

16 במרץ 2011

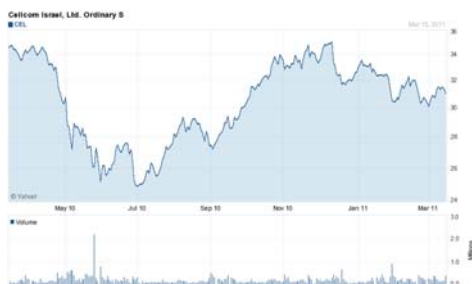
## Cellcom Israel LTD.

### PERFORM

### Communications Services

CEL-NYSE	\$31.06
PRICE TARGET	N/A
52-WEEK RANGE	\$24.51-\$35.35
MARKET CAPITALIZATION	\$3,087.4mm
SHARES OUTSTANDING	99.4mm
FLOAT	47.7mm
DEBT/TOTAL CAP (mkt. val.)	28.6%
DIVIDEND/YIELD	\$3.21/10.3%
AVG. DAILY VOLUME	259,953

Source: Company Reports and Bloomberg



Cellcom is Israel's largest cellular provider with a 34% market share. Cellcom also operates a fixed-line fiber optic network servicing the business market in Israel. Principal shareholder is the IDB Group which owns 48.6%.

03-5262603

שמעון פוטר

[shimon.potter@opco.co.il](mailto:shimon.potter@opco.co.il)

03-5262621

אביבית מנה קליל

[avivit.mannet@opco.co.il](mailto:avivit.mannet@opco.co.il)

#### סלקום – תוצאות הרבעון הרביעי 2010.

סלקום פרסמה את תוצאות הרבעון הרביעי 2010, תוצאות אשר היו מעט מעל לציפיות השוק אולם תשומת לב המשקיעים ממשכיה להיות ממוקדת בעתיד. ירידת דמי הקישוריות, כניסת מפעילים וירטואלים, כניסת מפעילים בעלי תשתית וכן רכישת נטוויז'ן מקצרות את טווח הראייה ועל כן בשלב זה, אנו בוחרים לשמור על המלצת Perform למניה ללא מחיר יעד.

חברת סלקום דיווחה על תוצאות הרבעון הרביעי 2010. במהלך הרבעון החולף סלקום פיצתה את לקוחותיה בכ- 66 מיליון ש"ח בעקבות תקלת הרשת שחווה החברה בדצמבר 2010. נציין כי המספרים בדו"ח זה הינם לאחר ביטול הפרשה חד-פעמית זו. החברה דיווחה על הכנסות בהיקף של 1.73 מיליארד ש"ח ו- EBITDA של 682 מיליון ש"ח המהווה כ- 39.5% מהמחזור. ההכנסות משירותי תוכן ומידע (כולל SMS) היוו כ- 21.3% מסך ההכנסות משירותים, לאחר שצמחו במהלך הרבעון בקצב שנתי של 26.4%. ברבעון הרביעי 2010, גייסה סלקום כ- 18,000 מנויים נטו, כולם Post-paid, וצירפה כ- 26 אלף לקוחות דור 3. מנויי ה- Post-paid היוו 88.5% מסך הכנסות החברה לעומת מנויי ה- Pre-paid שתרמו כ- 10.1% מההכנסות. בכך מסתכמת מצבת מנויי הדור ה- 3, נכון לסוף הרבעון הרביעי 2010, בכ- 1.14 מיליון מנויים, 33.6% מכלל מנויי החברה. 73.8% מסך ההכנסות הגיעו מהלקוחות פרטיים ו- 24.8% מלקוחות עסקיים. ה- ARPU רשם הרבעון עלייה של כ- 0.7% לעומת הרבעון המקביל אשתקד לרמה של 144 ש"ח וה- MOU רשם עלייה של 9 דקות.

סלקום המשיכה להציג גם הרבעון את יכולותיה המרשימות ביצירת תזרים מזומנים. במהלך הרבעון האחרון ייצרה החברה תזרים חופשי (FCF) בהיקף של 422 מיליון ₪ וזאת לעומת תזרים של 271 מיליון ש"ח ברבעון המקביל אשתקד. הנהלת החברה הכריזה על דיבידנד בהיקף של 303 מיליון ₪ (95% מהרווח הנקי ללא ביטול ההפרשה) או 3.05 ש"ח למניה, מה שמתרגם לתשואת דיבידנד של 11.1%, במונחים שנתיים.

נקודות חיוביות: יכולת תזרימית גבוהה, צמיחה נאה בהיקף ההכנסות משירותי תוכן ומידע, ההכנסות משירותי מפי"א ממשיכות לצמוח בקצב נאה. נקודות שליליות: גיוס מנויים חלש מהמתחרות (הן מנויים כללים והן מנויי דור-3), עלייה ברמת התחרותיות וכמובן, רגולציה.

אנו משמרים את דירוג המניה על Perform ללא מחיר יעד. אנו ממשיכים לציין כי סלקום מהווה השקעה ראויה עבור משקיעים המחפשים הכנסה קבועה. נציין כי המודל בדו"ח זה אינו לוקח בחשבון רכישה אפשרית של נטוויז'ן.

Fiscal Year  
Dec

Earnings Per Share Estimates (NIS)

	1Q (Mar)		2Q (Jun)		3Q (Sep)		4Q (Dec)		Year		P/E
	Prior	Curr	Prior	Curr	Prior	Curr	Prior	Curr	Prior	Curr	
2009A	--	3.46	--	2.79	--	2.91	--	2.75	--	11.90	9.2x
2010A	--	3.16	--	3.28	--	3.34	--	3.48	--	13.28	8.3x
2011E	--	--	--	--	--	--	--	--	12.72	12.18	9.0x

### פילוח ההכנסות – שירותי קול/תוכן/ציוד:

	2008		2009		2010	
	Revenues	% of Total Revenues	Revenues	% of Total Revenues	Revenues	% of Total Revenues
	(NIS in millions)		(NIS in millions)			
Voice services:						
Outgoing air time*	2,878	44.8%	2,806	43.3%	2,641	39.6%
Incoming air time	1,169	18.2%	1,176	18.1%	1,270	19.1%
Roaming	423	6.6%	340	5.3%	358	5.4%
Total voice services	4,470	69.6%	4,322	66.7%	4,269	64.1%
Content and value added services**	674	10.5%	882	13.6%	1,112	16.7%
Other services***	528	8.3%	528	8.1%	479	7.2%
Total services	5,672	88.4%	5,732	88.4%	5,860	88.0%
Handsets and accessories	745	11.6%	751	11.6%	802	12.0%
Total	6,417	100.0%	6,483	100.0%	6,662	100.0%

\* Including air time packages and interconnect fees.

\*\* Consists of content services, text messages and data services.

\*\*\* Consists of fixed monthly subscription fees, extended warranty fees, transmission services, landline services and others.

### פילוח ההכנסות לקוחות פרטיים/עסקיים:

	2008		2009		2010	
	Revenues	% of Total Revenues	Revenues	% of Total Revenues	Revenues	% of Total Revenues
	(NIS in millions)		(NIS in millions)		(NIS in millions)	
Individual	4,626	72.1%	4,775	73.7%	4,917	73.8%
Business	1,654	25.8%	1,622	25.0%	1,649	24.8%
Other*	137	2.1%	86	1.3%	96	1.4%
Total	6,417	100.0%	6,483	100.0%	6,662	100.0%

\* Consists of revenues from inbound roaming services and other services.

### פילוח ההכנסות לקוחות Pre-paid/Post-paid:

	2008		2009		2010	
	Revenues	% of Total Revenues	Revenues	% of Total Revenues	Revenues	% of Total Revenues
	(NIS in millions)		(NIS in millions)		(NIS in millions)	
Pre-paid	696	10.9%	657	10.1%	675	10.1%
Post-paid	5,584	87.0%	5,741	88.6%	5,891	88.5%
Other*	137	2.1%	86	1.3%	96	1.4%
Total	6,417	100.0%	6,483	100.0%	6,662	100.0%

\* Consists of revenues from inbound roaming services and other services.

הדו"ח הוא אינפורמטיבי בלבד, והוא לא נועד לשמש הצעה או שידול לקנות או למכור מניות כלשהן. הדו"ח מבוסס על מידע אשר Oppenheimer Israel מאמינה כי היינו מהימן. עם זאת, לא אנו, לא כל מי שפועל מטעמנו יכול לערוך לשלמותו או לדיוקו של תוכן הדו"ח. אין הדו"ח מתיימר להיות ניתוח מלא של כל העובדות הנוגעות לחברה נשוא הדו"ח, לתעשייה בה היא פועלת, ולמנייה. אנו מניחים כי הדו"ח יקרא יחד עם דוחות זמינים אחרים ונתונים נוספים. דעות המובאות בדו"ח עשויות להשתנות ללא שום הודעה נוספת. משקיע הקורא את הדו"ח אינו יכול להניח כי הסתמכות על הדעות וההמלצות המובאות בו, תיצור עבורו רווחים. המניות הנזכרות בדו"ח עשויות שלא להתאים לכל סוגי המשקיעים. אנו או מי מטעמנו עשויים למכור או לקנות מניות המוזכרות בדו"ח בזמן שהדו"ח מופץ. מניות הנקובות במטבע-חוץ, נתונות גם לתנודות הנובעות משינויים בשערי חליפין. לתנודות אלה יכולות להיות השפעות חיוביות או שליליות על החזר ההשקעה, בשעת ההמרה למטבע המקומי של דיווידנדים, ריבית, או של תמורת המכירה.

© Oppenheimer & Co. Inc. הינו עושה שוק במניה, ו/או היה חתם או חתם משותף בהנפקה ציבורית או פרטית של חברה זו, או של אחת מן החברות הקשורות אליה, ו/או סיפק ייעוץ פיננסי לחברה או לאחת מן החברות הקשורות אליה במהלך התקופה של שלוש שנים שקדמה לדוח.

\* אין להעתיק בכל דרך שהיא שום חלק מדוח זה ללא רשות בכתב של Oppenheimer Israel. ©

\* כל הזכויות שמורות ל-Oppenheimer Israel.

\* דוח זה נכתב בישראל, בעברית, ע"י Oppenheimer Israel לשימוש בישראל בלבד.

<b>DCF Valuation</b>						
(\$ in Millions, except per share amounts)						
<b>COST OF EQUITY ANALYSIS</b>						
<b>SUBJECT COMPANY ASSUMPTIONS:</b>						
Company's Historical Beta					1.2	
<b>Market Return Assumptions:</b>						
Risk Free Rate					6.00%	
Market Risk Premium					5.00%	
<b>Cost of Equity</b>					<b>11.8%</b>	
<b>Terminal Growth Rate</b>					1.00%	
<b>COST OF DEBT ANALYSIS</b>						
<b>SUBJECT COMPANY DEBT:</b>						
	Cost	Amount	% of Total	Weight		
Long-Term Debt (Assuming Annual Inflation Rate of 2%)	8.00%	₪ 4,582.6	100.0%	8.0%		
Total Debt					<b>8.0%</b>	
<b>WEIGHTED AVERAGE COST OF CAPITAL ANALYSIS</b>						
	Assumed Capitalization % of Total	Capital Cost	Tax Shield	After Tax Capital Cost	Contribution to WACC	
MVD%	30.0%	8.0%	25.0%	6.0%	1.8%	
MVE%	70.0%	11.8%	0.0%	11.8%	8.2%	
Total Capitalization	100.0%				<b>10.0%</b>	
Source: Company Reports & Oppenheimer estimates						
<b>DISCOUNTED CASH FLOW ANALYSIS</b>						
<b>NOMINAL CASH FLOW TO THE UNLEVERED FIRM:</b>						
	<i>Projected FYE December 31,</i>					
	2011	2012	2013	2014	Perp.	
Revenue	6,008	5,986	6,016	6,028	6,028	
% Growth (YoY)	-10.7%	-0.4%	0.5%	0.2%	0.0%	
EBITDA	2,542	2,595	2,510	2,507	2,258	
Operating Income	1,842	1,900	1,835	1,857	1,658	
Less: Income Taxes	382	380	404	390	332	
Unlevered Cash Net Income	1,460	1,521	1,431	1,467	1,326	
Plus: Depreciation	700	695	675	650	600	
Change in Operating Working Capital	(40)	(40)	(10)	(10)	0	
Less: Net Cash Flow from Investing	(700)	(700)	(675)	(675)	(600)	
Unlevered Free Cash Flow	₪ 1,420	₪ 1,476	₪ 1,421	₪ 1,432	₪ 1,326	
Terminal Value					₪ 14,695	
Nominal Period Cash Flow to the Unlevered Firm	₪ 1,420	₪ 1,476	₪ 1,421	₪ 1,432	₪ 1,326	
Imputed PV of Period Cash Flow to the Unlevered Firm	₪ 1,367	₪ 1,291	₪ 1,130	₪ 1,035	₪ 871	
Imputed PV Of Terminal Value					₪ 9,653	
<b>IMPUTED PRESENT VALUE OF ENTERPRISE</b>					<b>₪ 15,347</b>	
Plus: Cash					957	
Less: Debt					(4,583)	
<b>IMPUTED PRESENT VALUE OF EQUITY</b>					<b>₪ 11,721</b>	
Diluted Shares Outstanding					99.40	
<b>EQUITY VALUE PER SHARE (NIS)</b>					<b>₪ 117.92</b>	
Exchange Rate (US\$/NIS)					3.60	
<b>EQUITY VALUE PER SHARE (US\$)</b>					<b>\$32.75</b>	
Source: Company Reports & Oppenheimer estimates						
<b>DISCOUNTED CASH FLOW SENSITIVITY ANALYSIS</b>						
<b>SENSITIVITY: IMPUTED PRESENT VALUE OF TERMINAL VALUE:</b>						
	Discount Rate	Terminal Growth Rate				
		0.50%	0.75%	1.00%	1.25%	1.50%
	7.0%	35.68	36.46	37.28	38.15	39.07
	8.0%	34.18	34.93	35.71	36.55	37.43
	10.0%	31.34	32.03	32.75	33.52	34.34
	10.0%	31.37	32.06	32.79	33.56	34.37
	11.0%	30.06	30.73	31.43	32.17	32.95

Model												Year over Year % Change											CAGR '07-'12
	2006	2007	2008	2009	1Q10	2Q10	3Q10	4Q10	2010	2011E	2012E	2006	2007	2008	2009	1Q10	2Q10	3Q10	4Q10	2010	2011E	2012E	
<b>Operating Metrics ('000):</b>																							
Starting subscribers	2,603	2,884	3,073	3,187	3,292	3,313	3,341	3,376	3,292	3,394	3,454												
Net adds	281	189	114	105	21	28	35	18	102	60	45												
Ending subscribers	<b>2,884</b>	<b>3,073</b>	<b>3,187</b>	<b>3,292</b>	<b>3,313</b>	<b>3,341</b>	<b>3,376</b>	<b>3,394</b>	<b>3,394</b>	<b>3,454</b>	<b>3,499</b>	10.8%	6.6%	3.7%	3.3%	3.3%	3.5%	3.6%	3.1%	3.1%	1.8%	1.3%	2.6%
Average Subscribers	2,717	2,979	3,130	3,240	3,303	3,327	3,359	3,385	3,343	3,424	3,477												
<b>ARPU (₪)</b>	<b>151</b>	<b>149</b>	<b>149</b>	<b>144</b>	<b>139</b>	<b>147</b>	<b>146</b>	<b>144</b>	<b>144</b>	<b>122</b>	<b>120</b>	0.0%	-1.3%	-0.2%	-3.0%	-0.6%	1.8%	-3.0%	0.7%	-0.3%	-15.2%	-1.6%	-4.2%
Services	4,986	5,387	5,672	5,732	1,414	1,498	1,509	1,504	5,925	5,213	5,181	9.6%	8.0%	5.3%	1.1%	3.0%	5.5%	1.1%	4.0%	3.4%	-12.0%	-0.6%	-0.8%
% of revenue	88.7%	89.0%	88.4%	88.4%	89.5%	88.6%	87.3%	87.0%	88.1%	86.8%	86.6%												
Equipment	636	663	745	751	166	193	220	224	803	795	805	12.6%	4.2%	12.4%	0.8%	-11.7%	2.7%	20.9%	16.1%	6.9%	-1.0%	1.3%	4.0%
% of revenue	11.3%	11.0%	11.6%	11.6%	10.5%	11.4%	12.7%	13.0%	11.9%	13.2%	13.4%												
<b>Total Revenue</b>	<b>5,622</b>	<b>6,050</b>	<b>6,417</b>	<b>6,483</b>	<b>1,580</b>	<b>1,691</b>	<b>1,729</b>	<b>1,728</b>	<b>6,728</b>	<b>6,008</b>	<b>5,986</b>	9.9%	7.6%	6.1%	1.0%	1.2%	5.2%	3.2%	5.4%	3.8%	-10.7%	-0.4%	-0.2%
Cost of revenue	3,273	3,372	3,402	3,333	801	838	838	860	3,337	2,773	2,688	6.2%	3.0%	0.9%	-2.0%	-1.2%	2.3%	-2.1%	1.5%	0.1%	-16.9%	-3.1%	-4.4%
% of revenue	58.2%	55.7%	53.0%	51.4%	50.7%	49.6%	48.5%	49.8%	49.6%	46.2%	44.9%												
Gross Profit	2,349	2,678	3,015	3,150	779	853	891	868	3,391	3,235	3,298	15.5%	14.0%	12.6%	4.5%	3.9%	8.1%	8.8%	9.6%	7.7%	-4.6%	2.0%	4.3%
% of revenue	41.8%	44.3%	47.0%	48.6%	49.3%	50.4%	51.5%	50.2%	50.4%	53.8%	55.1%												
Selling & marketing expenses	656	685	701	716	163	198	193	202	756	748	751	5.3%	4.4%	2.3%	2.1%	3.8%	11.2%	4.3%	3.1%	5.6%	-1.1%	0.4%	1.9%
% of revenue	11.7%	11.3%	10.9%	11.0%	10.3%	11.7%	11.2%	11.7%	11.2%	12.5%	12.5%												
General & admin. expenses	659	652	659	660	159	155	163	164	641	645	647	0.5%	-1.1%	1.1%	0.2%	3.2%	-6.1%	-1.8%	-6.3%	-2.9%	0.6%	0.3%	-0.2%
% of revenue	11.7%	10.8%	10.3%	10.2%	10.1%	9.2%	9.4%	9.5%	9.5%	10.7%	10.8%												
<b>Adjusted EBITDA</b>	<b>1,864</b>	<b>2,115</b>	<b>2,392</b>	<b>2,529</b>	<b>638</b>	<b>684</b>	<b>716</b>	<b>682</b>	<b>2,718</b>	<b>2,542</b>	<b>2,595</b>	13.5%	13.5%	13.1%	5.7%	1.8%	7.4%	6.9%	11.8%	7.5%	-6.5%	2.1%	4.2%
% of revenue	33.2%	35.0%	37.3%	39.0%	40.4%	40.5%	41.4%	39.5%	40.4%	42.3%	43.4%												
Operating income	1,034	1,341	1,684	1,768	457	501	534	497	1,989	1,842	1,900	37.1%	29.7%	25.6%	5.0%	4.6%	12.9%	14.1%	18.6%	12.5%	-7.4%	3.2%	7.2%
% of revenue	18.4%	22.2%	26.2%	27.3%	28.9%	29.6%	30.9%	28.8%	29.6%	30.7%	31.7%												
Interest income (expense), net	(156)	(159)	(310)	(219)	(36)	(61)	(88)	(57)	(242)	(250)	(250)												
Income (loss) before taxes	873	1,182	1,374	1,549	421	440	446	440	1,747	1,592	1,650	14.1%	35.4%	16.2%	12.7%	-9.4%	16.8%	28.9%	21.9%	12.8%	-8.9%	3.7%	6.9%
Income taxes	314	309	389	367	107	112	114	94	427	382	380												
Tax rate	36.0%	26.1%	28.3%	23.7%	25.4%	25.4%	25.6%	21.4%	24.4%	24.0%	23.0%												
<b>Net income (loss)</b>	<b>559</b>	<b>873</b>	<b>985</b>	<b>1,182</b>	<b>314</b>	<b>328</b>	<b>332</b>	<b>346</b>	<b>1,320</b>	<b>1,210</b>	<b>1,271</b>	5.3%	56.2%	12.8%	20.0%	-8.4%	18.5%	14.9%	26.7%	11.7%	-8.4%	5.1%	7.8%
% of revenue	9.9%	14.4%	15.3%	18.2%	19.9%	19.4%	19.2%	20.0%	19.6%	20.1%	21.2%												
<b>Earnings per share:</b>																							
<b>Operating EPS</b>	<b>₪ 5.73</b>	<b>₪ 8.87</b>	<b>₪ 9.93</b>	<b>₪ 11.90</b>	<b>₪ 3.16</b>	<b>₪ 3.30</b>	<b>₪ 3.34</b>	<b>₪ 3.48</b>	<b>₪ 13.28</b>	<b>₪ 12.16</b>	<b>₪ 12.77</b>	5.3%	54.7%	12.0%	19.8%	-8.5%	18.3%	14.7%	26.5%	11.6%	-8.5%	5.1%	7.6%
Avg. diluted shares outstanding	97.5	98.4	99.2	99.3	99.3	99.4	99.4	99.5	99.4	99.5	99.5												

Source: Company Reports & Oppenheimer estimates

## Important Disclosures

**Analyst Certification** - The author certifies that this research report accurately states his/her personal views about the subject securities, which are reflected in the ratings as well as in the substance of this report. The author certifies that no part of his/her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. Potential Conflicts of Interest: Equity research analysts employed by Oppenheimer & Co. Inc. are compensated from revenues generated by the firm including the Oppenheimer & Co. Inc. Investment Banking Department. Research analysts do not receive compensation based upon revenues from specific investment banking transactions. Oppenheimer & Co. Inc. generally prohibits any research analyst and any member of his or her household from executing trades in the securities of a company that such research analyst covers. Additionally, Oppenheimer & Co. Inc. generally prohibits any research analyst from serving as an officer, director or advisory board member of a company that such analyst covers. In addition to 1% ownership positions in covered companies that are required to be specifically disclosed in this report, Oppenheimer & Co. Inc. may have a long position of less than 1% or a short position or deal as principal in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. Recipients of this report are advised that any or all of the foregoing arrangements, as well as more specific disclosures set forth below, may at times give rise to potential conflicts of interest. averages or stocks within its particular industry sector.

### **Oppenheimer & Co. Inc. Rating System as of January 14th, 2008:**

**Outperform (O)** - Stock expected to outperform the S&P 500 within the next 12-18 months.

**Perform (P)** - Stock expected to perform in line with the S&P 500 within the next 12-18 months.

**Underperform (U)** - Stock expected to underperform the S&P 500 within the next 12-18 months.

**Not Rated (NR)** - Oppenheimer & Co. Inc. does not maintain coverage of the stock or is restricted from doing so due to a potential conflict of interest.

### **Oppenheimer & Co. Inc. Rating System prior to January 14th, 2008:**

**Buy** - anticipates appreciation of 10% or more within the next 12 months, and/or a total return of 10% including dividend payments, and/or the ability of the shares to perform better than the leading stock market averages or stocks within its particular industry sector.

**Neutral** - anticipates that the shares will trade at or near their current price and generally in line with the leading market averages due to a perceived absence of strong dynamics that would cause volatility either to the upside or downside, and/or will perform less well than higher rated companies within its peer group. Our readers should be aware that when a rating change occurs to Neutral from Buy, aggressive trading accounts might decide to liquidate their positions to employ the funds elsewhere.

**Sell** - anticipates that the shares will depreciate 10% or more in price within the next 12 months, due to fundamental weakness perceived in the company or for valuation reasons, or are expected to perform significantly worse than equities within the peer group.

### **Additional Information Available**

<http://www.opco.com>

For more information about target price and rating histories, please write to Oppenheimer & Co. Inc., 125 Broad St., 13th Fl., New York, NY 10004, Attention: Research Disclosure

## Other Disclosures

This report is issued and approved for distribution by Oppenheimer & Co. Inc., a member of the New York Stock Exchange ("NYSE"), NASD and SIPC. This report is provided, for informational purposes only, to institutional and retail investor clients of Oppenheimer & Co. Inc. and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. The securities mentioned in this report may not be suitable for all types of investors. This report does not take into account the investment objectives, financial situation or specific needs of any particular client of Oppenheimer & Co. Inc. Recipients should consider this report as only a single factor in making an investment decision and should not rely solely on investment recommendations contained herein, if any, as a substitution for the exercise of independent judgment of the merits and risks of investments. The analyst writing the report is not a person or company with actual, implied or apparent authority to act on behalf of any issuer mentioned in the report. Before making an investment decision with respect to any security recommended in this report, the recipient should consider whether such recommendation is appropriate given the recipient's particular investment needs, objectives and financial circumstances. We recommend that investors independently evaluate particular investments and strategies, and encourage investors to seek the advice of a financial advisor. Oppenheimer & Co. Inc. will not treat non-client recipients as its clients solely by virtue of their receiving this report. Past performance is not a guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance of any security mentioned in this report. The price of the securities mentioned in this report and the income they produce may fluctuate and/or be adversely affected by exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Oppenheimer & Co. Inc. accepts no liability for any loss arising from the use of information contained in this report, except to the extent that liability may arise under specific statutes or regulations applicable to Oppenheimer & Co. Inc. All information, opinions and statistical data contained in this report were obtained or derived from public sources believed to be reliable, but Oppenheimer & Co. Inc. does not represent that any such information, opinion or statistical data is accurate or complete (with the exception of information contained in the Important Disclosures section of this report provided by Oppenheimer & Co. Inc. or individual research analysts), and they should not be relied upon as such. All estimates, opinions and recommendations expressed herein constitute judgments as of the date of this report and are subject to change without notice. Nothing in this report constitutes legal, accounting or tax advice. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice on the tax consequences of investments. As with any investment having potential tax implications, clients should consult with their own independent tax adviser. This report may provide addresses of, or contain hyperlinks to, Internet web sites. Oppenheimer & Co. Inc. has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

This report or any portion hereof may not be reprinted, sold, or redistributed without the written consent of Oppenheimer & Co. Inc. Copyright © Oppenheimer & Co. Inc. 2011.



### **Oppenheimer & Co. Inc.**

125 Broad Street  
New York, NY 10004  
(212) 668-8000

### **Institutional Sales**

#### ***New York***

(800) 221-5588  
(212) 668-8991

#### ***Atlanta***

(800) 554-1386  
(404) 262-5302

#### ***Boston***

(800) 470-2750  
(617) 428-5544

#### ***Kansas City***

(866) 377-3304  
(816) 932-7021

#### ***Chicago***

(800) 621-2103  
(312) 360-5943

#### ***San Francisco***

(800) 820-6726  
(415) 438-3000

#### ***Houston***

(800) 231-7509  
(713) 650-2000

### **Institutional Trading**

#### ***New York***

(800) 533-8987  
(212) 668-8091

#### ***Boston***

(800) 470-2750  
(617) 428-5551

#### ***Dallas***

(866) 618-5927  
(972) 450-3844

#### ***San Francisco***

(888) 693-9333