



13 September 2011

American Capital Mortgage

Reuters: **MTGE.OQ** Bloomberg: **MTGE US** Exchange: **NYS** Ticker: **MTGE**

Initiating coverage with a Buy; target of \$22

Stephen Laws

Research Analyst
(+1) 901 322-8212
stephen.laws@db.com

Expect attractive returns from hybrid RMBS portfolio

We expect MTGE's portfolio to consist primarily of agency RMBS for the remainder of 2011 with the mix of non-agency RMBS and other assets increasing in 2012. Our target of \$22 is based on applying a 10% premium to our estimated book value of \$19.87 per share. Given our portfolio return expectations, the attractive operating environment (low financing costs and steep yield curve), and the attractive valuation (shares currently trading below book value), we are initiating coverage with a Buy rating.

Expect fully ramped net ROEs of 14-16%

Once the portfolio is fully ramped, we expect MTGE to generate net ROEs of 14-16%, as the company benefits from low funding costs, which we expect to continue throughout 2012. We also expect the recent dislocation in the non-agency RMBS market to provide attractive investment opportunities.

Management with a proven track record and established relationships

The company's management team has extensive experience in the RMBS market given the successful track record of American Capital Agency (AGNC; Hold) since 2008. In addition, the company's manager has access to the investment infrastructure and market relationships of American Capital, Ltd. (ACAS; Not rated), an alternative asset manager since 1986. We expect the company to benefit from management's expertise and relationships.

Initiating price target of \$22 per share; risk factors

Our target is based on applying a 10% premium to our estimated book value of \$19.87 per share. Historically, companies managing portfolios of primarily agency assets have traded in a P/B multiple range of roughly a 0.6-2.0x. We believe a slight premium to book value is appropriate, as it reflects the opportunities in the sector while still taking into account the company's lack of a track record and the execution risk of deploying its IPO proceeds. Risk factors: the company has no operating history, and it may not be able to implement its investment strategy successfully. Slower-than-expected portfolio growth may result in our estimates proving aggressive. Investment illiquidity, rising interest rates, changing prepayment rates, declining real estate values, and poor credit results may hurt the company's business results.

Forecasts and ratios

Year End Dec 31	2011E	2012E
1Q EPS ¹	–	0.71
2Q EPS	–	0.75
3Q EPS	0.03	0.76
4Q EPS	0.58	0.78
FY EPS (USD)	0.60	3.00
DPS (USD)	0.53	2.80
Dividend Yield (%)	3.1	16.4

Source: Deutsche Bank estimates, company data

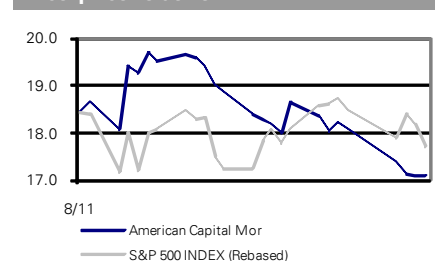
¹ Includes the impact of FAS123R requiring the expensing of stock options.

Coverage Change

Buy

Price at 9 Sep 2011	17.09
Price target	22.00
52-week range	19.69 - 17.09

Price/price relative



Performance (%)	1m	3m	12m
Absolute	-11.9	–	–
S&P 500 INDEX	-1.6	-10.5	4.5

Stock & option liquidity data

Market cap (USDm)	175.3
Shares outstanding (m)	10.3
Free float (%)	78
Volume (9 Sep 2011)	1,400
Option volume (und. shrs., 1M avg.)	–

Deutsche Bank Securities Inc.

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MICA(P) 146/04/2011.

Investment thesis

Outlook

We expect MTGE to fully deploy its IPO capital before year-end, with the portfolio initially consisting primarily of agency RMBS. We expect the mix of non-agency RBMS, whole loans, and other assets to increase in 2012 as the company sources new investments. Given the available investment opportunities and the expected low financing costs, we estimate fully ramped net ROEs of 14-16%. We expect the company to benefit from its management's expertise in running American Capital Agency (AGNC; Hold), which is also a REIT, since May 2008. Additionally, we believe the company will benefit from the external manager's access to the investment infrastructure and market relationships of American Capital (ACAS; Not rated). Given our portfolio return expectations, the attractive operating environment (low financing costs and steep yield curve), and the attractive valuation (shares currently trading below book value), we are initiating coverage with a Buy rating.

Valuation

We are initiating a price target of \$22 per share, which is based on applying a 10% premium to our book value estimate of \$19.87 per share. Historically, companies managing portfolios of primarily agency assets have traded in a P/B multiple range of a 0.6-2.0x. Our targets for other similar companies managing primarily agency RMBS portfolios are based on premiums ranging from 10%-25%, we believe a premium at the low end of the range is appropriate, as it reflects the opportunities in the sector while still taking into account the company's lack of a track record and the execution risk of the company deploying its IPO proceeds.

Risks

American Capital Mortgage is a new company with no operating history, and it may not be able to implement its investment strategy successfully. American Capital Mortgage had no investment assets prior to the company's IPO, and slower-than-expected portfolio growth may result in our estimates proving aggressive. Investment illiquidity, rising interest rates, changing prepayment rates, falling market values, declining real estate values, and poor credit results may negatively impact American Capital Mortgage's business and results. We expect American Capital Mortgage to use leverage to improve returns. A decrease in the value of leveraged assets may lead to margin calls. American Capital Mortgage may not have the funds available to satisfy any such margin calls and may be forced to sell assets at depressed prices due to market conditions. Disruptions in credit markets could limit financing availability and could result in higher haircuts, restricting the funding available for American Capital Mortgage's portfolio.

Company overview

Company description

American Capital Mortgage is a newly formed REIT that intends to build and manage a leveraged portfolio of agency and non-agency RMBS and other mortgage related assets. Initially, the company expects to invest primarily in agency RMBS, and over time, asset allocation is subject to change based on market conditions. The company is externally managed by American Capital MTGE Management, LLC, an indirect subsidiary of American Capital. American Capital is a publicly-traded private equity firm and global asset manager, which originates, underwrites, and manages investments in private equity, leveraged finance, real estate, and structured products. Additionally, the external manager of American Capital Agency is an indirect subsidiary of a wholly-owned subsidiary of American Capital.

American Capital Mortgage generates income from its net interest income (difference between the yield on portfolio investments and the cost of borrowing and hedging) minus management fees and other expenses. As a REIT, American Capital Mortgage's dividends are not taxed at the company level, and the company is required to distribute at least 90% of its taxable income annually.

American Capital Mortgage priced its IPO on August 4th, raising gross proceeds of \$160 million (8 million shares at \$20 per share). Concurrently with the IPO, the company sold 2 million shares at the IPO price to American Capital in a private placement.

Investment strategy

We expect MTGE's portfolio to initially consist primarily of agency RMBS; however, we expect the mix of non-agency RMBS to increase in 2012. The company may also invest in other mortgage-related assets, including agency CMOs, residential mortgage loans, CMBS, commercial mortgage loans, mortgage related derivatives, and other assets.

American Capital Mortgage will finance its RMBS portfolio primarily through short-term repurchase agreements. Generally, RMBS managers utilize repos with maturities from one to three months with interest typically linked to one month Libor. While the company does not employ a strict maximum level of leverage, management expects the leverage on its agency RMBS investments to be 6-12x and non-agency mortgage investments to be 1-6x. Our fully-ramped, blended leverage assumption is roughly 6.0x, however, blended leverage will fluctuate based on the portfolio mix. American Capital Mortgage may also use securitizations, warehouse facilities, and term financing, depending on the market conditions. We expect the company to utilize hedging instruments to help manage interest rate risk.

Attractive RMBS market opportunities; low financing costs

Given continued concerns around the pace of economic recovery, we expect financing costs to remain low into 2013, enabling the company to post attractive returns on its agency portfolio. Additionally, we believe that recent economic weakness and uncertainty has created attractive non-agency RMBS buying opportunities. As a result, we expect American Capital Mortgage to generate solid returns, with fully-ramped net ROEs of 14-16%.

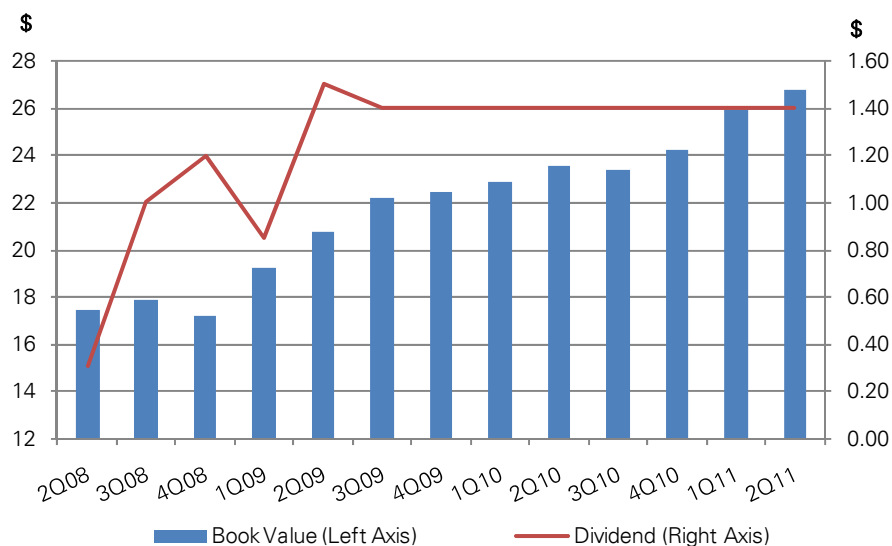
Management track record

Executives of American Capital Mortgage, Malon Wilkus (CEO), Gary Kain (Co-CIO), John Erickson (CFO), and Samuel Flax (Executive VP), have also been executives of American

Capital Agency (AGNC) since its inception in May 2008. We expect American Capital Mortgage to benefit from management's expertise, in addition to American Capital's established relationships and asset management infrastructure.

Since AGNC's IPO at \$20 per share, management has grown AGNC's book value to \$26.76 (as of 6/30/11) and paid dividends totaling \$16.06 per share (through 6/30/11), which results in a total economic return of roughly 114%.

Figure 1: AGNC's book value and dividends since 2Q08

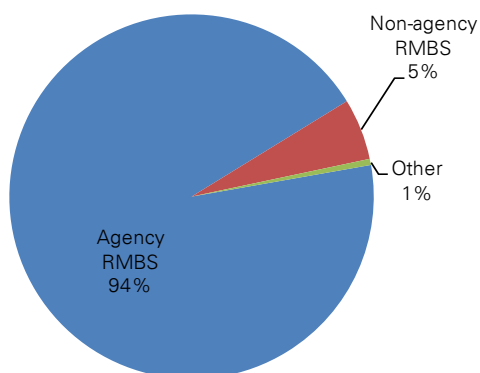


Source: Deutsche Bank, company reports

Financial estimates

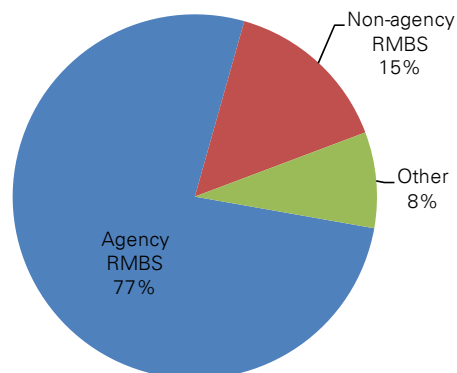
We expect American Capital Management to fully deploy its IPO capital within approximately three months of operations, with the portfolio initially consisting of primarily agency RMBS. Figures 2 and 3 illustrate our portfolio mix assumptions at year end 2011 and 2012.

Figure 2: Estimated YE 2011 portfolio mix



Source: Deutsche Bank

Figure 3: Estimated YE 2012 portfolio mix



Source: Deutsche Bank

We are initiating a 2011 earnings estimate of \$0.60 per share and 2011 dividend estimate of \$0.53 per share. For 2012, we are initiating earnings and dividend estimates of \$3.00 per share and \$2.80 per share, respectively.

Figure 4: American Capital Mortgage model (in USD millions)

FY Ends December	2011					2012				
	Q1	Q2E	Q3E	Q4E	FY	Q1E	Q2E	Q3E	Q4E	FY
Interest income			1.6	10.1	11.7	12.7	13.7	14.2	14.4	55.0
Interest expense			0.1	2.8	2.9	4.0	4.6	5.0	5.0	18.7
Net interest income			1.5	7.3	8.8	8.7	9.1	9.2	9.4	36.4
Gross ROE			8.5%	14.4%	6.5%	17.1%	17.8%	18.1%	18.4%	17.9%
Expenses:										
Base management fee			0.5	0.8	1.3	0.8	0.8	0.8	0.8	3.1
Other expenses			0.7	0.6	1.3	0.6	0.6	0.6	0.6	2.5
Total Expenses			1.2	1.4	2.6	1.4	1.4	1.4	1.4	5.6
Income, before taxes			0.3	5.9	6.2	7.3	7.7	7.8	8.0	30.8
Income tax			-	-	-	-	-	-	-	-
GAAP Net income			0.3	5.9	6.2	7.3	7.7	7.8	8.0	30.8
Net ROE			1.6%	11.6%	4.6%	14.4%	15.1%	15.3%	15.7%	15.1%
Average Shares Outstanding			10.3	10.3	10.3	10.3	10.3	10.3	10.3	10.3
GAAP EPS			\$ 0.03	\$ 0.58	\$ 0.60	\$ 0.71	\$ 0.75	\$ 0.76	\$ 0.78	\$ 3.00
Total Dividend			\$ 0.03	\$ 0.50	\$ 0.53	\$ 0.70	\$ 0.70	\$ 0.70	\$ 0.70	\$ 2.80

Source: Deutsche Bank, company reports

Initiating price target of \$22 per share

We are initiating a price target of \$22 per share, which is based on applying a 10% premium to our book value estimate of \$19.87 per share. Historically, companies managing portfolios of primarily agency assets have traded in a P/B multiple range of a 0.6-2.0x. Our targets for other similar companies managing primarily agency RMBS portfolios are based on premiums ranging from 10%-25%, and we believe a premium at the low end of the range is appropriate for American Capital Mortgage, as it reflects the opportunities in the sector while still taking into account the company's lack of a track record and the execution risk of the company deploying its IPO proceeds.

External management

American Capital MTGE Management, LLC.

MTGE's external manager, American Capital MTGE Management, LLC (the Manager) is an indirect subsidiary of American Capital, LLC, which is a wholly-owned subsidiary of American Capital, Ltd. (American Capital). The Manager's employees are employees of American Capital, LLC or American Capital. The Manager has entered into an administrative service agreement with American Capital, LLC and American Capital, under which the Manager has access to their employees, infrastructure, and business relationships. We expect MTGE to benefit from the Manager's access to American Capital and its affiliate's expertise and business relationships.

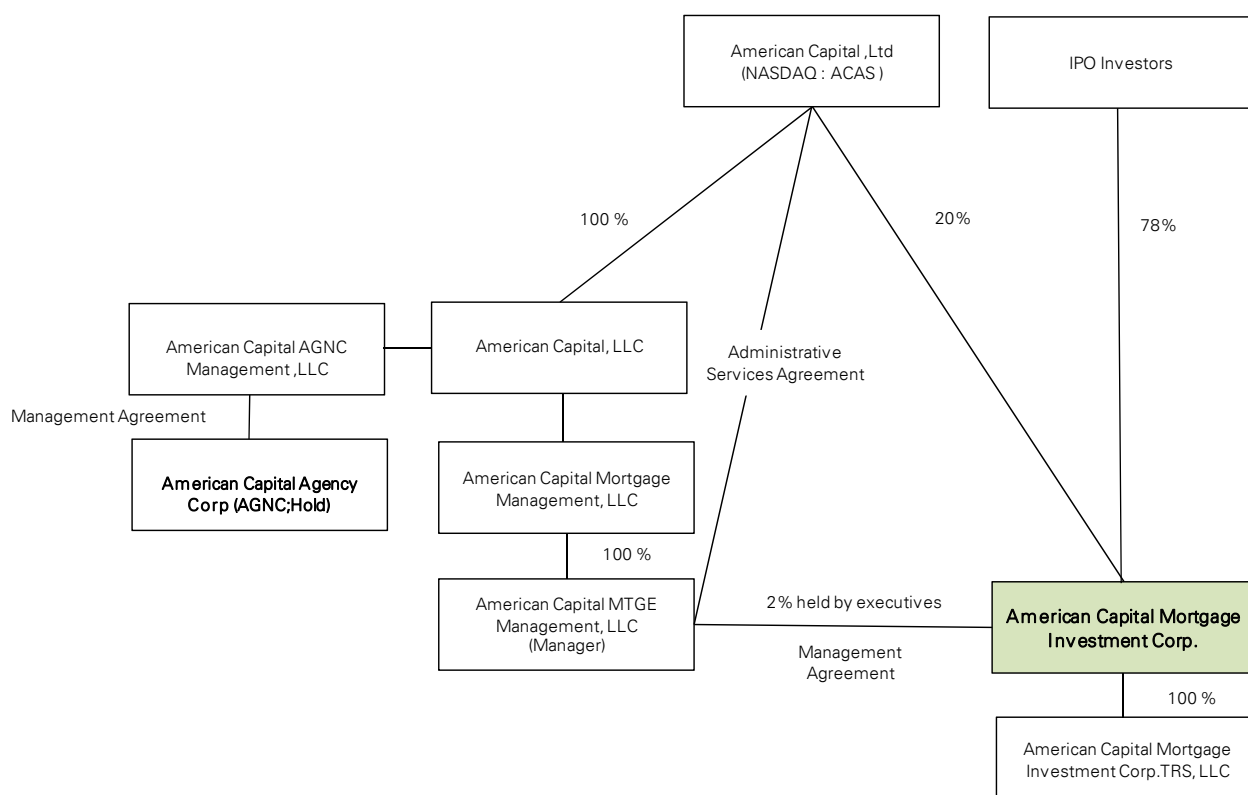
American Capital, Ltd.

American Capital (ACAS; Not Rated) is a publicly-traded private equity and global asset manager, which directly and through its asset management businesses, originates, underwrites, and manages investments in private equity, leveraged finance, real estate, and structured products. As of June 30, 2011, the company had \$52 billion of assets under management and eight offices in the U.S., Europe, and Asia. American Capital was formed in 1986.

American Capital invests primarily in middle market companies with revenue between \$10 million and \$750 million. American Capital also invests in CMBS and CLOs. Since its IPO, American Capital has invested \$6 billion in equity securities, \$17 billion in debt securities, and \$2 billion in structured products, including CMBS.

American Capital's wholly-owned portfolio company, American Capital, LLC, through its indirect subsidiary, American Capital AGNC Management, LLC, manages American Capital Agency, a REIT that invests in agency RMBS and CMOs. Similar to American Capital Mortgage's Manager, American Capital AGNC Management has entered into an administrative agreement with American Capital, pursuant to which American Capital AGNC Management gets access to American Capital's employees, investment infrastructure, business relationships, and financial and legal teams.

Executives of American Capital Agency, Malon Wilkus (CEO), Gary Kain (CIO), John Erickson (CFO), and Samuel Flax (Executive VP), who have been with the company since its inception, are also members of management at American Capital Mortgage. We expect American Capital Mortgage to benefit from management expertise as well as American Capital's established relationships in debt and equity markets.

Figure 5: American Capital Mortgage's organizational structure

Note: American Capital Mortgage's share ownership is without considering the shoe.

Source: Deutsche Bank, company reports

Management agreement

For managing American Capital Mortgage, the Manager earns a base management fee equal to 1.50% per annum of American Capital Mortgage's equity. The equity, for the purpose of calculating base management fee, will be adjusted to exclude unrealized gains and losses included in retained earnings or other comprehensive income. The fee is calculated and paid monthly. The Manager will not receive any incentive fees.

In the event American Capital Mortgage terminates the management agreement without cause or if the management agreement is terminated due to American Capital Mortgage's default of any material terms in the management agreement, American Capital Mortgage is required to pay the Manager a termination fee equal to three times average annual management fee during the two year period prior to such termination.

American Capital Mortgage's base management fees are comparable to those of other externally-managed mortgage REITs, with base-fee-only agreements typically ranging from 1.25% to 2%. American Capital Mortgage does not pay an incentive fee to the Manager; however, the executives of the Manager and American Capital hold roughly 2% and 20% of the company's shares, respectively. We believe the executives' and American Capital's holding of the company shares align the Manager's and the shareholders' interests.

Management

Malon Wilkus, Chairman and Chief Executive Officer

Mr. Wilkus serves as the Chairman and Chief Executive Officer of the company and he also holds similar positions at AGNC. Additionally, he is the Chief Executive Officer of the Manager and AGNC's manager. Mr. Wilkus is also a founder of American Capital and has served as its Chief Executive Officer and Chairman of the Board of Directors since 1986, except for the period from 1997-1998, during which he served as Chief Executive Officer and Vice Chairman of the Board of Directors. Furthermore, Mr. Wilkus has been the Chairman of European Capital Limited, a European private equity and mezzanine fund since 2005.

Gary Kain, President and Co-Chief Investment Officer

Mr. Kain serves as the President and Co-Chief Investment Officer and the President of the company's Manager. Mr. Kain also serves as the President and Chief Investment Officer of AGNC. Prior to joining American Capital, Mr. Kain held various positions at Freddie Mac, such as Senior Vice President of Investments and Capital Markets, Senior Vice President of Mortgage Investment and Structuring, and Vice President of Mortgage Portfolio Strategy. Mr. Kain managed Freddie Mac's mortgage investment portfolio of \$700 billion while he was the Senior Vice president of Mortgage Investments and Structuring.

John R. Erickson, Chief Financial Officer

Mr. Erickson serves as the Executive Vice President and Chief Financial Officer and nominee to the Board of Directors. Additionally, he is the Executive Vice President and Treasurer of the company's Manager and American Capital Mortgage Management, LLC. Mr. Erickson also serves as the Executive Vice president and Chief Financial Officer of AGNC and the Executive Vice President and Treasurer of its Manager. Further, Mr. Erickson has served as an Executive Vice President of American Capital since 2001 and as its Chief Financial Officer since 1998. Prior to joining American Capital, Mr. Erickson served as the Chief Financial Officer of Storage USA, Inc.

Jeff Winkler, Senior Vice President and Co-Chief Investment Officer

Mr. Winkler serves as the Senior Vice President and Co- Chief Investment Officer. He also serves as a Senior Vice President of the Manager. Mr. Winkler joined the Manager in May 2011. Mr. Winkler served as a Managing Director and Co- Head of the Securitized Products fund at PointState Capital and Duquesne Capital Management between February 2009 and May 2011, during that time he co-managed a private investment fund that invested in non-agency RMBS and agency derivatives. Prior to joining Duquesne, Mr. Winkler held various positions at Deutsche Bank and Lehman Brothers.

Samuel A. Flax, Executive Vice President

Mr. Flax serves as the Executive Vice President and Secretary. Mr. Flax also serves as the Executive Vice President and Secretary of the company's Manager and American Capital Mortgage Management, LLC. Additionally, Mr. Flax held various positions at American Capital since January 2005, including Executive Vice President, Vice President, General Counsel, Chief Compliance Officer, and Secretary. Prior to joining American Capital, between 1990 and 2005, Mr. Flax served as a partner at a Washington D.C.-based law firm Arnold & Porter LLP. During his time at Arnold & Porter, Mr. Flax represented American Capital in raising debt and equity capital as well as other advisory and legal matters.

Risk factors

American Capital Mortgage is a new company with no operating history, and the company may not be able to implement its investment strategy successfully. American Capital Mortgage had no investment assets prior to the company's public offering and slower-than-expected portfolio growth may result in our estimates proving aggressive. Investment illiquidity, rising interest rates, changing prepayment rates, falling market values, declining real estate values, and poor credit results may negatively affect American Capital Mortgage's business and results. We expect American Capital Mortgage to use leverage to improve returns. A decrease in the value of leveraged assets may lead to margin calls. American Capital Mortgage may not have the funds available to satisfy any such margin calls and may be forced to sell assets at significantly depressed prices due to market conditions. Disruptions in credit markets could dry out borrowings and could result in higher haircuts, restricting the funding available for American Capital Mortgage's portfolio growth.

Conflict of interest: Conflicts of interest between American Capital Mortgage and its external manager may exist. Each of American Capital Mortgage's officers also serves as an employee of American Capital. As a result, American Capital's executives may have conflicts between their duties to American Capital Mortgage and their duties to American Capital.

Portfolio allocation decisions: The board of directors will approve broad investment guidelines; however, American Capital Mortgage's investment allocation is subject to change. The company's external manager has significant latitude within the broad investment guidelines in determining the types of assets in which to invest. Changes to the investment strategy may result in riskier investments than those described in this report.

Interest rate risk: Changing interest rates may negatively impact American Capital Mortgage's results. American Capital Mortgage earns majority of its net income from the difference between the yield on its portfolio of debt securities and the cost to fund the portfolio. Increasing interest rate environment could increase the cost of American Capital Mortgage's borrowings or impact the market value of the company's investments. Declining interest rates could result in higher prepayments on agency RMBS resulting in higher premium amortization and reinvestment risk. Conversely, faster prepayment rates on non-agency securities that have been acquired at a discount could result in additional discount accretion resulting in better than expected returns.

Credit risk: American Capital Mortgage's target assets include non-agency RMBS, which are subject to default by borrowers. Higher-than-expected defaults by borrowers could result in our forecast proving aggressive. American Capital Mortgage utilizes hedging instruments to protect its returns from changing interest rates. Hedging instruments are subject to default by the counterparties to the agreement.

Use of leverage: American Capital Mortgage uses leverage to invest in target assets. Illiquidity, changing interest rates, changing prepayment rates, or changing default rates may negatively impact the value of the company's investment portfolio. Reducing portfolio value could trigger margin calls from its lenders, and the company could be forced to sell assets at times when demand for assets is low. In depressed economic conditions, borrowings available for companies like American Capital Mortgage could be limited. Lack of available repo borrowings could restrict the company's portfolio growth and could also disrupt its ability to rollover maturing debt.

Risk of losing key personnel: American Capital Mortgage is dependent on key personnel of its Manager and may not be able to find suitable replacements should any key personnel leave.

Investments in other assets: American Capital Mortgage intends to invest in asset classes other than agency and non-agency RMBS, such as CMBS and other mortgage related assets. These other investments could have different risk-return characteristics from agency and non-agency RMBS. A higher-than-expected portfolio allocation to these other assets could result in the company's returns being more volatile.

The author of this report wishes to acknowledge the contribution made by Nuwan Jayawardana, an employee of AMBA Research, a third-party provider to Deutsche Bank of offshore research support services.

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
American Capital Mortgage	MTGE.OQ	17.09 (USD) 9 Sep 11	1,2,7

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

Important Disclosures Required by U.S. Regulators

Disclosures marked with an asterisk may also be required by at least one jurisdiction in addition to the United States. See "Important Disclosures Required by Non-US Regulators" and Explanatory Notes.

1. Within the past year, Deutsche Bank and/or its affiliate(s) has managed or co-managed a public or private offering for this company, for which it received fees.
2. Deutsche Bank and/or its affiliate(s) makes a market in securities issued by this company.
7. Deutsche Bank and/or its affiliate(s) has received compensation from this company for the provision of investment banking or financial advisory services within the past year.

Important Disclosures Required by Non-U.S. Regulators

Please also refer to disclosures in the "Important Disclosures Required by US Regulators" and the Explanatory Notes.

1. Within the past year, Deutsche Bank and/or its affiliate(s) has managed or co-managed a public or private offering for this company, for which it received fees.
2. Deutsche Bank and/or its affiliate(s) makes a market in securities issued by this company.
7. Deutsche Bank and/or its affiliate(s) has received compensation from this company for the provision of investment banking or financial advisory services within the past year.

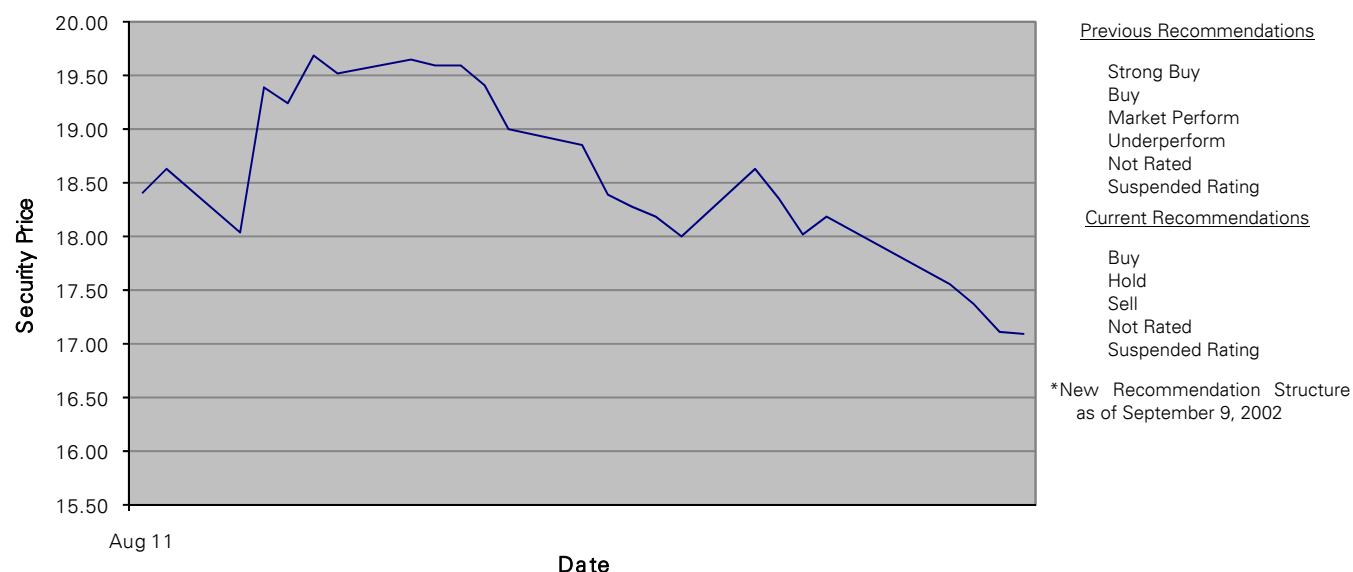
For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/Disclosure.eqsr?ricCode=MTGE.OQ>.

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Stephen Laws

Historical recommendations and target price: American Capital Mortgage (MTGE.OO)

(as of 9/9/2011)

**Equity rating key****Equity rating dispersion and banking relationships**

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

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

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

Notes:

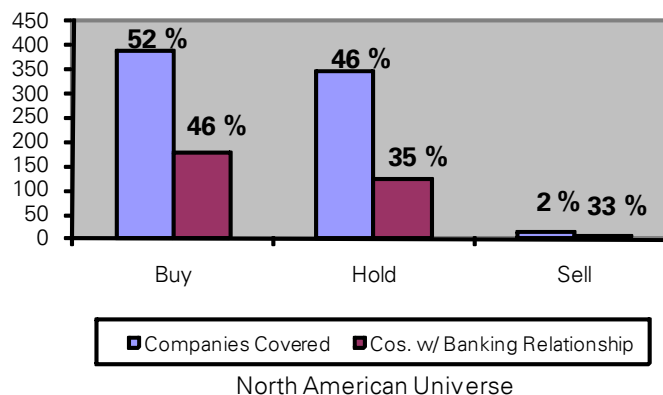
1. Newly issued research recommendations and target prices always supersede previously published research.

2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

Sell: Expected total return (including dividends) of -10% or worse over a 12-month period



Regulatory Disclosures

1. Important Additional Conflict Disclosures

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

2. Short-Term Trade Ideas

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

3. Country-Specific Disclosures

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

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

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

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

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

Deutsche Bank Securities Inc.

North American locations

Deutsche Bank Securities Inc.

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

Deutsche Bank Securities Inc.

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

Deutsche Bank Securities Inc.

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

Deutsche Bank Securities Inc.

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

Deutsche Bank Securities Inc.

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

Deutsche Bank Securities Inc.

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

International locations

Deutsche Bank Securities Inc.

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

Deutsche Bank AG London

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

Deutsche Bank AG

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

Deutsche Bank AG

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

Deutsche Bank AG

Filiale Hongkong
International Commerce Centre,
1 Austin Road West, Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.

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

Global Disclaimer

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

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

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

As a result of Deutsche Bank's March 2010 acquisition of BHF-Bank AG, a security may be covered by more than one analyst within the Deutsche Bank group. Each of these analysts may use differing methodologies to value the security; as a result, the recommendations may differ and the price targets and estimates of each may vary widely.

In August 2009, Deutsche Bank instituted a new policy whereby analysts may choose not to set or maintain a target price of certain issuers under coverage with a Hold rating. In particular, this will typically occur for "Hold" rated stocks having a market cap smaller than most other companies in its sector or region. We believe that such policy will allow us to make best use of our resources. Please visit our website at <http://gm.db.com> to determine the target price of any stock.

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

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