BEFORE THE
STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of

Case 07-M-0906

Joint Petition of Iberdrola, S.A., Energy East Corporation, RGS Energy Group, Inc., Green Acquisition Capital, Inc., New York State Electric & Gas Corporation and Rochester Gas and Electric Corporation for Approval of the Acquisition of Energy East Corporation by Iberdrola, S.A.

January 2008

Exhibit____(Policy Panel - 24)

Stocks, Bonds, Bills, and Inflation

Market Results for 1926–2006

2007 Yearbook
Classic Edition

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The Debate over Future Stock Market Returns

The impressive performance of the stock market over the last two decades and the resultant increase in investor expectations have spurred numerous articles that call attention to the historical market return and caution investors about their overly optimistic expectations. The articles point to the recent stock market performance which was well below its historical average, while the bond market, on the contrary, has performed quite well. In fact, many studies are predicting stock returns that are much lower when compared to the historical average. A few even predict that stocks won't outperform bonds in the future.

Approaches to Calculating the Equity Risk Premium

The expected return on stocks over bonds, the equity risk premium, has been estimated by a number of authors who have utilized a variety of different approaches. Such studies can be categorized into four groups based on the approaches they have taken. The first group of studies derive the equity risk premium from historical returns between stocks and bonds. Supply side models, using fundamental information such as earnings, dividends, or overall productivity, are used by the second group to measure the expected equity risk premium. A third group adopts demand side models that derive the expected returns of equities through the payoff demanded by equity investors for bearing the additional risk. The opinions of financial professionals through broad surveys are relied upon by the fourth and final group.

This section is based upon the work by Roger G. Ibbotson and Peng Chen, who combined the first and second approaches to arrive at their forecast of the equity risk premium.[7] By proposing a new supply side methodology, the Ibbotson-Chen study challenges current arguments that future returns on stocks over bonds will be negative or close to zero. The results affirm the relationship between the stock market and the overall economy.

Supply Model

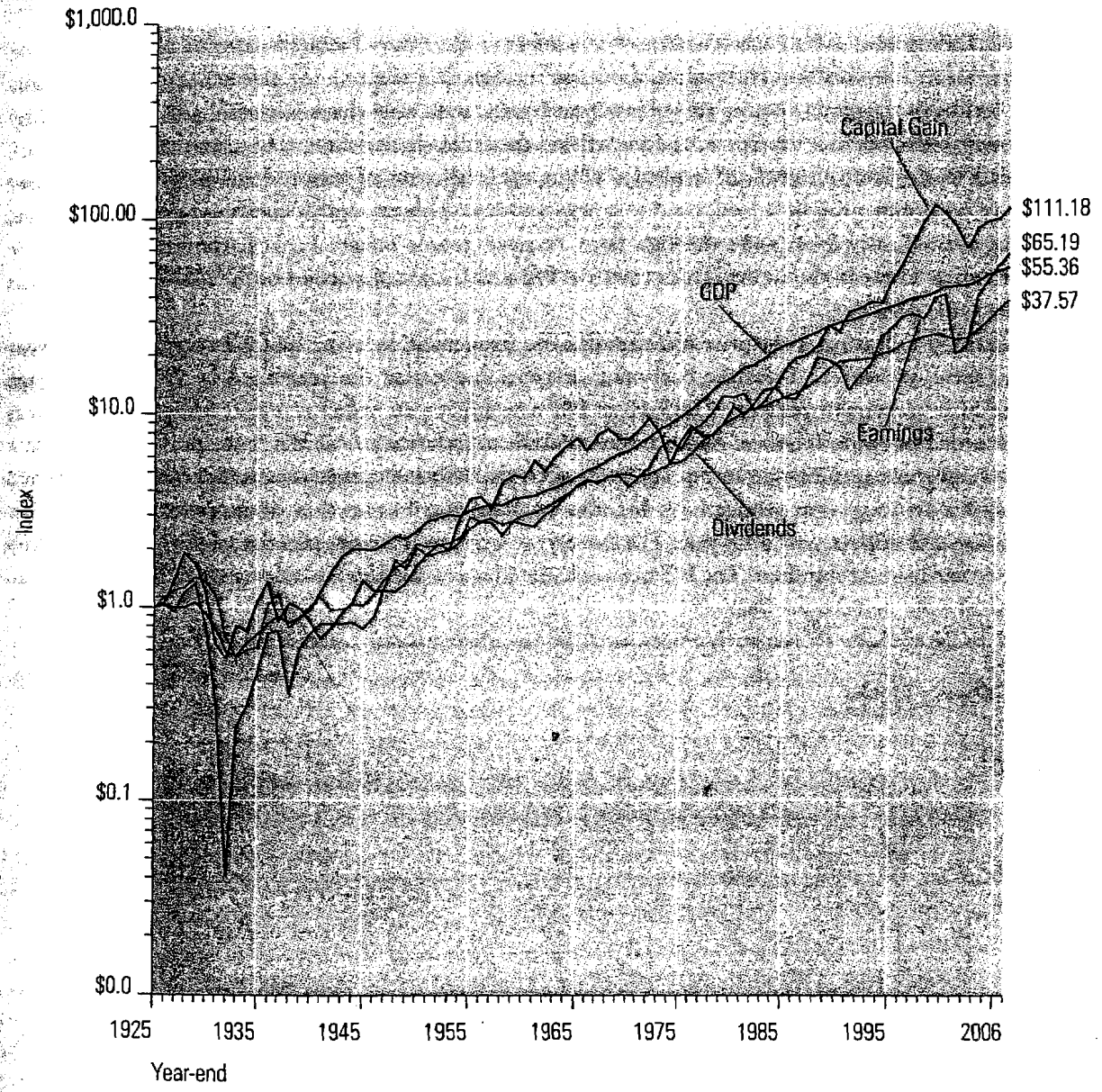
Long-term expected equity returns can be forecasted by the use of supply side models. The supply of stock market returns is generated by the productivity of the corporations in the real economy. Investors should not expect a much higher or lower return than that produced by the companies in the real economy. Thus, over the long run, equity return should be close to the long-run supply estimate.

Earnings, dividends, and capital gains are supplied by corporate productivity. Graph 9-5 illustrates that earnings and dividends have historically grown in tandem with the overall economy (GDP per capita). However, GDP per capita did not outpace the stock market. This is primarily because the P/E ratio increased 1.71 times during the same period. So, assuming that the economy will continue to grow, all three should continue to grow as well.

7 "Long-Run Stock Returns: Participating in the Real Economy," Roger G. Ibbotson and Peng Chen, *Financial Analysts Journal*, January/February 2003.

Graph 9-5
Capital Gains, GDP Per Capita, Earnings, and Dividends
Year-End 1925 = $1.00

from 1925 to 2006



The historical P/E growth factor, using three-year earnings, of 0.63 percent per year is subtracted from the equity forecast, because it is not believed that P/E will continue to increase in the future. The market serves as the cue. The current P/E ratio is the market's best guess for the future of corporate earnings and there is no reason to believe, at this time, that the market will change its mind.

Thus, the supply of equity return only includes inflation, the growth in real earnings per share, and income return. The forward-looking earnings model calculates the long-term supply of U.S. equity returns to be 9.76 percent (difference due to rounding):

$$SR = [(1 + CPI) \times (1 + g_{REPS}) - 1] + Inc + Rinv$$

$$9.76\% = [(1 + 3.03\%) \times (1 + 2.22\%) - 1] + 4.20\% + 0.23\%$$

where:

SR = the supply of the equity return;
CPI = Consumer Price Index (inflation);
g_{REPS} = the growth in real earning per share;
Inc = the income return;
Rinv = the reinvestment return.

The equity risk premium, based on the supply side earnings model, is calculated to be 4.33 percent on a geometric basis:

$$SERP = \frac{1 + SR}{(1 + CPI) \times (1 + RRf)} - 1$$

$$4.33\% = \frac{1 + 9.76\%}{(1 + 3.03\%) \times (1 + 2.08\%)} - 1$$

where:

SERP = the supply side equity risk premium;
SR = the supply of the equity return;
CPI = Consumer Price Index (inflation);
RRf = the real risk-free rate.

Converting the geometric average into an arithmetic average results in an equity risk premium of 6.35%:

$$R_A = R_G + \frac{\sigma^2}{2}$$

$$6.35\% = 4.33\% + \frac{20.08\%^2}{2}$$

where:
R_A = the arithmetic average;
R_G = the geometric average;
σ = the standard deviation of equity returns.

Long-Term Market Predictions

The supply side model estimates that stocks will continue to provide significant returns over the long run, averaging around 9.76 percent per year, assuming historical inflation rates. The equity risk premium, based on the supply side earnings model, is calculated to be 4.33 percent on a geometric basis and 6.35 percent on an arithmetic basis.

In the future, Ibbotson and Chen predict increased earnings growth that will offset lower dividend yields. The fact that earnings will grow as dividend payouts shrink is in line with Miller and Modigliani Theory.

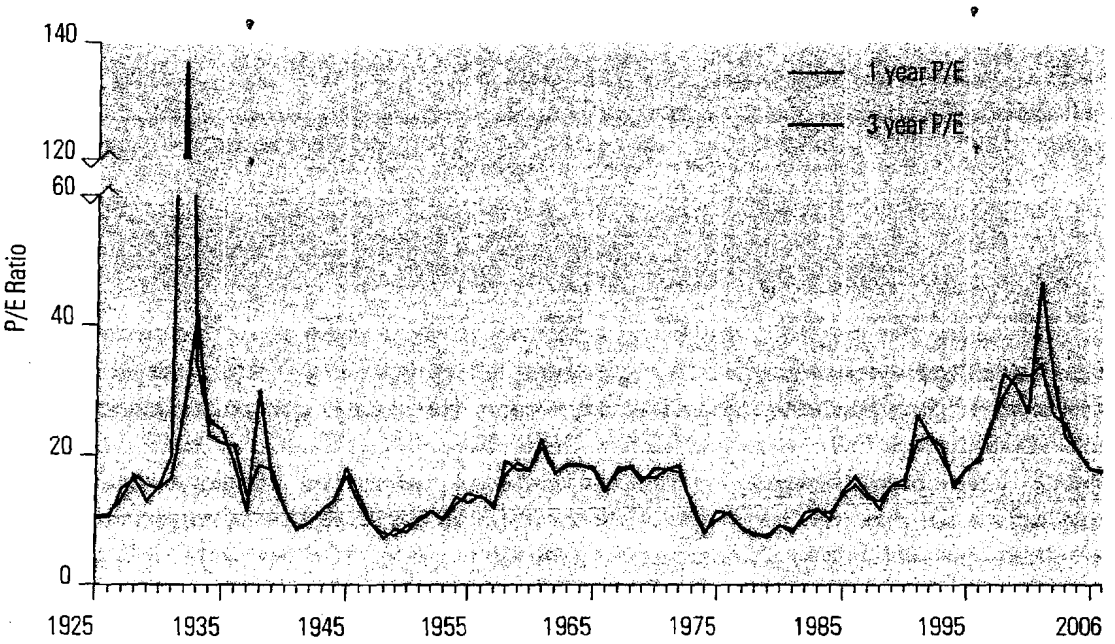
The forecasts for the market are in line with both the historical supply measures of public corporations (i.e. earnings) and overall economic productivity (GDP per capita).

Forward-Looking Earnings Model

Roger G. Ibbotson and Peng Chen forecast the equity risk premium through a supply side model using historical data. They utilized an earnings model as the basis for their suppy side estimate. The earnings model breaks the historical equity return into four pieces, with only three historically being supplied by companies: inflation, income return, and growth in real earnings per share. The growth in the P/E ratio, the fourth piece, is a reflection of investors' changing prediction of future earnings growth. The past supply of corporate growth is forecasted to continue; however, a change in investors' predictions is not. P/E rose dramatically from 1980 through 2001 because people believed that corporate earnings were going to grow faster in the future. This growth in P/E drove a small portion of the rise in equity returns over the same period.

Graph 9-6 illustrates the price to earnings ratio from 1926 to 2006. The P/E ratio, using one-year average earnings, was 10.22 at the beginning of 1926 and ended the year 2006 at 17.43, an average increase of 0.70 percent per year. The highest P/E was 136.52 recorded in 1932, while the lowest was 7.07 recorded in 1948. Ibbotson Associates revised the calculation of the P/E ratio from a one-year to a three-year average earnings for use in equity forecasting. This is because reported earnings are affected not only by the long-term productivity, but also by "one-time" items that do not necessarily have the same consistent impact year after year. The three-year average is more reflective of the long-term trend than the year-by-year numbers. The P/E ratio calculated using the three-year average of earnings had an increase of 0.63 percent per year.

Graph 9-6
Large Company Stocks
P/E Ratio



Merrill Lynch Universe Sector/Industry Factor Evaluation

	# of Comp	% ML Univ	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
Economic Sectors																		
Energy	102	11.75	10.3	9.4	0.9	29.9	0.81	13.4	3.12	1.4	3	6	5	7	5	10.3	8	14
Materials	38	3.38	10.1	12.5	-2.4	32.8	1.29	18.1	3.74	1.9	5	7	5	7	5	10.0	6	10
Industrials	123	10.97	10.0	10.9	-0.9	31.7	1.05	18.0	3.40	1.7	4	3	6	3	5	11.9	15	15
Consumer Discretionary	197	10.25	11.2	12.0	-0.8	30.1	1.20	22.4	2.54	1.0	5	4	6	5	5	16.2	3	26
Consumer Staples	61	8.85	10.9	8.7	2.2	30.7	0.70	19.3	3.94	2.2	5	2	5	2	5	9.9	9	11
Health Care	140	11.72	10.6	9.4	1.2	30.8	0.81	18.8	3.91	1.4	5	5	6	3	4	12.7	15	14
Financials	244	18.93	11.5	10.8	0.7	24.5	1.03	12.2	1.79	3.0	6	4	5	4	6	9.9	2	8
Information Technology	191	17.18	10.3	13.4	-3.1	35.5	1.42	25.3	4.68	0.6	7	5	6	5	3	15.9	15	23
Telecommunication	23	3.62	9.5	11.8	-2.3	26.1	1.17	19.8	2.23	2.8	6	7	6	5	5	9.9	6	16
Utilities	52	3.35	9.0	8.8	0.2	28.1	0.72	18.2	2.22	2.8	7	6	5	3	5	7.8	8	9
Capitalization Sectors ($ Million)																		
46 To 1129	234	0.90	10.5	12.3	-1.8	29.2	1.26	49.2	1.72	1.5	6	6	6	7	6	14.7	-26	95
1130 To 2604	234	2.72	10.2	12.2	-2.0	29.8	1.23	21.7	2.06	1.6	5	6	5	6	6	14.0	-14	25
2611 To 5408	235	5.75	10.1	11.6	-1.5	30.2	1.15	21.4	2.23	1.4	6	6	5	5	5	12.6	-10	23
5446 To 14244	234	13.56	10.5	11.4	-0.9	29.9	1.11	18.4	2.73	1.5	5	5	6	5	5	13.0	7	16
14315 To 510200	234	77.06	10.6	10.7	-0.1	29.8	1.01	16.6	3.06	1.8	5	5	6	4	5	11.8	10	12
Risk Sectors																		
-0.86 To 0.71	226	21.32	10.8	7.8	3.0	29.2	0.57	16.5	2.88	2.2	6	4	5	3	5	11.0	6	10
0.72 To 0.93	219	26.04	10.6	9.6	1.0	29.7	0.84	15.3	3.02	2.2	4	4	5	4	5	9.3	7	11
0.94 To 1.19	230	22.58	10.5	11.0	-0.5	28.0	1.06	17.7	2.84	1.8	5	5	6	4	5	13.2	7	16
1.20 To 1.55	222	19.62	10.6	12.9	-2.3	30.0	1.35	17.0	2.92	1.2	6	5	6	5	4	13.1	10	14
1.56 To 4.10	225	9.54	10.2	16.7	-6.5	36.8	1.94	26.9	2.86	0.6	6	7	6	7	5	16.8	11	36
Uncoded	49	0.90	10.2			30.8		29.0	1.66	1.0	6	7	8	7	5	23.0	52	20
DDM Alpha																		
Most Undervalued	148	16.91	12.0	8.6	3.4	26.8	0.68	15.2	2.50	2.5	6	3	5	3	6	11.8	0	11
Undervalued	149	22.69	10.9	9.9	1.0	28.8	0.88	15.0	2.95	2.1	4	4	5	4	5	9.8	9	12
Fair Value	148	14.50	10.1	10.7	-0.6	29.7	1.01	18.8	3.05	1.6	5	6	6	4	5	13.5	7	15
Overvalued	149	13.00	9.9	12.2	-2.3	30.3	1.24	16.0	2.65	1.7	6	6	6	5	4	10.8	13	11
Most Overvalued	148	9.78	9.0	15.2	-6.2	37.4	1.71	21.9	3.30	0.6	6	6	7	5	4	14.1	16	21
Uncoded	429	23.12	10.2	11.2	-1.0	30.8	1.09	20.1	3.10	1.4	5	5	6	5	5	13.7	7	18
Duration																		
11.32 To 23.08	152	10.02	12.1	10.6	1.5	19.6	0.99	12.3	1.56	3.9	6	4	4	5	7	10.0	-13	13
23.09 To 27.04	152	15.59	10.8	10.8	0.0	25.5	1.02	14.6	2.44	2.5	5	5	5	4	5	10.8	11	12
27.05 To 30.31	153	18.67	10.8	10.5	0.3	28.8	0.98	17.6	3.19	1.7	5	3	6	3	5	13.3	14	12
30.32 To 34.87	152	19.40	10.3	10.5	-0.2	32.1	0.98	17.4	3.63	1.2	6	4	6	4	4	11.8	13	12
34.88 To 72.31	152	13.16	9.2	11.8	-2.6	41.0	1.18	22.3	4.20	0.9	5	6	7	5	4	11.4	23	17
Uncoded	410	23.16		11.2			1.09	20.0	3.16	1.4	5	5	6	5	5	13.7	7	nm

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

			Valuation								Expectational							
											Earnings							
	# of Comp	% of ML	Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj Beta	P/E Ratio	Price/ Book	Yield	Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	EPS Growth 2008
CONSUMER STAPLES	**61**	**8.85**	**10.9**	**8.7**	**2.2**	**30.7**	**0.70**	**19.3**	**3.94**	**2.2**	**5**	**2**	**5**	**2**	**5**	**9.9**	**9**	**11**
FOOD & STAPLES	15	2.08	10.9	9.3	1.6	32.5	0.79	18.4	2.78	1.3	6	3	6	3	6	12.2	11	13
BEVERAGES	7	1.99	10.6	8.8	1.8	33.2	0.72	21.6	6.21	2.1	5	2	5	1	4	9.8	12	11
FOOD PRODUCTS	24	1.46	9.9	8.8	1.1	30.7	0.72	18.4	2.80	2.3	5	4	4	4	5	8.9	2	11
TOBACCO	4	1.19	11.2	8.3	2.9	26.2	0.63	16.5	7.96	4.1	7	3	2	2	4	6.2	7	6
HOUSEHOLD	6	1.96	11.7	8.3	3.4	29.5	0.64	20.7	4.06	2.1	4	1	6	1	5	10.6	14	13
PERSONAL PRODUCTS	5	0.18	11.1	7.4	3.7	29.4	0.51	22.1	8.97	1.6	2	6	8	3	8	11.4	2	21
HEALTH CARE	**140**	**11.7**	**10.6**	**9.4**	**1.2**	**30.8**	**0.81**	**18.8**	**3.91**	**1.4**	**5**	**5**	**6**	**3**	**4**	**12.6**	**15**	**14**
HEALTH CARE EQUIP	22	1.39	9.6	9.4	0.2	32.3	0.81	23.1	3.92	0.6	7	5	5	3	6	14.3	3	17
HEALTH CARE PROV	34	2.13	10.6	8.1	2.5	29.4	0.61	16.6	2.93	0.1	6	3	8	2	5	14.7	16	15
HEALTH CARE TECH	5	0.08	10.4	9.8	0.6	29.5	0.88	23.4	4.52	0.2	7	5	6	3	6	18.6	14	15
BIOTECH	35	1.96	9.6	10.6	-1.0	33.0	0.99	34.2	5.51	0.0	8	7	6	6	4	16.5	29	23
PHARMACEUTICALS	30	5.67	11.3	9.3	2.0	30.4	0.79	15.9	4.13	2.8	4	6	6	3	4	9.4	14	11
LIFE SCIENCES	14	0.50	9.9	11.3	-1.4	32.1	1.10	27.4	2.87	0.1	3	4	6	2	4	18.5	26	22
FINANCIALS	**244**	**18.9**	**11.5**	**10.8**	**0.7**	**24.5**	**1.03**	**12.2**	**1.79**	**3.0**	**6**	**4**	**5**	**4**	**6**	**9.8**	**2**	**8**
BANKS	57	3.34	11.8	9.1	2.7	24.0	0.76	12.2	1.66	4.4	8	2	4	4	7	6.6	-2	4
THRIFTS & MORTGAGE	13	0.94	13.9	9.8	4.1	16.2	0.86	15.6	1.24	4.2	6	5	6	9	9	11.9	-41	27
DIV FINANCIALS	9	4.39	11.8	10.3	1.5	19.7	0.95	11.8	1.65	4.1	6	4	5	5	8	9.1	-2	14
CONSUMER FINANCE	3	0.77	11.4	12.2	-0.8	30.0	1.23	16.4	2.80	0.6	6	3	6	3	6	13.1	-8	28
CAPITAL MARKETS	40	3.16	10.4	13.1	-2.7	27.9	1.38	13.5	2.41	1.3	5	4	6	5	5	12.8	16	6
INSURANCE	49	4.31	12.0	11.2	0.8	27.2	1.09	9.9	1.57	1.5	6	6	6	4	4	10.8	10	2
REITS	72	1.99	9.8	10.2	-0.4	25.3	0.93	15.6	2.56	4.1	6	6	5	2	5	7.4	11	6
REAL ESTATE MGMT &	1	0.03		13.8			1.48	nm	4.08	0.0						14.2	nm	nm
INFO TECH	**191**	**17.1**	**10.3**	**13.4**	**-3.1**	**35.5**	**1.42**	**25.3**	**4.68**	**0.6**	**7**	**5**	**6**	**5**	**3**	**15.9**	**15**	**23**
INTERNET SOFTWARE	8	1.72	9.8	12.5	-2.7	32.3	1.29	45.8	6.82	0.0	9	7	6	5	4	26.2	29	27
IT SERVICES	26	1.21	10.7	11.4	-0.7	34.4	1.11	23.0	4.15	0.8	4	3	6	3	5	14.6	19	17
SOFTWARE	42	3.81	10.4	11.8	-1.4	35.7	1.17	23.9	6.30	0.6	4	4	7	5	3	13.6	22	20
COMMUNICA. EQUIP	16	2.62	10.0	14.2	-4.2	31.2	1.54	26.6	4.64	0.5	9	5	6	4	4	16.7	-1	24
COMPUTERS & PERIPH	21	4.30	9.4	13.0	-3.6	33.6	1.36	22.8	5.77	0.5	8	6	7	5	3	15.1	17	19
ELECTR EQUIP & INSTR	23	0.60	11.3	15.3	-4.0	26.8	1.72	17.1	1.78	0.4	6	7	8	4	4	16.3	34	19
OFFICE ELECTR	1	0.11		13.0			1.36	14.6	2.05	0.0	3	9	7	1	4	15.0	13	12
SEMICONDUCTORS	54	2.81	10.3	16.5	-6.2	44.3	1.91	28.2	3.37	1.1	7	7	7	6	4	13.4	10	36
TELECOMMUNICATION	**23**	**3.62**	**9.5**	**11.8**	**-2.3**	**26.1**	**1.17**	**19.8**	**2.23**	**2.8**	**6**	**7**	**6**	**5**	**5**	**9.8**	**6**	**16**
DIVERSIFIED TELECOM	12	2.83	9.1	11.3	-2.2	25.1	1.10	17.2	2.45	3.4	6	7	6	3	4	6.4	10	15
WIRELESS TELECOM	11	0.78	10.9	13.6	-2.7	30.4	1.45	43.5	1.70	0.3	5	9	4	9	8	22.0	-20	20
UTILITIES	**52**	**3.35**	**9.0**	**8.8**	**0.2**	**28.1**	**0.72**	**18.2**	**2.22**	**2.8**	**7**	**6**	**5**	**3**	**5**	**7.7**	**8**	**9**
ELECTRIC UTILITIES	19	1.93	8.9	8.5	0.4	28.1	0.66	18.9	2.39	2.9	7	6	5	3	5	7.9	8	7
GAS UTILITIES	10	0.21	7.8	8.8	-1.0	34.1	0.71	19.8	2.57	2.2	2	5	5	5	6	7.7	8	10
MULTI-UTILITIES	20	0.98	9.2	8.8	0.4	26.5	0.71	16.7	1.83	3.6	6	5	4	3	5	5.8	1	10
INDEP POWER PROD &	3	0.23	9.1	12.3	-3.2	35.0	1.25	17.7	2.72	0.0	3		7	7	4	14.5	49	17

Merrill Lynch Universe Sector/Industry Factor Evaluation

	# of Comp	% ML Univ	Valuation: Impl. Return	Valuation: Reqd Return	Valuation: DDM Alpha	Valuation: Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings Surprise	Expectational: Earnings Risk	Expectational: Earnings Torpedo	Expectational: Disper.	Expectational: Est. Rev.	PR 5yr Grwth	EPS Growth 2007	EPS Growth 2008
Economic Sectors																		
Energy	102	11.75	10.3	9.4	0.9	29.9	0.81	13.4	3.12	1.4	3	6	5	7	5	10.3	8	14
Materials	38	3.38	10.1	12.5	-2.4	32.8	1.29	18.1	3.74	1.9	5	7	5	7	5	10.0	6	10
Industrials	123	10.97	10.0	10.9	-0.9	31.7	1.05	18.0	3.40	1.7	4	3	6	3	5	11.9	15	15
Consumer Discretionary	197	10.25	11.2	12.0	-0.8	30.1	1.20	22.4	2.54	1.0	5	4	6	5	5	16.2	3	26
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Financials	244	18.93	11.5	10.8	0.7	24.5	1.03	12.2	1.79	3.0	6	4	5	4	6	9.9	2	8
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Utilities	52	3.35	9.0	8.8	0.2	28.1	0.72	18.2	2.22	2.8	7	6	5	3	5	7.8	8	9
Capitalization Sectors ($ Million)																		
46 To 1129	234	0.90	10.5	12.3	-1.8	29.2	1.26	49.2	1.72	1.5	6	6	6	7	6	14.7	-26	95
1130 To 2604	234	2.72	10.2	12.2	-2.0	29.8	1.23	21.7	2.06	1.6	5	6	5	6	6	14.0	-14	25
2611 To 5408	235	5.75	10.1	11.6	-1.5	30.2	1.15	21.4	2.23	1.4	6	6	5	5	5	12.6	-10	23
5446 To 14244	234	13.56	10.5	11.4	-0.9	29.9	1.11	18.4	2.73	1.5	5	5	6	5	5	13.0	7	16
14315 To 510200	234	77.06	10.6	10.7	-0.1	29.8	1.01	16.6	3.06	1.8	5	5	6	4	5	11.8	10	12
Risk Sectors																		
-0.86 To 0.71	226	21.32	10.8	7.8	3.0	29.2	0.57	16.5	2.88	2.2	6	4	5	3	5	11.0	6	10
0.72 To 0.93	219	26.04	10.6	9.6	1.0	29.7	0.84	15.3	3.02	2.2	4	4	5	4	5	9.3	7	11
0.94 To 1.19	230	22.58	10.5	11.0	-0.5	28.0	1.06	17.7	2.84	1.8	5	5	6	4	5	13.2	7	16
1.20 To 1.55	222	19.62	10.6	12.9	-2.3	30.0	1.35	17.0	2.92	1.2	6	5	6	5	4	13.1	10	14
1.56 To 4.10	225	9.54	10.2	16.7	-6.5	36.8	1.94	26.9	2.86	0.6	6	7	6	7	5	16.8	11	36
Uncoded	49	0.90	10.2			30.8		29.0	1.66	1.0	6	7	8	7	5	23.0	52	20
DDM Alpha																		
Most Undervalued	148	16.91	12.0	8.6	3.4	26.8	0.68	15.2	2.50	2.5	6	3	5	3	6	11.8	0	11
Undervalued	149	22.69	10.9	9.9	1.0	28.8	0.88	15.0	2.95	2.1	4	4	5	4	5	9.8	9	12
Fair Value	148	14.50	10.1	10.7	-0.6	29.7	1.01	18.8	3.05	1.6	5	6	6	4	5	13.5	7	15
Overvalued	149	13.00	9.9	12.2	-2.3	30.3	1.24	16.0	2.65	1.7	6	6	6	5	4	10.8	13	11
Most Overvalued	148	9.78	9.0	15.2	-6.2	37.4	1.71	21.9	3.30	0.6	6	6	7	5	4	14.1	16	21
Uncoded	429	23.12	10.2	11.2	-1.0	30.8	1.09	20.1	3.10	1.4	5	5	6	5	5	13.7	7	18
Duration																		
11.32 To 23.08	152	10.02	12.1	10.6	1.5	19.6	0.99	12.3	1.56	3.9	6	4	4	5	7	10.0	-13	13
23.09 To 27.04	152	15.59	10.8	10.8	0.0	25.5	1.02	14.6	2.44	2.5	5	5	5	4	5	10.8	11	12
27.05 To 30.31	153	18.67	10.8	10.5	0.3	28.8	0.98	17.6	3.19	1.7	5	3	6	3	5	13.3	14	12
30.32 To 34.87	152	19.40	10.3	10.5	-0.2	32.1	0.98	17.4	3.63	1.2	6	4	6	4	4	11.8	13	12
34.88 To 72.31	152	13.16	9.2	11.8	-2.6	41.0	1.18	22.3	4.20	0.9	5	6	7	5	4	11.4	23	17
Uncoded	410	23.16		11.2			1.09	20.0	3.16	1.4	5	5	6	5	5	13.7	7	nm

Merrill Lynch Universe Sector/Industry Factor Evaluation

	# of Comp	% ML Univ	Valuation: Impl. Return	Valuation: Reqd Return	Valuation: DDM Alpha	Valuation: Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Expectational: Earnings: Risk	Expectational: Earnings: Torpedo	Expectational: Disper.	Expectational: Est. Rev.	PR 5yr Grwth	EPS Growth 2007	EPS Growth 2008
Growth Sectors																		
Growth	494	41.60	10.6	11.3	-0.7	30.4	1.09	20.2	3.30	1.4	5	5	6	4	5	13.9	12	16
Growth Cyclical	300	22.06	11.3	11.5	-0.2	29.0	1.13	16.1	2.60	1.9	5	5	6	4	5	13.5	2	17
Growth Defensive	146	11.48	10.8	8.8	2.0	30.0	0.72	17.7	2.94	1.9	5	3	6	3	5	11.0	11	12
Cyclical	157	11.62	9.7	12.1	-2.4	32.0	1.22	14.9	2.41	1.7	5	5	6	6	5	9.8	9	10
Defensive	74	13.25	9.8	9.6	0.2	28.0	0.83	14.0	2.80	2.5	4	6	4	5	5	7.1	7	11
EPS Surprise																		
Most Optimistic	180	17.45	10.4	10.8	-0.4	29.9	1.03	16.0	3.18	1.7	2	5	5	5	5	10.7	8	20
Optimistic	180	20.84	10.8	10.7	0.1	29.3	1.01	17.5	2.97	2.0	3	4	6	4	5	11.9	6	16
Neutral	181	17.30	10.7	10.7	0.0	31.9	1.01	15.7	2.61	1.8	5	5	6	4	5	10.8	9	10
Less Optimistic	180	16.69	10.5	10.5	0.0	28.4	0.98	15.8	2.31	2.2	8	5	6	4	5	10.9	6	10
Not Optimistic	180	12.64	10.3	11.8	-1.5	29.8	1.18	19.1	3.03	1.5	10	5	6	5	5	13.7	9	10
Uncoded	270	15.09	11.1	11.1	0.0	31.1	1.07	21.6	3.81	1.0		5	6	4	4	15.7	11	17
Quality Rank																		
A+	56	16.03	11.5	9.5	2.0	28.7	0.83	16.0	2.96	2.4	5	2	5	2	6	10.6	4	15
A	74	11.76	10.9	9.7	1.2	27.5	0.85	14.3	2.90	2.5	5	3	5	4	6	8.5	3	10
A-	94	12.26	10.5	10.1	0.4	28.2	0.91	15.0	2.66	2.6	5	5	5	4	5	9.2	5	13
B+	192	21.66	10.2	11.2	-1.0	32.9	1.08	17.2	3.30	1.5	5	6	6	5	4	11.3	8	13
B	197	16.78	10.3	11.7	-1.4	29.4	1.16	17.5	2.70	1.5	5	7	6	5	4	12.9	10	11
B-	143	5.85	10.5	12.6	-2.1	32.0	1.30	21.6	2.58	0.5	6	8	6	6	5	16.6	13	27
C & D	66	1.59	10.7	17.0	-6.3	33.0	1.97	89.5	3.23	0.2	6	9	7	8	4	15.4	162	168
Not Rated	349	14.06	10.3	11.5	-1.2	29.5	1.12	21.6	2.87	1.0	6	5	6	5	5	17.8	18	15
B+ or Better	416	61.72	10.7	10.2	0.5	29.8	0.94	15.8	2.99	2.1	5	4	5	4	5	10.2	5	13
B or Worse	755	38.28	10.3	12.0	-1.7	30.0	1.21	20.1	2.76	1.1	6	7	6	5	5	15.3	14	16
ML Universe	1171	100.00	10.6	10.9	-0.3	29.9	1.04	17.2	2.90	1.8						12.0	8	14
S&P 500	500	88.80	10.6	10.7	-0.1	29.8	1.01	16.6	2.92	1.8						11.6	7	14

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

			Valuation								Expectational							
											Earnings						EPS Growth	
	# of Comp	% of ML	Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	2007	2008
ENERGY	**102**	**11.7**	**10.3**	**9.4**	**0.9**	**29.9**	**0.81**	**13.4**	**3.12**	**1.4**	**3**	**6**	**5**	**7**	**5**	**10.2**	**8**	**14**
ENERGY EQUIP & SVS	25	2.45	11.2	10.7	0.5	26.8	1.00	16.9	4.56	0.5	5	7	9	4	4	20.5	33	24
OIL & GAS	77	9.30	10.0	9.1	0.9	30.8	0.76	12.8	2.88	1.7	3	6	3	8	5	7.5	4	13
MATERIALS	**38**	**3.38**	**10.1**	**12.5**	**-2.4**	**32.8**	**1.29**	**18.1**	**3.74**	**1.9**	**5**	**7**	**5**	**7**	**5**	**9.6**	**6**	**10**
CHEMICALS	18	1.84	11.0	11.4	-0.4	29.1	1.11	20.3	4.20	1.9	4	6	5	6	4	14.5	7	14
CONSTR MATERIALS	2	0.02	9.5	14.3	-4.8	33.6	1.56	17.2	3.21	1.2	8	5	5	6	9	6.9	-13	6
CONTAINERS & PCKG	4	0.09	10.6	12.1	-1.5	26.5	1.23	16.6	2.44	1.4	4	3	6	5	7	11.3	10	12
METALS & MINING	13	1.31	9.2	14.3	-5.1	36.9	1.56	15.1	3.57	2.0	6	9	6	9	6	3.0	8	5
PAPER & FOREST	1	0.11		11.5			1.13	50.6	2.10	3.2	9	9	1	9	9	6.0	-58	33
INDUSTRIALS	**123**	**10.9**	**10.0**	**10.9**	**-0.9**	**31.7**	**1.05**	**18.0**	**3.40**	**1.7**	**4**	**3**	**6**	**3**	**5**	**11.9**	**15**	**15**
AEROSPACE & DEF	15	2.58	9.7	10.4	-0.7	34.6	0.96	18.3	4.07	1.4	3	5	8	2	3	11.4	31	15
BLDGS PRODUCTS	4	0.11	13.0	14.2	-1.2	23.1	1.55	19.0	1.65	1.9	7	8	2	8	5	4.9	-51	-3
CONSTR. & ENGR	6	0.24	8.7	12.2	-3.5	46.9	1.24	36.8	4.67	0.2	3	5	7	6	4	15.3	42	39
ELECTRICAL EQUIP	11	0.59	9.9	11.9	-2.0	34.2	1.20	20.3	4.47	1.4	5	3	7	2	4	12.5	22	15
IND CONGLOMERATES	4	3.39	10.5	10.2	0.3	29.4	0.93	18.5	3.67	2.6	3	1	6	1	6	10.9	17	14
MACHINERY	20	1.54	10.0	12.5	-2.5	30.4	1.28	16.3	3.68	1.3	4	4	6	4	5	11.9	11	15
TRADING COMPANIES	4	0.07	10.9	11.7	-0.8	33.6	1.16	17.8	3.79	1.7	4	1	8	3	5	11.3	21	18
COMMERCIAL SVS	23	0.58	10.1	11.7	-1.6	29.1	1.17	17.7	3.09	1.6	4	5	6	3	5	13.1	14	14
AIR FREIGHT & LOGIS	4	0.78	11.1	10.0	1.1	26.6	0.89	17.6	4.06	1.7	3	3	4	2	6	14.1	8	11
AIRLINES	17	0.30	8.8	15.0	-6.2	55.8	1.67	14.3	1.25	0.0	6	5	8	9	5	16.5	6	31
MARINE	2	0.02	10.6	9.7	0.9	29.0	0.86	18.7	3.53	0.0	5	2	5	3	4	15.0	2	18
ROAD & RAIL	12	0.75	7.7	10.7	-3.0	33.8	1.01	16.7	2.15	1.3	4	7	6	4	6	12.6	6	17
TRANSPORT INFRA	1	0.01	9.6	9.7	-0.1	24.4	0.86	nm	1.94	5.8	2		1	10	10	10.0	-94	nm
CONSUMER DISCR	**197**	**10.2**	**11.2**	**12.0**	**-0.8**	**30.1**	**1.20**	**22.4**	**2.54**	**1.0**	**5**	**4**	**6**	**5**	**5**	**16.0**	**3**	**26**
AUTO COMP	11	0.37	11.1	11.8	-0.7	23.4	1.18	21.7	2.69	1.0	9	4	8	5	5	10.5	7	34
AUTOMOBILES	4	0.35	12.4	13.9	-1.5	20.8	1.50	22.6	5.32	1.6	3	1	5	9	3	9.9	nm	46
HOUSEHOLD DURABLES	13	0.41	10.6	11.8	-1.2	30.5	1.18	nm	1.75	1.7	2	6	4	7	5	12.1	nm	284
LEISURE EQUIP &	6	0.09	10.1	13.8	-3.7	38.0	1.49	33.4	2.58	1.7	4	5	6	8	3	8.2	-15	55
TEXTILES, APPAREL	14	0.43	10.5	10.7	-0.2	30.7	1.01	19.3	3.34	1.0	6	2	6	3	4	13.9	-3	18
HOTELS,	31	2.14	10.4	12.5	-2.1	29.1	1.28	26.6	4.96	1.1	5	4	5	4	5	18.8	14	16
DIV CONSUMER SVS	10	0.20	9.4	9.5	-0.1	33.6	0.82	28.9	5.38	0.5	4	7	6	5	5	15.9	9	21
MEDIA	47	3.47	11.7	11.3	0.4	29.3	1.09	22.2	1.76	0.8	4	4	7	6	6	17.4	24	19
DISTRIBUTORS	1	0.05	11.2	9.5	1.7	27.2	0.82	16.5	3.08	3.0	1	1	5	1	6	10.0	8	13
INTERNET & CATALOG	9	0.39	8.8	16.4	-7.6	39.2	1.90	40.1	3.13	0.0	6	9	5	7	3	20.6	26	26
MULTILINE RETAIL	10	0.76		11.7			1.16	15.6	2.71	0.9	8	3	7	3	7	14.1	7	18
SPECIALTY RETAIL	41	1.59	12.1	12.0	0.1	29.7	1.21	15.0	2.73	1.5	5	3	5	4	6	13.5	-1	15

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
ML UNIVERSE	1171	100.	10.6	10.9	-0.3	29.9	1.04	17.2	2.90	1.8						12.0	8	14
S&P 500	500	88.8	10.6	10.7	-0.1	29.8	1.01	16.6	2.92	1.8						11.6	7	14

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
ENERGY	102	11.7	10.3	9.4	0.9	29.9	0.81	13.4	3.12	1.45	3	6	5	7	5	10.2	8	14
ENERGY EQUIP & SVS	25	2.45	11.2	10.7	0.5	26.8	1.00	16.9	4.56	0.48	5	7	9	4	4	20.5	33	24
BAKER HUGHES INC			11.6	10.5	1.1	25.5	0.98	18.2	4.74	0.60	1	9	8	3	7	20.0	16	24
BJ SERVICES CO			11.4	9.9	1.5	26.0	0.88	10.4	2.77	0.79	9	4	6	8	8	10.0	-4	-6
COOPER				8.6			0.69	23.4	5.98	0.00		7	9	3	3	21.0	45	24
DIAMOND			10.5	11.1	-0.6	25.4	1.07	16.9	5.81	0.44	10		10	4	9	15.0	32	64
ENSCO INTERNATIO			12.4	10.2	2.2	24.3	0.93	8.5	2.36	0.18	5	7	10	6	8	15.0	32	19
EXTERRAN			5.7			39.5		28.8	6.72	5.30	5		4	10	8	10.0	400	43
FMC				8.3			0.64	27.5	9.22	0.00		4	8	6	2	24.3	46	25
GRANT PRIDECO, I			13.4	8.9	4.5	20.5	0.73	11.9	3.90	0.00	2	9	8	4	7	20.0	25	13
HALLIBURTON CO			10.8	12.6	-1.8	27.4	1.30	16.2	5.66	0.91	6	9	9	4	2	15.0	14	21
HELMERICH & PAYN			10.7	11.5	-0.8	28.7	1.13	9.5	1.94	0.57	9	10	9	8	6	10.0	18	-2
HORNBECK				12.6			1.30	12.5	2.00	0.00	10		9	7	1	10.0	15	-1
LEGACY RESERVES								19.7		7.68	6		10	9	4	8.0	337	20
NABORS INDUSTRIE			14.8	10.1	4.7	17.8	0.91	8.9	1.79	0.00	7	4	1	4	9	15.0	-13	-5
NATIONAL				8.9			0.73	19.8	4.11	0.00		6	10	5	1	34.8	90	23
NOBLE CORP			11.8	9.9	1.9	25.8	0.89	11.4	3.56	0.30	4	8	10	5	4	20.0	74	37
OIL STATES INTER				9.9			0.89	10.9	2.20	0.00		5	7	3	4	25.0	7	11
PATTERSON-UTI EN			15.1	10.3	4.8	16.5	0.94	9.3	1.74	2.41	10	9	1	9	2	10.0	-47	-49
PRIDE			9.0	10.4	-1.4	34.9	0.96	14.0	2.12	0.00	8	10	10	7	8	10.0	52	36
ROWAN COS INC			10.2	11.1	-0.9	29.5	1.07	9.9	2.09	1.03	8	10	10	7	7	10.0	43	13
SCHLUMBERGER			10.4	11.2	-0.8	29.3	1.09	23.3	8.24	0.72	3	6	8	4	2	20.0	34	24
SMITH INTERNATIO			12.3	9.5	2.8	24.0	0.82	20.5	5.43	0.61	9	2	9	3	5	25.0	29	19
SUPERIOR								11.0	1.77	0.00	1		10	7	10	0.0	nm	76
TIDEWATER INC				10.4			0.96	8.8	1.62	1.10	6	9	8	8	8	0.0	17	-11
TRANSOCEAN INC			12.3	11.2	1.1	23.4	1.08	14.9	4.62	0.00	1		10	5	6	30.0	168	49
WEATHERFORD			11.1	9.9	1.2	26.7	0.89	19.5	3.31	0.00	9	4	9	3	6	20.0	32	25
OIL & GAS	77	9.30	10.0	9.1	0.9	30.8	0.76	12.8	2.88	1.70	3	6	3	8	5	7.5	4	13
ALPHA NATURAL RE				19.0			2.29	56.0	4.93	0.00	5		2	10	10	15.3	-64	186
ANADARKO			9.7	9.8	-0.1	32.6	0.87	15.3	1.75	0.61	5	5	1	10	2	5.0	-30	-6
APACHE CORP			14.5	8.3	6.2	32.6	0.64	13.1	2.46	0.58	5	6	5	8	4	8.0	5	11
ARCH COAL INC.			7.2	12.1	-4.9	36.8	1.22	37.3	4.06	0.68	8	10	6	9	10	15.0	-41	91
ATLAS ENERGY RES								16.8	1.85	6.40	8		8	8	3	20.0	45	11
BERRY PETROLEUM			9.4	10.1	-0.7	33.7	0.92	22.3	4.48	0.62	4	6	5	8	8	11.4	-9	44
BILL BARRETT				15.8			1.80	54.4	2.67	0.00	5		3	10	10	134.0	-25	64
BOARDWALK			9.3	4.5	4.8	25.0	0.05	16.9	2.39	5.54	8		4	8	2	5.0	1	-10
BUCKEYE GP				2.2			-0.30	38.9	3.40	3.69			8	8	10	13.1	23	59
BUCKEYE			8.5	7.1	1.4	28.2	0.46	19.3	2.58	5.95	4	8	4	7	8	4.0	9	10
CABOT OIL & GAS				9.9			0.89	24.3	3.78	0.30	5	8	2	9	9	12.5	-12	1
CAPITAL			4.9			45.3		19.9	2.48	5.72	7		10	9	6	5.0	nm	25

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
CHENIERE ENERGY				19.1			2.30	nm		0.00			1	10		0.0	nm	nm
CHEVRON CORP			10.6	9.3	1.3	26.8	0.79	10.4	2.63	2.54	1	8	4	8	4	5.0	12	16
CIMAREX ENERGY C				8.6			0.68	12.0	1.09	0.39	5	6	1	9	8	10.8	-13	0
CONCHO								38.6	2.49	0.00	7		10	8		0.0	nm	72
CONOCOPHILLIPS				7.9			0.57	9.4	1.63	1.93	3	8	2	8	7	10.9	-9	12
CONSOL ENERGY IN			8.6	12.4	-3.8	37.0	1.27	42.2	7.91	0.71	1	10	6	8	10	10.0	-41	157
CONTINENTAL			6.6			49.3		17.5	7.82	0.00	3		10	8	2	0.1	nm	20
DCP MIDSTREAM PA			10.5	5.7	4.8	21.6	0.24	21.6	4.03	5.11	4		3	9	10	12.0	1	1
DELTA PETROLEUM				13.9			1.51	nm	2.27	0.00	1		4	10	10	28.0	nm	nm
DENBURY				7.9			0.58	31.4	5.69	0.00	2	5	3	9	1	52.0	15	19
DEVON ENERGY			9.5	8.8	0.7	33.2	0.72	15.8	2.12	0.60	7	10	4	8	4	8.0	-7	13
DUNCAN ENERGY			13.0			15.2		26.2		6.92	4		10	8	8	4.0	nm	17
EL PASO CORP				13.4			1.43	18.2	3.01	0.91			10	7	2	11.3	103	12
ENBRIDGE ENERGY			8.7	6.2	2.5	26.6	0.32	19.0	1.81	7.16	5	8	3	7	3	3.0	-1	5
ENBRIDGE ENERGY			8.5	7.1	1.4	27.5	0.45	19.6	1.76	0.00	4		3	6	2	3.0	-1	5
ENERGY PARTNERS			8.8	10.7	-1.9	35.7	1.01	95.9	2.80	0.00	3		1	10	10	5.0	-85	444
ENERGY TRANSFER			10.8	7.4	3.4	20.6	0.50	18.2	2.50	5.93	5	9	4	8	7	8.0	-16	6
ENERGY TRANSFER				7.0			0.44	21.1		4.38					8	15.0	-3	20
ENTERPRISE GP HO				3.3			-0.13	30.2	2.93	4.39			3	10	9	10.8	6	12
ENTERPRISE			8.0	6.5	1.5	30.3	0.36	31.1	2.19	6.13	1	7	4	7	9	5.0	-9	50
EOG RESOURCES			8.9	8.9	0.0	36.6	0.73	22.0	3.48	0.41	5	8	3	8	9	8.0	-17	24
EV ENERGY				0.3			-0.60	13.2	1.86	5.82	7		10	8	4	10.0	nm	27
EXXON MOBIL CORP			10.1	9.4	0.7	30.4	0.81	12.7	4.39	1.52	2	4	3	8	5	5.0	11	11
FOREST OIL CORPO			7.3	10.1	-2.8	44.7	0.92	19.3	1.87	0.00	4	7	9	9	9	5.0	41	17
FOUNDATION			13.0	18.4	-5.4	22.6	2.20	38.9	5.75	0.47	2		7	9	10	30.0	-19	123
FRONTIER OIL				6.2			0.31	10.2	5.09	0.44		10	2	9	1	16.2	30	-22
HESS CORP				9.3			0.79	11.9	2.51	0.56	2	6	3	8	2	12.0	8	18
HOLLY CORP.				8.2			0.62	10.5	5.39	0.76		6	2	8	3	0.0	42	-31
KAYNE ANDERSON				7.3			0.48	24.2		6.33			10	8	9	10.0	nm	36
KAYNE ANDERSON				7.1			0.46	nm		6.21						0.0	nm	nm
KINDER MORGAN			8.1	7.5	0.6	28.6	0.51	32.6	2.73	6.70	7	10	2	8	6	4.0	-19	21
KINDER MORGAN				7.5			0.52	31.6	1.57	0.00	2	9	2	10	9	0.0	-19	21
LINN ENERGY LLC				7.0			0.44	21.1	2.10	7.71	4		1	9	1	10.0	-46	59
MAGELLAN			8.9	7.5	1.4	26.6	0.51	16.1	3.28	6.12	1	3	5	3	3	4.0	14	7
MAGELLAN				7.8			0.56	27.3	30.89	4.32			9	8	3	13.0	86	14
MARATHON OIL COR			12.2	9.0	3.2	26.2	0.75	9.1	2.55	1.62	1	6	2	8	8	5.0	1	23
MASSEY ENERGY			10.9	16.1	-5.2	28.1	1.84	21.8	3.33	0.51	2		10	9	3	40.0	437	38
MCMORAN				7.3			0.49	nm		0.00			10	10	1	0.0	nm	147
MURPHY OIL			7.8	7.7	0.1	41.1	0.55	19.1	3.03	1.02	2	8	10	8	1	5.0	18	66
NEWFIELD			8.9	9.0	-0.1	35.5	0.75	17.3	2.23	0.00	5	7	1	9	5	5.0	-15	-5

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
NOBLE ENERGY INC			8.1	9.6	-1.5	40.1	0.84	14.9	3.00	0.63	7	9	3	8	2	3.0	7	-8
NUSTAR ENERGY			8.6	6.8	1.8	27.9	0.40	24.5	1.56	6.11	6	2	3	5	6	5.0	-10	22
NUSTAR GP HOLDIN								31.8	2.49	4.21			7	5	7	11.7	41	18
OCCIDENTAL			8.3	8.8	-0.5	34.7	0.71	13.8	2.72	1.45	3	6	3	8	1	5.0	-3	13
ONEOK			9.3	7.3	2.0	25.2	0.48	16.7	2.39	6.41	8	5	3	7	1	5.0	4	-6
PEABODY ENERGY			8.7	13.2	-4.5	37.0	1.40	28.9	5.36	0.46	3	8	7	8	10	10.0	-19	78
PIONEER			6.8	8.9	-2.1	47.9	0.73	22.2	2.00	0.55	3	9	9	10	8	3.0	31	34
PLAINS ALL AMERI			9.6	6.9	2.7	23.6	0.43	18.4	1.88	6.09	9	6	2	8	2	5.0	-15	-21
QUICKSILVER RESO			12.6	10.3	2.3	22.8	0.95	40.7	7.12	0.00	5	7	4	10	2	33.9	22	14
RANGE				10.3			0.94	25.8	3.99	0.27	2	7	8	7	7	15.0	57	20
SEMGROUP								29.2	10.71	4.16	6		10	6		14.4	nm	25
ST MARY LAND & E				10.3			0.94	14.0	2.99	0.24	4	6	2	8	1	10.9	-4	8
SUNOCO INC				8.4			0.66	8.6	3.44	1.49		6	4	9	7	17.3	12	-3
SUNOCO			8.4	8.4	0.0	29.3	0.66	17.7	2.87	5.79	2	2	4	4	2	3.0	12	2
SYNTROLEUM				8.8			0.72	nm		0.00					10	0.0	nm	nm
TARGA			6.9			35.0		56.4	1.11	4.91	7		10	9	1	7.0	nm	105
TC PIPELINES LP			10.1	7.9	2.2	21.7	0.58	15.0	1.40	7.17	3	2	2	8	7	6.0	3	4
TEPPCO			8.1	6.4	1.7	29.0	0.34	20.9	2.66	6.91	3	5	3	5	6	3.0	14	8
TESORO CORP				11.3			1.10	10.3	2.69	0.66		8	3	9	9	14.1	2	2
VALERO ENERGY				5.4			0.19	8.3	2.15	0.68		8	2	9	9	16.9	2	-2
WESTERN				6.4			0.35	8.0	3.35	0.65			3	9	5	0.0	48	-28
WHITING PETROLEU				14.6			1.61	21.0	1.64	0.00	3	10	1	10	1	17.3	-33	16
WILLIAMS COS INC				14.6			1.61	24.8	3.41	1.10			8	8	2	18.8	26	23
WILLIAMS PARTNER			10.1	5.8	4.3	22.7	0.25	22.2	14.42	4.81	7		5	10	2	12.0	10	-9
XTO ENERGY INC			8.6	9.3	-0.7	37.1	0.80	15.4	3.32	0.72	9	6	3	7	8	5.0	3	-11
MATERIALS	**38**	**3.38**	**10.1**	**12.5**	**-2.4**	**32.8**	**1.29**	**18.1**	**3.74**	**1.93**	**5**	**7**	**5**	**7**	**5**	**9.6**	**6**	**10**
CHEMICALS	**18**	**1.84**	**11.0**	**11.4**	**-0.4**	**29.1**	**1.11**	**20.3**	**4.20**	**1.87**	**4**	**6**	**5**	**6**	**4**	**14.5**	**7**	**14**
AIR PRODUCTS &			11.8	9.0	2.8	23.3	0.74	21.6	3.84	1.55	2	4	5	3	2	20.0	33	15
CF INDUSTRIES				10.7			1.01	nm	5.24	0.09	10		10	10	1	5.0	nm	61
DOW CHEMICAL				12.7			1.32	12.3	2.40	3.73	6	6	1	9	7	11.6	-14	-8
DU PONT (E I) DE			10.8	11.4	-0.6	27.6	1.12	15.5	4.36	3.31	1	8	5	4	5	10.0	11	13
ECOLAB INC			10.9	8.2	2.7	34.0	0.62	28.6	6.80	0.98	3	1	4	1	5	15.0	15	16
GEORGIA GULF COR				7.8			0.56	nm	1.06	2.64	2	9	1	10	10	4.7	nm	165
HUNTSMAN				11.6			1.15	19.9	4.04	1.52			1	9	7	0.0	-27	9
LYONDELL				11.9			1.19	15.7	3.61	1.90			2	9	9	3.4	-11	5
MONSANTO CO			11.3	11.6	-0.3	27.1	1.15	45.1	7.09	0.72	5	8	5	7	2	30.0	41	26
MOSAIC CO/THE				13.5			1.44	32.6	6.78	0.00	5		10	8	1	9.0	297	75
OLIN CORP				10.3			0.95	14.7	2.81	3.51	2		2	10	1	0.0	-8	10
PPG INDUSTRIES I				10.1			0.92	14.4	3.33	2.78	1	3	3	5	6	12.2	1	17
PRAXAIR INC			10.4	9.5	0.9	37.8	0.83	23.7	5.55	1.40	5	2	6	1	3	12.0	20	15

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
ROHM AND HAAS CO				10.8			1.03	15.3	2.78	2.85	4	7	3	4	7	13.2	-2	15
TERRA INDUSTRIES				13.1			1.38	16.0	6.15	0.00	1		10	9	1	0.0	nm	65
THE SCOTTS MIRAC			9.9	9.8	0.1	29.9	0.87	18.8	5.37	1.09	6	4	2	1	7	11.0	-5	13
VALSPAR				10.8			1.03	15.2	1.90	2.08	3	2	3	4	9	11.5	-1	13
ZOLTEK			7.4	12.6	-5.2	45.1	1.30	52.7	7.26	0.00	9		9	8	9	30.0	153	83
CONSTR MATERIALS	**2**	**0.02**	**9.5**	**14.3**	**-4.8**	**33.6**	**1.56**	**17.2**	**3.21**	**1.16**	**8**	**5**	**5**	**6**	**9**	**6.9**	**-13**	**6**
EAGLE MATERIALS				14.1			1.53	14.0	4.18	2.02	6	5	1	9	9	0.0	-26	-19
TEXAS			9.5	14.5	-5.0	33.6	1.59	21.5	2.67	0.41	9		9	3	9	13.0	15	40
CONTAINERS & PCKG	**4**	**0.09**	**10.6**	**12.1**	**-1.5**	**26.5**	**1.23**	**16.6**	**2.44**	**1.38**	**4**	**3**	**6**	**5**	**7**	**11.3**	**10**	**12**
APTARGROUP INC.				10.0			0.90	23.0	2.86	1.16	4	1	8	6	3	11.5	38	16
BEMIS CO INC				10.3			0.95	16.4	1.90	2.98	6	1	2	4	9	10.0	-6	5
PACTIV CORP				8.7			0.70	14.9	3.57	0.00	2	7	7	4	7	11.3	13	17
SEALED AIR CORP			10.6	18.2	-7.6	26.5	2.16	15.1	2.05	1.60	6	3	5	5	8	12.0	9	9
METALS & MINING	**13**	**1.31**	**9.2**	**14.3**	**-5.1**	**36.9**	**1.56**	**15.1**	**3.57**	**1.97**	**6**	**9**	**6**	**9**	**6**	**3.0**	**8**	**5**
AK STEEL				20.6			2.53	17.3	7.99	0.00	2		10	8	1	0.0	154	35
ALCOA INC			8.0	15.3	-7.3	29.4	1.72	14.2	2.21	1.72	4	6	4	9	9	10.0	-3	22
ALLEGHENY			10.3	24.5	-14.2	25.6	3.14	14.1	5.04	0.51	1		9	6	8	20.0	30	26
CENTURY			11.9	19.6	-7.7	23.6	2.38	10.3	3.96	0.00	4		2	9	9	10.0	-10	4
FREEPORT-			10.3	12.1	-1.8	45.3	1.23	13.2	3.20	1.06	9	10	10	9	1	0.5	30	-6
HECLA MINING CO				11.9			1.20	32.3	4.45	0.00	7		9	9	10	0.0	113	44
NEWMONT MINING C			4.7	7.3	-2.6	51.2	0.48	48.8	3.15	0.79	7	9	3	10	8	0.1	-41	50
NUCOR CORP			11.4	16.0	-4.6	28.4	1.83	12.7	3.80	0.71	6	10	2	7	8	10.0	-14	13
ROYAL GOLD INC			6.4	8.4	-2.0	49.9	0.66	41.4	3.17	0.74	5	7	3	9	8	5.0	34	3
SOUTHERN				12.8			1.34	15.2	10.35	5.73	9	8	9	9	8	-9.2	34	-22
STEEL DYNAMICS I				15.4			1.73	12.8	4.53	0.75	7	8	8	8	5	7.5	10	8
UNITED STATES			12.6	22.0	-9.4	25.1	2.75	11.2	2.57	0.74	3	10	1	8	2	10.0	-18	10
WORTHINGTON				13.2			1.39	18.4	2.36	2.72		8	7	7	9	15.0	nm	15
PAPER & FOREST PROD	**1**	**0.11**		**11.5**			**1.13**	**50.6**	**2.10**	**3.16**	**9**	**9**	**1**	**9**	**9**	**6.0**	**-58**	**33**
WEYERHAEUSER				11.5			1.13	50.6	2.10	3.16	9	9	1	9	9	6.0	-58	33
INDUSTRIALS	**123**	**10.9**	**10.0**	**10.9**	**-0.9**	**31.7**	**1.05**	**18.0**	**3.40**	**1.72**	**4**	**3**	**6**	**3**	**5**	**11.9**	**15**	**15**
AEROSPACE & DEF	**15**	**2.58**	**9.7**	**10.4**	**-0.7**	**34.6**	**0.96**	**18.3**	**4.07**	**1.39**	**3**	**5**	**8**	**2**	**3**	**11.4**	**31**	**15**
ALLIANT				8.7			0.70	18.3	5.63	0.00		3	8	4	4	10.7	nm	17
BOEING CO			10.2	11.5	-1.3	37.9	1.13	19.0	11.48	1.42	2	10	9	3	2	12.0	83	18
GENERAL			8.0	11.4	-3.4	38.8	1.12	17.8	3.38	1.28	1	1	7	1	2	5.0	21	16
GOODRICH CORP			12.3	12.5	-0.2	23.4	1.29	18.6	3.87	1.29	3	9	4	3	1	20.0	-1	16
HONEYWELL			10.1	12.7	-2.6	29.3	1.32	19.1	5.46	1.66	2	4	8	4	4	13.0	26	20
L-3			8.8	9.9	-1.1	35.5	0.88	18.6	2.36	0.91	7	2	8	2	4	10.8	40	8
LOCKHEED			9.0	7.0	2.0	32.2	0.44	15.9	6.12	1.53	4	6	6	1	2	7.5	19	5
MOOG INC. (CL. A			8.8	10.4	-1.6	36.4	0.97	19.0	2.29	0.00	6	1	7	1	6	10.0	18	15
NORTHROP			9.6	8.1	1.5	29.6	0.61	16.2	1.69	1.77	7	4	6	2	3	10.0	16	8

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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PRECISION CASTPA			11.7	12.6	-0.9	39.8	1.30	24.0	6.64	0.08	5	6	9	5	1	17.0	57	27
RAYTHEON CO			8.8	8.4	0.4	33.4	0.66	19.9	2.28	1.60	8	8	9	3	2	10.0	30	16
ROCKWELL			9.7	10.3	-0.6	32.0	0.94	20.9	8.77	0.86	2	1	6	4	3	13.0	43	14
SPIRIT			19.9			14.8		16.1	4.59	0.00	1		10	5	3	81.0	nm	19
TRIUMPH GROUP IN			10.6	13.8	-3.2	29.8	1.48	19.9	2.05	0.20	2	9	9	3	1	20.0	46	28
UNITED			9.5	10.1	-0.6	36.8	0.91	17.6	3.73	1.67	1	1	7	1	5	10.0	17	14
BLDGS PRODUCTS	**4**	**0.11**	**13.0**	**14.2**	**-1.2**	**23.1**	**1.55**	**19.0**	**1.65**	**1.93**	**7**	**8**	**2**	**8**	**5**	**4.9**	**-51**	**-3**
GOODMAN				13.4			1.43	16.8	2.98	0.00			9	5	2	15.0	36	17
MASCO CORP				10.8			1.03	14.1	2.13	3.82	10	7	1	8	5	-1.0	-17	-22
OWENS CORNING			9.6	9.3	0.3	31.9	0.80	27.8	0.80	0.00	7		1	8	2	10.0	-38	77
USG CORPORATION			15.7	25.9	-10.2	16.3	3.36	47.3	1.85	0.00	1	9	1	10	10	10.0	-91	12
CONSTR. & ENGR	**6**	**0.24**	**8.7**	**12.2**	**-3.5**	**46.9**	**1.24**	**36.8**	**4.67**	**0.19**	**3**	**5**	**7**	**6**	**4**	**15.3**	**42**	**39**
AECOM			8.7			36.9		29.6	2.59	0.00	5		10	6	4	15.0	313	15
FLUOR CORP			9.2	11.4	-2.2	53.6	1.11	37.3	7.42	0.51	1	5	7	7	2	15.0	44	41
INSITUFORM TECHN				13.7			1.47	56.7	1.14	0.00		10	1	10	10	12.5	-72	125
JACOBS				9.8			0.87	35.3	6.24	0.00	3	4	6	6	3	15.0	37	24
THE SHAW GROUP			8.0	15.1	-7.1	41.4	1.68	66.4	4.87	0.00	8		8	6	10	20.0	32	140
URS CORP.			8.3	18.2	-9.9	39.1	2.16	24.2	2.05	0.00	4	6	5	4	3	10.0	16	15
ELECTRICAL EQUIP	**11**	**0.59**	**9.9**	**11.9**	**-2.0**	**34.2**	**1.20**	**20.3**	**4.47**	**1.40**	**5**	**3**	**7**	**2**	**4**	**12.5**	**22**	**15**
AMETEK INC.			9.2	9.9	-0.7	34.5	0.88	22.5	4.64	0.51	9	1	7	1	3	14.0	22	13
BELDEN			8.8	16.9	-8.1	37.3	1.96	20.2	2.78	0.34	9	7	9	6	2	14.0	54	16
COOPER			9.9	11.2	-1.3	29.2	1.09	16.7	3.55	1.56	6	1	8	1	4	12.0	22	13
EMERSON			10.5	11.7	-1.2	33.4	1.17	19.3	4.76	2.01	5	2	7	1	4	10.0	17	12
EVERGREEN SOLAR				15.5			1.75	nm	3.11	0.00	2		9	10	1	35.0	nm	nm
GENERAL CABLE			9.7	14.2	-4.5	31.9	1.55	18.7	6.89	0.00	8		9	3	8	16.0	49	14
HUBBELL INC -CL			11.4	10.9	0.5	34.4	1.04	15.4	3.14	2.40	3	2	9	1	1	14.0	33	12
ROCKWELL			8.1	11.7	-3.6	37.5	1.16	17.7	5.35	1.68	4	3	6	4	3	5.0	13	13
ROPER				11.6			1.14	26.6	3.86	0.37		5	6	2	5	15.0	24	17
SUNPOWER			7.4	13.6	-6.2	45.1	1.46	126.5	11.91	0.00	9		5	6	2	35.0	127	87
THOMAS & BETTS			13.2	11.2	2.0	31.6	1.09	17.2	2.77	0.00	2	8	9	2	4	15.0	21	26
IND CONGLOMERATES	**4**	**3.39**	**10.5**	**10.2**	**0.3**	**29.4**	**0.93**	**18.5**	**3.67**	**2.57**	**3**	**1**	**6**	**1**	**6**	**10.9**	**17**	**14**
3M CO			9.7	9.2	0.5	28.2	0.77	17.4	5.61	2.22	2	1	5	1	3	10.0	10	11
GENERAL			10.7	9.9	0.8	29.5	0.89	18.5	3.74	2.72	3	1	6	1	6	10.0	17	14
TEXTRON INC			10.3	12.5	-2.2	29.2	1.29	19.8	5.91	1.33	1	5	8	3	2	17.0	29	20
TYCO INTERNATION				16.0			1.82	19.1	1.34	1.46	4		1	8	6	27.0	20	29
MACHINERY	**20**	**1.54**	**10.0**	**12.5**	**-2.5**	**30.4**	**1.28**	**16.3**	**3.68**	**1.32**	**4**	**4**	**6**	**4**	**5**	**11.9**	**11**	**15**
AGCO CORP			6.8	13.8	-7.0	48.2	1.49	25.1	3.26	0.00	6		9	8	1	10.0	113	24
ALTRA HOLDINGS I			9.0			35.3		15.8	2.94	0.00	7		10	1	5	15.0	106	32
CATERPILLAR INC			10.7	12.7	-2.0	27.7	1.31	13.4	5.54	1.93	1	4	5	5	8	10.0	7	20
CRANE CO			9.9	13.0	-3.1	30.1	1.36	15.2	3.51	1.52	8		7	3	2	11.0	17	7

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
DANAHER CORP				9.9			0.88	22.3	3.30	0.14		1	6	1	4	15.9	19	13
DEERE & CO			7.3	13.9	-6.6	33.2	1.51	19.5	4.26	1.29	9	7	8	6	2	10.0	20	15
DONALDSON			9.6	11.7	-2.1	31.6	1.16	22.5	5.43	0.93	1	1	5	1	4	13.0	14	12
DOVER CORP				13.4			1.43	14.4	2.88	1.74	6	2	7	2	7	15.7	11	13
EATON CORP			12.7	12.2	0.5	27.1	1.24	13.4	2.84	1.86	1	3	6	4	6	12.0	8	16
ILLINOIS TOOL WO			11.0	10.4	0.6	29.2	0.97	16.9	3.40	1.96	5	1	6	1	4	12.0	12	12
INGERSOLL-RAND C			10.5	13.2	-2.7	29.1	1.40	14.4	2.53	1.43	9	5	6	6	6	12.0	7	3
ITT CORP			8.8	10.8	-2.0	36.1	1.03	18.7	3.97	0.84	1	2	8	1	5	10.0	26	17
NAVISTAR				18.7			2.24	nm		0.00			2	9	5	26.7	nm	nm
PACCAR INC			11.8	12.3	-0.5	24.6	1.25	16.5	3.94	1.30	6	4	2	7	5	12.0	-15	9
PALL CORP			10.7	12.8	-2.1	38.4	1.34	20.5	3.75	1.20	3	8	7	5	5	14.0	26	14
RBC BEARINGS			9.7	11.6	-1.9	32.0	1.14	21.7	4.76	0.00	1		8	4	7	15.0	30	22
SPX CORP			8.8	13.0	-4.2	35.9	1.36	21.3	2.88	0.99	3	10	9	5	4	14.0	55	24
TEREX CORP			9.5	14.7	-5.2	32.6	1.62	13.0	3.34	0.00	2		10	5	4	10.0	40	25
TIMKEN COMPANY			10.8	13.0	-2.2	25.1	1.37	13.3	1.89	2.04	5	8	5	5	8	10.0	1	14
XERIUM				8.4			0.66	6.6	1.46	10.9			2	5	9	0.0	-22	26
TRADING COMPANIES	**4**	**0.07**	**10.9**	**11.7**	**-0.8**	**33.6**	**1.16**	**17.8**	**3.79**	**1.67**	**4**	**1**	**8**	**3**	**5**	**11.3**	**21**	**18**
GRAINGER (W W) I			11.6	10.9	0.7	36.8	1.04	18.1	3.59	1.56	5	1	8	2	5	10.0	21	15
MSC INDUSTRIAL			10.1	13.5	-3.4	28.9	1.44	17.9	4.41	1.48	4	2	7	4	6	15.0	22	24
RUSH			13.0	13.6	-0.6	21.1	1.46	12.7	1.68	0.00	1	4	2	8	2	15.0	-14	31
UAP HOLDING			8.9	11.8	-2.9	30.9	1.18	18.2	5.81	2.83	2		10	5	5	10.0	42	18
COMMERCIAL SVS	**23**	**0.58**	**10.1**	**11.7**	**-1.6**	**29.1**	**1.17**	**17.7**	**3.09**	**1.60**	**4**	**5**	**6**	**3**	**5**	**13.1**	**14**	**14**
ALLIED WASTE IND			9.2	14.9	-5.7	34.0	1.66	16.6	1.48	0.00	3	9	9	5	2	12.0	41	17
CINTAS CORP			9.6	13.4	-3.8	31.0	1.42	17.2	2.59	1.07	6	1	4	4	7	10.0	6	7
COVANTA			7.2	21.6	-14.4	45.9	2.69	33.8	4.66	0.00	2		4	2	7	10.0	33	19
DONNELLEY (R R)			9.7	11.7	-2.0	30.3	1.16	14.0	2.13	2.58	6	9	7	1	3	9.0	13	9
FTI CONSULTING I			9.1	6.6	2.5	34.9	0.37	28.7	3.72	0.00	2	6	8	4	2	18.0	39	29
G&K SERVICES			9.3	10.1	-0.8	34.4	0.91	19.0	1.46	0.49	10	2	6	3	2	15.0	7	12
HEIDRICK &			10.4	12.9	-2.5	27.8	1.35	15.4	2.51	1.20	1		9	6	2	15.0	41	11
HERMAN MILLER				12.6			1.30	13.0	13.17	1.29		8	7	4	6	9.0	nm	10
IKON OFFICE				12.8			1.33	14.0	0.94	1.21		7			7	7.0	nm	12
KELLY SERVICES I			17.3	10.4	6.9	15.0	0.97	13.7	0.97	2.57	9	9	5	8	8	28.0	-2	5
KNOLL INC.				12.5			1.29	13.4	15.38	2.32		7	9	6	8	19.3	21	17
KORN/FERRY INTER			10.7	15.4	-4.7	27.4	1.73	13.5	2.04	0.00	1		6	6	8	12.0	15	9
LABOR READY INC.			12.4	14.1	-1.7	22.5	1.53	12.2	3.01	0.00	9	6	4	5	7	15.0	2	-2
MANPOWER, INC.			10.6	13.9	-3.3	27.5	1.50	15.6	2.42	0.99	3	3	9	4	5	15.0	29	19
NAVIGANT			13.5	15.4	-1.9	20.2	1.73	17.3	1.97	0.00	1	7	1	7	10	18.0	-28	32
PITNEY BOWES			11.2	10.1	1.1	24.1	0.92	14.9	11.45	3.30	1	3	3	5	9	12.0	0	16
REPUBLIC SERVICE			9.0	9.0	0.0	30.7	0.75	20.7	4.70	1.99	1	3	6	2	2	10.0	21	12
RESOURCES			11.8	8.5	3.3	24.2	0.67	20.4	3.30	0.00	7	8	7	6	9	20.0	0	17

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
ROBERT HALF			12.6	14.7	-2.1	21.5	1.62	16.9	5.02	1.33	10	10	6	4	7	20.0	8	8
STERICYCLE INC			8.0	7.2	0.8	41.3	0.47	41.4	7.86	0.00	9	4	4	1	3	15.0	18	16
TELETECH			12.4	11.0	1.4	23.1	1.06	23.1	4.26	0.00	6		10	5	4	30.0	69	35
WASTE			9.5	7.9	1.6	32.7	0.57	23.5	2.92	0.00	1	1	6	3	3	16.0	25	19
WASTE			10.3	10.8	-0.5	25.1	1.02	17.8	3.11	2.64	1	3	6	2	5	12.0	13	15
AIR FREIGHT & LOGIS	**4**	**0.78**	**11.1**	**10.0**	**1.1**	**26.6**	**0.89**	**17.6**	**4.06**	**1.68**	**3**	**3**	**4**	**2**	**6**	**14.1**	**8**	**11**
C H ROBINSON			9.5	10.4	-0.9	29.1	0.96	26.8	8.37	1.44	4	2	5	3	5	15.0	22	16
FEDEX CORP			12.3	9.1	3.2	32.9	0.76	15.3	2.42	0.39	8	4	5	3	8	14.0	6	9
FORWARD AIR			9.8	10.8	-1.0	31.6	1.03	22.7	5.25	0.86	6	3	3	5	9	13.0	-8	11
UNITED PARCEL SE			10.9	10.3	0.6	23.8	0.94	18.0	5.18	2.24	1	2	4	2	5	14.0	8	12
AIRLINES	**17**	**0.30**	**8.8**	**15.0**	**-6.2**	**55.8**	**1.67**	**14.3**	**1.25**	**0.05**	**6**	**5**	**8**	**9**	**5**	**16.5**	**6**	**31**
AIRTRAN HOLDINGS			7.9	7.4	0.5	41.4	0.50	18.9	2.17	0.00	8	10	10	9	8	17.0	206	36
ALASKA AIR				11.4			1.12	11.0	1.10	0.00	8		2	9	9	9.5	-35	30
ALLEGIANT			8.4			38.5		24.0	3.77	0.00	6		9	8	1	15.0	69	20
AMR CORPORATION				30.3			4.04	14.1	7.22	0.00	3		10	10	10	26.3	26	88
CONTINENTAL				24.6			3.15	8.2	2.76	0.00	5		10	10	2	10.6	42	19
DELTA AIR LINES,								17.3	0.51	0.00	9		10	9	1	17.1	157	33
EXPRESSJET				13.4			1.42	nm	0.62	0.00	4	8	1	10	10	0.0	nm	nm
FRONTIER AIRLINE				13.6			1.45	nm	1.25	0.00	4		10	10	1	20.0	nm	nm
JETBLUE AIRWAYS			7.5	6.6	0.9	44.6	0.38	91.3	1.61	0.00	2		10	10	6	20.0	nm	450
MESA AIR GROUP,			15.6	14.8	0.8	16.4	1.64	6.9	0.63	0.00	8		1	9	4	10.0	-28	nm
NORTHWEST AIRLIN								9.3	0.50	0.00	8		10	9	8	12.6	-51	-8
PINNACLE AIRLINE			18.2	14.2	4.0	14.2	1.55	9.9	3.67	0.00		9			3	20.0	-33	31
REPUBLIC AIRWAYS			13.1	12.3	0.8	20.9	1.25	11.1	1.89	0.00	9	4	9	5	5	16.0	5	22
SKYWEST, INC.			11.9	13.2	-1.3	25.4	1.39	11.4	1.40	0.44	2	4	8	4	7	14.0	4	21
SOUTHWEST AIRLIN			7.9	9.5	-1.6	69.4	0.83	22.9	1.66	0.13	5	5	3	9	8	14.0	-13	26
UAL				13.8			1.49	22.8	2.40	0.00	7		10	10	1	23.2	nm	43
US AIRWAYS				3.8			-0.06	6.0	1.92	0.00	3		1	9	1	6.0	-16	9
MARINE	**2**	**0.02**	**10.6**	**9.7**	**0.9**	**29.0**	**0.86**	**18.7**	**3.53**	**0.00**	**5**	**2**	**5**	**3**	**4**	**15.0**	**2**	**18**
AMERICAN			13.1	9.3	3.8	20.9	0.79	15.5	3.64	0.00	2		1	7	10	15.0	-30	31
KIRBY CORP			9.7	9.9	-0.2	31.8	0.88	20.0	3.50	0.00	6	2	7	2	2	15.0	27	12
ROAD & RAIL	**12**	**0.75**	**7.7**	**10.7**	**-3.0**	**33.8**	**1.01**	**16.7**	**2.15**	**1.32**	**4**	**7**	**6**	**4**	**6**	**12.6**	**6**	**17**
ARKANSAS BEST CO			13.4	10.9	2.5	19.4	1.04	11.9	1.14	2.19	4	6	1	8	9	12.0	-32	13
AVIS BUDGET GROU			10.5	11.2	-0.7	28.7	1.08	17.8	0.86	0.00	6		9	9	8	15.0	15	32
BURLINGTON			7.8	10.3	-2.5	31.2	0.95	16.7	2.81	1.47	5	5	4	3	8	14.0	4	13
CON-WAY INC.			14.0	8.1	5.9	23.3	0.61	12.8	2.80	0.94	5	3	2	7	7	15.0	-17	22
CSX CORP			6.9	10.2	-3.3	37.0	0.93	17.5	2.14	1.34	3	8	7	4	5	12.0	16	17
GENESEE &			9.0	13.7	-4.7	35.0	1.47	20.6	2.33	0.00	6	9	6	5	5	10.0	4	21
J.B. HUNT TRANSP			10.1	10.8	-0.7	26.5	1.02	18.7	9.79	1.30	1	5	3	5	8	15.0	-1	20
KANSAS CITY			9.3	11.1	-1.8	33.7	1.07	25.0	1.83	0.00	2	10	9	7	2	15.0	17	29

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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NORFOLK			8.8	11.4	-2.6	25.9	1.12	14.2	2.02	2.01	6	5	4	4	7	15.0	2	10
UNION PACIFIC CO			6.3	10.8	-4.5	41.0	1.02	18.3	2.18	1.09	3	8	8	5	3	10.0	19	22
WERNER			11.2	11.2	0.0	25.9	1.08	17.3	1.61	1.05	8	3	2	6	7	14.0	-12	7
YRC WORLDWIDE IN				12.1			1.22	9.7	0.62	0.00		8	1	10	10	9.5	-49	11
TRANSPORT INFRA	**1**	**0.01**	**9.6**	**9.7**	**-0.1**	**24.4**	**0.86**	**nm**	**1.94**	**5.80**	**2**		**1**	**10**	**10**	**10.0**	**-94**	**nm**
MACQUARIE INFRAS			9.6	9.7	-0.1	24.4	0.86	nm	1.94	5.80	2		1	10	10	10.0	-94	nm
CONSUMER DISCR	**197**	**10.2**	**11.2**	**12.0**	**-0.8**	**30.1**	**1.20**	**22.4**	**2.54**	**1.04**	**5**	**4**	**6**	**5**	**5**	**16.0**	**3**	**26**
AUTO COMP	**11**	**0.37**	**11.1**	**11.8**	**-0.7**	**23.4**	**1.18**	**21.7**	**2.69**	**1.00**	**9**	**4**	**8**	**5**	**5**	**10.5**	**7**	**34**
AMERICAN AXLE &				12.5			1.29	14.5	1.71	2.18	8		10	9	4	7.5	332	-3
ARVINMERITOR				12.7			1.31	20.1	1.30	2.70	9	6	1	8	10	10.8	-38	112
AUTOLIV AB			11.1	12.6	-1.5	23.4	1.30	17.1	2.05	2.47	5	4	6	6	5	10.0	-24	28
BORGWARNER				11.6			1.15	21.4	3.02	0.64	10	3	7	3	3	15.3	23	12
COOPER TIRE &				15.4			1.73	18.3	2.00	1.89	9		10	8	6	0.0	nm	15
GENTEX CORP				11.0			1.06	24.2	3.78	2.02	7	2	5	5	3	16.5	18	8
GOODYEAR TIRE &				17.3			2.03	19.8	6.56	0.00	9		10	7	8	0.0	18	81
JOHNSON				10.3			0.94	20.2	2.92	1.01	10	3	9	4	5	13.8	19	24
LEAR CORP				13.1			1.38	10.8	3.27	0.00	8		10	6	1	9.3	nm	-5
TRW AUTOMOTIVE H				8.1			0.60	12.5	1.19	0.00	5	10	7	7	4	0.0	13	8
VISTEON				18.1			2.15	nm		0.00	9		1	10	6	0.0	nm	nm
AUTOMOBILES	**4**	**0.35**	**12.4**	**13.9**	**-1.5**	**20.8**	**1.50**	**22.6**	**5.32**	**1.62**	**3**	**1**	**5**	**9**	**3**	**9.9**	**nm**	**46**
FORD MOTOR CO				17.9			2.12	nm		0.00	3		10	10	1	9.5	nm	nm
GENERAL				12.5			1.28	11.8		2.55	2		2	10	1	7.0	-15	37
HARLEY-			12.5	10.2	2.3	20.6	0.93	13.6	5.47	2.33	4	1	2	5	9	15.0	-3	5
WINNEBAGO			11.1	19.9	-8.8	23.8	2.43	18.0	3.66	1.86	9	6	9	3	6	15.0	6	24
HOUSEHOLD DURABLES	**13**	**0.41**	**10.6**	**11.8**	**-1.2**	**30.5**	**1.18**	**nm**	**1.75**	**1.66**	**2**	**6**	**4**	**7**	**5**	**12.1**	**nm**	**284**
BEAZER HOMES				17.4			2.05	nm	0.30	3.56		8	1	10	10	7.0	nm	nm
BLACK & DECKER C			9.3	11.1	-1.8	28.6	1.07	13.7	4.48	1.87	7	5	3	5	5	10.0	0	2
CENTEX CORP				14.1			1.53	nm	0.63	0.64	4	7	1	10	10	9.0	nm	nm
D R HORTON INC			19.2	15.4	3.8	13.4	1.73	nm	0.70	4.73	2	7	1	10	10	9.0	nm	203
GARMIN LTD.			8.3	10.4	-2.1	38.8	0.97	30.7	12.08	0.70	1	4	7	7	1	16.0	49	33
KB HOME			13.8	13.7	0.1	19.7	1.47	nm	0.80	3.62	1	8	1	10	10	9.0	nm	115
LENNAR CORP			15.8	12.0	3.8	20.4	1.21	nm	0.72	2.80	2	8	1	10	10	12.5	nm	114
M.D.C. HOLDINGS				12.0			1.21	nm	0.94	2.47		10	1	10	10	10.7	nm	nm
NEWELL			10.0	10.4	-0.4	27.2	0.97	16.1	3.98	2.88	1	9	3	1	4	9.0	-4	12
PULTE HOMES INC			12.3	12.9	-0.6	22.1	1.35	nm	0.64	1.08	2	8	1	10	10	9.0	nm	109
STANLEY WORKS			9.7	12.9	-3.2	30.3	1.35	14.4	2.79	2.15	3	7	8	2	5	10.0	15	15
SYNTAX-BRILLIAN				5.3			0.18	10.4	1.28	0.00	6				10	25.0	nm	15
TOLL BROTHERS IN			13.9	15.8	-1.9	26.7	1.80	18.3	1.00	0.00	2	8	1	10	10	9.0	-66	-1
LEISURE EQUIP & PROD	**6**	**0.09**	**10.1**	**13.8**	**-3.7**	**38.0**	**1.49**	**33.4**	**2.58**	**1.69**	**4**	**5**	**6**	**8**	**3**	**8.2**	**-15**	**55**
BRUNSWICK			13.6	12.1	1.5	20.6	1.23	18.4	1.03	2.69	9	8	1	8	10	10.0	-47	-17

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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EASTMAN KODAK			8.7	13.6	-4.9	46.6	1.46	44.8	3.32	1.74	2		7	10	1	4.0	nm	107
LEAPFROG				12.1			1.22	nm	1.69	0.00	9		10	10	10	15.0	nm	nm
MARINEMAX INC			15.5	15.6	-0.1	16.8	1.77	20.3	0.70	0.00	1	5	1	8	1	15.0	-59	61
OAKLEY INC.				16.7			1.93	30.1	4.11	0.00		4	8	2	6	15.8	50	23
POLARIS			11.7	13.1	-1.4	20.4	1.38	15.8	9.39	2.77	6	3	6	3	4	15.0	14	9
TEXTILES, APPAREL	**14**	**0.43**	**10.5**	**10.7**	**-0.2**	**30.7**	**1.01**	**19.3**	**3.34**	**0.95**	**6**	**2**	**6**	**3**	**4**	**13.9**	**-3**	**18**
COACH INC			10.3	13.1	-2.8	29.4	1.38	19.4	6.80	0.00	5	2	9	2	4	15.0	27	20
COLUMBIA			10.2	13.0	-2.8	29.3	1.37	13.1	2.03	1.31	5	1	5	5	5	10.0	11	4
ICONIX BRAND GRO			10.0	19.5	-9.5	30.6	2.36	22.4	2.64	0.00	1		9	2	5	18.0	32	35
JONES APPAREL GR			11.5	11.9	-0.4	23.4	1.20	16.4	1.03	2.67	8	3	1	8	10	8.0	-44	10
KELLWOOD				12.3			1.26	12.2	0.75	3.86		9	3	6	10	10.7	-17	23
K-SWISS				14.4			1.58	18.0	2.20	0.85	1	6	1	7	9	10.0	-40	18
LIZ CLAIBORNE IN			13.3	9.8	3.5	28.6	0.87	16.7	1.38	0.79	9	6	1	7	8	11.0	-42	21
LULULEMON			8.9			36.9		153.8	87.31	0.00	3		5	9		44.0	nm	65
NIKE INC -CL B				8.4			0.65	20.1	4.49	1.12		2	6	2	2	13.5	nm	13
PERRY ELLIS INTE				6.7			0.39	12.2	1.32	0.00		6	9	4	3	0.0	21	12
POLO RALPH			9.1	13.3	-4.2	35.8	1.41	18.6	3.19	0.29	9	3	7	4	7	12.0	4	41
QUIKSILVER INC				12.9			1.35	23.5	1.78	0.00		7	4	6	6	16.9	-17	54
THE TIMBERLAND C			12.4	12.8	-0.4	29.6	1.33	19.5	2.18	0.00	8	7	1	7	9	13.0	-39	12
VF CORP			10.8	9.7	1.1	31.2	0.86	16.4	2.84	2.66	9	1	7	1	5	8.0	12	12
HOTELS, RESTAURANTS	**31**	**2.14**	**10.4**	**12.5**	**-2.1**	**29.1**	**1.28**	**26.6**	**4.96**	**1.15**	**5**	**4**	**5**	**4**	**5**	**18.8**	**14**	**16**
AMERISTAR CASINO				13.9			1.51	23.8	3.83	1.26		5	3	8	8	9.3	2	13
BOYD GAMING				12.7			1.31	23.3	2.71	1.43		8	2	6	8	13.7	-16	9
BRINKER INTERNAT				8.9			0.73	14.7	4.02	1.42		5	6	5	9	13.4	nm	10
CARIBOU COFFEE C				12.6			1.30	nm	1.57	0.00	2		2	8	10	17.5	nm	nm
CARNIVAL CORP/PL			12.1	14.1	-2.0	19.0	1.53	16.2	1.93	3.33	3	3	5	4	5	15.0	7	11
CHIPOTLE MEXICAN			8.9	12.4	-3.5	36.5	1.27	65.3	8.89	0.00	7		5	4	1	29.8	65	25
CKE RESTAURANTS			13.1	13.8	-0.7	19.4	1.48	23.4	3.81	1.48	6		5	7	9	23.5	-3	25
DARDEN			9.6	10.4	-0.8	30.0	0.97	15.9	5.13	1.67	3	3	7	2	4	9.0	14	11
IHOP CORP			9.1	10.0	-0.9	32.8	0.90	22.9	5.18	1.58	3	5	4	3	3	11.8	14	11
INTL GAME TECHNO				11.3			1.10	28.5	7.78	1.28		3	4	3	5	14.0	10	16
JACK IN THE BOX			9.9	11.2	-1.3	31.1	1.08	16.4	3.90	0.00	1	3	7	3	2	12.4	16	10
LAS VEGAS SANDS				16.6			1.92	96.6	21.27	0.00			5	10	7	39.8	-3	101
LIFE TIME FITNES				7.2			0.47	34.3	5.18	0.00	10	10	6	1	5	24.9	29	21
MARRIOTT INTL IN			11.5	10.9	0.6	34.9	1.04	21.9	9.16	0.73	6	1	6	2	7	15.0	13	17
MCDONALD'S CORP				12.8			1.34	20.7	4.72	2.51	4	7	5	1	3	11.3	21	8
MGM MIRAGE				12.3			1.25	40.3	6.01	0.00		4	4	7	4	16.7	10	22
MORGANS HOTEL			3.2	19.2	-16.0	70.1	2.32	108.4	6.51	0.00	7		8	9	8	20.0	nm	95
ORIENT-EXPRESS H			8.4	13.8	-5.4	40.2	1.48	45.6	3.37	0.15	6	4	5	6	7	20.0	31	26
PANERA BREAD			10.7	11.0	-0.3	27.9	1.06	22.8	2.99	0.00	3	2	3	2	9	16.6	-4	15

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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PENN NATIONAL GA				8.8			0.72	32.0	5.18	0.00		5	4	4	6	16.4	5	19
PINNACLE				12.8			1.33	36.9	1.64	0.00			2	8	2	14.9	-28	5
ROYAL CARIBBEAN			11.9	16.8	-4.9	23.1	1.95	15.0	1.37	1.40	2	5	4	5	8	15.0	-3	19
SONIC CORP			10.0	8.5	1.5	30.5	0.67	24.5		0.00	6	1	7	2	5	16.3	12	17
STARBUCKS				7.9			0.57	29.0	8.44	0.00		1	5	1	6	21.8	20	21
STARWOOD			10.7	10.4	0.3	26.0	0.97	21.6	4.08	1.48	3	8	2	2	3	15.0	-4	-1
TIM HORTONS INC			9.0	10.9	-1.9	34.9	1.04	26.5	7.74	0.77	8		6	5	2	12.6	2	15
WENDY'S INTERNAT			7.3	9.0	-1.7	39.9	0.74	28.7	3.96	1.44	6	9	9	7	2	13.9	133	19
WMS INDUSTRIES,				15.8			1.79	35.7	4.00	0.00			7	7	4	22.8	nm	27
WYNDHAM			9.2	7.5	1.7	34.6	0.52	15.5	1.77	0.49	7		8	2	6	10.0	25	10
WYNN RESORTS				13.0			1.36	56.3	9.69	0.00			7	8	1	28.5	497	12
YUM BRANDS INC			9.3	10.3	-1.0	30.9	0.95	24.1	14.50	1.49	9	1	4	1	4	12.9	15	8
DIV CONSUMER SVS	**10**	**0.20**	**9.4**	**9.5**	**-0.1**	**33.6**	**0.82**	**28.9**	**5.38**	**0.46**	**4**	**7**	**6**	**5**	**5**	**15.9**	**9**	**21**
APOLLO GROUP INC			8.6	6.9	1.7	37.4	0.42	30.6	21.67	0.00	5	7	5	5	4	13.0	4	15
CAREER			11.0	10.7	0.3	26.7	1.01	33.7	3.61	0.00	2	8	2	7	9	17.0	-39	42
CORINTHIAN COLLE			11.1	12.8	-1.7	27.0	1.34	44.3	3.59	0.00	5	7	8	7	9	30.0	-8	45
DEVRY, INC			9.5	11.7	-2.2	34.3	1.16	41.9	6.06	0.18	3	9	8	7	1	25.0	68	41
JACKSON HEWITT T				9.2			0.77	15.4	3.82	2.30		3	5	7	8	14.3	nm	11
LINCOLN EDUCATIO			9.9	8.2	1.7	31.1	0.62	29.9	2.50	0.00	6		5	6	8	15.0	-18	55
SERVICE CORP				13.0			1.37	28.1	2.59	0.83		8			6	12.5	61	19
STEWART				14.1			1.54	21.9	2.13	1.10					7	10.0	10	12
STONEMOR				9.0			0.75	28.2		7.84					1	0.0	72	2
WEIGHT WATCHERS			9.9	7.9	2.0	30.3	0.58	20.7		1.37	4	4	7	3	4	15.0	20	15
MEDIA	**47**	**3.47**	**11.7**	**11.3**	**0.4**	**29.3**	**1.09**	**22.2**	**1.76**	**0.78**	**4**	**4**	**7**	**6**	**6**	**17.4**	**24**	**19**
CABLEVISION				15.2			1.70	162.9		0.00	3		10	10	1	10.0	138	306
CBS CORP			10.3	10.8	-0.5	26.5	1.03	15.5	0.92	3.48	2		4	5	4	6.1	3	14
CINEMARK								31.7	1.63	4.18	3		10	10	1	39.5	nm	15
CITADEL				12.5			1.28	14.5	0.60				1	9	10	5.0	-42	17
CLEAR CHANNEL				12.6			1.30	43.5	5.19	0.00			5	7	5	20.6	36	19
COMCAST CORP			15.2	8.2	7.0	27.7	0.63	29.2	1.56	0.00	7		7	6	8	31.1	26	29
COMCAST CORP			15.2	8.2	7.0	27.6	0.62	nm		0.00						31.1	nm	nm
COX RADIO INC.				10.4			0.96	16.3	0.92	0.00		2	2	6	7	5.1	-16	4
DIRECTV GROUP			11.1	9.2	1.9	26.4	0.78	20.9	4.65	0.00	4		5	7	4	19.2	13	14
DISCOVERY HOLDIN				13.2			1.39	48.3	1.72	0.00	8		9	9	1	26.2	469	-20
DISCOVERY HOLDIN				13.0			1.36	nm		0.00						0.0	nm	nm
DISNEY (WALT) CO			12.5	12.1	0.4	33.7	1.22	17.5	2.21	0.90	2	5	7	4	4	14.3	19	12
DOLAN MEDIA COMP								nm		0.00	7		9	7		19.0	nm	116
DOW JONES & CO I				12.5			1.28	39.2	8.65	1.67		8	6	8	3	12.8	37	22
DREAMWORKS			5.0	7.2	-2.2	60.6	0.47	15.5	3.13	0.00	9		10	9	1	14.2	nm	-30
ECHOSTAR			11.2	7.7	3.5	26.3	0.54	27.8	96.74	0.00	4	10	9	8	6	24.9	29	44

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ENTERCOM				11.3			1.10	38.8	1.05	8.19		8	3	8	10	7.5	-60	164
ENTRAVISION COMM				13.9			1.51	75.8	1.23	0.00			2	9	8	21.7	-50	60
EW SCRIPPS -CL				9.2			0.78	20.7	2.74	1.24		2	3	7	6	7.6	-8	15
GANNETT CO			13.6	8.2	5.4	19.4	0.63	9.6	1.13	3.77	8	1	2	5	7	6.0	-8	0
HARTE-HANKS INC.			10.8	6.3	4.5	25.6	0.33	13.8	2.75	1.59	8	2	2	5	9	10.0	-6	1
INTERPUBLIC GROU			10.3	15.1	-4.8	46.3	1.69	33.4	2.44	0.00	8		10	8	1	10.0	255	65
JOURNAL				11.0			1.06	13.1	1.20	3.37		7			6	5.0	-17	22
JOURNAL				12.2			1.24	4.6	0.38	3.56		9	1	10	9	3.0	-44	-10
LAMAR				10.5			0.98	105.2	4.83	0.00			3	9	9	31.6	21	20
LEE			11.4	10.8	0.6	20.2	1.02	10.0	0.72	4.49	7	2	1	7	7	5.0	-10	-12
LIBERTY CAPITAL				8.6			0.68	13.9	1.27	0.00					1	17.0	nm	-66
MCCLATCHY CO.			11.9	7.7	4.2	19.8	0.54	11.4	0.43	4.34	4	5	1	7	9	4.0	-41	-3
MCGRAW-HILL			12.2	9.5	2.7	26.0	0.82	16.7	8.96	1.64	10	1	7	3	7	13.0	20	2
MEDIACOM				14.5			1.59	nm		0.00	5		10	10	10	4.0	nm	300
MEREDITH CORP			10.3	10.3	0.0	25.6	0.95	18.0	3.70	1.19	7	3	6	1	5	12.0	11	11
NATIONAL CINEMED								52.1		2.23				9	9	24.8	nm	51
NEW YORK TIMES			11.6	9.3	2.3	23.2	0.80	18.1	3.21	4.70	9	6	1	8	7	4.0	-19	-1
NEWS CORP			11.1	11.8	-0.7	27.4	1.18	19.5	2.06	0.55	4	2	9	6	8	18.7	21	22
OMNICOM GROUP			9.8	12.5	-2.7	30.6	1.28	17.3	4.54	1.18	9	1	7	1	3	12.5	18	11
R.H. DONNELLEY			8.2	10.6	-2.4	31.8	0.99	53.8	2.05	0.00	5		2	9	10	5.0	-55	69
SCHOLASTIC				12.9			1.35	18.7	1.64	0.00		8	9	7	4	0.0	nm	12
SIRIUS SATELLITE				19.6			2.38	nm		0.00			10	9	3	19.5	nm	nm
SPANISH				14.1			1.54	nm	0.52	0.00			1	10		0.0	-100	nm
THE NEWS			10.9	11.9	-1.0	28.3	1.20	nm		0.44						18.7	nm	nm
TIME WARNER CABL			8.4			38.8		26.2	1.16	0.00	8		8	8	7	11.1	15	27
TIME WARNER INC			10.8	14.7	-3.9	26.5	1.62	18.6	1.15	1.37	1		8	6	6	17.0	23	24
VIACOM INC			10.0	13.0	-3.0	30.3	1.37	17.6	3.90	0.00	3		6	3	5	13.2	13	14
VIRGIN MEDIA INC				10.3			0.94	nm	1.18	0.72			10	10	9	0.0	nm	nm
WARNER MUSIC			8.1	11.3	-3.2	31.9	1.10	nm		5.11	4		10	10	10	5.0	nm	nm
WASHINGTON POST				8.3			0.64	28.7	2.49	0.97		5			7	7.7	-15	18
WESTWOOD ONE				13.1			1.38	13.3	0.87	0.00		5	1	10	10	8.0	-59	-7
DISTRIBUTORS	**1**	**0.05**	**11.2**	**9.5**	**1.7**	**27.2**	**0.82**	**16.5**	**3.08**	**2.98**	**1**	**1**	**5**	**1**	**6**	**10.0**	**8**	**13**
GENUINE PARTS CO			11.2	9.5	1.7	27.2	0.82	16.5	3.08	2.98	1	1	5	1	6	10.0	8	13
INTERNET & CATALOG	**9**	**0.39**	**8.8**	**16.4**	**-7.6**	**39.2**	**1.90**	**40.1**	**3.13**	**0.03**	**6**	**9**	**5**	**7**	**3**	**20.6**	**26**	**26**
AMAZON.COM INC			6.4	18.0	-11.6	51.5	2.14	78.2	48.62	0.00	4	10	6	8	1	20.0	97	46
BLUE NILE INC.			6.7	14.0	-7.3	49.7	1.52	76.7	25.58	0.00	7	10	3	7	1	17.0	37	19
EXPEDIA INC			10.1	17.9	-7.8	30.6	2.12	29.7	1.83	0.00	9	6	5	6	3	20.0	16	19
FTD GROUP INC			12.4	4.3	8.1	17.8	0.02	12.6	1.55	4.63	7		8	6	2	15.0	19	nm
IAC/INTERACTIVEC			12.5	16.5	-4.0	22.5	1.90	19.1	0.95	0.00	8	10	3	4	8	20.0	-6	13
LIBERTY			11.7	13.0	-1.3	24.8	1.36	29.9	1.62	0.00	7		4	8	8	23.2	-7	20

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NETFLIX INC.				17.6			2.07	30.2	4.00	0.00		9	3	8	1	19.2	23	1
OVERSTOCK.COM IN				17.4			2.04	nm	30.13	0.00	4		10	10	1	20.0	nm	112
PRICELINE.COM			8.6	15.4	-6.8	37.5	1.74	28.3	8.73	0.00	9	10	9	7	1	20.0	97	20
MULTILINE RETAIL	**10**	**0.76**		**11.7**			**1.16**	**15.6**	**2.71**	**0.91**	**8**	**3**	**7**	**3**	**7**	**14.1**	**7**	**18**
99 CENTS ONLY				11.6			1.14	56.7	1.44	0.00		7	8	10	10	12.5	nm	71
DILLARDS INC -C				12.1			1.23	25.4	0.71	0.69		10	1	10	10	6.0	-55	1
DOLLAR TREE STOR				14.5			1.59	17.8	3.37	0.00		1	7	2	4	13.9	15	14
FAMILY DOLLAR ST				10.0			0.90	15.1	3.18	1.81		3	7	4	8	11.0	nm	11
KOHL'S CORP				10.3			0.95	14.4	3.00	0.00		3	9	4	7	17.5	15	18
MACY'S INC				11.9			1.20	14.5	1.46	1.62		6	6	7	9	12.7	-7	25
NORDSTROM INC				12.7			1.32	14.1	5.12	1.37		5	7	5	8	11.4	9	15
PENNEY (J C) CO				9.3			0.79	10.9	2.94	1.42		4	8	6	8	15.3	5	14
SAKS				15.8			1.80	46.7	2.68	0.00			9	9	8	12.8	127	53
TARGET CORP				12.2			1.24	17.3	3.26	0.91	8	2	6	1	7	14.0	11	17
SPECIALTY RETAIL	**41**	**1.59**	**12.1**	**12.0**	**0.1**	**29.7**	**1.21**	**15.0**	**2.73**	**1.47**	**5**	**3**	**5**	**4**	**6**	**13.5**	**-1**	**15**
ABERCROMBIE &			11.0	12.0	-1.0	27.2	1.21	15.3	4.71	0.88	8	3	8	1	6	15.0	12	17
ADVANCE AUTO PAR				13.0			1.37	15.2	3.01	0.70	7	7	6	5	8	12.4	3	14
AEROPOSTALE,			11.2	16.3	-5.1	26.0	1.88	14.9	5.23	0.00	9	4	9	3	7	16.0	21	17
AMERICAN EAGLE O			11.0	12.5	-1.5	25.8	1.29	13.0	3.75	1.68	10	7	8	3	8	12.0	8	10
ANN TAYLOR STORE			10.5	11.8	-1.3	28.2	1.18	14.4	2.30	0.00	2	9	7	3	7	12.0	9	22
ASBURY			12.5	11.8	0.7	19.1	1.18	8.1	1.02	4.91	3	2	9	6	8	10.0	14	7
AUTONATION INC			11.2	10.6	0.6	40.4	0.99	12.2	0.94	0.00	10	3	3	4	8	10.0	-6	3
AUTOZONE INC				11.7			1.17	13.9	20.35	0.00	5	2	7	4	4	12.6	14	11
BARNES & NOBLE I				14.0			1.52	21.6	2.19	1.55	9	5	2	6	2	10.0	-19	12
BED BATH &				11.7			1.17	15.5	3.71	0.00	6	2	4	5	5	15.1	3	6
BEST BUY CO INC				14.8			1.64	16.3	6.00	1.07	10	1	8	4	3	15.3	11	12
BORDERS GROUP				12.8			1.33	157.0	1.58	2.85		7	7	9	1	11.0	-73	nm
BROWN SHOE				13.9			1.50	12.9	1.61	1.37		8	9	6	5	22.9	5	28
CHICOS FAS INC			12.0	15.6	-3.6	23.5	1.77	16.4	2.56	0.00	6	5	3	7	10	15.0	-17	19
CHILDREN'S PLACE				22.6			2.84	20.7	1.68	0.00		10	1	8	10	15.3	-61	51
CIRCUIT CITY STO				11.9			1.19	nm	0.82	2.02	4		1	10	10	15.1	nm	nm
DICK'S SPORTING				14.5			1.59	26.4	4.76	0.00	2	5	7	2	3	19.3	24	19
FINISH LINE			15.3	13.2	2.1	16.3	1.39	7.6	0.40	0.00	5	9	1	9	8	10.0	-42	33
FOOT LOCKER			14.1	13.3	0.8	19.6	1.41	22.2	1.02	3.36	7	5	1	8	10	13.0	-59	75
GAP INC			11.6	13.1	-1.5	34.8	1.38	19.9	2.90	1.69	7	8	4	6	1	12.0	1	21
GOLFSMITH INTERN				2.1			-0.32	28.9	0.81	0.00	9		1	9	9	17.5	-47	75
GROUP 1			14.0	13.3	0.7	19.4	1.41	8.1	1.04	1.80	1	8	4	4	9	15.0	5	8
GYMBOREE CORP			9.7	12.1	-2.4	31.8	1.22	13.3	4.86	0.00	6	8	9	3	3	9.0	19	10
HOME DEPOT INC				11.2			1.08	13.1	2.29	2.86	1	3	2	4	7	12.5	-6	15
LIMITED BRANDS I			12.9	12.1	0.8	26.2	1.22	14.5	3.38	2.73	2	3	3	5	8	13.0	-9	20

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
LITHIA MOTORS IN			12.1	12.8	-0.7	21.2	1.33	10.3	0.66	3.30	4	6	2	7	9	9.0	-13	12
LOWE'S COMPANIES			13.5	11.0	2.5	29.2	1.05	13.8	2.50	1.19	5	1	3	3	7	15.0	-2	12
OFFICE DEPOT				14.5			1.59	10.7	1.84	0.00	7	6	3	6	9	13.9	-9	13
O'REILLY				11.2			1.09	19.2	2.45	0.00		1	6	2	8	16.6	11	17
PACIFIC SUNWEAR				10.1			0.91	33.7	2.37	0.00		10	3	8	10	16.1	-38	68
PENSKE			11.6	16.2	-4.6	23.1	1.85	14.8	1.57	1.62	8	4	6	3	5	15.0	8	9
RADIOSHACK CORP				12.6			1.30	13.3	3.50	1.21	9	9	10	8	2	9.8	68	-7
ROSS STORES INC.				11.4			1.12	14.4	3.95	1.11		4	8	3	7	14.7	10	17
SONIC AUTOMOTIVE			11.1	13.0	-1.9	25.3	1.37	9.7	1.14	1.90	9	2	9	3	7	10.0	17	8
STAPLES INC				11.7			1.16	16.4	3.25	1.24	4	2	7	3	7	15.6	11	15
TALBOTS INC.				11.1			1.07	nm	1.27	3.54		9	1	10	10	15.0	nm	179
TIFFANY & CO			7.5	12.7	-5.2	42.0	1.32	23.9	3.91	1.11	6	4	6	3	2	6.0	21	13
TJX COMPANIES IN				9.2			0.77	15.4	5.97	1.24		3	7	2	4	12.4	15	13
TWEEN BRANDS			11.4	13.4	-2.0	25.2	1.42	15.9	2.85	0.00	4	6	7	4	9	15.0	-1	28
WILLIAMS-SONOMA				12.7			1.32	17.0	3.06	1.46		3	4	4	3	14.4	5	11
ZALE CORP.			9.3	13.8	-4.5	33.3	1.49	17.9	1.15	0.00	9	7	3	8	10	8.0	-27	1
CONSUMER STAPLES	**61**	**8.85**	**10.9**	**8.7**	**2.2**	**30.7**	**0.70**	**19.3**	**3.94**	**2.19**	**5**	**2**	**5**	**2**	**5**	**9.9**	**9**	**11**
FOOD & STAPLES	**15**	**2.08**	**10.9**	**9.3**	**1.6**	**32.5**	**0.79**	**18.4**	**2.78**	**1.30**	**6**	**3**	**6**	**3**	**6**	**12.2**	**11**	**13**
BJ'S WHOLESALE				13.0			1.37	20.7	2.23	0.00		4	5	4	3	9.9	13	11
CASEY'S GENERAL				11.0			1.05	19.7	2.41	0.91		4	7	8	2	12.1	nm	11
COSTCO				10.3			0.95	24.5	3.49	0.86		1	5	4	3	13.4	nm	13
CVS CAREMARK			9.8	10.3	-0.5	32.1	0.95	22.0	1.92	0.58	8	4	8	1	5	16.0	21	21
GREAT ATLANTIC &				17.0			1.98	nm	3.01	0.00			1	10	9	3.0	nm	nm
KROGER CO			10.5	11.4	-0.9	33.1	1.11	17.6	4.07	1.02	8	10	6	3	4	11.0	11	10
RITE AID CORP				14.9			1.66	nm	1.39	0.00			6	10	10	13.0	nm	102
SAFEWAY INC			9.2	8.8	0.4	33.9	0.71	17.0	2.32	0.81	8	7	7	4	5	10.0	16	10
SUPERVALU INC			11.5	13.1	-1.6	32.5	1.38	14.2	1.44	1.75	3	6	9	6	6	9.0	15	12
SUSSER HOLDINGS				9.8			0.87	46.9	2.52	0.00			9	10	1	17.5	309	32
SYSCO CORP				9.9			0.89	20.1	6.40	2.22		2	6	2	4	13.4	nm	13
THE PANTRY, INC.			13.8	18.7	-4.9	19.2	2.25	19.8	1.74	0.00	7	9	1	9	10	12.0	-56	63
WALGREEN CO			10.9	6.6	4.3	26.6	0.38	19.1	3.55	0.96	7	1	5	5	8	16.0	14	11
WAL-MART			11.7	8.1	3.6	34.7	0.61	14.6	2.95	1.95	5	1	5	2	7	8.7	7	8
WHOLE FOODS				10.4			0.96	35.6	4.80	1.45		2	3	6	4	16.5	1	15
BEVERAGES	**7**	**1.99**	**10.6**	**8.8**	**1.8**	**33.2**	**0.72**	**21.6**	**6.21**	**2.07**	**5**	**2**	**5**	**1**	**4**	**9.8**	**12**	**11**
ANHEUSER-			10.3	8.3	2.0	30.6	0.64	18.2	10.86	2.57	3	2	5	1	5	9.0	12	10
COCA-COLA CO			10.1	9.8	0.3	31.9	0.87	23.1	7.25	2.20	6	1	5	1	4	9.0	13	12
COCA-COLA			8.8	8.8	0.0	36.2	0.71	19.3	2.31	0.93	4	5	3	3	2	8.0	3	10
CONSTELLATION BR			10.4	8.2	2.2	28.7	0.63	17.6	1.69	0.00	8	3	3	5	4	11.0	-14	17
MOLSON COORS			7.8	10.5	-2.7	43.6	0.98	21.9	1.58	1.12	8	5	7	5	5	10.0	23	14
PEPSI BOTTLING G			8.8	11.1	-2.3	33.5	1.07	19.9	4.07	1.30	10	1	5	1	2	9.0	15	7

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
PEPSICO INC			11.5	7.7	3.8	34.6	0.55	21.9	7.27	2.03	5	2	5	1	4	11.0	12	11
FOOD PRODUCTS	**24**	**1.46**	**9.9**	**8.8**	**1.1**	**30.7**	**0.72**	**18.4**	**2.80**	**2.31**	**5**	**4**	**4**	**4**	**5**	**8.9**	**2**	**11**
ARCHER-DANIELS-M				9.5			0.83	14.5	2.04	1.29	5	4	7	7	8	10.0	13	12
B&G FOODS				6.8			0.40	nm		8.76						0.0	nm	nm
BUNGE LTD.			8.1	8.8	-0.7	39.7	0.71	21.3	2.55	0.57	3	5	7	6	1	10.0	40	10
CAMPBELL SOUP				8.8			0.72	18.3	10.82	2.38	4	1	4	2	7	7.0	8	8
CONAGRA FOODS IN				9.3			0.79	15.8	2.52	3.20	1	5	4	7	6	9.0	6	12
DEAN FOODS CO			10.6	6.8	3.8	27.9	0.41	22.2		0.00	5	5	1	7	10	10.0	-41	20
DEL MONTE			10.0	9.9	0.1	28.7	0.88	13.5	1.44	1.55	4	3	5	3	7	8.0	3	8
DIAMOND FOODS IN			8.6	16.2	-7.6	36.9	1.85	31.7	2.75	0.82	3	10	9	6	1	15.0	34	50
FLOWERS FOODS IN			12.1	9.3	2.8	39.8	0.79	22.4	3.26	2.28	2	2	6	2	3	11.0	24	13
FRESH DEL			2.8	10.2	-7.4	71.8	0.93	12.8	1.83	0.00	4	10	10	9	1	9.0	nm	7
GENERAL MILLS IN			10.9	7.4	3.5	28.4	0.50	17.2	4.16	2.70	2	4	4	1	6	9.0	8	8
HEINZ (H J) CO			10.4	9.4	1.0	25.4	0.81	18.4	8.02	3.25	5	5	4	2	4	9.0	10	8
HERSHEY CO				6.7			0.39	20.8	18.23	2.76	7	5	2	4	9	10.0	-13	4
HORMEL FOODS			10.1	7.2	2.9	28.8	0.47	17.3	2.59	1.64	8	1	4	2	8	7.0	2	9
JM SMUCKER CO.			9.3	8.3	1.0	29.5	0.64	17.8	1.66	2.25	9	2	5	3	4	8.0	7	8
KELLOGG CO			10.4	8.1	2.3	26.7	0.61	19.2	8.71	2.35	4	1	4	1	6	9.8	10	10
KRAFT FOODS INC			9.6	9.4	0.2	27.0	0.81	18.4	1.92	3.23	7	3	2	4	5	7.5	-6	5
LANCE INC			10.8	11.4	-0.6	37.3	1.12	23.5	2.75	3.02	5	7	8	7	4	7.0	34	22
MCCORMICK &			11.0	9.2	1.8	28.5	0.78	18.2	4.62	2.28	2	1	5	1	6	9.0	12	10
PILGRIM'S PRIDE,			8.7	11.0	-2.3	37.7	1.06	15.5	1.75	0.30	6	10	10	9	1	9.0	nm	89
SARA LEE CORP			9.4	9.1	0.3	31.9	0.76	22.1	4.58	2.54	10	10	7	3	2	8.0	-20	16
SMITHFIELD FOODS			9.6	8.8	0.8	32.2	0.72	21.0	1.32	0.00	8	10	8	9	10	9.5	-20	36
TYSON FOODS INC			7.1	10.0	-2.9	54.7	0.90	18.7	1.21	1.01	5	10	10	10	9	9.0	nm	37
WRIGLEY (WM) JR			11.8	7.7	4.1	33.9	0.54	27.5	6.34	1.88	4	1	4	1	5	11.0	11	12
TOBACCO	**4**	**1.19**	**11.2**	**8.3**	**2.9**	**26.2**	**0.63**	**16.5**	**7.96**	**4.10**	**7**	**3**	**2**	**2**	**4**	**6.2**	**7**	**6**
ALTRIA GROUP			11.3	8.3	3.0	26.7	0.64	16.7	8.90	4.11	8	2	2	2	4	6.0	6	6
CAROLINA GROUP			9.8	8.6	1.2	23.6	0.69	16.8	23.69	2.12	6	4	5	2	4	8.0	14	7
REYNOLDS			10.5	7.3	3.2	20.2	0.49	14.1	2.63	5.28	4	8	5	2	5	7.0	12	7
UST INC			12.5	8.2	4.3	26.6	0.63	15.5		4.50	3	5	4	3	4	7.0	9	6
HOUSEHOLD PRODUCTS	**6**	**1.96**	**11.7**	**8.3**	**3.4**	**29.5**	**0.64**	**20.7**	**4.06**	**2.07**	**4**	**1**	**6**	**1**	**5**	**10.6**	**14**	**13**
CLOROX CO/DE			9.9	7.5	2.4	26.8	0.51	18.2	55.36	2.56	1	2	5	3	8	10.0	9	11
COLGATE-PALMOLIV			12.5	7.6	4.9	30.7	0.53	22.7	21.62	1.89	6	2	5	1	5	11.0	15	12
ENERGIZER HOLDIN				11.0			1.05	18.6	11.93	0.00		3	8	6	3	10.7	24	19
KIMBERLY-CLARK C			9.8	9.5	0.3	28.2	0.82	16.6	6.01	2.99	2	3	5	1	4	7.0	9	9
PROCTER &			11.9	8.2	3.7	29.6	0.63	21.3	3.27	2.01	4	1	6	1	5	11.0	15	14
SPECTRUM			13.5	15.3	-1.8	19.9	1.72	46.6	1.01	0.00	2	10	1	10	10	15.0	-71	484
PERSONAL PRODUCTS	**5**	**0.18**	**11.1**	**7.4**	**3.7**	**29.4**	**0.51**	**22.1**	**8.97**	**1.58**	**2**	**6**	**8**	**3**	**8**	**11.4**	**2**	**21**
ALBERTO-CULVER			12.0			36.4		23.7	2.74	0.85	2	7	5	1	3	12.0	-46	13

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
AVON PRODUCTS			11.4	7.0	4.4	28.3	0.44	23.4	28.39	1.81	1	6	9	3	9	11.0	11	26
LAUDER ESTEE			9.8	8.4	1.4	30.2	0.66	19.3	7.12	1.14	6	5	5	3	7	12.0	11	11
NU SKIN ENTERPRI			10.0	9.7	0.3	27.4	0.86	18.8	3.86	2.43	9	7	8	2	6	13.0	23	17
PRESTIGE			10.6	7.3	3.3	28.0	0.48	14.3	1.15	0.00	6		5	3	7	12.0	9	13
HEALTH CARE	**140**	**11.7**	**10.6**	**9.4**	**1.2**	**30.8**	**0.81**	**18.8**	**3.91**	**1.44**	**5**	**5**	**6**	**3**	**4**	**12.6**	**15**	**14**
HEALTH CARE EQUIP	**22**	**1.39**	**9.6**	**9.4**	**0.2**	**32.3**	**0.81**	**23.1**	**3.92**	**0.63**	**7**	**5**	**5**	**3**	**6**	**14.3**	**3**	**17**
ADVANCED				9.0			0.74	nm	2.80	0.00			4	6	7	19.1	nm	244
BAXTER				12.7			1.31	21.8	6.17	1.12		8	6	2	3	13.0	24	12
BECKMAN				8.8			0.72	22.1	3.38	0.90		6	5	1	6	13.2	11	12
BECTON				8.8			0.71	21.2	4.80	1.17		1	5	1	4	12.6	15	12
BOSTON SCIENTIFI				11.7			1.16	37.6	1.33	0.00		9	1	8	9	11.0	-56	41
DIGIRAD				7.8			0.56	nm	1.10	0.00			10	10	1	0.0	nm	nm
EDWARDS LIFESCIE			9.2	9.0	0.2	34.4	0.75	24.0	3.50	0.00	4	10	3	3	9	12.1	1	11
GEN-PROBE INC.				13.8			1.49	46.0	5.69	0.00		6	4	3	2	21.7	36	14
HOSPIRA INC			9.4	7.5	1.9	32.9	0.51	19.6	4.40	0.00	10		6	2	5	11.7	9	13
IDEXX LABORATORI				6.3			0.33	38.8	9.65	0.00		2	4	1	3	15.0	10	18
INSULET								nm	6.02	0.00				9	9	35.0	nm	nm
KINETIC CONCEPTS				12.2			1.24	18.3	7.30	0.00		9	8	6	2	12.0	22	16
MEDTRONIC INC				7.7			0.54	18.9	4.83	1.05		4	5	3	8	13.6	nm	13
MENTOR			9.9	11.5	-1.6	28.8	1.13	30.3	6.49	1.88	7	3	5	6	1	17.2	2	19
NXSTAGE MEDICAL				4.9			0.11	nm	5.65	0.00			10	10	9	0.0	nm	nm
RESMED INC.			10.6	8.5	2.1	28.2	0.67	26.3	3.45	0.00	2	5	5	5	9	20.0	16	20
ST JUDE MEDICAL				7.9			0.57	22.6	4.99	0.00		3	6	2	4	16.6	19	16
STRYKER CORP				9.0			0.74	29.6	5.64	0.31		2	5	1	6	19.2	19	20
THERMAGE INC.								90.8	3.16	0.00	3		10	9	1	30.0	113	288
THORATEC				7.8			0.56	55.5	2.79	0.00			4	8	3	38.0	-5	48
TOMOTHERAPY			8.1			40.5		117.6	4.78	0.00	7		8	8	7	20.0	nm	104
ZIMMER				7.9			0.58	17.7	3.12	0.00		5	5	3	7	13.8	14	10
HEALTH CARE PROV	**34**	**2.13**	**10.6**	**8.1**	**2.5**	**29.4**	**0.61**	**16.6**	**2.93**	**0.14**	**6**	**3**	**8**	**2**	**5**	**14.7**	**16**	**15**
AETNA INC			11.4	7.7	3.7	30.2	0.54	16.2	2.97	0.07	5	4	9	1	3	15.0	20	15
AMERIGROUP CORP			9.7	6.7	3.0	32.0	0.39	16.4	2.10	0.00	5	5	9	5	1	13.5	40	17
AMERISOURCEBE			10.7	7.8	2.9	20.0	0.56	17.7	2.28	0.42	3	5	7	3	6	12.0	18	13
AMN HEALTHCARE			11.5	11.9	-0.4	25.3	1.20	18.1	2.44	0.00	1	7	5	5	9	18.0	9	23
ATHENAHEALTH INC			4.1			65.7		nm		0.00						35.0	nm	nm
CARDINAL HEALTH			10.3	9.0	1.3	29.1	0.75	18.0	3.39	0.71	6	4	8	1	6	14.0	14	16
CENTENE CORP			9.5	8.8	0.7	32.9	0.72	17.3	2.48	0.00	9	4	9	7	6	12.5	31	22
CIGNA CORP			9.0	13.1	-4.1	32.2	1.38	14.0	3.71	0.08	7	8	8	4	3	10.0	22	11
COMMUNITY			11.0	6.8	4.2	26.5	0.40	17.2	1.68	0.00	6	4	3	6	9	13.0	-14	23
COVENTRY HEALTH			10.5	8.6	1.9	28.6	0.68	15.1	3.19	0.00	9	4	8	1	5	13.0	15	13
CROSS COUNTRY			10.7	14.9	-4.2	28.0	1.65	20.7	1.32	0.00	1	4	7	6	7	18.0	19	28

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
EXPRESS			9.7	7.7	2.0	32.0	0.55	27.3	29.59	0.00	4	2	8	4	2	20.0	40	21
HEALTH			15.6	7.1	8.5	16.6	0.45	11.4	13.20	0.00	6	8	1	8	10	12.0	-53	-19
HEALTH NET, INC.			9.9	7.8	2.1	31.0	0.56	14.7	3.09	0.00	8	10	8	2	5	11.0	20	12
HEALTHWAYS INC				11.6			1.15	43.0	5.96	0.00		4	8	4	8	25.1	nm	41
HUMANA INC			13.2	8.9	4.3	41.8	0.73	16.7	3.74	0.00	9	6	10	4	2	12.0	61	13
KINDRED				14.1			1.53	16.3	0.90	0.00		8	1	5	9	10.0	-24	-5
LABORATORY CP			9.9	8.4	1.5	31.1	0.66	16.5	4.19	0.00	4	1	8	1	7	13.0	26	13
LIFEPOINT HOSPIT			11.6	8.2	3.4	24.4	0.62	13.6	1.16	0.00	3	6	2	4	9	13.0	-7	10
LINCARE HOLDINGS				8.7			0.70	13.6	2.85	0.00		4	9	3	3	16.6	18	14
MAGELLAN			10.6	5.4	5.2	28.0	0.19	24.8	2.01	0.00	9	10	2	6	9	15.0	-21	12
MATRIA HEALTHCAR				14.2			1.55	25.0	1.63	0.00			8	5	9	20.5	21	26
MCKESSON CORP			9.4	7.5	1.9	34.6	0.52	20.9	3.04	0.36	8	2	6	1	4	13.0	18	15
MEDCO HEALTH			10.1	7.5	2.6	30.5	0.52	26.7	3.77	0.00	8	3	7	2	3	20.0	28	20
ODYSSEY				10.8			1.02	20.1	1.88	0.00		6	2	7	9	12.7	-28	24
OMNICARE, INC.				8.9			0.73	14.1	1.10	0.31		6	2	7	9	13.8	-22	19
PSYCHIATRIC SOLU			10.7	10.6	0.1	28.2	0.99	26.8	3.13	0.00	8	7	8	4	4	22.5	30	27
QUEST DIAGNOSTIC			10.8	6.2	4.6	28.2	0.32	18.3	3.09	0.75	4	2	3	3	4	14.0	-11	17
REHABCARE				6.9			0.43	26.4	1.55	0.00			8	7	1	8.5	25	27
TENET				8.8			0.72	nm	11.16	0.00	4		2	10	10	12.0	nm	nm
UNITEDHEALTH			11.2	7.3	3.9	25.8	0.49	14.1	3.14	0.06	5	1	8	1	4	15.0	18	13
UNIVERSAL HEALTH			9.9	7.5	2.4	31.8	0.51	16.0	1.73	0.66	2	7	7	3	7	12.0	15	13
WELLCARE HEALTH				10.8			1.03	4.8	1.49	0.00		6	10	4	2	17.5	48	18
WELLPOINT INC			10.8	7.6	3.2	27.4	0.53	14.2	2.02	0.00	5	2	8	1	6	13.5	17	15
HEALTH CARE TECH	**5**	**0.08**	**10.4**	**9.8**	**0.6**	**29.5**	**0.88**	**23.4**	**4.52**	**0.19**	**7**	**5**	**6**	**3**	**6**	**18.6**	**14**	**15**
CERNER			10.2	7.1	3.1	30.1	0.46	34.4	4.38	0.00	8	3	6	1	5	22.5	16	22
ECLIPSYS CORP			10.9	9.9	1.0	27.5	0.88	29.7	5.65	0.00	4		8	7	5	25.0	33	32
IMS HEALTH INC				10.3			0.95	16.6		0.48		7	5	3	8	12.0	8	11
OMNICELL INC			10.2	16.2	-6.0	30.0	1.85	26.1	3.90	0.00	6		6	2	2	23.0	58	-8
TRIZETTO GROUP I			10.7	16.1	-5.4	28.2	1.84	29.2	4.92	0.00	2		9	7	6	22.5	19	30
BIOTECH	**35**	**1.96**	**9.6**	**10.6**	**-1.0**	**33.0**	**0.99**	**34.2**	**5.51**	**0.00**	**8**	**7**	**6**	**6**	**4**	**16.5**	**29**	**23**
ALEXION				14.9			1.66	nm	29.20	0.00			10	10	1	0.0	nm	nm
ALKERMES INC.				12.1			1.22	120.0	7.39	0.00	7		3	10	4	0.0	74	22
ALTUS				16.0			1.82	nm	3.19	0.00	9		9	9	10	0.0	nm	nm
AMGEN INC			10.4	9.9	0.5	28.7	0.89	14.2	3.84	0.00	9	4	4	5	4	11.4	9	2
AMICUS								nm	2.99	0.00	2		1	9	9	0.0	nm	nm
AMYLIN				7.3			0.48	nm	9.71	0.00	7		6	10	6	0.0	nm	nm
ARENA				11.0			1.06	nm	2.16	0.00	4		1	9	3	0.0	nm	nm
BIOGEN IDEC INC				7.5			0.52	28.3	4.37	0.00		10	6	6	6	13.2	17	22
BIOMARIN PHARMAC				10.6			1.00	nm	15.87	0.00	6		9	10	5	0.0	nm	268
CELGENE CORP			7.9	8.4	-0.5	42.1	0.65	68.0	11.04	0.00	8	9	7	7	3	31.0	155	58

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CEPHALON, INC.			8.9	11.6	-2.7	35.3	1.14	20.1	3.31	0.00	8		2	6	8	6.4	-20	16
COLEY				20.6			2.53	nm	1.60	0.00	7		1	10	1	0.0	nm	nm
CUBIST				17.6			2.07	26.7	14.13	0.00			10	9	2	27.0	nm	39
CV				16.6			1.92	nm		0.00	7		10	10	5	37.8	nm	nm
GENENTECH INC			10.4	10.2	0.2	29.1	0.93	27.8	6.71	0.00	9	8	7	5	6	22.0	30	21
GENZYME CORP			9.2	11.5	-2.3	34.6	1.13	25.9	3.19	0.00	10		7	2	2	16.0	30	22
GILEAD SCIENCES			8.3	10.9	-2.6	39.4	1.04	27.8	14.34	0.00	8		6	6	2	13.0	32	5
HUMAN GENOME				20.0			2.44	nm	10.13	0.00	2		10	10	5	25.0	nm	nm
IMCLONE			8.5	18.0	-9.5	37.6	2.14	31.5	4.36	0.00	9		1	9	10	3.2	-54	-18
KERYX				15.8			1.79	nm	6.31	0.00	6		7	10	2	0.0	nm	nm
MANNKIND				8.6			0.68	nm	2.70	0.00	7		10	10	3	30.0	nm	nm
MARTEK BIOSCIENC				12.6			1.30	46.0	1.93	0.00		10	3	8	6	18.5	5	nm
MILLENNIUM PHARM				18.9			2.28	nm	1.77	0.00	9		3	10	3	25.5	nm	nm
MYRIAD GENETICS				16.3			1.87	nm	7.07	0.00			6	10	1	0.0	nm	nm
NEUROCRINE				13.7			1.47	nm	1.31	0.00	8		10	10	4	35.0	nm	nm
OMRIX BIOPHARMAC				5.5			0.21	63.7	5.38	0.00			2	9	10	20.0	-67	156
ONYX				10.6			0.99	nm	6.09	0.00	5		10	10	1	25.0	nm	149
OREXIGEN								nm	4.10	0.00	6		1	9	6	0.0	nm	nm
OSI PHARMACEUTIC				13.2			1.40	25.8	32.40	0.00	5		10	9	1	17.3	315	7
PDL BIOPHARMA			9.6	16.1	-6.5	32.8	1.84	54.4	4.81	0.00	7		6	10	1	29.0	44	64
PROGENICS				23.6			3.00	nm	5.71	0.00			8	10	9	0.0	nm	nm
TELIK INC				13.3			1.41	nm	2.00	0.00	8		10	9	2	54.0	nm	nm
THERAVANCE INC				15.0			1.67	nm		0.00	7		10	10	8	0.0	nm	nm
VERTEX				14.7			1.63	nm	10.24	0.00	3		1	9	8	25.0	nm	nm
ZYMOGENETICS,				11.6			1.15	nm	5.10	0.00	8		9	10	10	15.0	nm	nm
PHARMACEUTICALS	**30**	**5.67**	**11.3**	**9.3**	**2.0**	**30.4**	**0.79**	**15.9**	**4.13**	**2.77**	**4**	**6**	**6**	**3**	**4**	**9.4**	**14**	**11**
ABBOTT				8.8			0.71	19.3	5.50	2.38		7	6	2	5	12.2	12	14
ABRAXIS BIOSCIEN				8.4			0.66	30.5	3.62	0.00		10			7	21.5	-16	31
ADAMS			10.3	14.3	-4.0	29.8	1.56	32.3	5.70	0.00	8		9	7	9	23.0	14	54
ADOLOR				7.7			0.54	nm	1.22	0.00			10	9	7	0.0	nm	nm
ALEXZA				6.6			0.38	nm	2.59	0.00	7		10	10	5	0.0	nm	nm
ALLERGAN INC			9.0	10.3	-1.3	36.4	0.95	31.4	6.11	0.30	3		5	1	6	17.0	17	20
ALPHARMA INC.			12.3	10.4	1.9	23.7	0.97	22.9	1.52	0.00	2		1	9	10	19.0	-29	9
AUXILIUM PHARMAC				17.8			2.11	nm	13.81	0.00	7		9	10	2	30.0	nm	nm
BARR			9.2	7.7	1.5	34.2	0.55	19.2	3.83	0.00	3	6	4	5	4	8.7	-5	28
BRISTOL-MYERS SQ			13.9	11.9	2.0	25.6	1.20	20.4	5.50	3.73	1	6	8	3	3	18.2	35	22
CADENCE				7.0			0.44	nm	7.89	0.00	3		10	9	10	0.0	nm	nm
ENDO			14.2	9.4	4.8	19.2	0.81	16.9	3.35	0.00	1	8	8	7	4	25.0	9	41
FOREST			11.7	10.6	1.1	24.3	1.00	13.3	3.85	0.00	10	5	6	5	7	14.0	11	9
IMPAX LABORATORI				16.4			1.89	nm		0.00					6	0.0	nm	nm

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JOHNSON &				7.3			0.48	15.8	4.37	2.55		2	5	1	4	9.4	10	7
KING				11.4			1.11	5.9	1.04	0.00	1	10	1	9	6	-4.9	4	-4
LILLY (ELI) & CO			9.9	11.2	-1.3	30.5	1.09	15.3	5.31	3.14	1	7	5	2	3	4.3	11	11
MEDICIS PHARMACE			11.2	9.7	1.5	27.7	0.85	24.7	2.98	0.40	5	9	8	7	4	26.5	56	32
MERCK & CO			11.4	9.7	1.7	28.9	0.86	18.6	6.49	2.61	3	3	6	4	2	13.5	25	8
MGI PHARMA				11.2			1.09	59.2	17.88	0.00	3		9	10	10	37.5	241	64
MYLAN INC			11.0	7.5	3.5	26.1	0.51	12.2	2.17	1.60	3	7	10	8	9	8.7	nm	-42
PAR			10.0	8.8	1.2	30.6	0.72	17.1	1.53	0.00	10	10	9	8	10	18.1	74	-43
PERRIGO COMPANY			9.9	10.1	-0.2	31.4	0.92	23.7	2.93	0.84	5	6	8	5	3	16.4	16	21
PFIZER INC				9.0			0.74	11.4	2.51	4.71	5	9	5	2	5	-0.3	4	9
REPLIDYNE INC				-1.4			-0.86	10.3	1.54	0.00					1	0.0	149	nm
SCHERING-PLOUGH			12.7	10.3	2.4	33.5	0.94	23.3	6.65	0.85	6		9	7	3	21.9	51	24
SEPRACOR INC.			10.8	11.6	-0.8	27.4	1.14	19.3	16.42	0.00	3		9	7	10	14.0	-11	69
VALEANT			11.5	14.8	-3.3	24.1	1.64	21.7	2.91	0.00	3		10	9	8	23.4	46	60
WATSON			10.2	11.6	-1.4	29.8	1.15	23.9	1.79	0.00	3	6	9	6	3	18.0	17	55
WYETH			9.4	10.0	-0.6	35.4	0.90	13.8	4.03	2.30	6	9	7	3	5	2.4	12	8
LIFE SCIENCES	**14**	**0.50**	**9.9**	**11.3**	**-1.4**	**32.1**	**1.10**	**27.4**	**2.87**	**0.10**	**3**	**4**	**6**	**2**	**4**	**18.5**	**26**	**22**
AFFYMETRIX INC			7.8	9.0	-1.2	42.2	0.75	77.2	3.04	0.00	3		9	9	3	20.0	nm	70
APPLERA CORP-			9.5	11.9	-2.4	33.7	1.20	24.4	4.26	0.46	1	5	5	4	4	15.0	14	17
CHARLES RIVER			9.2	11.1	-1.9	34.4	1.07	23.0	2.28	0.00	9	4	5	1	5	13.1	15	12
COVANCE INC			9.0	4.7	4.3	35.7	0.09	31.1	5.02	0.00	1	1	5	1	5	16.5	20	21
ILLUMINA INC			11.1	14.7	-3.6	27.3	1.63	65.3	9.43	0.00	1		3	8	1	33.0	5	73
INVITROGEN			9.1	10.9	-1.8	34.9	1.04	22.4	2.57	0.00	5		6	5	1	14.0	31	7
MILLIPORE CORP			11.7	10.3	1.4	34.2	0.95	22.7	4.06	0.00	1	5	6	2	7	17.0	18	18
NEKTAR				21.5			2.68	nm	2.91	0.00	3		10	10	9	25.0	nm	nm
PERKINELMER INC			8.7	13.8	-5.1	33.9	1.48	21.7	2.18	1.02	5	7	6	2	5	13.0	13	17
PHARMACEUTICAL			10.1	9.0	1.1	31.2	0.75	31.1	4.52	0.28	6	6	4	3	7	19.9	2	24
THERMO FISHER SC			10.4	11.7	-1.3	29.0	1.16	22.6	1.73	0.00	1	4	8	1	3	20.0	36	20
VARIAN INC.			9.6	11.2	-1.6	32.6	1.08	30.1	3.78	0.00	1	4	5	2	3	17.0	31	18
VENTANA MEDICAL				8.3			0.64	66.2	14.30	0.00		7	5	6	2	25.0	49	42
WATERS CORP			9.4	14.5	-5.1	33.4	1.60	27.1	16.86	0.00	4	2	6	1	3	17.0	23	16
FINANCIALS	**244**	**18.9**	**11.5**	**10.8**	**0.7**	**24.5**	**1.03**	**12.2**	**1.79**	**2.97**	**6**	**4**	**5**	**4**	**6**	**9.8**	**2**	**8**
BANKS	**57**	**3.34**	**11.8**	**9.1**	**2.7**	**24.0**	**0.76**	**12.2**	**1.66**	**4.42**	**8**	**2**	**4**	**4**	**7**	**6.6**	**-2**	**4**
1ST			8.7	7.8	0.9	36.4	0.56	nm	1.62	0.00		1				1.8	nm	nm
ASSOCIATED			9.6	9.1	0.5	25.3	0.76	13.2	1.60	4.30	10	1	2	4	7	3.0	-8	-4
BANCORPSOUTH, IN				9.3			0.80	14.0	1.75	3.46		2	3	4	5	8.0	3	6
BANK HAWAII			9.1	9.5	-0.4	28.9	0.83	14.0	3.56	3.31	10	4	4	3	6	3.8	3	1
BB&T CORP			11.3	9.0	2.3	19.3	0.74	11.4	1.64	4.98	7	4	3	2	7	7.2	6	5
BOSTON PRIVATE			9.0	12.2	-3.2	33.5	1.24	18.7	1.61	1.25	8	3	6	3	2	8.7	8	17
CATHAY GENERAL B			9.4	9.7	-0.3	31.8	0.85	12.7	1.69	1.36	10	1	4	6	4	6.0	7	-14

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CHITTENDEN CORP				7.8			0.56	20.9	2.22	2.47		1	4	1	7	8.9	-7	23
CITY NATIONAL CO			9.3	7.9	1.4	28.9	0.57	14.3	1.99	2.72	10	1	3	4	6	5.0	1	-4
COLONIAL				8.7			0.70	11.0	1.35	3.91		2	3	3	7	10.6	1	6
COMERICA INC			12.1	11.0	1.1	27.0	1.06	10.3	1.39	5.48	10	2	2	6	8	2.0	-8	-18
COMMERCE			8.8	8.4	0.4	32.7	0.66	15.1	2.16	2.12	9	1	3	2	5	4.0	1	2
CULLEN/FROST BAN			10.1	8.2	1.9	25.4	0.62	14.8	2.31	3.01	10	1	4	5	5	8.0	5	-7
EAST-WEST			9.5	9.0	0.5	31.8	0.74	13.1	1.80	1.19	10	1	5	6	4	7.0	9	-12
FIFTH THIRD BANC			10.9	8.2	2.7	18.3	0.63	11.6	1.78	5.37	8	2	9	3	6	7.0	27	2
FIRST HORIZON			11.0	8.5	2.5	17.9	0.67	21.4	1.36	6.90	7	6	1	9	10	3.0	-53	23
FIRST MARINER BA			9.6	7.7	1.9	31.7	0.55	8.1	0.66	0.00	1	10	1	10	10	6.0	52	4
FIRST MIDWEST BA			9.2	9.3	-0.1	28.1	0.79	14.8	2.25	3.50	10	1	2	3	7	3.5	-4	-2
FIRST STATE FINA			9.6	8.2	1.4	28.2	0.62	18.3	1.47	2.53		6			10	6.0	-23	-17
FIRSTMERIT CORP			8.5	11.6	-3.1	29.2	1.14	14.1	1.98	5.47	10	5	8	5	4	3.0	27	-7
FULTON				8.6			0.69	14.8	1.46	4.58		1	2	7	9	7.0	-16	10
HUNTINGTON			11.2	8.9	2.3	18.5	0.73	10.5	1.05	5.92	9	3	2	3	8	4.0	-7	3
KEYCORP			10.7	9.7	1.0	21.0	0.85	10.3	1.41	5.13	9	1	2	4	8	3.4	-7	-3
M & T BANK CORP			10.4	7.8	2.6	25.0	0.56	13.4	1.70	2.81	8	1	3	1	7	8.0	0	6
MARSHALL & ILSLE			9.9	10.0	-0.1	26.6	0.90	13.3	1.62	2.90	4	1	3	7	6	6.0	0	9
NATIONAL CITY CO				9.4			0.81	14.1	1.10	6.76	6	5	1	8	10	-1.4	-43	16
OLD NATIONAL			9.5	9.0	0.5	23.8	0.75	13.5	1.77	5.27	10	7	2	6	3	2.8	3	-17
PARK NATIONAL			9.7	10.1	-0.4	24.4	0.92	13.0	1.78	4.69		1			6	2.5	-10	-12
PARKE BANCORP IN			9.5	9.3	0.2	32.3	0.80	nm	1.37	0.00		2				3.5	nm	nm
PNC FINANCIAL SV			12.7	9.3	3.4	26.7	0.79	13.2	1.68	3.49	2	6	6	1	7	11.4	10	11
POPULAR INC				10.4			0.97	12.9	0.84	6.07		6	1	9	10	7.0	-34	-9
PREMIER			9.3	7.8	1.5	29.5	0.56	nm	1.10	3.01						1.5	nm	nm
PROSPERITY			8.3	9.5	-1.2	36.8	0.82	15.5	1.31	1.55	10	1	4	3	7	3.3	8	0
PROVIDENT				9.7			0.85	12.3	1.29	5.19		2	2	6	9	8.0	-6	6
REGIONS			11.8	9.9	1.9	17.9	0.88	10.2	0.95	5.60	10	2	2	4	8	6.0	-6	-2
SOUTH FINANCIAL				9.2			0.77	16.1	0.97	3.48		7	2	5	6	9.9	-16	12
STERLING			8.9	8.0	0.9	32.8	0.59	16.7	2.00	1.72	10	5	5	4	3	7.0	11	-3
SUNTRUST BANKS			13.0	8.8	4.2	25.4	0.71	12.8	1.45	4.02	5	1	3	5	8	7.9	-3	8
SUSQUEHANNA				10.1			0.92	15.2	1.11	5.16		2	2	6	9	7.0	-20	19
SVB FINANCIAL GR			8.6	11.8	-3.2	37.0	1.18	14.5	2.66	0.00	10	9	7	6	1	7.0	32	-12
SYNOVUS FINANCIA			10.2	10.5	-0.3	24.6	0.98	15.1	2.20	3.11	6	1	2	9	7	8.0	-1	0
TCF FINANCIAL CO			9.6	8.0	1.6	25.4	0.59	13.0	2.89	4.26	9	2	2	5	7	3.0	-5	3
TEXAS CAPITAL BA			8.5	12.9	-4.4	37.8	1.35	17.8	2.04	0.00	10	4	6	6	5	7.0	13	-1
TIB FINANCIAL CO			10.3	9.2	1.1	26.0	0.77	12.0	1.11	2.71	1	5	1	10	9	6.5	-3	12
TRUSTMARK				8.1			0.60	13.7	1.76	3.41		1	2	4	6	9.0	-6	5
U S BANCORP			10.7	10.9	-0.2	20.3	1.04	12.7	2.89	4.83	8	1	3	3	6	5.8	0	5
UCBH HOLDINGS IN			8.8	11.0	-2.2	36.2	1.05	15.8	1.96	0.70	10	4	6	7	5	6.0	5	-10

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
UNIONBANCAL			9.7	8.8	0.9	25.9	0.72	13.1	1.60	3.85	10	2	2	6	7	3.0	-13	-9
UNITED				9.6			0.84	12.6	1.92	3.70		4	3	1	6	2.7	1	4
VALLEY NATIONAL				9.0			0.74	16.7	2.61	4.10		1	2	3	3	8.0	-8	3
WACHOVIA CORP			13.5	9.5	4.0	21.3	0.82	10.4	1.24	5.60	9	1	3	6	9	5.5	-6	5
WEBSTER FINANCIA				7.8			0.56	12.7	1.08	3.31		4	2	5	8	7.7	-10	10
WELLS FARGO & CO			12.5	7.7	4.8	27.9	0.54	12.6	2.37	3.65	9	1	6	3	7	9.0	8	6
WESTAMERICA			9.1	9.5	-0.4	29.6	0.82	16.1	3.50	2.83	4	1	2	3	6	4.8	-4	6
WHITNEY				9.2			0.77	13.2	1.44	4.52		3	2	1	9	9.0	-11	-2
WILMINGTON				9.0			0.74	13.6	2.25	3.68		3	8	4	7	8.4	30	5
ZIONS			9.9	8.3	1.6	27.0	0.64	11.2	1.26	2.91	10	1	2	6	8	4.0	-4	-15
THRIFTS & MORTGAGE	**13**	**0.94**	**13.9**	**9.8**	**4.1**	**16.2**	**0.86**	**15.6**	**1.24**	**4.23**	**6**	**5**	**6**	**9**	**9**	**11.9**	**-41**	**27**
ASTORIA FINANCIA			10.8	9.5	1.3	21.1	0.82	17.5	1.95	4.00	7	4	2	5	4	8.0	-19	7
BANKATLANTIC BAN				10.1			0.92	nm	0.47	4.01		9	1	10	10	9.3	nm	103
COUNTRYWIDE			14.7	11.4	3.3	15.7	1.12	nm	0.62	3.87	7	7	1	10	10	12.0	nm	346
FANNIE MAE				9.4			0.81	14.2	1.71	3.51	7	6	8	9	10	13.3	10	7
FEDERAL HOME			13.5	9.7	3.8	16.8	0.85	12.5	1.49	3.83	4		10	10	10	10.0	-36	19
FIRSTFED FINANCI				10.2			0.93	6.1	0.95	0.00	4	3	1	8	9	0.0	-5	-19
FLAGSTAR			13.5	9.3	4.2	15.2	0.79	nm	0.63	4.94	2	8	1	10	10	7.0	nm	nm
HUDSON CITY BANC			12.8	10.4	2.4	19.2	0.96	27.0	1.78	2.17	5	1	8	7	3	25.0	9	43
MGIC INVESTMENT				14.6			1.61	nm	0.39	0.52	3	4	1	10	10	12.0	nm	nm
MUNICIPAL MORTGA				8.3			0.64	nm	1.07	9.68		7				0.0	nm	nm
PMI GROUP INC			17.3	13.1	4.2	15.7	1.38	15.3	0.37	1.31	5	6	1	10	10	12.0	-77	33
SOVEREIGN			9.5	10.3	-0.8	29.8	0.95	13.7	0.81	2.22	9	10	1	8	9	2.0	-29	-5
WASHINGTON			15.5	9.3	6.2	11.3	0.79	11.6	1.03	8.03	7	3	1	8	10	10.0	-34	8
DIV FINANCIALS	**9**	**4.39**	**11.8**	**10.3**	**1.5**	**19.7**	**0.95**	**11.8**	**1.65**	**4.14**	**6**	**4**	**5**	**5**	**8**	**9.1**	**-2**	**14**
BANK OF AMERICA			11.7	8.2	3.5	19.3	0.62	10.8	1.59	5.30	8	1	3	3	9	5.8	-6	8
CIT GROUP INC			12.2	16.5	-4.3	21.0	1.90	7.1	1.01	2.84	2	8	4	7	8	7.0	3	13
CITIGROUP INC			12.4	10.6	1.8	16.9	0.99	11.3	1.64	5.16	4	3	5	6	9	8.0	-13	26
CME GROUP INC				10.6			1.00	44.8	13.36	0.52		2	5	3	4	22.5	28	28
JPMORGAN CHASE			11.3	12.7	-1.4	23.4	1.31	10.3	1.32	3.23	6	8	8	5	7	8.0	18	5
MOODY'S CORP			10.2	10.7	-0.5	29.9	1.01	18.2		0.73	9	2	3	8	8	13.5	7	-7
NASDAQ STOCK				13.8			1.48	33.0	2.96	0.00			9	5	1	24.1	49	45
NYMEX HOLDINGS I								51.2	13.44	0.31			6	6	8	40.4	39	43
NYSE EURONEXT				7.8			0.56	36.5	2.86	1.07			8	6	2	15.0	57	32
CONSUMER FINANCE	**3**	**0.77**	**11.4**	**12.2**	**-0.8**	**30.0**	**1.23**	**16.4**	**2.80**	**0.63**	**6**	**3**	**6**	**3**	**6**	**13.1**	**-8**	**28**
AMERICAN			10.5	12.2	-1.7	33.5	1.24	17.2	6.48	0.98	7	2	7	2	4	12.0	20	8
CAPITAL ONE FINA			13.7	14.3	-0.6	20.8	1.56	13.1	1.02	0.16	2	3	3	5	10	15.0	-34	62
SLM CORP				9.0			0.75	20.5	4.40	0.00		7	4	4	9	14.2	-19	40
CAPITAL MARKETS	**40**	**3.16**	**10.4**	**13.1**	**-2.7**	**27.9**	**1.38**	**13.5**	**2.41**	**1.26**	**5**	**4**	**6**	**5**	**5**	**12.8**	**16**	**6**
AFFILIATED MANAG			10.0	15.0	-5.0	30.4	1.67	19.3	6.06	0.00	7	1	8	2	6	15.0	20	16

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
ALLIANCEBERNST			11.9			17.8		18.1	4.64	5.62	4	7	8	2	8	16.0	17	20
ALLIED CAPITAL C			8.9	9.7	-0.8	23.6	0.86	28.3	1.50	8.82	2	9	3	8	10	5.0	-20	44
AMERITRADE				15.6			1.76	17.2	5.29	0.00		10	8	5	6	16.7	nm	18
ARES CAPITAL			13.6	11.4	2.2	12.4	1.11	11.3	1.05	10.1	4		4	3	7	10.0	-1	13
BANK OF NEW YORK			6.4	12.8	-6.4	28.2	1.33	19.0	1.92	1.97	2	3	6	2	3	9.0	14	19
BEAR STEARNS			12.4	11.0	1.4	22.7	1.05	10.4	1.04	1.13	7	3	1	8	10	10.0	-24	7
BLACKROCK, INC.				9.3			0.80	26.6	2.16	1.29		5	8	3	2	16.0	53	20
BLACKSTONE								14.9	1.45	0.00	5		10	7		16.0	nm	3
CALAMOS ASSET MA			9.9	18.2	-8.3	30.1	2.16	27.4	3.79	1.29	1	8	3	5	9	14.0	-16	32
COHEN & STEERS I			10.7	19.8	-9.1	24.0	2.42	21.4	5.62	2.13	9		9	4	5	18.0	36	15
COWEN GROUP INC			14.0	15.1	-1.1	19.0	1.69	10.3	0.68	0.00	1		2	9	10	15.0	-14	42
E TRADE FINANCIA				18.0			2.13	13.4	1.15	0.00		8	1	8	10	14.0	-44	57
EATON VANCE			9.3	12.7	-3.4	31.3	1.32	34.9	15.08	1.20	8	4	8	5	7	17.0	8	47
FEDERATED INVEST			9.4	10.4	-1.0	29.7	0.97	19.5	7.97	1.95	7	5	8	4	4	11.0	21	14
FIDUCIARY/CLAYM				8.3			0.64	nm		5.96						0.0	nm	nm
FRANKLIN			11.3	11.4	-0.1	27.3	1.12	17.7	4.55	0.46	2	2	7	4	6	20.5	25	14
GAMCO			9.1	11.5	-2.4	35.4	1.13	23.2	3.55	0.19	9	3	4	6	7	11.0	-3	10
GFI GROUP INC				10.8			1.02	26.9	6.42	0.00		3	8	3	3	17.9	35	23
GOLDMAN SACHS			10.5	13.3	-2.8	29.5	1.41	10.5	2.74	0.56	7	3	6	7	2	10.0	20	-8
INVESTMENT				11.7			1.17	17.5	2.72	0.00		7	8	2	3	17.6	17	19
JANUS CAPITAL			11.7	16.3	-4.6	26.4	1.88	32.6	3.05	0.12	4	10	9	6	2	31.9	56	42
JEFFERIES			9.7	13.0	-3.3	29.3	1.36	17.6	1.88	1.87	2	3	6	7	9	10.0	7	24
JMP GROUP INC			11.7			21.4		13.2	1.27	2.86	9		10	7	8	12.0	nm	13
KBW INC			10.5			28.2		20.3	2.06	0.00	1		2	8	8	12.0	-23	30
KNIGHT TRADING				17.4			2.05	14.8	1.51	0.00			1	6	9	15.0	-33	27
KOHLBERG								9.3	0.84	11.4					6	0.0	nm	19
LABRANCHE & CO				11.8			1.18	nm	0.66	0.00			9	10	10	0.0	nm	458
LEGG MASON INC			10.6	13.4	-2.8	27.4	1.43	16.2	1.64	1.16	3	2	7	3	7	13.7	15	15
LEHMAN			12.7	13.2	-0.5	22.1	1.39	8.7	1.62	0.95	9	4	6	7	8	13.0	8	-7
MORGAN STANLEY			11.2	13.8	-2.6	25.1	1.49	8.9	2.09	1.61	5	2	7	7	8	10.0	26	6
NORTHERN			9.7	12.5	-2.8	30.0	1.29	20.8	3.79	1.49	1	2	6	2	3	13.7	18	15
OPTIONSXPRESS				15.8			1.79	19.9	7.44	0.84		7	8	5	2	22.5	30	15
PRICE (T. ROWE)			10.0	13.4	-3.4	29.1	1.43	27.2	6.34	1.06	7	2	6	1	6	18.5	24	19
SCHWAB				16.2			1.85	24.0	5.73	0.86		7	7	3	3	18.3	21	19
STATE STREET COR			11.2	12.8	-1.6	39.3	1.33	18.9	2.73	1.10	2	4	7	3	2	14.0	23	16
TORTOISE								nm		4.97						0.0	nm	nm
TORTOISE				8.1			0.61	nm		6.23						8.0	nm	nm
TORTOISE				6.4			0.34	nm		6.07						0.0	nm	nm
WADDELL & REED F			10.8	14.4	-3.6	23.8	1.58	22.0	10.72	2.05	6	8	8	2	6	17.0	17	22
INSURANCE	**49**	**4.31**	**12.0**	**11.2**	**0.8**	**27.2**	**1.09**	**9.9**	**1.57**	**1.54**	**6**	**6**	**6**	**4**	**4**	**10.8**	**10**	**2**

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
ACE LTD			12.7	12.6	0.1	21.1	1.30	7.7	1.31	1.72	6	10	3	4	2	11.0	11	-6
AFLAC INC			10.6	8.3	2.3	31.9	0.64	19.0	3.62	1.31	1	4	7	1	6	15.0	16	17
ALLSTATE CORP			13.6	10.4	3.2	20.3	0.96	7.5	1.39	2.90	6	8	1	4	6	9.0	-9	-4
AMBAC FINANCIAL			15.8	13.2	2.6	17.7	1.40	4.7	0.66	2.28	3	8	5	6	7	12.0	2	8
AMERICAN			11.1	10.6	0.5	26.0	0.99	8.0	1.20	1.34	3	8	6	5	2	8.0	19	-4
AMERICAN INTERNA			13.1	12.7	0.4	31.4	1.32	9.4	1.56	1.27	7	5	8	4	3	13.0	15	3
AON CORP			9.4	10.6	-1.2	38.3	0.99	16.2	2.48	1.32	6	5	8	4	3	8.0	51	13
ARCH CAPITAL GRO			14.2	10.1	4.1	18.7	0.91	7.1	1.44	0.00	5	8	3	6	1	14.0	13	-5
ARTHUR J.			10.8	8.9	1.9	21.5	0.73	16.5	3.25	4.66	5	9	6	6	8	12.0	15	4
ASSURANT INC			10.6	12.8	-2.2	28.0	1.33	11.1	1.84	0.82	4	10	7	3	2	10.0	12	9
AXIS CAPITAL HOL			14.8	12.1	2.7	17.7	1.23	6.7	1.40	1.66	9	10	2	4	2	14.0	3	-10
CHUBB CORP			13.3	11.9	1.4	24.6	1.19	8.4	1.48	2.17	3	8	3	5	1	11.0	14	-5
CNA FINANCIAL CO			12.7	9.9	2.8	21.1	0.88	9.4	1.08	1.51	2	9	4	6	8	13.0	8	8
DARWIN			14.7	8.1	6.6	18.6	0.60	13.0	1.70	0.00	1		10	6	1	30.0	88	17
EHEALTH, INC.			11.4	7.0	4.4	25.9	0.44	59.4	6.15	0.00	8		4	7	1	25.0	-41	32
GENWORTH			11.4	10.3	1.1	24.6	0.94	9.1	0.93	1.47	5	1	7	5	8	9.0	7	10
HARTFORD			11.7	14.2	-2.5	22.5	1.55	8.9	1.65	2.18	3	3	7	2	2	10.0	20	-3
HILB, ROGAL AND			9.1	7.3	1.8	33.3	0.49	18.4	2.44	1.18	3	5	4	5	6	8.0	-1	13
INFINITY PROPERT			11.2	12.9	-1.7	26.1	1.35	10.4	1.14	0.90	4	6	1	7	4	9.0	-7	-6
IPC HOLDINGS			13.3	11.7	1.6	18.6	1.17	8.0	0.88	2.67	6	8	1	5	3	7.0	-29	23
LINCOLN NATIONAL			10.4	12.8	-2.4	26.5	1.33	11.6	1.43	2.53	10	10	7	2	6	8.0	5	9
LOEWS CORP				10.0			0.90	11.4	1.53	0.51		6	9	5	7	0.0	17	20
MARKEL CORP.			10.3	8.1	2.2	29.1	0.60	15.4	2.21	0.00	8	10	2	7	4	11.0	0	-15
MARSH &			12.3	11.2	1.1	24.6	1.08	19.9	2.48	2.94	4	9	3	6	9	11.0	-2	35
MBIA INC			14.3	12.9	1.4	16.6	1.35	6.8	0.80	3.16	4	4	9	2	5	12.0	8	11
MERCURY			12.7	9.5	3.2	22.3	0.83	11.3	1.57	4.05	6	8	5	5	3	10.0	21	-7
METLIFE INC			10.5	10.7	-0.2	27.9	1.01	11.7	1.52	1.07	5	6	7	4	2	10.0	13	5
NATIONAL FINANCI			10.6	12.1	-1.5	26.5	1.23	17.9	2.95	1.32	9	6	8	2	5	15.0	17	20
NATIONAL			10.0	9.4	0.6	30.6	0.81	14.2	3.17	0.63	7	5	8	1	3	12.0	24	11
NATIONWIDE			11.0	12.1	-1.1	24.7	1.23	11.2	1.41	1.94	7	8	3	1	2	9.0	2	1
ONEBEACON			11.9			19.5		12.3	1.16	3.91	6		2	4	8	9.0	-12	9
PARTNERRE LTD			11.3	9.4	1.9	23.8	0.81	6.6	1.10	2.07	5	9	1	7	1	5.0	12	-21
PHILADELPHIA CON			12.6	9.7	2.9	21.8	0.85	9.7	2.20	0.00	10	4	2	3	1	13.0	4	-11
PHOENIX COMPANIE			9.6	11.4	-1.8	31.9	1.11	12.5	0.69	1.16	10		9	7	3	10.0	41	-9
PRINCIPAL FINANC			9.7	8.6	1.1	30.0	0.69	16.5	2.25	1.33	3	2	6	1	2	11.0	16	10
PROGRESSIVE				9.7			0.86	11.9	2.43	0.19	3	6	1	7	8	9.0	-27	-4
PROTECTIVE LIFE			10.7	10.3	0.4	25.1	0.95	10.7	1.31	2.10	8	3	7	1	7	9.0	18	2
PRUDENTIAL			9.7	10.1	-0.4	30.9	0.91	13.2	1.95	0.98	6	7	8	1	4	9.0	19	11
RENAISSANCE RE H			14.0	9.6	4.4	19.0	0.84	5.9	1.50	1.49	7	10	1	7	2	9.0	-11	-14
SAFECO CORP			13.6	8.1	5.5	21.5	0.60	9.0	1.50	2.76	1	6	2	5	3	10.0	-3	1

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
SELECTIVE			11.0	11.6	-0.6	24.5	1.15	11.1	1.30	2.14	1	6	2	5	4	8.0	-4	7
STANCORP			10.5	9.4	1.1	27.6	0.81	12.8	2.02	1.18	1	3	8	2	3	11.0	16	13
TORCHMARK			10.5	9.3	1.2	28.8	0.79	12.0	1.88	0.80	1	1	6	1	5	10.0	9	9
TRAVELERS COS			13.1	11.6	1.5	19.5	1.15	7.9	1.36	2.22	8	9	3	6	1	12.0	13	-11
UNITED AMERICA I			12.8	11.6	1.2	21.4	1.15	8.8	1.02	0.00	7		2	1	2	12.0	3	-11
UNUM GROUP			10.1	11.6	-1.5	29.5	1.14	11.4	1.14	1.29	8		8	4	2	8.0	14	7
W.R. BERKLEY			8.1	9.3	-1.2	57.9	0.80	8.1	1.57	0.66	2	3	5	3	5	12.0	8	5
WILLIS GROUP HOL			10.5	10.6	-0.1	24.5	1.00	15.4	4.92	2.36	7	6	8	2	6	12.0	23	10
XL CAPITAL LTD			13.5	10.8	2.7	19.1	1.03	6.3	1.12	2.11	6	9	3	5	1	11.0	17	-14
REITS	**72**	**1.99**	**9.8**	**10.2**	**-0.4**	**25.3**	**0.93**	**15.6**	**2.56**	**4.14**	**6**	**6**	**5**	**2**	**5**	**7.4**	**11**	**6**
ALESCO				13.1			1.38	nm	0.64							5.0	nm	nm
ALEXANDRIA REAL			9.4	9.3	0.1	28.6	0.80	18.4	2.55	2.95	10	2	4	1		9.1	9	11
AMB PROPERTY			8.3	8.4	-0.1	31.8	0.66	18.7	2.63	3.06	2	7	6	4	3	4.1	12	15
AMERICAN			13.0	11.7	1.3	17.1	1.17	28.9	1.87	4.75	3		3	2	2	19.8	-28	60
ANNALY CAPITAL			9.8	10.3	-0.5	22.1	0.94	nm	1.62	6.09		7				10.0	nm	nm
APARTMENT INVT			10.0	9.7	0.3	22.8	0.86	14.1	3.12	5.14	3		5	2	4	6.0	8	9
ASHFORD				9.7			0.86	7.2	0.88	8.54	10		10	5		0.0	21	11
AVALONBAY			8.6	10.4	-1.8	30.6	0.96	26.0	3.10	2.77	5	7	3	2	6	9.1	12	10
BIOMED REALTY			11.0	14.3	-3.3	19.9	1.57	13.1	1.28	5.19	3		4	4	4	8.1	5	8
BOSTON			8.7	9.6	-0.9	32.2	0.84	23.6	2.97	2.51	8	9	3	1	6	8.1	3	2
BRANDYWINE			11.5	9.2	2.3	17.0	0.77	10.0	1.25	6.80	4	10	4	3	5	5.1	4	5
BRE PROPERTIES			9.9	9.8	0.1	23.3	0.87	21.1	2.90	3.92	8	9	3	2	6	9.7	-3	10
CAMDEN			10.2	10.8	-0.6	23.5	1.02	17.2	2.06	4.43	3	10	2	2	7	7.9	-6	9
CBL &			11.9	10.8	1.1	17.3	1.03	9.8	2.29	6.10	9	7	4	2	7	6.4	1	7
CEDAR SHOPPING			11.3	4.9	6.4	16.7	0.12	10.5	1.16	7.00	6		4	2	7	4.2	1	7
COLONIAL				9.6			0.84	17.6	1.24	6.38	10	10	1	5		-10.2	-53	23
CORPORATE			9.9	9.7	0.2	25.1	0.85	18.5	2.33	3.29	5	9	6	2	5	10.6	17	12
DCT INDUSTRIAL T			11.7			17.7		15.3	1.48	5.96	2		6	1		12.6	17	7
DEERFIELD TRIARC				16.2			1.85	nm	0.73							11.5	nm	nm
DEVELOPERS			11.0	10.2	0.8	18.8	0.93	13.3	2.24	5.24	1	7	6	2	6	7.8	11	9
DIAMONDROCK			13.5	12.1	1.4	15.3	1.22	11.9	1.68	5.01	2		9	1	6	15.0	17	14
DIGITAL REALTY T			10.3	12.5	-2.2	25.7	1.28	21.4	4.40	2.60	1		7	3		16.0	26	20
DOUGLAS EMMETT,			8.3	10.8	-2.5	33.0	1.02	22.9	1.45	2.66	8		5	2	4	8.2	29	10
DUKE REALTY			10.3	8.6	1.7	21.2	0.69	11.7	2.53	5.97	5	5	6	2	6	4.6	10	6
EASTGROUP			9.4	9.7	-0.3	26.5	0.85	15.4	2.78	4.19	6	3	4	1	3	6.2	10	4
EQUITY LIFESTYLE			10.0	9.3	0.7	24.1	0.79	16.9	17.61	1.19	9	10	5	1	6	8.8	9	7
EQUITY ONE INC			10.1	10.0	0.1	22.8	0.90	19.5	2.07	4.58	9	4	2	1	6	8.0	-9	8
EQUITY RESIDENTI			9.1	11.3	-2.2	26.5	1.10	17.9	2.39	4.43	3	7	3	2	5	5.2	3	6
ESSEX PROPERTY T			8.2	9.6	-1.4	32.6	0.84	21.6	3.78	3.01	2	9	4	1	5	5.5	14	5
EXTRA SPACE STOR			10.0	12.8	-2.8	21.0	1.34	14.4	1.61	5.79	10		7	1	6	5.8	15	6

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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FEDERAL REALTY I			8.5	9.0	-0.5	31.6	0.75	24.4	5.82	2.77	10	5	4	1	6	8.4	11	8
FELCOR LODGING T			11.2	13.3	-2.1	18.9	1.41	9.3	2.27	5.73	10		10	5		5.0	14	20
FIRST POTOMAC RE			10.5	10.8	-0.3	20.3	1.03	12.4	1.47	6.51	9		5	3	6	4.9	3	7
GENERAL			10.2	9.9	0.3	23.7	0.89	12.9	8.21	3.68	6	9	5	1	6	9.1	37	-14
GETTY REALTY COR			10.0	11.0	-1.0	20.4	1.05	14.8	3.14	6.54		2				3.7	-3	7
GMH			12.9	11.1	1.8	14.2	1.07	11.6	1.15	8.94	10		10	2		13.2	37	12
GRAMERCY				13.5			1.44	8.6	1.07	9.56			9	6	3	0.0	24	9
HEALTH CARE				11.5			1.13	15.9	2.12	5.23		5	6	2	5	2.0	17	8
HEALTH CARE			10.1	11.2	-1.1	20.8	1.08	14.2	1.86	5.96	7	4	4	1	5	5.4	9	5
HOME PROPERTIES			9.7	9.7	0.0	23.7	0.85	15.9	2.47	5.06	3	7	4	1	5	5.9	8	8
HOSPITALITY			11.9	9.3	2.6	15.6	0.80	8.7	1.60	7.78	5	7	6	1	4	4.4	9	4
HOST HOTELS & RE			12.0	11.7	0.3	16.8	1.16	11.5	2.16	3.61	7		9	1		10.0	21	10
HRPT			13.3	10.1	3.2	13.5	0.91	8.2	0.92	8.95	8	7	2	2	7	5.7	-4	2
ISTAR FINANCIAL				9.7			0.86	7.7	1.25	10.8		7			2	0.0	14	-5
KILROY REALTY			9.8	10.2	-0.4	25.5	0.93	20.6	4.09	3.41	10	10	2	2		8.7	-9	7
KIMCO REALTY COR			9.7	9.2	0.5	25.8	0.78	16.1	2.99	3.85	10	1	6	1		8.1	17	7
LIBERTY PROPERTY			10.7	9.5	1.2	18.6	0.83	12.7	1.86	6.65	3	5	3	3	8	4.3	-5	9
MACK-CALI			11.1	9.9	1.2	18.5	0.88	11.4	1.54	6.47	8	3	2	1	5	4.6	-7	3
MAGUIRE			12.0	13.0	-1.0	18.0	1.36	31.2	3.47	5.87	9		1	10	10	11.5	-55	12
NATIONWIDE HEALT			10.1	11.4	-1.3	21.9	1.11	15.1	2.31	5.25	5	5	4	1	6	6.7	6	6
NEWCASTLE				10.2			0.93	5.3	0.80			3	8	7	8	0.0	5	6
PLUM CREEK TIMBE				11.6			1.15	17.0	4.18	3.76		5				6.5	nm	10
POST			8.4	9.9	-1.5	29.0	0.88	21.1	1.78	4.39	7		3	4	6	4.1	4	0
PROLOGIS			10.7	9.3	1.4	23.4	0.80	16.3	2.64	2.56	10	7	6	4		13.8	33	10
PUBLIC STORAGE			8.8	9.4	-0.6	32.4	0.81	18.0	2.64	2.47	2	9	7	1	5	8.2	25	10
RAYONIER INC				11.6			1.14	nm	3.82	4.14		6				5.7	nm	nm
REALTY INCOME CO			8.7	9.6	-0.9	28.6	0.84	15.7	1.93	5.53	10	1	4	2		3.2	9	3
REDWOOD TRUST				11.7			1.16	nm	0.84	11.3		9				5.3	nm	nm
REGENCY			9.6	9.1	0.5	25.9	0.76	17.2	3.10	3.69	8	5	4	1	6	7.5	7	8
SENIOR HOUSING P			10.1	12.2	-2.1	20.6	1.24	13.8	1.63	6.24	6	4	3	1	6	3.7	0	5
SIMON PROPERTY G			9.7	9.6	0.1	25.7	0.84	17.7	7.96	3.22	7	6	5	1	5	8.7	9	9
SL GREEN REALTY			8.4	10.2	-1.8	33.0	0.93	20.9	2.02	2.32	5	5	5	4		7.8	25	4
SUNSTONE HOTEL			12.3	13.0	-0.7	17.4	1.36	9.9	1.77	4.60	10		9	1		10.0	17	16
TANGER FACTORY O			9.6	10.1	-0.5	26.7	0.91	17.1	6.87	3.42	9	9	5	3	5	8.3	10	7
TAUBMAN CENTERS			8.6	10.4	-1.8	31.8	0.96	20.5		2.55	6		4	2	4	7.1	12	7
THE MACERICH			9.0	10.4	-1.4	27.7	0.97	18.5	4.48	3.73	10	7	4	1	5	5.9	7	9
UDR, INC.			10.0	9.7	0.3	21.7	0.85	13.3	4.05	5.56	8		5	2	6	4.5	6	7
UNIVERSAL HEALTH				9.2			0.77	nm	2.65	6.22		4				0.0	nm	nm
U-STORE-IT			10.0	9.8	0.2	20.4	0.87	13.9	1.25	8.99	8		6	3	9	4.4	7	10
VENTAS INC.			9.4	11.7	-2.3	24.8	1.16	14.8	3.04	4.43	2	5	4	1	3	5.6	19	-2

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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VORNADO REALTY T			8.5	10.2	-1.7	31.3	0.93	17.9	3.15	3.22	6	7	3	4		4.8	13	-3
WEINGARTEN			11.0	9.6	1.4	19.6	0.84	12.7	2.41	5.18	4	3	5	2	6	7.7	6	7
REAL ESTATE MGMT &	**1**	**0.03**		**13.8**			**1.48**	**nm**	**4.08**	**0.00**						**14.2**	**nm**	**nm**
CB RICHARD				13.8			1.48	nm	4.08	0.00						14.2	nm	nm
INFO TECH	**191**	**17.1**	**10.3**	**13.4**	**-3.1**	**35.5**	**1.42**	**25.3**	**4.68**	**0.58**	**7**	**5**	**6**	**5**	**3**	**15.9**	**15**	**23**
INTERNET SOFTWARE	**8**	**1.72**	**9.8**	**12.5**	**-2.7**	**32.3**	**1.29**	**45.8**	**6.82**	**0.00**	**9**	**7**	**6**	**5**	**4**	**26.2**	**29**	**27**
AKAMAI				28.1			3.70	30.5	5.11	0.00			8	2	5	29.3	46	30
EBAY INC			9.5	14.6	-5.1	33.0	1.61	27.3	4.51	0.00	10	9	7	4	2	20.0	50	15
GOOGLE INC			10.2	11.2	-1.0	30.5	1.09	52.2	10.46	0.00	10	6	6	5	4	30.0	36	32
ONLINE			7.0	14.7	-7.7	47.5	1.62	71.2	2.52	0.00	10		8	9	9	22.0	86	38
VALUECLICK INC				17.4			2.04	37.6	3.88	0.00		10	4	7	9	21.4	17	17
VERISIGN INC				19.6			2.38	32.7	3.30	0.00			6	6	7	15.7	9	34
WEBSENSE INC				14.9			1.65	47.2	4.13	0.00	10	6	4	6	7	13.0	-43	82
YAHOO INC			8.5	11.5	-3.0	38.5	1.13	70.7	4.49	0.00	5	9	2	8	5	20.0	-15	23
IT SERVICES	**26**	**1.21**	**10.7**	**11.4**	**-0.7**	**34.4**	**1.11**	**23.0**	**4.15**	**0.77**	**4**	**3**	**6**	**3**	**5**	**14.6**	**19**	**17**
ACCENTURE LTD.			10.1	11.7	-1.6	29.7	1.17	18.8	11.28	1.08	7	3	6	4	4	13.0	20	12
AUTOMATIC DATA			11.4	9.7	1.7	35.9	0.86	24.7	5.16	1.86	1	2	6	1	4	12.0	10	17
BEARINGPOINT				13.7			1.47	nm		0.00	9		10	10	10	8.0	nm	nm
COGNIZANT TECH S			9.9	10.2	-0.3	31.6	0.93	37.1	9.10	0.00	5	2	7	3	3	25.0	45	32
COMPUTER			13.2	10.6	2.6	31.0	1.00	14.5	1.72	0.00	4	5	5	1	7	12.0	8	9
DST SYSTEMS			11.2	13.9	-2.7	40.8	1.51	24.4	8.63	0.00	5	8	6	2	7	14.0	15	19
ELECTRONIC			13.7	11.5	2.2	42.5	1.13	13.7	1.34	0.93	4		9	7	6	9.0	63	9
EURONET			11.0	11.7	-0.7	26.8	1.17	25.2	2.48	0.00	8	7	7	5	8	20.0	3	20
EXLSERVICE			10.9	13.2	-2.3	27.6	1.40	35.6	5.02	0.00	2		4	7	1	27.0	30	17
FIDELITY NATIONA			9.8	8.6	1.2	32.0	0.69	18.9	2.59	0.43	3		8	6	7	14.0	16	23
FISERV INC			12.3	10.4	1.9	35.5	0.97	19.9	3.88	0.00	3	3	5	1	8	13.0	10	17
GLOBAL CASH			12.0	10.8	1.2	23.8	1.02	16.8	5.42	0.00	5		7	6	9	18.0	5	23
GLOBAL			9.4	8.2	1.2	34.6	0.62	25.5	4.00	0.17	3	2	4	2	7	15.0	12	14
HEARTLAND			10.5	4.4	6.1	26.9	0.04	30.1	7.69	1.00	4		8	4	5	22.5	31	26
IRON MOUNTAIN IN			8.3	8.7	-0.4	39.6	0.70	48.2	4.20	0.00	9	5	4	6	6	18.0	14	15
MASTERCARD, INC			8.3	17.6	-9.3	39.3	2.07	36.9	9.00	0.32	4		6	6	3	18.0	47	19
MONEYGRAM			12.1	11.3	0.8	23.0	1.10	10.4	2.14	1.25	3	5	7	4	6	12.5	6	14
NESS			15.5	12.7	2.8	17.3	1.32	15.0	1.32	0.00	6		7	6	9	25.0	-3	28
PAYCHEX INC			12.8	9.9	2.9	35.2	0.88	27.7	9.52	2.87	6	2	4	1	7	15.0	13	14
PEROT SYSTEMS			10.3	9.7	0.6	29.0	0.86	16.8	1.49	0.00	4	6	3	6	4	12.0	-1	11
RIGHTNOW				11.7			1.16	nm	17.25	0.00	2		2	10	9	36.0	nm	113
TOTAL SYSTEM SER			8.9	9.7	-0.8	34.4	0.85	23.0	4.26	0.93	2	2	3	3	4	12.0	21	12
UNISYS CORP			4.4	15.4	-11.0	71.4	1.74	nm		0.00	1		10	10	10	9.0	103	nm
VERIFONE HOLDING			9.3	9.7	-0.4	34.2	0.86	29.9	7.09	0.00	6		7	1	3	20.0	39	nm
WESTERN UNION			10.5	13.6	-3.1	28.3	1.45	19.7		0.05	4		3	3	4	14.0	-6	13

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WRIGHT EXPRESS C			9.1	13.0	-3.9	34.6	1.37	20.9	7.99	0.00	7		9	2	2	14.0	37	16
SOFTWARE	**42**	**3.81**	**10.4**	**11.8**	**-1.4**	**35.7**	**1.17**	**23.9**	**6.30**	**0.62**	**4**	**4**	**7**	**5**	**3**	**13.6**	**22**	**20**
ACI WORLDWIDE, I			11.0			26.8		30.4	3.29	0.00	9	10	2	9	10	15.0	-33	nm
ACTIVISION, INC.			7.6	15.7	-8.1	43.5	1.78	46.8	4.61	0.00	9	9	8	8	2	20.0	106	27
ADOBE SYSTEMS			8.4	13.4	-5.0	40.0	1.43	29.9	5.83	0.00	8	6	5	3	2	15.0	30	11
AMDOCS LIMITED			10.3	15.1	-4.8	29.2	1.68	17.5	2.87	0.00	10	9	7	3	6	15.0	16	24
AUTODESK INC			9.1	13.6	-4.5	35.0	1.45	25.9	10.08	0.00	7	9	7	2	4	15.0	24	20
BEA SYSTEMS INC.			7.9	14.4	-6.5	41.2	1.58	29.1	5.04	0.00	3	4	4	5	6	10.0	12	7
BLACKBAUD INC.			8.0	11.7	-3.7	36.7	1.17	32.9	12.81	1.26	2	9	5	3	6	10.0	5	33
BLACKBOARD INC.			5.8	4.6	1.2	55.6	0.07	45.8	8.86	0.00	1		9	5	3	20.0	374	17
BLADELOGIC INC								nm		0.00	5		3	9		28.3	nm	200
BMC SOFTWARE INC				12.8			1.34	20.2	6.26	0.00		9	6	3	3	12.4	nm	11
CA INC				13.0			1.36	27.2	4.04	0.60			4	6	3	11.2	nm	11
CADENCE DESIGN			9.5	16.5	-7.0	32.6	1.91	14.4	2.65	0.00	7	8	9	3	4	10.0	26	12
CITRIX SYSTEMS I				15.1			1.68	28.2	4.68	0.00		3	3	3	7	15.8	9	7
COMMVAULT				8.6			0.68	36.9	9.63	0.00			6	5	2	22.8	nm	30
CONCUR			6.9	10.9	-4.0	48.3	1.04	105.5	10.38	0.00	7	10	3	9	2	20.0	11	31
ELECTRONIC				12.8			1.34	93.0	4.71	0.00	10	10	8	8	6	20.0	31	227
ESPEED INC.				14.3			1.57	151.6	2.05	0.00		9	2	9	1	0.0	-55	15
FAIR ISAAC CORP				9.9			0.89	21.1	3.04	0.21		8	5	7	3	11.5	nm	11
INTUIT INC			10.2	11.6	-1.4	29.8	1.15	21.3	5.36	0.00	5	7	5	4	5	15.0	15	11
JACK HENRY ASSOC			9.2	14.1	-4.9	34.5	1.53	24.1	4.35	0.89	7	1	5	4	5	13.0	15	12
JDA SOFTWARE			8.0	16.0	-8.0	40.8	1.83	20.5	2.32	0.00	1	10	10	3	1	14.0	114	25
LAWSON			8.5	10.4	-1.9	38.4	0.97	39.8	2.79	0.00	6		9	8	3	20.0	22	59
MCAFEE				12.8			1.33	23.8	3.61	0.00		10	5	4	2	13.9	25	9
MENTOR GRAPHICS			8.0	18.4	-10.4	41.2	2.19	15.8	2.44	0.00	4		10	7	5	15.0	nm	18
MICROSOFT CORP			11.8	10.1	1.7	35.0	0.91	22.7	11.10	1.20	4	3	7	5	2	12.0	20	19
MSC.SOFTWARE			7.1	11.8	-4.7	46.2	1.18	nm	1.95	0.00	2		2	10	1	10.0	nm	nm
NOVELL INC				16.4			1.89	50.4	2.30	0.00			3	9	1	15.7	-4	36
ORACLE CORP			7.1	13.0	-5.9	37.1	1.37	19.5	6.38	0.00	2	1	7	4	3	10.0	23	19
PARAMETRIC				17.8			2.11	20.4	3.74	0.00	2		3	7	9	7.2	-2	20
QUEST SOFTWARE,				17.0			1.98	21.1	2.43	0.00			5	7	2	13.8	19	9
RED HAT INC.			10.7	18.6	-7.9	28.4	2.23	31.9	4.66	0.00	3	9	7	6	5	25.0	37	16
SALESFORCE.COM,			10.7	24.1	-13.4	29.1	3.07	122.5	18.75	0.00			2	9	1	50.0	100	35
SECURE				27.4			3.58	110.0	1.63	0.00	10		5	8	2	17.3	-31	156
SPSS INC				15.8			1.79	24.6	3.55	0.00			9	5	3	21.6	112	20
SYBASE INC			10.8	10.3	0.5	27.5	0.94	17.3	2.96	0.00	1	7	5	3	2	15.0	9	16
SYMANTEC CORP				9.8			0.87	16.5	1.46	0.00		9	7	4	2	12.3	nm	11
SYNOPSYS INC.			7.1	17.6	-10.5	46.6	2.07	20.8	3.08	0.00	7		9	4	3	7.0	57	18
TAKE-TWO INTERAC				12.0			1.21	nm	3.07	0.00			10	9	10	15.5	nm	163

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
TALEO			6.6	14.6	-8.0	50.0	1.61	68.2	7.89	0.00	9		7	7	1	27.0	242	29
THQ INC			10.9	14.6	-3.7	27.2	1.61	44.8	2.33	0.00	10	9	4	9	10	20.0	-32	48
TIBCO SOFTWARE			9.6	19.7	-10.1	32.6	2.40	25.5	2.21	0.00	1	8	4	7	9	15.0	6	33
VMWARE INC								160.0		0.00	8		4	8	1	44.3	nm	48
COMMUNICA. EQUIP	**16**	**2.62**	**10.0**	**14.2**	**-4.2**	**31.2**	**1.54**	**26.6**	**4.64**	**0.45**	**9**	**5**	**6**	**4**	**4**	**16.7**	**-1**	**24**
ADC			8.0	17.3	-9.3	40.4	2.03	17.1	2.19	0.00	8		7	5	1	6.0	23	5
ADTRAN INC.			7.9	11.8	-3.9	37.5	1.18	21.7	4.04	1.50	3	7	4	5	8	5.0	7	17
BIGBAND								nm	2.80	0.00	8		3	10	10	22.0	nm	95
CIENA CORP			5.0	18.7	-13.7	60.5	2.24	39.8	5.17	0.00	9		9	5	1	20.0	297	36
CISCO SYSTEMS			9.5	13.9	-4.4	32.9	1.50	25.6	6.41	0.00	10	3	7	3	4	15.0	13	18
COMMSCOPE INC.			9.5	13.0	-3.5	33.1	1.36	17.3	3.24	0.00	10		9	5	3	15.0	62	1
CORNING INC			12.4	17.8	-5.4	29.1	2.11	17.7	4.33	0.82	8		8	5	3	20.0	22	12
DYCOM			9.4	16.0	-6.6	33.2	1.83	24.4	2.61	0.00	1	9	8	2	2	15.0	32	22
F5 NETWORKS,			9.6	17.1	-7.5	32.7	2.00	39.1	3.95	0.00	6	9	6	7	10	20.0	22	19
HARRIS CORP				8.6			0.69	19.6	4.12	0.99		6	7	2	4	27.0	nm	17
JUNIPER			8.0	18.2	-10.2	41.3	2.17	52.2	3.49	0.00	10		5	4	4	18.0	19	33
MOTOROLA INC			10.9	12.8	-1.9	26.8	1.34	81.7	2.88	1.06	4	10	1	9	3	15.0	-80	226
NETGEAR, INC.			9.7	16.5	-6.8	31.9	1.91	23.7	3.71	0.00	10	7	7	2	4	16.0	17	17
QUALCOMM INC			10.9	13.0	-2.1	25.0	1.36	23.7	4.48	1.31	10	6	6	5	2	20.0	19	15
TEKELEC				15.4			1.74	21.5	1.99	0.00			9	7	2	14.8	120	13
TELLABS INC			8.3	13.5	-5.2	38.9	1.44	58.7	1.28	0.00	8		1	10	10	5.0	-69	7
COMPUTERS & PERIPH	**21**	**4.30**	**9.4**	**13.0**	**-3.6**	**33.6**	**1.36**	**22.8**	**5.77**	**0.49**	**8**	**6**	**7**	**5**	**3**	**15.1**	**17**	**19**
ADAPTEC INC.				14.9			1.66	nm	1.00	0.00					8	10.0	nm	nm
APPLE INC				12.5			1.29	45.3	11.40	0.00		8	5	7	1	23.0	nm	26
BROCADE				17.4			2.04	17.5	2.90	0.00			7	6	5	13.1	17	11
DELL INC				10.6			0.99	22.2	22.33	0.00		4	7	7	3	13.1	20	21
ELECTRONICS			9.3	11.7	-2.4	33.4	1.17	17.5	1.65	0.00	7		6	4	8	10.0	9	13
EMC CORP/MA				15.1			1.69	36.6	5.01	0.00		9	5	5	4	14.2	28	22
EMULEX CORP.				17.3			2.02	18.5	3.10	0.00		10	5	4	7	10.9	nm	9
HEWLETT-PACKARD				13.7			1.47	17.6	3.63	0.62		6	8	2	3	13.7	26	13
HUTCHINSON			9.8	10.9	-1.1	31.8	1.04	175.6	1.07	0.00	6	9	5	10	1	20.0	-70	nm
INTL BUSINESS MA				11.5			1.13	16.7	7.80	1.38		2	7	2	5	10.7	15	14
ISILON SYSTEMS I								nm	3.20	0.00			10	10	10	22.5	nm	nm
LEXMARK INTL INC				12.3			1.25	15.6	3.46	0.00		5	1	9	1	10.1	-35	-2
NCR CORP				16.0			1.83	24.9	2.32	0.00		9	1	2	10	6.0	-48	34
NETWORK				18.0			2.14	27.7	5.94	0.00		6	6	6	9	20.1	nm	23
PALM, INC.				8.8			0.72	65.6	0.88	0.00	10		1	10	10	15.0	-79	nm
QLOGIC CORP				16.7			1.94	17.3	3.36	0.00		3	2	4	9	13.4	nm	5
SANDISK CORP			7.6	17.3	-9.7	43.2	2.03	45.3	2.02	0.00	10	10	2	9	1	12.5	1	68
SEAGATE			10.1	14.3	-4.2	29.1	1.57	14.3	3.05	1.44	9	9	10	7	1	13.0	18	34

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings: Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
SUN				17.4			2.05	32.9	2.81	0.00			10	9	1	11.1	nm	59
SUPER MICRO								15.3	2.62	0.00					2	0.0	nm	nm
WESTERN DIGITAL			10.5	14.9	-4.4	28.3	1.65	12.9	3.35	0.00	4	6	9	7	5	10.0	13	19
ELECTR EQUIP & INSTR	**23**	**0.60**	**11.3**	**15.3**	**-4.0**	**26.8**	**1.72**	**17.1**	**1.78**	**0.45**	**6**	**7**	**8**	**4**	**4**	**16.3**	**34**	**19**
AGILENT			10.2	17.9	-7.7	29.9	2.12	22.2	4.34	0.00	10		5	2	7	18.0	22	26
AMPHENOL CORP			10.3	12.8	-2.5	31.1	1.33	23.2	6.97	0.14	1	2	8	2	3	20.0	30	20
ANIXTER			11.6	9.5	2.1	27.3	0.83	12.7	2.56	0.00	8	5	9	2	2	15.0	31	10
ARROW			11.1	14.4	-3.3	26.0	1.58	12.5	1.43	0.00	9	10	8	2	7	12.5	11	11
AVNET INC			14.8	18.6	-3.8	27.4	2.23	13.9	1.84	0.00	8	9	9	5	2	18.0	29	12
AVX CORP.			11.0	17.5	-6.5	27.1	2.06	16.7	1.58	1.04	6		4	7	7	15.0	17	11
BENCHMARK			14.5	12.6	1.9	18.5	1.30	14.7	1.16	0.00	8	3	2	6	10	20.0	-18	7
ELECTRO SCIENTIF			9.5	16.7	-7.2	32.9	1.93	40.7	1.54	0.00			10	9		15.0	138	103
FLEXTRONICS			12.1	14.5	-2.4	23.5	1.60	13.9	1.16	0.00	7		9	7	3	17.5	20	24
INGRAM MICRO				12.8			1.33	12.2	1.17	0.00		10	8	2	3	9.6	12	12
IPG PHOTONICS CO			13.0			21.7		30.2	4.73	0.00	7		6	5	8	30.0	13	35
JABIL CIRCUIT IN			12.3	14.6	-2.3	23.4	1.61	22.2	1.81	1.29	10	10	10	6	7	25.0	-13	48
KEMET CORP.			9.9	18.2	-8.3	30.8	2.17	14.1	1.07	0.00	7		10	8	2	10.0	32	24
LITTELFUSE INC			12.4	12.5	-0.1	22.7	1.28	19.3	2.14	0.00	9	8	4	4	8	20.0	-5	14
METTLER-TOLEDO			9.6	14.4	-4.8	32.4	1.58	23.6	6.75	0.00	1	4	6	4	4	16.0	22	17
MOLEX INC			13.5	12.9	0.6	27.9	1.35	nm		1.65						17.0	nm	nm
PHOTON			10.6	22.5	-11.9	28.4	2.83	nm	1.40	0.00	1		1	10	7	20.0	nm	nm
PLEXUS CORP.			12.8	17.8	-5.0	21.7	2.10	17.4	2.21	0.00	1		6	7	2	18.0	-12	nm
SANMINA-SCI			6.5	18.6	-12.1	51.3	2.22	52.0	0.52	0.00	5		10	9	10	25.0	-78	282
STAKTEK			8.6	15.8	-7.2	37.6	1.79	nm	1.31	0.00					1	15.0	nm	113
TECH DATA CORP.				11.6			1.14	17.4	1.20	0.00			10	7	1	11.7	70	22
TYCO			10.7			23.5		16.6	1.62	1.57	4		10	2	3	12.0	312	13
VISHAY			12.3	19.1	-6.8	22.7	2.31	12.3	0.73	0.00	8		6	6	9	15.0	3	8
OFFICE ELECTR	**1**	**0.11**		**13.0**			**1.36**	**14.6**	**2.05**	**0.00**	**3**	**9**	**7**	**1**	**4**	**15.0**	**13**	**12**
XEROX CORP				13.0			1.36	14.6	2.05	0.00	3	9	7	1	4	15.0	13	12
SEMICONDUCTORS	**54**	**2.81**	**10.3**	**16.5**	**-6.2**	**44.3**	**1.91**	**28.2**	**3.37**	**1.12**	7	7	**7**	**6**	**4**	**13.4**	**10**	**36**
ADVANCED			4.1	13.8	-9.7	65.5	1.49	nm	3.68	0.00	10		9	6	1	15.0	160	nm
ADVANCED			16.7	23.0	-6.3	15.7	2.90	20.3	1.89	0.00	5		1	9	10	20.0	-59	14
ADVANCED MICRO D				21.3			2.64	nm	1.75	0.00	8		1	10	8	12.5	nm	nm
ALTERA CORP			16.8	14.3	2.5	35.6	1.56	24.5	5.26	0.82	3	5	2	8	7	15.0	-9	25
AMIS HOLDING INC				13.7			1.47	12.4	1.70	0.00			6	6	9	16.0	-5	23
AMKOR			11.1	30.7	-19.6	26.0	4.10	11.3	4.17	0.00	6		7	9	8	10.0	0	15
ANALOG DEVICES			10.3	14.3	-4.0	25.5	1.56	21.5	4.10	2.15	10	7	3	5	6	13.5	4	9
APPLIED MATERIAL			13.8	15.1	-1.3	26.3	1.68	15.3	3.62	1.24	4	8	5	8	3	20.0	18	2
ASYST			13.0	21.3	-8.3	21.0	2.65	13.4	2.53	0.00	10		10	9	7	15.0	-6	28
ATHEROS			6.4	24.4	-18.0	51.5	3.13	56.6	6.27	0.00	10		7	5	2	15.0	82	24

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

	# of Comp	% of ML	Valuation: Impl. Return	Reqd Return	DDM Alpha	Eqty. Duration	ML Adj ßeta	P/E Ratio	Price/ Book	Yield	Expectational: Earnings Surprise	Risk	Torpedo	Disper.	Est. Rev.	PR 5yr Grwth	EPS Growth 2007	2008
ATMI INC.			10.6	16.4	-5.8	28.5	1.89	28.7	2.48	0.00	6	9	6	8	8	20.0	3	34
BROADCOM CORP			10.0	23.0	-13.0	30.8	2.90	125.2	4.34	0.00	10		2	8	8	25.0	-59	58
CONEXANT				30.5			4.07	nm	1.63	0.00			1	10	10	22.5	nm	nm
CYMER INC.			12.6	18.0	-5.4	22.3	2.13	18.9	2.65	0.00	3	8	5	8	2	20.0	-6	33
CYPRESS				21.6			2.69	15.7	3.93	0.00	10		9	5	1	12.0	nm	-77
ENTEGRIS INC			13.5	15.5	-2.0	20.4	1.75	21.2	1.28	0.00	1	10	2	8	10	20.0	-31	51
FAIRCHILD			8.6	18.3	-9.7	37.4	2.18	37.2	1.90	0.00	7		8	5	1	11.0	-27	151
FEI COMPANY			10.0	14.6	-4.6	30.8	1.61	23.2	2.46	0.00	9		10	8	9	20.0	51	8
FORMFACTOR INC			10.5	9.7	0.8	28.9	0.85	27.5	2.71	0.00	5	10	5	7	8	20.0	11	20
INTEGRATED DEVIC			5.0	15.6	-10.6	60.2	1.77	nm	1.46	0.00			2	7	1	15.0	-55	-14
INTEL CORP			9.9	15.2	-5.3	57.1	1.71	22.6	3.82	1.67	6	7	9	6	2	8.0	38	23
INTERSIL CORPORA			8.9	14.1	-5.2	33.9	1.54	28.6	1.74	1.32	10	9	6	5	3	12.0	-1	25
KLA-TENCOR CORP			12.9	16.3	-3.4	21.2	1.87	17.4	2.84	1.14	7	7	4	9	8	20.0	11	6
KULICKE & SOFFA			13.3	21.0	-7.7	20.5	2.60	12.6	7.20	0.00	3		2	9	1	15.0	-10	52
LAM RESEARCH			15.4	18.7	-3.3	17.2	2.25	10.7	3.64	0.00	3		10	6	4	20.0	27	0
LINEAR			10.0	13.5	-3.5	30.6	1.44	21.8		2.18	10	4	7	5	5	15.0	10	12
LSI CORP				20.9			2.59	nm	1.04	0.00	10		1	9	2	20.0	nm	nm
MARVELL				16.9			1.97	59.7	3.30	0.00			4	8	10	25.0	-47	131
MAXIM				15.0			1.67	20.8	3.11	2.77		5	1	6	4	18.2	-11	20
MEMC ELECTRONIC			9.9	14.7	-4.8	31.1	1.62	22.3	10.82	0.00	9	8	9	3	3	20.0	60	23
MICROCHIP			10.9	13.3	-2.4	21.5	1.41	23.7	3.73	3.74	10	3	3	6	9	13.0	-9	9
MICRON				16.2			1.86	nm	1.03	0.00	9		10	10	10	10.0	nm	nm
MKS			15.0	20.8	-5.8	17.7	2.57	12.6	1.20	0.00	1		1	9	9	20.0	-13	0
MONOLITHIC			6.2	9.5	-3.3	52.9	0.82	115.4	6.92	0.00	10		9	6	1	15.0	290	200
NATIONAL SEMICON				17.7			2.09	21.1	15.07	0.95	8	9	8	7	3	11.0	-2	22
NETLOGIC			2.7	18.1	-15.4	72.3	2.15	70.6	4.42	0.00			4	3	2	15.0	nm	60
NEXTEST			10.3	1.8	8.5	29.6	-0.36	27.8	2.05	0.00	5		10	8	9	20.0	41	60
NOVELLUS			13.3	15.8	-2.5	20.7	1.79	17.4	1.92	0.00	2	8	2	9	4	20.0	-13	17
NVIDIA CORP			7.1	22.6	-15.5	46.4	2.85	30.5	8.59	0.00	10	9	7	6	1	10.0	53	13
PHOTRONICS, INC.			14.6	17.8	-3.2	18.4	2.11	38.6	0.70	0.00	10		1	10	10	20.0	-65	13
PMC- SIERRA INC.				26.1			3.39	nm	3.31	0.00	10		5	8	1	15.0	nm	125
RF MICRO			11.4	18.6	-7.2	25.4	2.23	19.7	1.55	0.00	6		2	8	1	15.0	-9	13
SEMTECH			7.6	15.5	-7.9	43.3	1.75	31.1	2.99	0.00		7	9	6	1	11.0	31	18
SIGMATEL INC.				19.5			2.37	nm	1.04	0.00			10	10	1	15.0	nm	nm
SILICON			6.9	17.6	-10.7	48.3	2.07	62.4	3.13	0.00	10	9	4	4	1	15.0	30	61
SKYWORKS			8.3	20.7	-12.4	39.0	2.55	25.6	1.95	0.00	10		10	7	6	10.0	209	49
SPANSION INC				2.5			-0.26	nm	0.57	0.00			9	10	10	0.0	nm	nm
TERADYNE INC			12.2	20.0	-7.8	22.9	2.44	28.7	1.83	0.00	5		1	10	10	15.0	-55	63
TESSERA			16.4	15.4	1.0	16.4	1.74	25.0	5.29	0.00	1	10	2	9	8	30.0	-27	14
TEXAS			7.7	16.5	-8.8	50.6	1.91	18.1	4.09	1.23	4	9	6	6	4	15.0	6	20

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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ULTRATECH				17.1			2.00	nm	1.55	0.00	8		10	9	10	15.0	nm	nm
VEECO			11.3	14.1	-2.8	26.0	1.54	129.1	2.05	0.00	6		2	10	10	20.0	-81	400
VITESSE SEMICOND				28.9			3.81	nm	0.95	0.00						0.0	nm	nm
XILINX INC			17.7	16.2	1.5	33.3	1.86	20.4	3.95	1.97	4	7	8	5	7	14.5	17	23
TELECOMMUNICATION	**23**	**3.62**	**9.5**	**11.8**	**-2.3**	**26.1**	**1.17**	**19.8**	**2.23**	**2.75**	**6**	**7**	**6**	**5**	**5**	**9.8**	**6**	**16**
DIVERSIFIED TELECOM	**12**	**2.83**	**9.1**	**11.3**	**-2.2**	**25.1**	**1.10**	**17.2**	**2.45**	**3.44**	**6**	**7**	**6**	**3**	**4**	**6.4**	**10**	**15**
ALASKA			7.1	7.9	-0.8	36.5	0.58	24.7		5.29	4		8	9	1	3.4	35	18
AT&T INC			8.8	11.6	-2.8	25.5	1.15	15.2	2.28	3.40	8	7	8	3	3	5.0	18	13
CENTURYTEL INC			8.0	10.2	-2.2	40.6	0.93	14.7	1.52	0.59	1	4	4	5	3	3.4	19	2
CINCINNATI BELL				16.4			1.89	16.4		0.00	5		4	8	5	8.3	0	9
CITIZENS			8.1	10.2	-2.1	28.5	0.93	20.9	3.64	7.60	2	8	2	8	9	1.0	-7	18
EMBARQ CORP				8.1			0.61	11.4		4.72	2		1	6	4	2.8	-11	4
GOLDEN			9.1	13.4	-4.3	32.0	1.43	41.4	4.05	0.00	4	3	6	9	6	18.0	6	56
IOWA				10.3			0.95	20.8	2.34	8.22	7		2	8	8	-10.3	-10	-16
LEVEL 3 COMMUNIC				15.6			1.76	nm	3.94	0.00	1		10	8	9	0.0	nm	nm
QWEST			8.6	14.8	-6.2	37.1	1.64	13.3		0.00	5		9	9	8	9.6	80	-15
VERIZON			9.9	10.5	-0.6	22.3	0.98	19.4	2.68	3.73	3	8	3	3	6	9.6	-6	15
WINDSTREAM CORP				10.4			0.97	15.3	13.56	7.43	7		2	5	7	-0.1	1	6
WIRELESS TELECOM SVS	**11**	**0.78**	**10.9**	**13.6**	**-2.7**	**30.4**	**1.45**	**43.5**	**1.70**	**0.27**	**5**	**9**	**4**	**9**	**8**	**22.0**	**-20**	**20**
AMERICAN TOWER			5.9	21.0	-15.1	55.1	2.60	200.8	5.02	0.00	6		4	10	10	34.8	214	86
CLEARWIRE								nm	2.03	0.00	2		1	9	9	0.0	nm	nm
CROWN CASTLE				13.5			1.44	nm	3.33	0.00	2		3	10	6	12.5	nm	nm
LEAP WIRELESS IN				15.2			1.70	nm	2.69	0.00	9		4	10	10	24.3	nm	nm
METROPCS			13.1			22.2		53.6	4.24	0.00	9		9	10	1	49.1	133	-12
NII HOLDINGS INC			17.7	10.6	7.1	15.5	0.99	28.0	6.98	0.00	2	*10	9	8	9	42.6	24	81
SBA COMMUNICATIO				25.1			3.23	nm	15.72	0.00	2		10	10	9	13.0	nm	118
SPRINT NEXTEL			12.0	11.6	0.4	21.6	1.14	20.1	0.95	0.58	5		1	9	8	15.4	-33	6
TELEPHONE & DATA			6.8	9.2	-2.4	44.0	0.78	23.7	2.17	0.56	8	10	9	9	10	14.2	112	-12
TELEPHONE & DATA			7.9	7.2	0.7	41.2	0.47	nm		0.59						14.2	nm	nm
UNITED STATES			6.5	10.4	-3.9	50.3	0.97	22.6	2.64	0.00	4	8	7	7	1	6.4	104	-11
UTILITIES	**52**	**3.35**	**9.0**	**8.8**	**0.2**	**28.1**	**0.72**	**18.2**	**2.22**	**2.83**	**7**	**6**	**5**	**3**	**5**	**7.7**	**8**	**9**
ELECTRIC UTILITIES	**19**	**1.93**	**8.9**	**8.5**	**0.4**	**28.1**	**0.66**	**18.9**	**2.39**	**2.86**	**7**	**6**	**5**	**3**	**5**	**7.9**	**8**	**7**
ALLEGHENY				11.9			1.19	27.1	4.37	0.00			6	4	3	20.4	22	17
AMERICAN			9.0	10.6	-1.6	28.7	1.00	16.3	1.99	3.40	10	7	4	1	4	5.0	6	3
DPL INC.			9.8	10.4	-0.6	25.5	0.97	19.4	4.22	3.58	8	6	7	1	6	10.0	6	17
DUKE ENERGY			11.0	10.1	0.9	20.9	0.91	16.0	1.18	4.59	4	7	1	3	4	6.0	-34	4
EDISON			9.0	8.6	0.4	31.5	0.68	16.2	2.36	1.99	5	10	5	3	4	7.0	17	4
ENTERGY CORP			8.6	7.6	1.0	30.9	0.53	21.4	3.02	2.50	5	4	8	2	6	8.0	19	22
EXELON CORP			8.0	7.5	0.5	35.2	0.52	19.3	5.00	2.13	8	9	7	4	7	6.0	34	3
FIRSTENERGY			6.9	7.5	-0.6	18.6	0.51	16.6	2.46	2.87	9	6	3	1	5	10.0	8	0

Merrill Lynch Universe Sector/Industry/Company Factor Evaluation

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FPL GROUP INC			9.4	8.1	1.3	28.8	0.60	19.8	2.73	2.40	4	3	5	2	6	10.0	11	12
GREAT PLAINS			7.6	9.3	-1.7	19.3	0.79	19.2	1.68	5.56	2	4	2	5	8	3.0	-20	29
HAWAIIAN ELECTRI			8.7	8.0	0.7	26.7	0.59	21.1	1.72	5.34	4	5	3	8	9	2.5	-17	36
NORTHEAST			9.9	8.4	1.5	27.0	0.66	20.6	1.69	2.59	6		8	4	4	14.0	29	17
PEPCO			8.8	8.8	0.0	29.0	0.71	17.3	1.50	3.65	4	7	9	4	6	6.0	24	21
PINNACLE WEST CA			10.5	9.3	1.2	21.6	0.79	14.2	1.18	5.20	4	5	2	4	5	6.0	-9	-4
PPL CORP			9.7	6.7	3.0	27.5	0.39	23.0	3.71	2.36	8	4	3	6	4	12.0	5	7
PROGRESS			9.0	8.9	0.1	25.2	0.73	17.1	1.51	5.08	10	6	7	1	7	4.0	8	7
RELIANT ENERGY,				11.6			1.14	nm	2.34	0.00			10	9	9	11.0	127	nm
SIERRA PACIFIC R			9.8	16.4	-6.6	29.0	1.89	17.8	1.40	1.90	5		9	8	3	15.0	55	11
SOUTHERN CO			9.3	6.6	2.7	25.7	0.37	16.7	2.35	4.39	10	1	3	1	5	5.0	4	2
GAS UTILITIES	**10**	**0.21**	**7.8**	**8.8**	**-1.0**	**34.1**	**0.71**	**19.8**	**2.57**	**2.20**	**2**	**5**	**5**	**5**	**6**	7.7	**8**	**10**
ATMOS ENERGY				9.1			0.76	14.4	1.26	4.56		2	4	5	6	6.2	6	5
EQUITABLE				8.7			0.70	32.5	6.70	1.56		5	4	6	9	11.5	-5	30
NEW JERSEY				8.4			0.65	15.7	2.06	3.09		2	3	2	3	5.7	9	1
NICOR INC				9.0			0.74	15.5	2.13	4.30		7	2	4	6	2.0	-8	0
PIEDMONT				8.2			0.63	17.4	2.10	3.92		3	4	2	6	4.8	12	nm
QUESTAR CORP				7.8			0.56	20.5	3.93	0.86		3	5	6	4	8.7	15	10
SOUTHERN UNION				11.9			1.20	18.4	1.97	1.27		10	7	7	4	7.7	22	11
SOUTHWEST GAS				7.9			0.57	14.6	1.32	2.89		5	3	8	8	4.5	3	3
SPECTRA ENERGY			7.8			34.1		25.6	1.68	4.68	2		10	7		5.0	nm	20
WGL HOLDINGS,				8.6			0.68	16.2	1.66	4.04		6	4	3	2	3.7	8	2
MULTI-UTILITIES	**20**	**0.98**	**9.2**	**8.8**	**0.4**	**26.5**	**0.71**	**16.7**	**1.83**	**3.56**	**6**	**5**	**4**	**3**	**5**	**5.8**	**1**	**10**
ALLIANT ENERGY			8.8	9.2	-0.4	29.7	0.77	16.0	1.79	3.18	6	10	5	1	5	5.0	15	6
AMEREN CORP			9.0	9.0	0.0	27.0	0.75	16.1	1.69	4.70	4	3	7	3	7	5.0	15	9
AVISTA CORP.				9.3			0.80	22.5	1.26	2.72		7	2	4	9	4.5	-33	51
CENTERPOINT				11.0			1.05	15.3	3.19	4.06		8	3	5	3	11.0	-1	10
CMS ENERGY CORP			9.9	16.6	-6.7	26.8	1.92	21.2	1.73	1.18	8		3	3	4	8.0	-26	50
CONSOLIDATED			9.1	7.1	2.0	25.8	0.45	15.0	1.45	4.93	6	4	3	2	5	3.0	4	3
DOMINION			9.1	7.3	1.8	27.7	0.48	18.3	2.54	3.45	8	6	5	1	7	5.0	-3	22
DTE ENERGY CO			9.3	8.3	1.0	26.0	0.64	18.4	1.44	4.27	6	7	4	3	5	5.0	-7	22
NISOURCE INC			7.9	9.0	-1.1	21.2	0.74	14.6	1.10	4.50	6	4	4	6	6	3.0	12	0
NSTAR			9.8	8.0	1.8	24.8	0.59	16.7	2.28	3.70	6	1	4	1	5	8.0	9	7
OGE ENERGY				7.9			0.57	16.0	2.17	3.55		3			5	0.0	-2	2
PG&E CORP			9.5	11.0	-1.5	26.6	1.05	17.5	2.09	2.94	7	9	4	2	4	8.0	9	7
PNM RESOURCES			10.0	9.3	0.7	25.0	0.79	18.5	1.11	3.68	7	5	2	7	10	6.0	-25	30
PUGET ENERGY INC				8.4			0.66	17.5	1.52	3.54		4	3	3	5	5.3	6	5
SCANA CORP			9.6	8.1	1.5	24.5	0.60	14.8	1.64	4.34	5	8	3	5	7	5.0	3	4
SEMPRA ENERGY				8.4			0.65	15.6	2.03	2.02		3	2	4	4	7.3	-7	-2
TECO ENERGY INC			8.8	9.1	-0.3	27.5	0.76	16.9	1.95	4.63	3	10	3	6	7	3.0	3	15

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VECTREN				8.3			0.64	15.5	1.76	4.49		3	6	2	6	3.8	18	5
WISCONSIN			9.7	7.8	1.9	27.5	0.56	18.1	1.88	2.09	7	4	3	2	3	9.0	3	4
XCEL ENERGY INC			9.5	8.7	0.8	26.0	0.70	16.1	1.58	4.08	6	2	3	2	4	6.0	4	7
INDEP POWER PROD &	**3**	**0.23**	**9.1**	**12.3**	**-3.2**	**35.0**	**1.25**	**17.7**	**2.72**	**0.00**	**3**		**7**	**7**	**4**	**14.5**	**49**	**17**
AES CORP. (THE)			9.4	13.0	-3.6	33.4	1.36	19.5	4.67	0.00			4	5	5	12.0	4	43
MIRANT CORP			8.7	12.4	-3.7	37.1	1.27	14.8	1.88	0.00	3		10	8	1	16.5	181	5
NRG ENERGY, INC.				11.2			1.09	19.1	2.47	0.00	3		8	7	5	15.8	41	1
ML UNIVERSE	**1171**	**100.**	**10.6**	**10.9**	**-0.3**	**29.9**	**1.04**	**17.2**	**2.90**	**1.75**						**12.0**	**8**	**14**
S&P 500	**500**	**88.8**	**10.6**	**10.7**	**-0.1**	**29.8**	**1.01**	**16.6**	**2.92**	**1.83**						**11.6**	**7**	**14**

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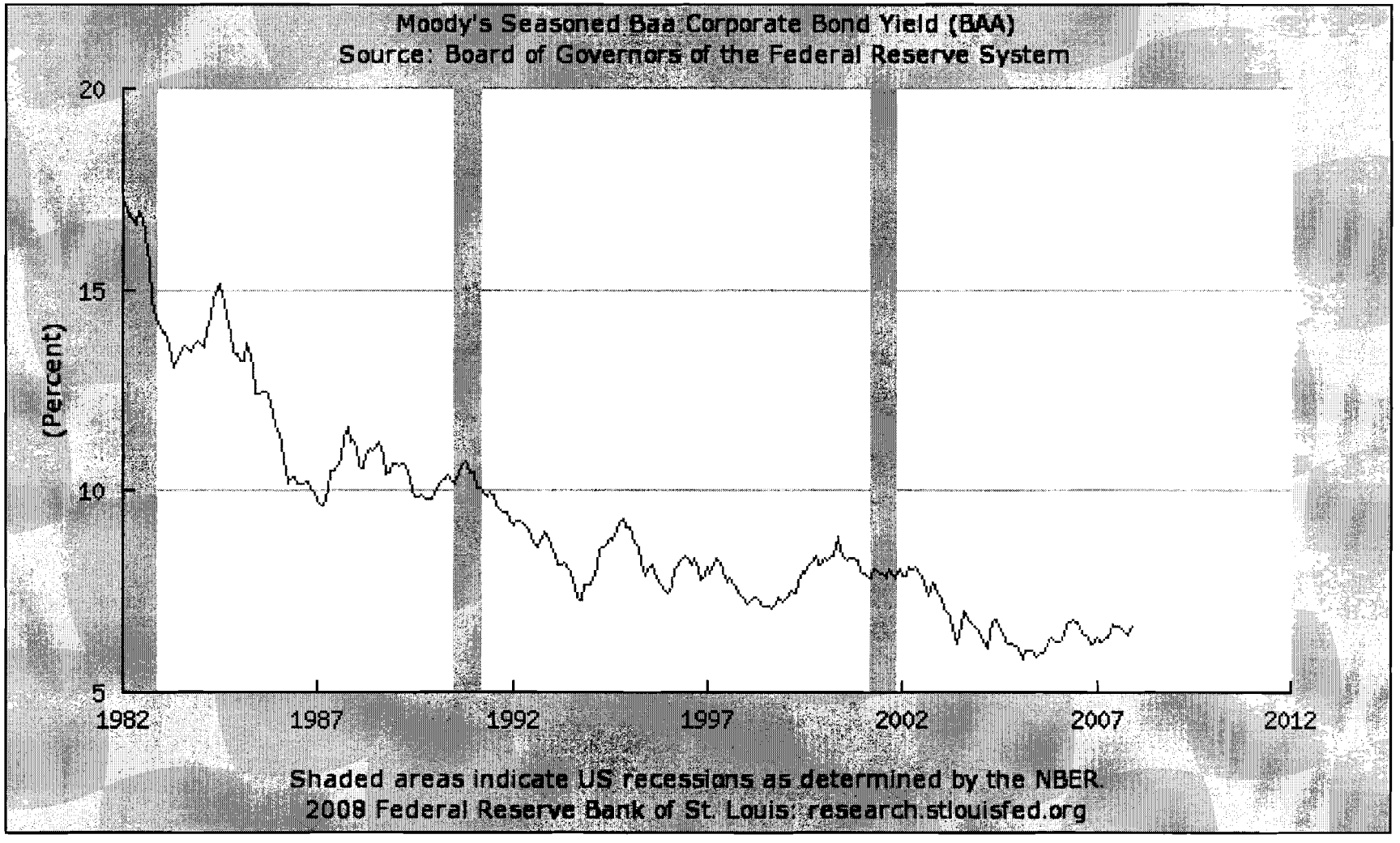
Moody's Seasoned Baa Corporate Bond Yield (BAA)
Source: Board of Governors of the Federal Reserve System
(Percent)
20
15
10
5
1982
1987
1992
1997
2002
2007
2012
Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis; research.stlouisfed.org