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### Market Movers

## IRISH PAPERS TODAY

Banks resist two-year moratorium for mortgage defaulters  
*(The Irish Times)*

Glanbia warns of new cost-cutting measures  
*(Irish Independent)*

Speculation on Tysabri sale as Elan posts Q4  
*(Irish Independent)*

## INTERNATIONAL PAPERS TODAY

Barclays launches big pay shake-up  
*(Financial Times)*

Profitable Barclays defiant on bonuses  
*(Financial Times)*

## DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	1.1%	-16.1%
BP	0.1%	-4.4%
CRH	-0.8%	2.6%
E.ON	-3.8%	-12.9%
HPQ	-1.4%	0.1%
IL&P	9.9%	23.8%
INM *	8.9%	-40.6%
J&J	0.0%	-2.2%
JPMorgan	-1.3%	-13.5%
Microsoft	-1.1%	0.0%
Paddy Power	0.4%	-17.3%
Vodafone	-0.7%	-2.8%

\* We are currently Neutral on IN&M

## Market View

**Analyst : Stephen Taylor**

European equity markets were broadly higher yesterday on anticipation that the US bank bail out plan which is due to be announced today at 4pm (GMT) will bring some form of stabilisation to the financial system. We believe that the plan is essential to determine the effectiveness of President Barack Obama's stimulus package of \$780bn which is due to be voted on in the US Senate during this week. If individuals are unable to borrow to invest in homes, cars and businesses, the proposed tax cuts will have limited effect on stimulating the economy. Credit markets continue to remain stressed with the 30-year mortgage rate in the US remaining stubbornly high at 5.42% and until we see some form of easing, equity markets are likely to remain relatively range bound with risks to the downside.

### Irish Financials :

**Analyst : Oliver Gilvarry**

Speculation over the bank bailout continues. Irish Life and Permanent (ILP) is the first domestic bank to move on bankers remuneration with senior executives taking pay cuts and bonuses been suspended with similar steps expected at BoI and AIB. AIB and BoI are also rumoured to have agreed to wait a year before beginning legal action against mortgage holders who have missed payments. From media reports, the government seem reluctant to agree an insurance scheme on bad debts for the two large Irish banks. Last week it was rumoured the government would guarantee certain loans on AIB and BoI balance sheets providing they took a certain percentage of the first loss on the loan and paid a fee. At the moment this plan seems to be on hold and will not be part of the recapitalisation announcement due tomorrow night or before markets open on Thursday. With the exclusion of the insurance scheme, the remaining details of the recapitalisation plan are very similar to the announcement before Christmas only that the level of capital injection is higher. The failings of using preference shares, basically a form of debt, still exist and will not increase equity investor confidence in AIB or BoI.

### UBS & Credit Suisse :

**Analyst : Oliver Gilvarry**

UBS reported Q4 and full year results this morning that were worse than investors expected. The bank reported a Q4 loss of CHF8.1bn compared to the consensus estimate of a CHF7.5bn loss. UBS is exiting real estate, securitisation and some structured products and the Investment Banking division (IB) has exited parts of its commodity and debt trading businesses. The loss in the IB was higher than expected at CHF7.48bn compared to the expected loss of CHF5.3bn. For the full year, the bank made a loss of CHF19.7bn mainly due to losses suffered from risk positions within the IB. At the release it was announced the amount of assets UBS was transferring over to the Swiss National Bank, (SNB) will only be \$39.1bn compared to \$60bn previously announced. On capital ratios, Tier 1 was slightly higher than expected at 11.5% and RWA fell in Q4 by 9% to CHF302bn as UBS follows other large banks in reducing the size of its balance sheet, after the excesses of the last number of years.

CEO Marcel Rohner stated the bank will become profitable in 2009, helped by the lifeline provided by the Swiss Government to take toxic assets off the balance sheet. He also stated the start of 2009 has been encouraging with net inflow of monies into wealth management and asset management in January after the large outflows in 2008.

The focus on Swiss banks will continue tomorrow with Credit Suisse (CS) releasing Q4 and full year results. For Q4 the market is estimating a net loss of CHF2.3bn in Q4 and CHF4.7bn for the full year. As with UBS, the IB is expected to be loss making due to lower equity and fixed income sales plus trading losses.

**Elan : Neutral    Current Price (\$6.40)    Price target (\$7.05)    Analyst : David Dunk**

Elan has released Q4 and full year results this morning. Total revenue for the full year increased to \$1bn, up from \$759.4m for 2007. Revenue from EDT increased by 2%, while the Biopharmaceuticals unit's revenue increased by 51%. Tysabri sales increased from \$231.7m to \$557.1m over the period. Net loss for full year 2008 was \$71m compared with \$405m for 2007, although the recognition of a net deferred tax asset of \$236.6 was a significant component of the improved performance. Looking forward, Elan is guiding for double digit increase in total revenues, and to be adjusted EBITDA profitable for the full-year 2009. The company expects to finish the current year with \$200m of cash on its balance sheet. 37,600 patients were receiving Tysabri treatment at the end of 2008, up from 21,000 at the end of 2007. We are currently reviewing our rating on Elan, with possible negative implications, and will issue an update in the next few days.

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**CRH : Buy**   **Current Price (€18.68)**   **Price target (€22.00)**   **Analyst : Stephen Taylor**

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Last night CRH peer Vulcan Materials reported fourth quarter EPS of \$0.14 less than the \$0.30 expected by analysts. Revenue declined by 6.3% to \$756.5m also missing estimates of \$834m. The group's asphalt earnings were lower due to reduced sales volume, however the average selling price for asphalt mix increased 27% from the same period last year more than offsetting higher unit costs for raw materials. The group expects the average selling price for asphalt mix in 2009 to increase year on year as lower-priced sales orders in the backlog are replaced with more recent higher price-orders. The rise in asphalt prices should be taken as a positive read across for CRH as it will also benefit from the increase in prices.

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**McDonalds : Buy**   **Current Price (\$59.02)**   **Price target (\$70)**   **Analyst : Stephen Taylor**

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Yesterday, McDonalds reported a strong 7.1% increase in comparable sales. All of the group's operating geographies continue to show strength with sales in the US rising by 5.4%, Europe 7.1% and Asia/Pacific, Middle East and Africa gaining 10.2%. In the US, the group's breakfast menu drove its strong performance, while in Europe, the UK, France and Russia performed strongly. McDonalds' expansion into emerging markets is helping to drive results with China performing particularly well boosted by New Year promotions. McDonalds' strong monthly sales figures provide us with confidence that it will continue to outperform during the current economic downturn. The group's strong balance sheet and dividend yield of 3.4% should also provide support for the stock. We reiterate our buy rating and at \$70 price target.

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# Tullow

## Buy

Current Price : 688p

Price Target : 900p



DOLMEN STOCKBROKERS

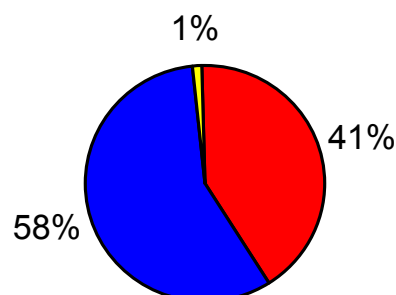
Analyst: David Dunk

- Tullow released details from the Kingfisher-3A appraisal well last week. The results confirm the findings of the initial testing completed in December 2008. Pressure and fluidity recordings from Kingfisher-3 are consistent with those from previous Kingfisher wells. This suggests a high level of connectivity between the three targeted zones, which is consistent with results from previous appraisal wells. The lack of an oil-water contact has positive read-through for other prospects in the area. The initial appraisal of the Kingfisher site is now completed, with further exploratory work expected on the prospect in 2010.
- The focus in Uganda will now be on the nearby Ngassa prospect in Block 2, the license to which is 100% owned by Tullow. The drilling of the Ngassa-1 exploratory well was abandoned in February 2008 due to persistent borehole instability. Ngassa-2 will be drilled from an alternative onshore location. The Ngassa prospect could potentially hold over 500m barrels of oil, greater than double that of the Kingfisher prospect. The results from Ngassa 2 are expected in Q2.
- In its recent results, Tullow reiterated its belief that the existing discoveries in Uganda had exceeded the level required for commercialisation. Given the extent of funding required to develop the Ugandan assets, a successful Ngassa test, could lead to Tullow seeking partnerships in development of the Ugandan licenses.
- Tullow's exploratory operations in Ghana, have the potential to add significant further value to the company. Appraisal work on the Jubilee field continues with multiple wells planned for Q2 & Q3. By the end of this month, Tullow is expected to confirm the completion of a \$2bn financing agreement that will enable it to proceed with the first phase of the Jubilee development. Tullow is on track for to produce first oil from the Jubilee field in the second half of 2010.
- Tweneboa is the next major drilling result expected, due early in Q209. Situated in the Deepwater Tano block, the drilling of Tweneboa was prioritised following the results of the Ebony test results. Although Ebony is unlikely to be commercially viable, the results had positive read-through for Tweneboa. Tweneboa potentially holds between 500-750m barrels of oil. This compares with 1-1.2bn of oil reserves estimates for Jubilee.
- **Maintain Buy Rating:** Our risked NAV calculation is unchanged at £9.80 per share. This forms the basis of our twelve month £9.00 price target. The results from Tweneboa and Ngassa are expected to be the main catalysts over the coming months. Additionally, a stabilisation of energy prices at current levels, could lead to renewed M&A activity in the sector. This would be a positive for Tullow, as it may become a target for one of the majors.

Descriptive Stats		Shareholders	
Year to date	4%	Blackrock	10.9%
52 Week High	1002	Prudential	9.9%
52 Week Low	406	IFG	5.3%
Bloomberg	TLWLN	Standard Life	4.7%

	FY07	FY08e	FY09e
Revenue (£m)	613	752	623
EBITDA (£m)	198.00	631	416
Operating Profit	254	465	245
EPS	16.0	24.0	15.1
DPS	5.0	6.0	6.2
P/E	44.8	29.9	47.5
Div Yield	0.7%	0.8%	0.9%

2008 Revenues by Geography



■ Europe

■ Africa

■ Asia



## International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,478	0.6%	4.4%
FTSE	4,308	0.4%	-4.5%
Dow Jones	8,271	-0.1%	-5.8%
S&P	870	0.1%	-3.7%
Nikkei	7,946	-0.3%	-10.3%
Stoxx 50	2,349	0.2%	-5.8%

## Sector Performances

Sector	Index	1-Day	YTD
Construction	206	1.4%	-1.4%
Technology	164	0.1%	4.2%
Oil & Gas	292	0.4%	7.7%
Financials	137	1.0%	-11.0%
Retail	200	-0.7%	8.6%
Food & Drink	225	0.3%	-3.1%

## Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	39.6	-1.5%	-18.5%
Copper	161.3	-1.0%	13.4%
Gold	894.6	-1.9%	1.4%
Silver	12.8	-2.5%	12.8%
Wheat	565.0	1.4%	-7.6%
Cattle	87.8	1.2%	-1.4%

## Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.300	0.5%	7.7%
€/£	0.873	-0.3%	8.7%
£/\$	1.490	0.8%	-1.2%
\$/JPY	91.46	-0.5%	-0.6%
€/JPY	118.94	0.0%	7.2%
€/SFR	1.514	0.7%	-0.8%

## 5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	145.9	-6.3%	-18.5%
High Yield	1,003.5	-1.1%	-2.8%
Financials	113.6	-1.5%	-4.9%
BoI	333.5	0.0%	41.6%
AIB	249.5	-0.5%	26.6%
RBS	132.4	-1.1%	-4.1%

## Money Market Rates

Rate	EUR	UK	US
Overnight	1.2%	0.8%	0.3%
3-Month	2.0%	2.6%	1.2%
1-Year	2.0%	1.8%	1.3%
2-Year	2.2%	2.2%	1.6%
5-Year	3.0%	3.1%	2.6%
10-Year	3.8%	3.9%	3.2%

Date	Company	Region	Event
10/02/2009	Elan Corp PLC	IE	Q4
10/02/2009	Cable & Wireless	GB	TRADE
10/02/2009	Unisys	US	Q4
10/02/2009	Vulcan Materials	US	Q4
10/02/2009	UBS	CH	Q4
11/02/2009	Smurfit Kappa Group	IE	FINAL
11/02/2009	Allegheny Energy	US	Q4
11/02/2009	Credit Suisse	CH	Q4
11/02/2009	Groupe Danone	FR	FINAL
11/02/2009	Peugeot	FR	PRELIM
11/02/2009	France Telecom	FR	Q4
11/02/2009	Daily Mail and General	GB	IMS
11/02/2009	Reckitt Benckiser Group	GB	Q4
11/02/2009	Shaftesbury PLC	GB	TRADE
12/02/2009	Greencore	IE	AGM
12/02/2009	Embarq Corporation	US	Q4
12/02/2009	Marriott Intl.	US	Q4
12/02/2009	McAfee, Inc.	US	Q4
12/02/2009	The Coca-Cola Co.	US	Q4
12/02/2009	Viacom	US	Q4
12/02/2009	BT Group	GB	Q3
12/02/2009	Diageo	GB	INTERIM

Date	Event	Region	Estimate
10/02/2009	RICS House Price Balance	UK	-70.00%
10/02/2009	Total Trade Balance (GBP/Mli	UK	-£4200
10/02/2009	Wholesale Inventories	US	-0.70%
10/02/2009	ABC Consumer Confidence	US	--
11/02/2009	Consumer Price Index (MoM)	GE	-0.50%
11/02/2009	CPI - EU Harmonised (MoM)	GE	-0.60%
11/02/2009	Jobless Claims Change	UK	85.0K
11/02/2009	ILO Unemployment Rate (3mi	UK	6.30%
11/02/2009	BoE Quarterly Inflation Report	UK	--
11/02/2009	MBA Mortgage Applications	US	--
11/02/2009	Trade Balance	US	-\$36.4B
11/02/2009	Monthly Budget Statement	US	-\$75.0B
12/02/2009	ECB Publishes Feb. Monthly I	EC	--
12/02/2009	Euro-Zone Ind. Prod. sa (MoM	EC	-2.20%
12/02/2009	Advance Retail Sales	US	-0.40%
12/02/2009	Initial Jobless Claims	US	--
12/02/2009	Business Inventories	US	-0.60%
12/02/2009	CPI (MoM)	IE	-1.10%
13/02/2009	GDP s.a. (QoQ)	GE	-1.80%
13/02/2009	Euro-Zone GDP s.a. (QoQ)	EC	-1.20%
13/02/2009	U. of Michigan Confidence	US	61.5
13/02/2009	Retail Sales(Volume) (MoM)	IE	--

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