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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6182 ↑	55	0.90%	11.0	-0.26%
FTSE 100	4961 ↑	15	0.30%	13.5	3.05%
DAX 30	4406 ↑	34	0.77%	15.0	3.52%
DOW	10404 ↓	-104	-0.99%	19.5	-3.52%
NASDAQ	1974 ↓	-31	-1.55%	15.6	-5.49%
S&P	1174 ↓	-14	-1.18%	21.0	-3.15%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2869	0.6813	138.6900
Dollar	1.2869	1.0000	1.8881	107.7500
Sterling	0.6813	1.8881	1.0000	203.4400
Yen	138.6900	107.7500	203.4400	1.0000

This Week's Research
British Land
Tullow Oil
RBOS

Today's Research
Elan

Today's Recommendations

Elan (\$4.25) Commercial concerns to persist Stuart Draper

- 6/8 weeks : At this week's American Academy of Neurology meeting in Miami, it was indicated that the Tysabri safety review MRI's were c.50% complete. As a result, it will be another 6/8 weeks before the review of the data in relation to the 3,000 patients that took the drug, has been completed.
- More PML : During this period there remains a significant risk of more PML cases being uncovered, which would cause further share price weakness from current levels. Despite Tysabri's continued strong efficacy data, until the very serious PML safety concerns are clearly defined, there remains a significant risk that the drug will not be commercially viable.
- Disability progression : There has never been any concern with regard to Tysabri's efficacy, and this week's two year data showed a 42% reduction in disability progression compared with placebo. Only 17% of Tysabri patients progressed versus 29% for placebo treated patients. The best reduction in disability progression previously achieved by a competitor product was Avonex's 37%.
- Relapse rate : At the two year stage, Tysabri also showed a 67% reduction in the rate of clinical relapses relative to placebo, consistent with its one-year data, rather than falling as noted in trials of other MS drugs.
- Immunosuppressant theory : There is also the possibility that as the latest PML patient was treated with immunosuppressants before and during Tysabri treatment, and as Avonex is an immunosuppressant, that it is Tysabri's reaction with immunosuppressants in general that causes PML.
- Steroid theory : As the most recent PML patient had previously been treated with steroids, like the previous two cases, it is also still possible that it is Tysabri's use following steroid therapy that causes PML. However, until Elan can clearly prove one of these two theories true, there remains a high probability of Tysabri having no commercial future, or at best its return to the market being massively delayed.
- Net debt : The consensus fair value estimate for Elan without Tysabri, of c.\$4 per share, would also appear to indicate limited further downside risk. However, such valuation support could be undermined by further liquidity concerns if Tysabri turns out to have little or no commercial future as Elan has debt of \$1.1 bn due to be repaid in 2008. Therefore, our current **NEUTRAL** recommendation remains in place until the review of the Tysabri clinical trial patients for PML is completed.

Breaking News

Ryanair, BAA settle fuel levy dispute at Stansted Airport

Ryanair and BAA have agreed to settle out of court their legal dispute over charges levied at Stansted airport on the Irish carrier by the UK airports group. In a joint statement issued last night, BAA said it had agreed to reduce the fuel levy by 39 per cent, which would save Ryanair more than 1m pounds a year. Ryanair has also paid BAA the amount which it had previously withheld because of the dispute with the airport about the rate of the fuel levy charge. In a separate story Ryanair has said it will seek legal action if it is denied its permission to operate Italian domestic routes due to start this month. Michael O'Leary said the airline will launch legal action by the end of the week if Italian civil aviation agency ENAC denies take-off and landing slots for a route connecting Rome to Alghero on the Mediterranean island of Sardinia.

Oil falls to seven-week low

Oil fell to a seven-week low near \$50 on Wednesday, after the US government reported a ninth straight weekly rise in crude inventories and a build in gasoline stocks ahead of summer. US crude oil futures closed down \$1.64 to \$50.22 a barrel, its lowest level since Feb. 22, while London Brent was down \$1.43 at \$50.48. The latest decline came as the U.S. government's Energy Information Administration said crude inventories, already at the highest level in nearly three years, rose another 3.6 million barrels to 320.7 million. Gasoline stocks climbed by 800,000 barrels to 213.1 million, breaking a five-week slide that has raised anxiety over supplies ahead of the summer driving season.

US stocks hit by weak retail sales data

US stocks fell sharply overnight, hurt by weaker-than-expected March retail sales, raising worries about consumer spending and the economy's strength. US retail sales disappointed, rising 0.3 percent in March, the Commerce Department said, falling short of economists' expectations of a 0.7 percent rise. Higher oil prices were the most likely driver of this disappointing performance.

Business Press

- Morgan Stanley struggle intensifies (FT)
- UK biotechs in pioneering deal (FT)
- Higher oil prices cloud world's growth prospects (WSJE)
- Farm groups to fight Glanbia milk cut (IT)
- Smart rolls out broadband service (IE)

Investment Press— Lex

- Oil prices: With speculative long positions in US futures at record highs, the recent fall in crude oil prices from their all-time peak may have further to run. But, despite a reassuring report this week from the International Energy Agency, it is too early for oil consumers to breathe a sigh of relief.



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