

This Analysis provides a discussion of the factors underpinning the credit rating

## Egyptian Cement Company S.A.E

### Ratings and Contacts

Category	Current Rating	Previous Rating*	Analyst	Phone
Entity Rating: Senior Unsecured	<b>A</b>	A	Marwa E. Mohamed Ezzat – Egypt <a href="mailto:marwa.ezzat@merisratings.com">marwa.ezzat@merisratings.com</a>	+202 749 5616
Bond Rating: Senior Secured Debt	<b>A+</b>	A+	Mohamed Abbakar Abdallah <a href="mailto:mabdallah@merisratings.com">mabdallah@merisratings.com</a>	+202 749 5616
Rating Outlook	<b>Positive</b>	Stable	Yasser El-Kholy <a href="mailto:yelkholy@merisratings.com">yelkholy@merisratings.com</a>	+202 749 5616

\* Rated by other than MERIS

### Operating Statistics

Figures in EGP mn	FY05	FY04	FY03	FY02
AROA (%)	25.3	20.7	10.0	16.0
AROE (%)	43.5	34.1	19.2	33.1
Operating Margin (%)	52.1	50.3	40.9	41.6
EBITDA	1,211.5	972.0	623.5	530.7
EBITDA Margin (%)	59.6	60.5	54.1	56.1

### Financials Statistics:

Figures in EGP mn	FY05	FY04	FY03	FY02
Turnover	2,034.3	1,607.9	1,151.6	946.5
Total Assets	4,137.7	3461.2	3,075.4	3,042.9
Debt/EBITDA (x)	0.8	1.0	1.9	2.3
EBIT/ Interest Ex. (x)	12.6	6.2	3.1	3.2
Interest Coverage (x)	12.7	6.4	3.2	3.1

### Opportunities/Strengths

- Dominant market position in the local market, in addition to the presence in regional/ international markets.
- Strong international shareholders, along with a high caliber management team with a good experience in the industry.
- Solid reputation, associated with a well known brand.
- Trading agreement with major shareholders mitigates the risk of fluctuation in marketing/demand in international markets.
- Relatively strong and stable financial profile.

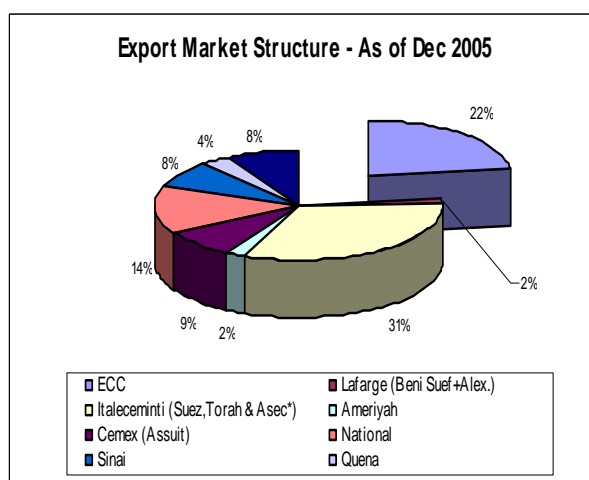
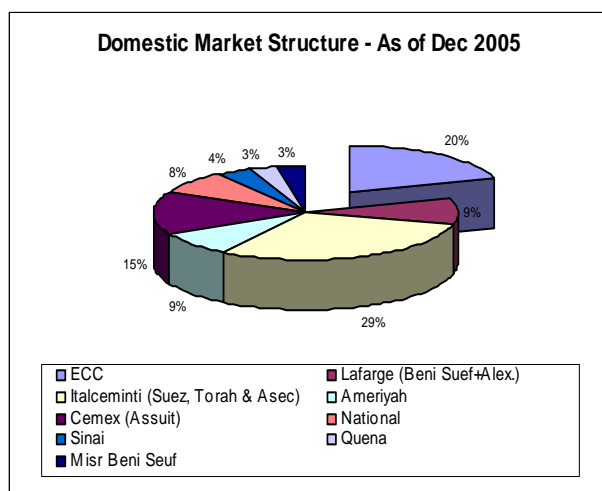
### Risks/Weaknesses

- Company reached almost full utilization capacity, which might constrain the organic growth capabilities.
- Subject to volatility of the domestic industry, which may create negative pressure on the company's margins.
- Industry exposed to the overall macroeconomic conditions; however, export sales counterbalance this challenge to some extent.
- Facilities/production expansion in Gulf countries, consequently intensifying competition; nonetheless, the strategic agreement with shareholders relieves these burdens.

## Company Fundamentals

The Egyptian Cement Company (ECC) was formed in 1996 as the first private sector cement company in Egypt. The company's plant is located in Ain El Sokhna – 45 km from El Sokhna Port. ECC operates four production facilities with the most sophisticated dry process technology, producing a combined total of around 8.0 mn ton of cement per annum, up from 1.7 mn tons in 1998 (based on the operation of only one line of production). ECC manufactures several types of cement (i.e. Ordinary Portland Cement (OPC), Sulphate Portland Cement (SPC), and others). Currently, the company is upgrading its production facilities to reach 8.7mn ton per annum - cement production - by 2007 (FY05: 7.5mn tons, FY04: 6.4mn tons), to meet the increase in demand.

As the graph below illustrates, ECC is the second largest cement producer in Egypt, with around 20% market share in 2005. In terms of export sales, the company is by far the largest exporter of cement in Egypt accounting for 23% of export sales, exporting around 2.0 mn tons in FY05.



Source: ECC

\* The majority of ASEC export sales – approx 70% of Interlacement group export sales- are clinker

## Management Strategy

ECC is pursuing a strategy to maintain its dominant position in the domestic cement market, while maintaining its strong presence in the regional/international markets. Based on management's assumptions, the outlook for the local industry is promising; as such they intend to focus primarily on fulfilling the local market needs, and then direct the excess capacity to export market.

According to management, ECC will further penetrate the domestic market capitalizing on its main competitive advantages, namely: the strong brand name "EL MASREYA"; and the high and consistent quality product. Moreover, the company enjoys strong logistic capabilities, backed by a strong regional coverage and an extensive distribution network composed of 24 loading stations for bagged and bulk cement, in addition to 90 trucks with huge vessels. It also implements an appropriate loading system to ensure prompt and timely delivery of cement to its customers. All of these factors widen the company's customer base and give it an edge compared to peers, which were reflected into higher rates of returns and margins. With regard to export sales, proximity is a key factor; hence, the plant is very well located near one of the main export terminals in Egypt (Skhona port), which facilitates the shipment process and reduces the delivery time. At present, "Orascom Construction Industries (OCI)" – the parent company – is constructing a new storage and loading terminal in Damietta Port, consisting of four silos with a combined capacity of 24 thousand tons. ECC will have the privilege of using these facilities, which will give ECC room to penetrate new export markets.

## Key Rating Considerations

### BUSINESS RISK FACTORS

#### ***To Maintain its Dominant Position in Egypt, with a Strong Presence in the Export Markets***

As mentioned earlier, the company manufactures different types of cement products with a superior and consistent quality to meet both local and export market requirements. According to management, ECC will maintain a dominant position in its core markets in Egypt, mainly in Delta and Upper Egypt, while preserving its presence in the other markets leveraging on its strong brand name, high quality products, and low cost base. The strong shareholding structure, along with the solid track record, plays a vital role in ECC's competitive position. This is in addition to economies of scale, state-of-the-art technology and the strong logistics capabilities. It is worth mentioning that the company offers different packages to cater for the needs of all destinations. Distributors account for more than 80% of local sales – the top ten customers represent less than 20% of the local sales - while retailers and contractors account for the balance.

ECC has reached full utilization capacity; nonetheless, in light of the upgrading plan which is underway, the company will be able to increase clinker production from 6.5 mn ton per annum in 2004, to 8.4 mn ton in 2009, which is translated into approx. 9.4 mn tons of cement production. We foresee that this project, coupled with the By Pass Treatment, will give ECC reasonable room to sustain its position in the market.

In terms of the export markets, ECC has been active in Sudan and Yemen - capitalizing on the shareholders presence in these two countries - in addition to other countries like Iraq, Syria, Nigeria, Spain and Italy. The USA market is also a key market for ECC where it holds a good track record. It is worth mentioning that ECC is amongst the few companies producing according to the American, British and European Standards, which accordingly widens its international trading profile. Going forward, in mid year 2005, ECC entered into trading agreements with its major shareholders to conduct export activities through their trading partners on an arm's length basis. In **MERIS's** view, this will secure solid and continuous presence in international markets.

#### ***Strong Shareholding Structure, Coupled by the Trading Agreement, which Supports the Overall Business Operation***

Among ECC's major shareholders is "Orascom Construction Industries Group (OCI)" (53.7%), one of the region's largest private sector construction and cement companies. In 2005, the group's combined cement production capacity stood at 15 mn tons per annum, which is anticipated to reach 31 mn tons during 2007 and a consolidated total revenue of EGP 11.4bn as of December 2005 (OCI has an AA entity rating assigned by **MERIS** in 2005). The second largest majority is "Holcim" the second largest cement producer in the world, with a 43.7% stake. The latter is considered one of the global cement industry leaders with net sales of approx US\$ 23bn and a production capacity of 160mn tons in FY05, and presence in 70 countries. This solid and long track record has been reflected in strong and efficient technical support conveyed to ECC through a technical assistance agreement, which ensures technical support, access to training and R&D programs. Furthermore, in mid 2005, ECC entered into a renewable trading agreement with both OCI's and Holcim's trading arms, according to which ECC will accomplish all its export activities through them against a fixed spread (US\$ 1 per ton). This agreement covers mainly cement products, while for clinker sales they are accomplished on a case by case basis. Although this contract bears a concentration risk, **MERIS** views it positively, as it mitigates the company's vulnerability to fluctuations in demand in international markets.

#### ***Expansion in Nigerian Market through a Green Field Project may Strengthen ECC's Profitability***

In 2005, ECC has entered into a joint venture with "Flour Mills for Nigeria Ltd. (FMN)" to establish "United Cement Company of Nigeria (UNICEM)" - 70% owned by ECC - a greenfield cement project based in Nigeria. FMN is a well established conglomerate company with an exposure as a cement importer and distributor, with in-depth knowledge of Nigeria with approx. 50 years of track record. The plant is anticipated to have an annual production capacity of 2.5mn ton. According to management, the plant capacity will replace imports coming into the Nigerian markets. At the same time, maintaining EBITDA margins within 50% range. The total investment cost of the project is US\$ 430mn, and it is anticipated to be operational by the end of 2007. Management will finance this investment through a mix (40:60) of internal and external resources. UNICEM has signed a medium term financing agreement equivalent to US\$ 205mn, with several International and Nigerian Banks. This loan is non-recourse to shareholders.

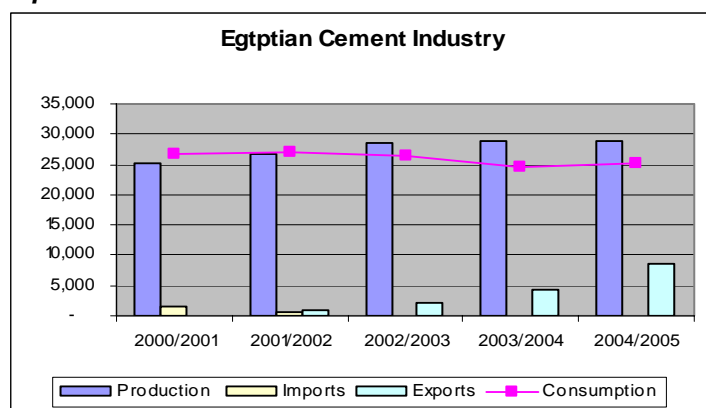
Nigeria is the second largest importer of cement in the world, consuming on average 7mn per annum, 70% of which is imported. At present, there are eight cement producers (designed production capacity of 5.5mn tons per annum) in Nigeria, three of which are in-operative, reducing effective total capacity to 4.0mn ton per annum. In addition there are another two importers. Going forward, two more projects are expected to come on stream in the short-medium term (including UNICEM). Nevertheless, the increase in capacity is not expected to substantially affect the level of competition. The cement prices in Nigeria vary by location with an average of US\$ 100/ton range. In **MERIS** view, the potential of the Nigerian market is considered high benefiting from the under developed characteristics of the market, which gives room for high growth rates; consequently enhancing ECC's bottom line.

**Efficient Operating Cost System and Strong Logistics Capabilities, Reflected into Better Operating Margins**

ECC is among the most efficient cement producers worldwide, utilizing the latest manufacturing technology and operating environmentally-friendly production facilities in the region. Furthermore, and according to Holcim technical reviews (Key Performance Indicators), ECC is considered one of the best operating companies among the whole Group, in terms of production efficiency and labor productivity. In line with management strategy to maintain operating efficiency, ECC is currently working on a number of projects, which are anticipated to have a positive impact on the overall operations, including:

- ECC has accomplished the de-bottlenecking scheme, as it upgraded the mills facilities. In light of this enhancement the company will be able to increase utilization rates gradually to over 120% of the designed capacity - initial capacity used to be 4,300 tons/day - increased to 5,200 tons/day, with another projection to reach to 5,500 tons/day. Currently, the company has completed upgrading the first three production lines, while the fourth one is due to be completed by 2007. The total investment cost of this project is around EGP 120mn, financed from cash generated from operations.
- The other project is a new “By-Pass Treatment” production line, which is expected to commence operation in mid-2006 and is anticipated to add another 1.5mn ton per annum. The investment cost of this project is approx. EGP500mn, financed from internal resources. The project will recycle the by-pass dust generated from the production facilities, which will lower the plant overall by-pass dust by almost 60%. At the same time, it will reduce the consumption of energy and electricity per ton, which would result in increasing the production capacity by 20%.
- At the same time, ECC has successfully launched its “Alternative Fuel and Raw Material Program (AFR)”, in order to improve their cost structure. According to this scheme, the company will dispose of the waste fuel oil and contaminated oil in one of its cement kilns. As such, the waste material will act as an alternative fuel source, reducing the amount of fuel/natural gas needed in the production cycle and accordingly, reduce operating cost. The company will apply this technology in two production lines with a combined investment cost equivalent to EGP 7.5mn. According to management, the outcome of this project will be net saving of an EGP 1.0/ton.

**Although the Company is Exposed to the Construction Sector Volatility, the Overall Business has Improved**



Source: Ministry of Foreign Trade

Overview and Outlook: The Egyptian cement industry has passed through many turning points during the last years. In terms of cement trading balance, Egypt used to be net importer country; however, starting from year 2002, it shifted to be more export oriented, capitalizing on its competitive advantages, such as the availability of raw materials, cheap labor, in addition to the country's attractive geographical location, which is reflected in lower transportation cost. With equal note, the domestic cement industry used to be controlled by the government sector companies. Since mid 1990's, these dynamics have been changed. Currently, the Egyptian cement industry consists of twelve

players; with a total annual capacity of 37.4 mn ton in 2005, anticipated to reach 38.7mn ton in year 2008.

The majority (approximately 70%) is partially or wholly owned by global cement players (i.e. Holcim, Cemex, Lafarge, Italcementi ... etc), which resulted in the application of more sophisticated technology, and accordingly, higher production volumes. Nonetheless, slowdown in the economy and the oversupply has adversely affected the pricing mechanism, which resulted in a price war between domestic players (price per ton dropped to reach EGP 110/ton in early 2003, down from EGP 200/ton in 2000). However, prices have significantly improved since then to reach on average of EGP 220/ton level driven by high export opportunity cost and pricing.

On the other hand, cement business is positively co-related to the cyclicity of the construction sector in specific, and the overall macro-economic conditions in general. Nonetheless, the company's export sales (on average 25% of total sales) have mitigated the effect of this threat. Therefore, ECC's operating margins have improved in the last years. Going forward, the outlook for the local industry is promising; the key growth engine of the industry will be the latest recovery in the overall macroeconomic conditions, especially in light of the increase in the government spending on infrastructure projects/mega-projects. Furthermore, there are a number of factors closely correlated to the local cement industry and are foreseen to support the industry, including the implementation of the mortgage law which is expected to increase demand for housing/real estate sector, as well as the stability in the local steel prices, which generally increases the demand for cement. According to industry estimates, local demand is anticipated to increase on aggregate by around 10% over the coming three years (between 2005 and 2008), which will come at the expense of the export sales.

Expansion in the Region: The construction industry in Gulf countries has been growing over the last years, as a result of the strong macro economy, coupled with the high oil and gas prices. Consumption is expected to grow by around 40% over the coming two years. (The combined production capacities stand at approx. 43mn tons per annum in 2005, projected to jump to 70 mn tons per annum in 2008). Currently, many countries in the Gulf are upgrading/adding new cement capacities (around 20mn added capacities between Saudi Arabia (SA) and United Arab of Emirates (UAE) only) to fulfill the shortage in demand. These investments are scheduled to be operational within the coming two years. Accordingly, this will imply an increase in self sufficiency compared to the current deficit status. Despite the fact that this extensive expansion is projected to gradually hinder the Egyptian cement export sales (around 20% of Egypt's export sales is directed to MENA region), **MERIS** does not foresee this threat as significant, in light of the fact that the Egyptian cement is considered relatively cheap compared to the average export selling prices (Egypt: US\$ 50/ton, Turkey: US\$ 90/ton, SA: US\$ 80/ton, Sudan: US\$ 200/ton, UAE: US\$ 100/ton, Libya: US\$ 100/ton). For ECC in particular, the strategic trading agreement with major shareholders will protect the company from the negative impact; however, it could indirectly be affected through the fluctuation in cement selling prices.

## FINANCIAL RISK FACTORS

### Revenue Improvements Driven by Growth in Both Volume and Values

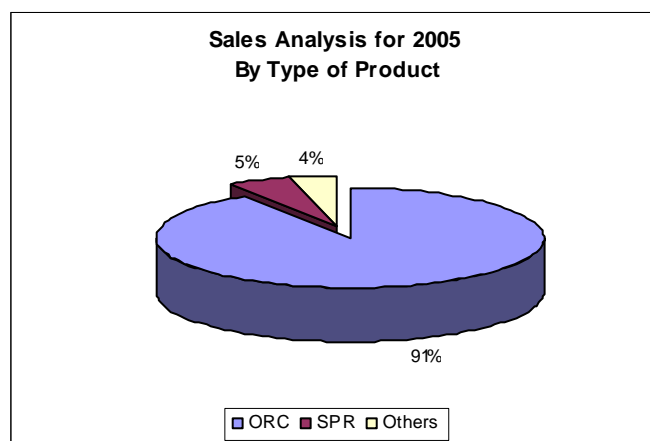
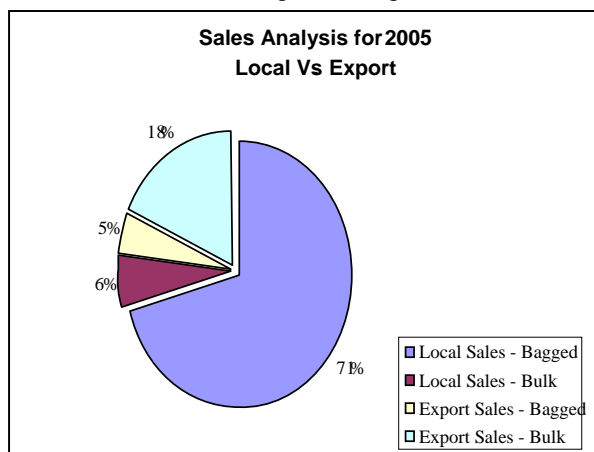
Since inception, ECC has witnessed a consistent increase in turnover with EBITDA figures peaking in FY05. The improvement in performance was supported by higher production volumes (from 6.4mn tons in FY03, to 7.5mn tons in FY05) coupled with the increase in selling prices in both local and export markets over the last three years; a practice which **MERIS** anticipates to continue in the future. Margins have shown an upward trend over the last years, due to the cost efficient programs which the company applies, in addition to the increase in selling prices. It is of note that ECC operating performance as measured by EBITDA margins is considered above the industry norms (ECC: above 55% range, Industry norms: within 40% range).

Figure 2: Revenue and Profitability

Figures in EGP mn	FY05	FY04	FY03	FY02
Total Sales	2,034.3	1,607.9	1,151.6	946.5
Growth (%)	26.5	39.6	21.7	15.2
EBITDA	1,211.5	972.0	623.5	530.7
EBITDA Margin (%)	59.6	60.5	54.1	56.1
Operating Profit	1,059.3	808.2	470.7	393.3
Operating Profit Margin (%)	52.1	50.3	40.9	41.6
Interest Expense	(84.3)	(129.6)	(151.4)	(122.4)
Interest Income	16.2	4.1	0.4	1.9
Net Income Margin (%)	47.3	42.1	26.6	25.8

As the graphs below illustrate, domestic operations contributed to more than 75% of the total sales in FY05. Furthermore, bagged cement comprised the majority of local sales figures (EGP 994.8mn, out of EGP

1,098.5mn). As for export sales, bulk shipments accounted for 80% of total export sales in FY05. As mentioned earlier, ECC intends to cut back export sales in order to cater for the increase in demand in local demand. As such export sales as a percentage of total sales will decline over the coming years; taking into consideration that the difference between export and local selling prices is projected to be narrowed starting from next year, in favor of the local prices. In terms of type of production, ORC remains the largest contributor to revenue, generating more than 90% of total revenue in FY05.



Going forward, management has projected the pace for revenue growth rates to slow to 16% starting from 2007, as a result of limited production capacity. Despite the anticipated decline in profitability growth rates, the company managed to sustain operating margins at the same levels. As such, management has adopted a more efficient cost saving approach, coupled with the expected increase in prices.

**Significant Increase in EBITDA Figures, Nonetheless, Cash Generating Ability Has Been Hampered**

**Figure 3: Cash Flow & Coverages**

Figures in EGP mn	FY05	FY04	FY03	FY02
EBITDA	1,211.5	972.0	623.5	530.7
Working Capital	(50.0)	(66.4)	(100.9)	(179.6)
Net Interest (Paid)/Received	(68.1)	(125.5)	(151.0)	(120.5)
CAPEX	(408.9)	(44.0)	(86.9)	(114.6)
Investments (Sh. & Long term)	(671.4)	0.0	0.0	0.0
Dividends Paid	(300.0)	(121.8)	(40.6)	0.0
Net Free Cash Flow	(286.9)	614.3	244.1	116.1
Retained Cash Flow (RCF)	815.3	718.1	418.2	381.6
RCF/Capex (x)	2.0	16.3	4.8	3.3
EBITDA / Interest Expenses (X)	14.4	7.5	4.1	4.3
Dividend Payout Ratio (%)	31.0	18.0	13.0	0.0

ECC has succeeded in reporting positive cash flow for the last three years, mainly due to the improvement in the company's overall performance, which was reflected in continued increase in EBITDA figures. Nonetheless, in FY05 the company's cash generating ability was impacted by the high cash outflow, mainly due to capex requirements associated with the de-bottlenecking and the by-pass projects, but also to the new

investments and dividends distribution. With regards to investment expenditure, the majority of this outflow is related to UNICEM investment (around EGP 250mn), while the remaining balance is related to short term investments in capital markets – mainly investments in mutual funds. In **MERIS** view, the cash generating ability will recover over the coming two years; hence it is anticipated that the company will accomplish the remaining portion of the capex and investment plans during 2006.

**Dividend Policy:** the company distributed dividends for the first time in year 2003. According to management the distribution policy will depend on the capital requirement and the covenant constraints.

ECC has reported healthy and strong coverage ratios measured in terms of EBITDA/interest expense, peaking in FY05, as a result of the significant improvement in EBITDA figures, coupled with the decrease in interest expenses.

## Debt Structure:

**Figure 4: Financial Leverage**

Figures in EGP mn	FY05	FY04	FY03	FY02
Short-term Debt	25.3	17.1	265.5	204.3
Long-term Debt	989.7	980.1	916.1	1,028.6
Total Financial Debt	1,015.0	997.2	1,181.6	1,232.9
Cash and Cash Equivalent	(180.3)	(480.2)	(56.4)	(28.0)
Net Financial Debt	834.7	517.0	1,125.2	1,204.9
<i>Debt Adjustments:</i>				
Capital commitments & contingent L.	290.1	86.2	21.8	22.0
Others (management fees)	29.3	21.9	16.1	14.2
Adjusted Debts	1,334.6	1,105.3	1,219.5	1,415.1
Equity	2,184.1	2,247.4	1,717.8	1,475.4
Net Financial Debt/ EBITDA (x)	0.7	0.5	1.8	2.3
Adjusted Debt to Capitalization (x)	41.7	34.1	42.1	52.3
RCF / Net Financial Debt (x)	1.0	1.4	0.4	0.3

The company's debt and liabilities profile is considered well spread. As of December 2005, total debt is equivalent to approx. EGP 1.0 bn, more than 95% of which is long term in nature, containing bonds, leasing installments and tax obligations. During the past two years, the company has been in an expansion mode, nonetheless, the debt and liquidity structure is considered strong. Liquidity is further supported by a high level of unutilized credit facilities granted from seven local banks, with a total lines equivalent to EGP 1.0bn as of December 2005.

### Issued Bond:

In 2004, ECC tapped the domestic capital market for the second time, through its six and half years, non-convertible, secured bond, which was issued mainly to replace the first issuance. The bond was equivalent to EGP one bn, divided into two equal tranches: the first one bears a fixed coupon rate of 11.75%, to be paid semi-annually, while the second tranche is equivalent to US\$ 80mn, with a floating interest rate of 1.5% over LIBOR, to be paid every six months too. The issue is secured by a commercial and real estate mortgage for all the company's land, building and plant facilities for the third and fourth lines of production. The company has the right to gradually redeem the bond or to exercise the call option clause starting from the beginning of the third year. Under the terms and conditions of the bond agreement, key covenants include: total liabilities to net worth ratio at 1.5:1.0 level; debt service ratio – as measured by EBITDA over current portion of long term debt and interest expenses – not to fall below 1.25:1.0; in addition to interest coverage ratio (EBITDA/interest expenses) not to fall below 3.0:1.0. As of December 2005 financials, ECC is exceeding by far all the above covenants.

### Significant Improvement in Debt Protection Ratios

The company's credit metrics measured by debt to equity ratio has been improving notably since year 2002. Although it dropped slightly this year (FY05: 46.5%, FY04: 44.4%), due to the increase in long term deferred taxes, the company remained under-leveraged. Debt protection ratios have also witnessed remarkable improvement during the last two years, backed by growth in EBITDA figures.

## **Rating Outlook**

The fundamental factors supporting the positive outlook are the continuous improvement in the company's position, in addition to the expected cash generated from investment in Nigeria, which will enhance ECC's cash position.

## **What Could Change the Rating - UP**

Continuous improvement in the overall performance. Furthermore, the cash flow generated from Nigerian investment will enhance ECC's cash position.

## **What Could Change the Rating - DOWN**

Inability to maintain a leading market position; deterioration in the macroeconomic conditions, coupled by unpredicted changes in the local industry fundamentals.

## Annex 2: Financial Summary

Figures in EGP mn	<u>31/12/2005</u>	<u>31/12/2004</u>	<u>31/12/2003</u>	<u>31/12/2002</u>
<b>Income Statement</b>				
Turnover	2,034.3	1,607.9	1,151.6	946.5
Growth Profit Margin (%)	55.1	53.6	45.0	58.0
EBITDA	1,211.5	972.0	623.5	530.7
EBIT	1,059.3	808.2	470.7	393.3
Interest Expenses	(84.3)	(129.6)	(151.4)	(122.4)
Net Income	963.1	676.2	306.1	244.2
<b>Balance Sheet</b>				
Cash and Equivalents	180.3	480.2	56.4	28.0
Total Assets	4,137.7	3,461.2	3,075.4	3,042.9
Short-Term Debt	25.3	17.1	265.5	204.3
Long-Term Debt	989.7	980.1	916.1	1028.6
Total Debt	1,015.0	997.2	1,181.6	1,232.9
Common Equity	812.0	812.0	812.0	812.0
Net Worth	2,184.1	2,247.4	1,717.8	1,475.4
<b>Profitability Ratios</b>				
Average Return on Assets (%)	25.3	20.7	10.0	16.0
Average Return on Equity (%)	43.5	34.1	19.2	33.1
EBITDA Margin (%)	59.6	60.5	54.1	56.1
Net Profit Margin (%)	47.3	42.1	26.6	25.8
<b>Liquidity Ratio</b>				
Cash & Cash Equivalent/Total Assets (%)	4.4	13.9	1.8	0.9
Cash & Cash Equivalent/C. Liabilities (%)	18.7	205.5	12.8	5.2
<b>Coverage Ratios</b>				
EBITDA/Interest Expense (x)	14.4	7.5	4.1	4.3
Net Debt/EBITDA (x)	0.7	0.5	1.8	2.3
Net Debt/Equity (x)	0.5	0.4	0.7	0.8

© Copyright 2006, ("MERIS") Middle East Rating and Investors Service. All rights reserved. **ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MERIS PRIOR WRITTEN CONSENT.** All information contained herein is obtained by MERIS from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MERIS, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MERIS have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MERIS or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MERIS is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. **NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MERIS IN ANY FORM OR MANNER WHATSOEVER.** Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.