	3.6%	3.0%	3.6%	3.7%	4.2%	4.7%	4.7%
Operating Margins													
Gross Margin	58.1%	56.7%	48.6%	36.6%	36.1%	31.3%	31.9%	33.9%	33.8%	36.7%	37.6%	38.5%	36.7%
EBITDA Margin	56.5%	54.9%	46.0%	33.5%	33.3%	28.3%	29.1%	31.0%	31.0%	33.9%	34.8%	35.7%	33.9%
Operating Margin	53.7%	46.0%	31.4%	18.7%	20.0%	13.3%	14.3%	16.5%	15.9%	19.6%	20.8%	21.7%	19.6%

Source: Company data and Zephirin Group, Inc. (ZGI) estimates



Valuation

Since Macondo, the shares are down by 50.4%, we are cautious on the shares as the recovery will be bumpy until 2013. On an EV/EBITDA basis, Transocean is trading at 8.0x and 6.8x our 2011 and 2012 estimates. The peer group's (DO, NE and SDRL) EV/EBITDA multiple is 8.7x and 7.0x 2010 and 2011, respectively.

Our discounted-cash-flow (DCF) model derives a price objective of \$60.00 per share.

Our discounted-cash-flow (DCF) model derives a price objective of \$60.00 per share, using a weighted average cost of capital (WACC) of 10.0% and a terminal value EBITDA of 5.0x. The basis assumption underpinning our base case DCF estimates are highlighted in Exhibit 5. Given the implied return of 31.9%, we continue to rate the shares of Transocean Ltd. as SELL. We are raising our risk profile to SPECULATIVE from HIGH RISK.

Exhibit 5. Transocean Ltd. DCF Analysis

Year	2010	2011	2012	2013	2014	2015	Terminal Value
Free Cash Flow							
EBITDA	\$4,408.7	\$2,814.7	\$3,306.2	\$4,035.2	\$4,689.1	\$5,495.8	
Less: Tax on EBIT Adj	(519.1)	(436.6)	(322.5)	(443.1)	(550.3)	(684.6)	
Less: Cap-x	(1,411.0)	(807.0)	(1,200.0)	(900.0)	(900.0)	(900.0)	
Less: Dividend	-	(762.0)	(291.5)	(50.0)	(50.0)	(50.0)	
Free Cash Flow	\$2,478.6	\$809.0	\$1,492.1	\$2,642.1	\$3,188.8	\$3,861.2	
FCF per share	\$7.75	\$2.53	\$4.67	\$8.26	\$9.97	\$12.07	
Est. WACC	10.0%						
NPV of FCF		\$735.5	\$1,233.2	\$1,985.0	\$2,178.0	\$2,397.5	\$8,529.2
Terminal Value EBITDA	5.0x	Sensitivity Analysis					
Terminal Value	\$27,479.0		2.5x	3.0x	4.0x	4.5x	5.0x
NPV of FCF	\$10,007.1		\$10,007.1	\$10,007.1	\$10,007.1	\$10,007.1	\$10,007.1
NPV of Terminal OCF	17,062.3		8,531.2	10,237.4	13,649.9	15,356.1	17,062.3
Total NPV	\$27,069.4		\$18,538.2	\$20,244.5	\$23,656.9	\$25,363.2	\$27,069.4
Less: Net Debt	(7,814.0)		(7,814.0)	(7,814.0)	(7,814.0)	(7,814.0)	(7,814.0)
Equity Value	\$19,255.4		\$10,724.2	\$12,430.5	\$15,842.9	\$17,549.2	\$19,255.4
Shares Out.	319.9						
Equity Value Per Share	\$60.20		\$33.53	\$38.86	\$49.53	\$54.87	\$60.20

Source: Zephirin Group, Inc. (ZGI) estimates

The idle/stacked standard jack-ups segment would add an increment of \$0.21/share.

When compared to its peer group, Transocean is largely leveraged to the standard-jack-ups segment, despite its leadership position in the deepwater market. We calculate that a \$10,000 change in day rates would equate to an incremental increase of approximately \$0.21/share, per annum from the company's standard jack-ups segment that are idle/stacked. This could potentially bring our 2012 earnings estimate to \$3.38 from \$3.06/share, including a \$0.12/share increment from the rest of the fleet. This analysis is based on the scrutiny of idle and stacked rigs.



Exhibit 6. Transocean Ltd. Day rates Sensitivity Analysis

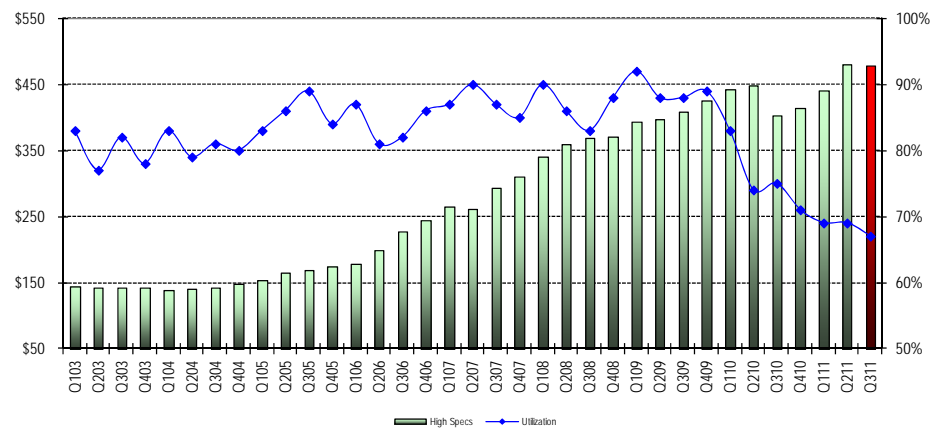
# of Rigs in Market	Ultra Deepwater 0	Deepwater 5	Harsch Rigs 0	Midwater Floaters 7	High Spec Jack-ups 1	Standard Jack-ups 22	Total Fleet 35
Dayrate Change							
\$2,000	\$0.00	\$0.01	\$0.00	\$0.01	\$0.00	\$0.04	\$0.07
5,000	0.00	0.02	0.00	0.03	0.00	0.10	0.16
\$10,000	\$0.00	\$0.05	\$0.00	\$0.07	\$0.01	\$0.21	\$0.33
15,000	0.00	0.07	0.00	0.10	0.01	0.31	0.49
20,000	0.00	0.09	0.00	0.13	0.02	0.41	0.66
Current 2012E EPS							\$3.06
Incremental Dayrate Upside							0.33
2012E EPS							\$3.38

Source: Company data and Zephyrin Group, Inc. (ZGI) estimates

Exhibit 7. Transocean Ltd. Estimated Deepwater Day rates & Utilization

Average deepwater day rates are expected to remain strong for the company from 2012-2013.

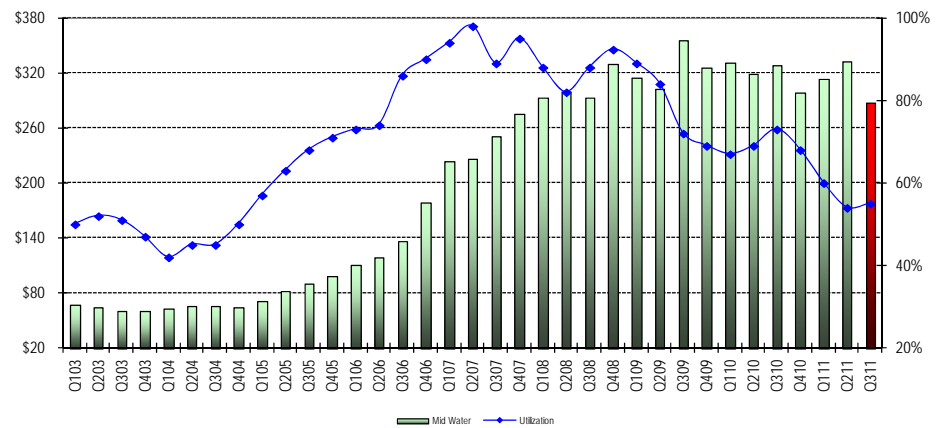
Utilization rates are expected to improve in 2012.



Source: Company data and Zephyrin Group, Inc. (ZGI) estimates

Exhibit 8. Transocean Ltd. Estimated Mid-Water Day rates & Utilization

Mid-water day rates and utilization rates are expected to stabilize in 2012.

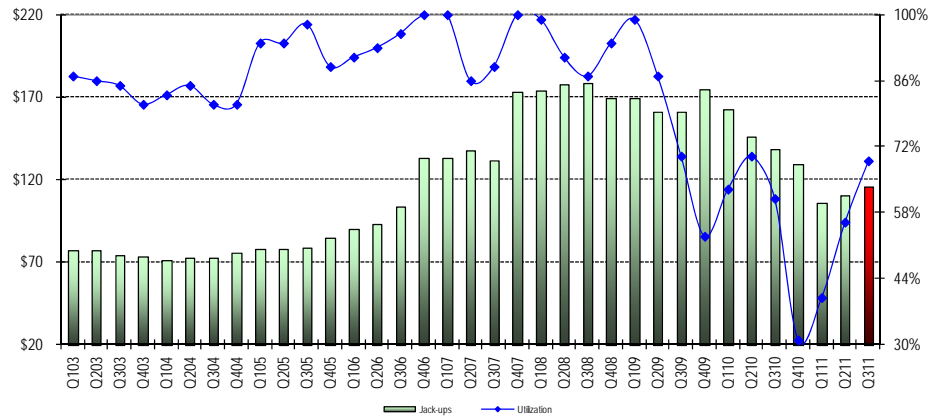


Source: Company data and Zephyrin Group, Inc. (ZGI) estimates



Exhibit 9. Transocean Ltd. High-Spec Jack-ups Avg. Day rates & Utilization

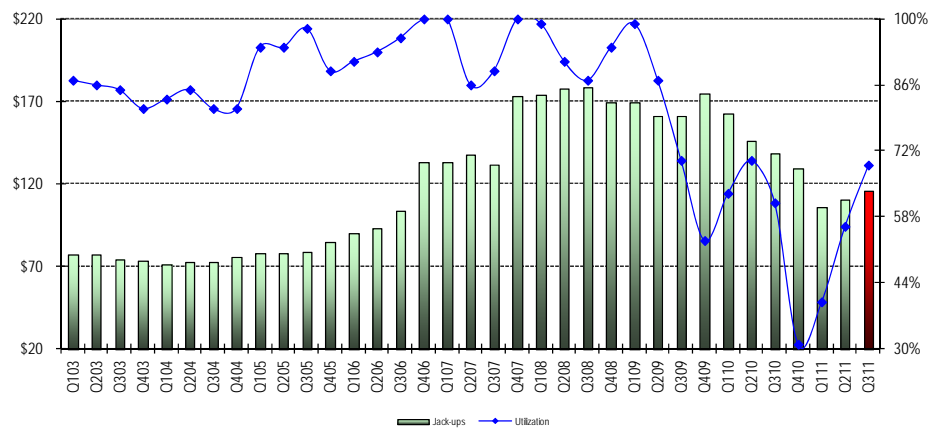
Total utilization should show sign of an improvement to the mid 70% range.



Source: Company data and Zephyrin Group, Inc. (ZGI) estimates

Exhibit 10. Transocean Ltd. Est. Standard Jack-ups Day rates & Utilization

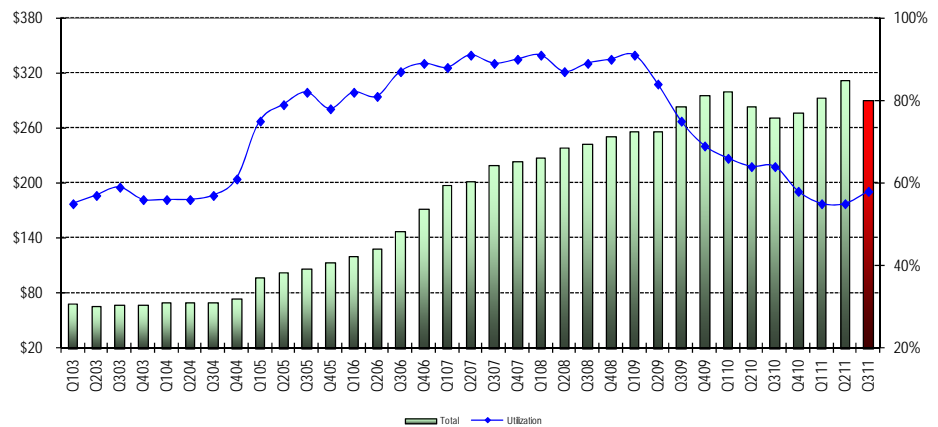
Average Standard day rates and utilization rates are expected to be challenging for the company from 2012-2013.



Source: Company data and Zephyrin Group, Inc. (ZGI) estimates

Exhibit 11. Transocean Ltd. Estimated Total Day rates & Utilization

Total average day rates should continue to be above \$250,000.



Source: Company data and Zephyrin Group, Inc. (ZGI) estimates

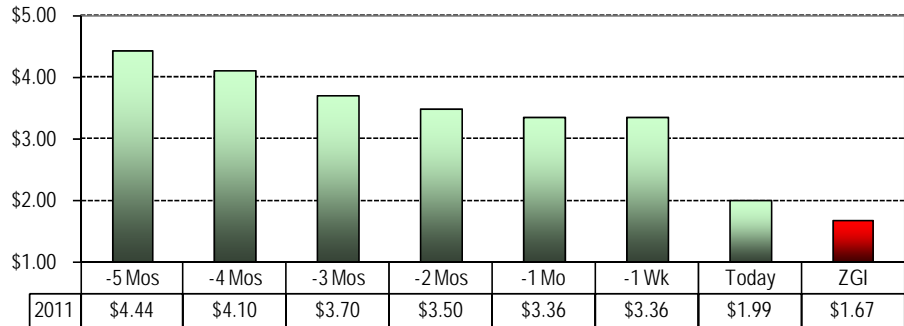


Consensus Tracker

The following exhibits (*Exhibit 12 & 13*) shows where our estimates stand versus Street consensus for 2011 and 2012.

The street has not gotten it right, yet.

Exhibit 12. Transocean Ltd. 2011 Earnings Consensus Tracker



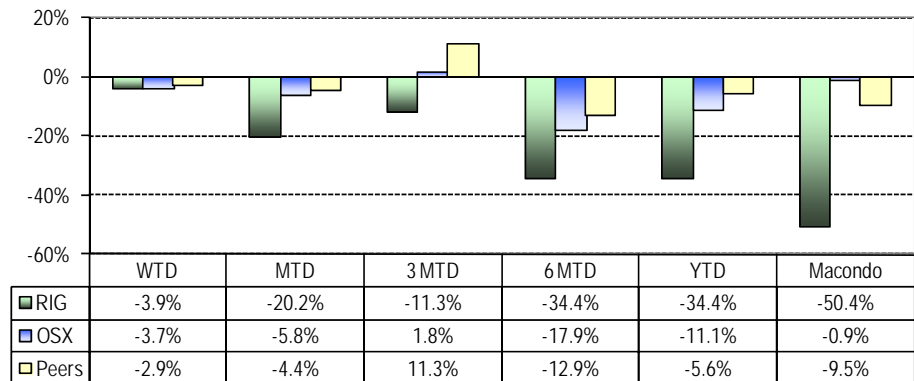
Source: Thomson One Analytics and ZGI estimates

Exhibit 13. Transocean Ltd. 2012 Earnings Consensus Tracker



Source: Thomson One Analytics and ZGI estimates

Exhibit 14. Transocean Ltd. To-date Performance Tracker



Note: OSX = Philadelphia Oil Service Index; Peers = Diamond Offshore, Noble Corp. and Seadrill.
Source: MSNMoney Central and Zephyrin Group, Inc. (ZGI) research



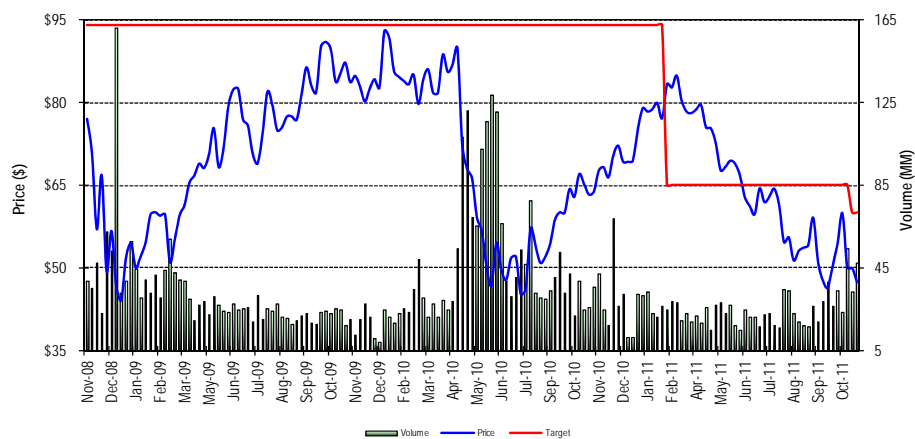
Company Description

Transocean Ltd. The company's principal activities are to provide diversified services for the oil and gas industry. The contract drilling services are performed with a fleet of 135 available offshore drilling units located in markets worldwide. As of September 2011, the company's fleet consisted of 50 High-Specification Floaters, 25 Midwater Floaters, nine High-Specification Jackups, 50 Standard Jackups and one Other Rig. The company also has rigs in the following regions the Far East, U.K. North Sea, Middle East, U.S. Gulf of Mexico, West African countries other than Nigeria and Angola, India, Brazil, Nigeria, Angola, Norway, the Mediterranean, Trinidad, Australia, Canada, the Netherlands and the Caspian Sea. The company is spending approximately \$5.6 billion building six ultra-deepwater rigs and four High-Specification Jackups. The company provides drilling management services primarily on a turnkey basis through Applied Drilling Technology Inc. which primarily operates in the U.S. Gulf of Mexico, and in the North Sea. As of September 2011, approximately 90% of Transocean's fleet was deployed in international markets contributing 81-85% to total revenues. As of September 2011, the company's backlog was approximately \$26.1 billion. In November 2007, the company completed the \$15 billion merger with GlobalSantaFe. In October 2011, the company completed the acquisition of Aker Drilling for \$1.4 billion.

Risk

Risk to our investment conclusion and price objectives include: 1- a sharp decline of commodities prices, 2- delay in rigs contract and price overrun in rigs upgrades/conversion, 3- lower than expected capital spending from the super and other major oil gas companies, 4- lower demand for rigs in the GOM, North Sea, Mexico and the Middle East, 5- lower than expected day rates and utilization, 6- OPEC supply/demand economics and US Patriot Act.

Exhibit 15. Transocean Ltd. Rating Price Volume Chart



Date	Price	Target	Rating	Notable Report Title
16-Mar-09	\$55.24	\$94.00	Buy H Risk	Could 09 be like 99? Let's party like its 1999...!

Source: MSNMoney Central and Zephyrin Group, Inc. (ZGI) research



IMPORTANT DISCLOSURE:

Rating System: BUY — The stock, securities or shares are expected to achieve a total return of 15% or more over the next 12-18 months, or are expected to outperform its industry peers and the S&P 500. HOLD — The stock, securities or shares are expected to achieve a total return of 10% or less, or are expected to perform in-line with its industry peers and the S&P 500 over the next 12-18 months. UNDERPERFORM/SELL — The stock, securities or shares are expected to underperform its industry peers and the S&P 500 over the next 12-18 months.

Risk Rating: LOW RISK (LR) — Return of 0-10%; MEDIUM RISK (MR) — Return of 0-20%; HIGH RISK (HR) — Return of 0-30% and SPECULATIVE RISK (SR) — Return of 0-50%. **Distribution of Rating:** Buy = 2 (25%); Hold = 5 (63%); Underperform/Sell = 1 (13%)

All of the recommendation and views about the securities and companies in this report accurately reflect the personal views of the research analyst named on the cover of this report.

Note: A securities rating is not a recommendation to BUY, HOLD or SELL securities and may be subject to revision or withdrawal at any time.

The Zephyrin Group, Inc. ("ZGI") is an independent e-research company that is incorporated in the State of Delaware on November 2003. The above material has been prepared by ZGI for informational purposes only and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe for any investment. The information and opinions contained in this document have been compiled or arrived at by ZGI in good faith from sources believed to be reliable, but no representation or warranty, express or implied, is made as to its accuracy, completeness or correctness. All opinions and estimates contained in this document constitute ZGI's judgment as of the date of this document and are subject to change without notice. ZGI makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of ZGI only and are subject to change without notice. ZGI does not provide an analysis of a company's financial position; financial position and all information should be verified with the "mentioned company" investor relations department. Information about publicly listed companies and other investor resources can be found at the Securities & Exchange Commission website www.sec.gov. We are not registered investment advisors, or broker/dealers or members of any financial regulatory bodies. The information contained herein is not to be regarded as advice to make any particular investment. In receiving this material, each recipient represents, warrants and acknowledges that it has taken, or will take, appropriate steps to: obtain such independent legal, tax, accounting and other professional advice as may be appropriate prior to taking any action in relation to any companies mentioned; form its own independent judgment regarding the risks and rewards associated with any action or inaction relating to any companies mentioned. The information contained herein contains forward-looking statements and information within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and as defined in the Private Securities Litigation of 1995, including statements regarding expected continual growth of featured company. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance may be forward looking statements. Forward looking statement are based on expectations, estimates, and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated.

©Copyright 2011 The Zephyrin Group, Inc. ("ZGI"). All rights reserved. The Zephyrin Group, Inc. Website: www.zephiringroup.com - Email: info@zephiringroup.com

This document may not be reproduced, distributed or published in electronic, paper or other form for any purpose without the prior written consent of ZGI. No Group Company accepts any liability whatsoever for any direct, indirect or consequential loss arising from any inaccuracy herein or from any use of this document or its contents. Any unauthorized use, duplication, redistribution or disclosure is prohibited by law and will result in prosecution. ZGI accepts no liability whatsoever for the actions of third parties. ZGI makes no representations or warranties whatsoever as to the data and information provided in any third party referenced website and shall have no liability or responsibility arising out of, or in connection with, any such referenced website. This publication is made available through Thomson One Analytics www.thomsononeim.com First Call research direct portal. This publication is available through Thomson Research Investtext <http://research.thomsonib.com> an Institutional research portal. This publication is made available through FactSet Research Systems Inc. www.factset.com a research portal provider. This publication is also made available in the U.K. through Independent Research Ltd. www.inderec.com a research portal provider. This publication is also made available through Capital IQ www.capitaliq.com a research portal provider.

ZGI adheres to the CFA Institute (formerly Association for Investment Management & Research) Research Objective Standards guideline.

This document is intended solely for distribution to the professional investment community. ZGI or any officers, directors does not hold any equity positions in any company or companies mentioned in this report.