



TODAY 21-02-12

NL (a.o.): TNT Express, Unit4, CSM;

NL Tomorrow (a.o.): Wolters Kluwer, Logica;

AEX Rest of the week: Thur. Philips publishes annual report;

EUR (a.o.): Fresenius, Kerry Group

EUR Tomorrow (a.o.): France Telecom, Schneider, Valeo, Accor ;

EUR Ex-div (a.o.): - ;

FINANCE Credit / CDS HF's

- **IIF Recommends Members To Consider Debt Deal Carefully** -- The body representing Greece's private-sector creditors said Tuesday it recommends they "carefully consider" a new deal forcing them to accept a bigger loss on their holdings of Greek bonds. The International Institute of Finance said it viewed the deal "as building upon, and being broadly consistent with, the voluntary agreement reached with euro-area authorities and the [International Monetary Fund] in Brussels on October 27, 2011." It stopped short of any clearer endorsement of the deal, which will force bondholders to waive 53.5% of their principal under a massive debt swap that will cut Greece's outstanding debt stock by EUR107 billion. At summits in October and December, the IIF had agreed to accept a write-down of 50%. For every EUR100 in bonds tendered in the debt swap, bondholders will receive new Greek bonds with a face value of EUR31.5 and short-term paper issued by the European Financial Stability Facility with a face value of EUR15. The new bonds will have maturities of between 11 and 30 years, "replicating an amortization of 5% per annum commencing in 2023," the IMF said. The coupon on the new Greek government bonds will be 2% for the three-year period from February 2012 to February 2015; then 3% for the following five years, from 2015 to February 2020; and 4.3% for the period from February 2020 to February 2042. The weighted average coupon for the first eight years will be 2.63%, and will be 3.65% over the full 30-year period, the IIF said. (DJ)
- **Germany's Schaeuble: Success Of Greek Debt Deal Hinges On Private Sector Reaction** -- The success of a second, EUR130 billion aid package for Greece cleared early Tuesday by euro-zone finance ministers depends on the reaction of private-sector investors to changes in the parameters for a "voluntary" swap of their Greek bond holdings, German Finance Minister Wolfgang Schaeuble said. The finance ministers said that in coming days, Greece will start a debt swap that will ask private bondholders to accept a cut of 53.5% on the face value of their Greek bonds. (DJ)
- **Top Banks In EU Rush For Safety** -- Top European banks, responding to new regulations and wary of lending, are stashing increasingly large sums of money at central banks around the world in a collective flight to safety. The eight giant European banks that have disclosed their annual results in recent weeks reported holding a total of about \$816 billion in cash and deposits at central banks as of Dec. 31, according to calculations by The Wall Street Journal. That is up 50% from a year earlier, when the same banks were holding roughly \$543 billion. The stockpiling, which occurred over the course of last year, represented a collective response to increasing pressures on the European financial system. By storing funds at central banks in Europe, the U.S. and elsewhere, banks ensure their money is safe. And they appease nervous regulators who want to guarantee banks will have easy access to funds in a pinch. But the strategy has a downside. Banks are depositing money at central banks instead of lending it to individuals, businesses or governments, which has the potential to exacerbate a Europe-wide lending drought. In addition, central banks pay paltry interest rates on the deposits, squeezing bank profits. (WSJ)
- **Fed Writes Sweeping Rules From Behind Closed Doors** -- The Federal Reserve has operated almost entirely behind closed doors as it rewrites the rule book governing the U.S. financial system, a stark contrast with its push for transparency in its interest-rate policies and emergency-lending programs. While many Americans may not realize it, the Fed has taken on a much larger regulatory role than at any time in history. Since the Dodd-Frank financial overhaul became law in July 2010, the Fed has held 47 separate votes on financial regulations, and scores more are coming. In the process it is reshaping the U.S. financial industry by directing banks on how much capital they must hold, what kind of trading they can engage in and what kind of fees they can charge retailers on debit-card transactions. The Fed is making these sweeping changes--the most dramatic since the Great Depression--almost completely without public meetings. Rather than discussing rules and voting in public, as is done at other agencies with which the Fed often collaborates, Fed Chairman Ben Bernanke and the Fed's four other governors have held just two public meetings since July 2010. On 45 of 47 of the draft or final regulatory measures during that period, they have emailed their votes to the central bank's secretary. The votes, in turn, weren't publicly disclosed until last week, after The Wall Street Journal requested the information for this article. On Feb. 14, for the first time, the Fed posted on its website the names of the Fed governors voting for or against each closed-door regulatory action on Dodd-Frank since July 2010, when that law was enacted. The Fed isn't breaking any laws by not having open meetings. But it is breaking from a long tradition of airing regulatory matters at open meetings. (WSJ)
- **Fed Raises Bar For Bank Deals** -- U.S. regulators eventually gave the green light to the \$9 billion merger of Capital One Financial Corp. and ING Direct in a key test of the financial rules-of-the-road since the Dodd-Frank Act. But the Federal Reserve Board may be less accommodating to more-complex medium and large banks, analysts and experts said. Capital One's purchase of the online banking unit of ING Groep NV, which closed Friday, was the first major U.S. bank deal to undergo heightened scrutiny designed to prevent the emergence of larger banks with greater systemic risk that could be deemed "too big to fail" or put the economy at risk. Now, large banks that are seeking to purchase as little as \$2 billion in financial assets will likely face delays and more examination to make sure any potential benefit to the public from the deal isn't outweighed by heightened risk. The latest Fed decision, which followed its approval in December of a smaller acquisition by PNC Financial Services Group Inc., is mixed news for Fifth Third Bancorp and Huntington Bancshares Inc., which have expressed at least some interest in acquisitions. The ruling could also affect the U.S. units of European banks, including Banco Santander SA's Sovereign Bank and Royal Bank of Scotland Group PLC's Citizens Financial Group, as Europe's debt crisis leads to speculation of sales. (WSJ)
- **Borsa Italiana Plans Charges to Deter Excessive Trading Orders** -- Borsa Italiana SpA, owned by London Stock Exchange Group Plc, will probably introduce charges to discourage traders from sending excessive orders, as European regulators grapple with high-frequency trading. The Italian stock exchange, based in Milan, will outline the new tariffs this month as it attempts to deter companies from sending large numbers of orders that fail to result in trades, according to a person familiar with the situation. Regulators worldwide are studying high-frequency trading and its impact on markets. Computerized trading isn't spurring broad increases in market volatility even though it sometimes creates "instability" that may lead to crashes, a U.K. government study said in September. The role of high-frequency firms in periods of market swings has come under scrutiny since the May 6, 2010, crash that briefly erased \$862 billion from the value of U.S.

EUR Ex-div Tomorrow (a.o.): Transocean, Barclays, PZ Cussons, Reckitt Benckiser, Carnival ;

MACRO:

09:30 Netherlands House Price Index

14:30 US Chicago Fed Nat Activity Index

16:00 Euro-Zone Consumer Confidence



shares. Traders and other professional investors were said to have withdrawn bids as the selloff worsened, according to a Sept. 30 report from the Securities and Exchange Commission and Commodity Futures Trading Commission. Regulators and exchanges later installed curbs to limit the disruption to markets. (BN)

- **Italian Banks to Benefit from Wider ECB Collateral Rules: MS** -- Morgan Stanley estimates Italian banks under coverage have EU110b-EU130b unencumbered ECB eligible assets. * Highlights Bol ests. new wider collateral rules to increase eligible assets by ~EU70b for sector (~EU40b-EU50b for Morgan Stanley's universe); * Estimates Italian banks to take EU60b-EU120b at Feb. LTRO (likely highest shr of up to EU200b-EU450b brokerage estimates for Europe); (BN)
- **Dexia Bank Belgium to Buy Back Perpetual Bonds at a Discount** -- Dexia Bank Belgium SA, the former Belgian banking unit of Dexia SA, is offering to buy back 500 million euros of perpetual subordinated bonds at a 75 percent discount to face value. The nationalized lender will repurchase the 4.892 percent fixed- to floating-rate undated notes at 25 cents on the euro, Dexia Bank said in a statement today. The notes jumped 10.25 cents on the euro to 22.9 cents, according to Bloomberg Bond Trader prices at 5:18 p.m. in London. (BN)
- **French Banks Plan to Lend as Much as 10 Billion Euros to Cities** -- French banks including BNP Paribas SA and Societe Generale SA plan to lend 9 billion euros to 10 billion euros to the country's municipalities this year, the French Banking Federation said. The companies committed "to favor market access for local governments," the banking association said today in an e-mailed statement. Private French lenders pledged new loans to local governments after state-owned financial firms Caisse des Depots et Consignations and La Banque Postale on Feb. 10 confirmed they'll join forces to create a new municipal bank. (BN)
- **Deutsche Bank's Ackermann Sees Banking Consolidation, Mergers** -- Banks forced to sell assets, difficult to raise capital, Deutsche Bank's Ackermann says in Milan. * Banks also forced to deleverage * Financial transaction tax may harm economy * New banking rules may produce undesired results (BN)
- **BAC** -- Bank of America's Investment Banking Head Meissner says the times of high margins are over: Handelsblatt (BN)
- **UBS Turning Whistleblower in Libor Probe Puts Pressure on Rivals** -- UBS AG's decision to become first- confessor as regulators probe the alleged manipulation of interest rates will ratchet up the risks for other banks that set the benchmark for \$360 trillion of securities worldwide. The bank is seeking to insulate itself from biggest possible fines from the investigation by turning itself in to regulators before its competitors to gain leniency, lawyers said. The plan still leaves the Zurich-based lender vulnerable to lawsuits from clients and raises the potential antitrust penalties for its competitors. (BN)
- **Commerzbank Defends Bonus Cut After Bank Fell Off 'Cliff'** -- Commerzbank AG didn't act dishonestly in going back on a promise to pay bankers from a guaranteed bonus pool, the German lender's attorney said in a London trial over payments to Dresdner Kleinwort staff. Commerzbank, which took over Dresdner in 2009 and cut bonuses by 90 percent or more, is defending a lawsuit brought by 104 Dresdner bankers who want individual payouts of as much as 2 million euros. (BN)
- **RBS, Barclays Managers to Keep Past Bonuses Despite PPI, FT Says** -- Royal Bank of Scotland Group Plc and Barclays Plc executives involved in the mis-selling of payment protection insurance will keep their past bonuses despite the decision taken yesterday by Lloyds Banking Group Plc to strip former Chief Executive Officer Eric Daniels and 12 other directors of part of their 2010 bonuses, the Financial Times reported. RBS said it replaced its entire management team at the end of 2008 and the former executives were responsible for supervising the way PPI was sold, the FT said. Both RBS and Barclays said their decisions on 2011 pay awards reflected the provisions that had to be made for charges on PPI, the FT said. (BN)

TECH/TELCO

- **China Telecom says in deal with Apple to sell iPhones in China** -- China Telecom, the smallest of the country's three carriers, said on Tuesday it had signed an agreement with Apple Inc to sell iPhones in China, the world's largest mobile phone market. China Telecom said in a statement it would take applications for the iPhone 4S online from March 2 and aimed to commence sales on March 9. The agreement breaks China Unicom's previously exclusive right to sell the iconic Apple smartphone in China. China, the world's largest mobile phone market, saw a 1.2 percent monthly increase in total number of mobile subscribers to 987.58 million in January, data from the country's three telecom operators showed on Monday. (R)
- **Panasonic Re-Enters European Mobile Market With Smartphone** -- Panasonic Corp., will re-enter the European mobile-device market in April with the Japanese company's first smartphone and expand the range of handsets to potentially include tablet computers. The manufacturer, which reached a peak in European mobile- phone sales more than a decade ago, is targeting 1.5 million smartphone sales in the year to April 2013, said Laurent Abadie, the chief executive officer of Panasonic's European business. (BN)
- **STMicro Adds Polish to Indoor Navigation for \$4.3 Billion Market** -- STMicroelectronics NV will show improved indoor navigation tools and technology that can stop handsets taking blurred photos as it tries to keep a leadership in a market that may reach \$4.3 billion in 2015. Europe's biggest chipmaker plans to demonstrate the world's "most accurate" indoor measurement system for mobile-phone location at the Mobile World Congress in Barcelona next week, said Benedetto Vigna, the Geneva-based company's general manager of MEMS and sensor products. It will also use the trade fair to unveil image-stabilization components. (BN)
- **[yday] Misys Gets Rival Takeover Offer From Vista; Shares Advance** -- Misys Plc, the financial-software maker that agreed to merge with Swiss competitor Temenos Group AG, rose as much as 12 percent in London trading after drawing a rival bid from Vista Equity Partners. Misys received a non-binding proposal from Vista to acquire all outstanding shares in cash, the company said in a statement today. Misys, based in London, had attracted interest from buyout firms and would consider alternatives to the Temenos deal, two people familiar with the matter said on Feb. 14. (BN)

RESEARCH UPDATES

UBS cut **ThyssenKrupp** to Sell, from Neutral; removed **ArcelorMittal** from its European Key Call list; Jefferies cut **Telenor** to Hold, from Buy; Morgan Stanley cut **ABB** to Equal Weight, from Overweight; Morgan Stanley cut **Total** to Underweight, from Equal Weight; Goldman cut **Colruyt** to Conviction Sell, from Neutral; Citi cut **L'Oreal** to Neutral, from Buy; UBS cut **Randstad** to Neutral, from Overweight; Citi cut **TNT Express** to Neutral, from Buy; JP Morgan upped **TNT Express** to Neutral, from Underweight;

ENERGY, UTILITIES AND COMMODITIES

- **Oil Trades Near Nine-Month High as Europe Reaches Greek Aid Deal** -- Oil traded near the highest price in nine months on speculation fuel demand will increase after euro- area finance ministers agreed on a second bailout for Greece. Brent futures were little changed, paring earlier declines. West Texas Intermediate oil advanced as much as 2.1 percent from Feb. 17. WTI futures for March delivery, which expire



today, advanced as much as \$2.20 to \$105.44. The contract was at \$104.92 at 3:11 p.m. in Sydney, while the April future gained \$1.66 to \$105.26. Brent oil for April settlement was at \$120 a barrel, down 5 cents, on the ICE Futures Europe exchange after earlier dropping as much as 45 cents. (BN)

- **IEA Says EU Could Cope With Abrupt Iran Oil Halt** -- Oil markets, including in the EU, could cope with any loss of Iranian oil exports, an official with the International Energy Agency said. IEA sees plenty of alternative supplies to compensate for any loss of Iranian oil exports. IEA ready to react to any supply disruption, IEA director says. Agency sees current oil price level as threat to global economy. (DJ)
- **U.K.'s Hague Says Halt in Iran Oil Sales Will Have 'No Impact'** -- Iran's decision to halt sales of crude oil to French and British buyers to pre-empt a European Union ban on imports will have "no impact on Britain's energy security or supplies," said U.K. Foreign Secretary William Hague. (BN)
- **Gemba Says No Agreement Yet With U.S. Over Iran Sanctions Law** -- Japanese Foreign Minister Koichiro Gemba said the government has yet to reach an agreement with the Obama administration over an exemption to a U.S. law that would punish banks doing business with Iran. (BN)
- **China Buys More Iranian Crude in 'Recent Months,' IEA Says** -- China bought an additional 200,000 barrels a day of oil from Iran in "recent months," and may continue to increase Iranian imports the IEA said. (BN)
- **Canada 'threatens EU' over oil sands move** -- Canada has threatened to take its oil sands spat with the EU to the World Trade Organisation ahead of a key vote in Brussels on the contentious issue later this week, a report has claimed. (Upstream)
- **US and Mexico in landmark oil deal** -- US and Mexican oil companies are to be given rights to drill in a previously disputed area of the Gulf of Mexico under a landmark deal between the two governments that reflects their eagerness to develop domestic oil and gas production. An area of the gulf along the maritime boundary between the two countries, long left unexplored because of legal uncertainty about rights over its resources, will be made available to US oil groups and Pemex, the Mexican state oil company. (FT)
- **BP, Transocean, Settle With Injured Deepwater Horizon Worker** -- BP, Transocean, and others involved in the operation of the Deepwater Horizon rig that exploded in the Gulf of Mexico in 2010 agreed to settle a lawsuit filed by a worker injured in the blast. Oleander Benton, the Deepwater Horizon worker, said in a filing yesterday in federal court in New Orleans that all the claims have been "amicably settled," and asked U.S. District Judge Carl Barbier to dismiss the lawsuit. Benton's was among at least 40 lawsuits filed by survivors or relatives of the 126-member crew that was aboard the rig (BN)
- **Borloo Denies Wanting to Take Over at Veolia, Les Echos** -- Jean-Louis Borloo denied wanting to take over as CEO of Veolia Environnement SA, French daily Les Echos reported, without saying how it got the information. Borloo confirmed that he has met Veolia board members and said that this was simply to give opinions and advice, according to the newspaper. (BN)
- **German Offshore Wind Energy Delays Threaten Energy-Plan Overhaul** -- Germany's offshore wind parks, being built to replace most of the nuclear reactors closing in the next decade, are headed to miss construction targets because of delays in connecting turbines to the power grid. EON AG and RWE AG, the country's biggest utilities, have threatened to halt investment in wind projects unless obstacles are removed, which RWE blames mainly on slow permitting and problems with acquiring cables and transformer stations.(BN)
- **URS to Buy Flint for \$1.26 Billion to Gain Oil, Gas Projects** -- URS Corp, agreed to buy Flint Energy Services. for C\$1.25 billion in cash to add projects servicing oil and natural gas producers in Western Canada. Flint shareholders will get C\$25 per share about 67 percent more than its closing price on Feb. 17. (BN)
- **Shell Derivative Trading May be Hurt by EU Rules, FD Says** -- Shell CEO Peter Voser said company will trade less if EU capital requirements on derivatives increase, Het Financieele Dagblad reports, citing an interview. Voser Says some rules that apply to financial sector will affect Shell as large trader in oil and gas products; may affect hedging for airlines. The company also has concerns on Europe's competitive position. Sees "wave of regulation approaching the financial world" spreading to other industries .Shell is studying options for more cooperation with PetroChina. (BN)
- **Iberdrola board agrees 3 euro cents per share cash dividend.** (BN)
- **Azerbaijan group hones gas delivery options** -- The consortium developing a vast natural gas field in Azerbaijan has narrowed down the number of pipeline options for transporting the gas to European markets, rejecting a project backed by the Italian and Greek governments. (FT)

NETHERLANDS / AEX NEWS

- **TNT Express 4Q Net Loss EU173m vs est. EU14.4m Profit** -- TNT Express says it had difficult start of year in Europe, Middle East and Africa; cites price pressure, persisting volume decline in international express. * Intends to cut fixed costs by EU150m by end 2013; sees EU150m of related, extra restructuring costs, write-offs * 4Q rev. EU1.87b vs est. EU1.86b * Proposes final div. EU0.004/shr * Shrs gained 60% yesterday following proposed offer by UPS * TNT investor meeting, strategy update at 1pm via webcast (BN)
- **TNT EXPRESS DIVIDEND** -- "Dividend The Executive Board of TNT Express has decided, with the approval of the Supervisory Board, to propose to compensate the loss out of the distributable part of the shareholders' equity and to pay a dividend out of the distributable part of the shareholder's equity. The proposed final dividend is €0.004 per share. The €0.04 per share interim dividend together with the proposed final dividend represents a 2011 payout of 40% of normalised net income, in line with TNT Express' stated dividend guidelines. The final dividend is payable, at the shareholder's election, either wholly in ordinary shares or wholly in cash. The election period is from 13 April 2012 to 2 May 2012, inclusive. To the extent that the dividend is paid in shares, it will be paid free of withholding tax and it will be sourced from the additional paid-in capital that is recognised for Dutch dividend withholding tax purposes. The cash dividend will be paid out of the remaining additional paid-in capital. The ratio of the value of the stock dividend to that of the cash dividend will be determined on 2 May 2012, after the close of trading on Euronext Amsterdam based on the volume-weighted average price ('VWAP') of all TNT Express shares traded on Euronext Amsterdam over a three trading day period from 27 April to 2 May 2012, inclusive. The value of the stock dividend, based on this VWAP, will, subject to rounding, be targeted at but not lower than 3% above the cash dividend. There will be no trading in the stock dividend rights. The ex-dividend date will be 13 April 2012, the record date 17 April 2012 and the dividend will be payable as from 7 May 2012." (TNTE)
- **FedEx Seen as Possible TNT Suitor as First UPS Bid Falls Short** -- FedEx Corp. may try to jump into the bidding for TNT Express NV after the board of Europe's second- largest package-delivery company rejected a \$6.43 billion offer from United Parcel Service Inc. "FedEx



is the most obvious" potential TNT suitor besides UPS, said Katrina Dudley, a portfolio manager at Mutual Series, a Franklin Templeton Investments unit whose funds own TNT stock. "It is a once-in-a-lifetime chance for one of the players to create what I see as a strong global parcel franchise." TNT turned down UPS's initial offer of 9 euros a share while saying Feb. 17 that talks continue. UPS's unsuccessful offer was disclosed by TNT on Feb. 17, after trading ended in Amsterdam. Investors signaled yesterday that they expect bidding to go higher, sending TNT surging 60 percent to 10.18 euros, 13 percent more than the offer price. (BN)

- **CSM Swings Into A Net Loss On Impairment For Bakery Supplies Europe** -- Dutch supplier of bakery products CSM NV said Tuesday it posted a steep loss for 2011 as it took an impairment charge due to a goodwill write-down for Bakery Supplies Europe. MAIN FACTS: - In 2011, sales increased by 4.1% to EUR3.11 billion, compared to the prior year, while organic sales growth was 3.7% driven by a price/mix effect of 8.7% and negatively affected by an 5% volume effect. - 2011 earnings before interest, taxes and amortization, or EBITA, decreased to EUR130.2 million from EUR193.8 million a year ago. Excluding one-off costs, comprising acquisition, integration and restructuring costs, Ebita was down 30% to EUR150.8 million from EUR215.2 million in the prior year. - CSM posted in 2011 a net loss of EUR174.3 million compared with a net profit of EUR99.3 million in 2010, as it took a EUR222.4 million charge after tax related to a goodwill write-down for Bakery Supplies Europe. - CSM proposed for 2011 a dividend of EUR0.70 per share. - "It is clear that the trading environment in 2012 will remain very challenging," Chief Executive Officer Gerard Hoetmer said in a statement. - "Already set in motion is our Relevance Cost reduction plan, as announced in October 2011, which we will further execute during 2012 to save at least EUR30 million in 2012 and leading for the full program to a saving of EUR50 million in 2013," CSM said in a statement. (DJ)
- **[yday] Dutch Central Bank Expects 103 Funds Set To Cut Pensions** -- Almost a quarter of Dutch pension funds have to cut returns to employees next year, the Dutch central bank said Monday based on status reports the pension funds have sent to it. According to a Dutch central bank statement, 117 of the around 450 Dutch pension funds have to take additional measures to reach the legally required coverage ratio of 105%. 103 of the 117 pension funds told the Dutch central bank they have to cut returns, the authority said. The total liabilities of these 103 pension funds amount to around EUR390 billion and the measures affect around 7.5 million employees, according to the central bank. (DJ)

M&A and OTHER CORPORATE NEWS

- **Asia Stocks Fall as Oil Seen Crimping Optimism After Greece Deal** -- Asian stocks fell, with the regional benchmark retreating from a six-month high, as oil prices at a nine-month high threatened to curb spending and accelerate inflation, tempering optimism after Euro-area finance ministers agreed a bailout package for Greece. Belle International Holdings Ltd., a Chinese retailer of women's shoes, dropped 1.9 percent as China pledged to maintain prudent monetary policy. Korean Air Lines Co. fell 6.7 percent after being cut to "sell" by Deutsche Bank AG amid weak cargo markets and high fuel costs. National Australia Bank Ltd., the nation's No. 4 lender by market value, rose 1.1 percent after the Reserve Bank of Australia said it kept interest rates unchanged as European risks abated and can ease monetary policy if conditions worsen. The MSCI Asia Pacific Index retreated 0.4 percent to 127.6 as of 2:42 p.m. in Tokyo, with five stocks falling for every four that rose. The gauge yesterday closed at its highest level since Aug. 4, and moved within 1 percent of completing a 20 percent advance from its October low and entering a so-called bull market. (BN)
- **EUROPE** -- Investors are likely to take a prudent approach Tuesday to news of the Greece debt deal, with the deal largely priced in. For Tuesday's opening, IG Markets is calling the FTSE flat at 5945, the DAX down 9 at 6939, and the CAC unchanged at 3474. Market participants remained skeptical about the longer-term implications of the bailout. Exane BNP Paribas said an agreement on the second bailout "would allow European governments to kick the can down the road, but it doesn't resolve the issues of Greek solvency." (DJ)
- **UK Govt Sees Competition Issues On Anglo American/Lafarge UK JV** -- The U.K. Competition Commission, or CC, said Tuesday the proposed U.K. joint venture between Anglo American PLC and Lafarge S.A. could damage competition in certain markets for construction materials. MAIN FACTS: -Anglo American, through its U.K. subsidiary Tarmac Ltd., and Lafarge are both global firms that are active in the supply of construction materials in the U.K. -Parties propose to establish a 50:50 joint venture, to which each of them would contribute the bulk of their construction materials businesses in the U.K.. -Two parties' main overlapping activities in relation to the joint venture are in the production and supply of cement, aggregates, asphalt and ready mix concrete, or RMX. -CC now consulting on the possible actions it could take in response to the reductions in competition it has found. (DJ)
- **Sacyr to Pay Dividend in October After Austerity, Cinco Says** -- Sacyr Vallehermoso SA aims to pay a dividend against 2012 earnings in October after a cost-cutting program, Cinco Dias reported. The company is slimming down the number of executive positions as it looks to return to profit after losing 940 million euros on the sale of a 10 percent stake in Repsol YPF SA last year, the newspaper said, without saying how it obtained the information. (BN)
- **Fresenius SE 2011 Ebit In-Line; Sees 2012 Net Up 8%-11%** -- Fresenius SE sees 2012 sales growth 10%-13%, analyst est. EU18.97b; sees net income increase by 8%-11%, analyst est. EU864.56m. * 2011 Ebit EU2.56b vs est. EU2.57b * 2011 rev. EU16.5b vs est. EU16.5b * Proposes dividend 95c vs BDVD forecast 96c (BN)
- **Fresenius Medical 2011 Ebit Matches; 2012 Net ~\$1.3b** -- Fresenius Medical targets 2012 rev. around \$14b vs est. \$14.5b; sees net around \$1.3b vs est. \$1.23b. * Sees \$1.8b spending on acquisitions in 2012 * 2011 Ebit \$2.08b vs est. \$2.08b * 2011 rev. \$12.8b vs est. \$12.9b * Proposes dividend 69c vs BDVD forecast 69c (BN)
- **Brenntag 2011 Operating Ebitda Beats; Sees Growth in All Areas** -- Brenntag 2011 operating Ebitda EU660.9m vs est. EU656.6m. * Rev. EU8.68b vs est. EU8.61b * Sees growth in all relevant earnings parameters, continued positive earnings development in 2012 * Will continue to take efficiency measures where necessary * Free cash flow EU511.8m allows for internal, external growth, div. Payment (BN)
- **Buy Publicis, May Accelerate Ord Div./Pay Special Div., ING Says** -- Says could afford to raise div. payout ratio to 40% from 22% or pay special dividend in April 2013. (BN)
- **Asia Pacific Expects Transaction Delay on China Court Proceeding** -- Asia Pacific Breweries says proposed restructuring and sale of interest in Heineken-APB [China] approved following anti-monopoly examination by Chinese authorities, according to a statement to the Singapore Exchange. * APB says further delay to completion of proposed deal expected as court summons served on Heineken-APB by Jiangsu Dafuhao Breweries. * Jiangsu Dafuhao is a joint venture between Heineken-APB and Nantong Fuhao Alcohol Industry. (BN)
- **Nexans Plans to Sell EU240 Million of Convertible Bonds** -- Nexans SA, a French maker of cables, plans to sell 240 million euros of seven-year convertible bonds to extend its debt maturities. The sale may be increased to as much as 275 million euros, the company said in a statement today. The sale will allow Nexans to refinance part of its 279.9 million euros of bonds outstanding. The bonds will bear interest at 2.5 percent to 3 percent a year. (BN)



MACRO / GEOPOLITICS

- **Greece Wins Second Bailout as Europe Picks Aid Over Default** -- Debt-stricken Greece won a second bailout after European governments wrung concessions from private investors and tapped into European Central Bank profits to shield the euro area from a precedent-setting default. Finance ministers awarded 130 billion euros in aid, engineered the central-bank profits transfer and coaxed investors into providing more debt relief in an exchange offer meant to tide Greece past a bond redemption next month. Bondholders' response to the swap, Greece's tolerance of more austerity and a gantlet of parliamentary approvals in northern European countries gripped by an anti-bailout mindset loom as risks to the latest salvage operation. "Everybody understood that this was the moment of truth," Belgian Finance Minister Steven Vanackere told reporters early today after 13 1/2 hours of talks in Brussels. The assistance brings to at least 386 billion euros the sums spent or committed to save Greece, Ireland and Portugal from bankruptcy, and to insulate Europe from a ruinous financial cascade that might endanger the 13-year-old monetary union. (BN)
- **Greek PSI Contains 53.5% Haircut for Investors, Juncker Says** -- Debt-swap bonds to have 2% coupon rate to 2014, 3% from 2015-20, 4.3% thereafter. * NOTE: Haircut was 50% previously * Euro area, IMF to provide EU130b to 2014 * Juncker expects high participation rate in debt swap * Troika to substantially boost presence in Athens * Agreement to lead to significant Greek debt cut: Juncker * Luxembourg PM says deal is far-reaching * Eurogroup to reconvene in early March on debt swap * Greece to introduce "absolute priority" of debt servicing (BN)
- **Eurogroup Statement on Agreement on Second Greek Bailout** -- Link: http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/128075.pdf (EU)
- **GREEK FINANCE MINISTRY STATEMENT ON DEBT SWAP LAUNCH** – Summary Terms of the New Bonds to be issued by the Republic Link: <http://www.politicsonline.gr/?p=256159> (Sparta)
- **Greece to Introduce Collective Action Clause Bill For Debt Swap** -- Greece's government said it will introduce legislation to Parliament that will allow it to enforce losses on bondholders in a writedown of Greek debt, part of a second financing package for the country. "The Greek government will shortly submit to the Greek parliament a draft bill which, if passed, will introduce a collective action clause into eligible Greek law governed bonds of the Hellenic Republic as determined by the Council of Ministers of the Hellenic Republic," the Athens-based Finance Ministry said in an e-mailed statement today. If passed, the law will be available to be used in the implementation of the debt- swap if necessary to achieve the participation anticipated, the statement said. (BN)
- **Netherlands' De Jager Seeks Significant IMF Contribution to EFSF** -- The Netherlands wants the International Monetary Fund to make a "significant contribution" to the European Financial Stability Facility, Dutch Finance Minister Jan Kees de Jager said. "I can't decide for the IMF, but we're willing to do this with the expectation that the IMF will make a significant contribution to the EFSF," De Jager told reporters today in russels after euro-area finance ministers agreed on 130 billion euros in aid for Greece. (BN)
- **IMF To Decide Contribution To 2nd Greek Deal In March** -- The board of the International Monetary Fund will decide on the size of its contribution to the enhanced bailout deal for Greece "in the second week of March," IMF Managing Director Christine Lagarde said Tuesday. At a press conference in the small hours after a gruelling 12-hour meeting, Lagarde said that it was premature to speculate on the board's decision. Unconfirmed reports circulating before the meeting had suggested that the fund wanted to cut its contribution by 50% or more, after shouldering 30% of the original bailout deal negotiated in spring 2010. Lagarde said that the IMF would be closely following Greece's implementation of prior commitments, as well as following Europe's progress in strengthening its "firewalls" to contain the crisis. (DJ)
- **IMF Plans to Cut its Share of Greek Aid Package, Bild Reports** -- The International Monetary Fund no longer wants to fund a third, or 30 billion euros, of the upcoming aid payments to Greece because of the country's failure to implement reforms, Bild-Zeitung reported, without saying where it got the information. The IMF has held internal discussions on complete withdrawal from the aid program for Greece, the newspaper said. (BN)
- **Confidential Analysis Suggests Greece May Need 3rd Bailout - FT** -- A "strictly confidential" report on Greece's debt projections reveals that Athens' rescue program has veered off track and suggests the Greek government may need another bailout once the second rescue agreed this week runs out, the Financial Times reported Monday on its website. The analysis, distributed to senior euro-zone officials last week but obtained by the FT, finds that even under the most optimistic scenario, the austerity measures being imposed on Athens risk a recession so deep that Greece won't be able to climb out of the debt hole over the course of the new bailout. A "tailored downside scenario" in the report suggests Greek debt could fall far more slowly than hoped, to only 160% of gross domestic product by 2020--well below the target of 120%, the FT reported. Under such a scenario, Greece would need about EUR245 billion in bailout aid, far more than the figure in the "baseline" projections euro-zone ministers were using in all-night negotiations in Brussels on Monday. (DJ)
- **Draghi Maintains His Silence on ECB's Role in Greek Bailout** -- Mario Draghi exited marathon talks in Brussels today without commenting on the European Central Bank's role in a bailout for Greece, leaving it for finance chiefs to announce that ECB profits from Greek bond holdings will be funneled back to the debt-strapped nation. The ECB will distribute the profits derived from its purchases of Greek bonds to national central banks, who will give the money to their governments to bolster Greece's aid package, euro-area finance ministers said in a statement. In a new twist, governments also agreed to contribute the equivalent of the profits their national central banks make on Greek bonds in investment portfolios, the ministers said. ECB President Draghi has yet to comment publicly on the ECB's involvement in the wrangling over Greece even as he arranged to swap Greek bonds to avoid losses in a restructuring and sought similar treatment for the region's 17 national central banks. While welcoming news that ministers had agreed on a second aid package for Athens as he departed the talks early today, Draghi declined to comment when asked specifically by reporters about the ECB's stance. It remains unclear whether national central banks' investment portfolios are vulnerable to losses on Greek bonds. (BN)
- **ECB's Praet Rejects ECB Acting As Lender Of Last Resort** -- European Central Bank executive board member Peter Praet Monday rejected calls again for the ECB to act as a lender of last resort to euro-zone sovereign governments to alleviate the burden of the sovereign-debt crisis for the region. Acting as a lender of last resort to governments is "not legally within the reach of the ECB, since the Treaty clearly imposes the prohibition of monetary financing. There must not be any circumvention to this prohibition," said Praet, who is the head of the ECB's economics department. "Monetary policy makers need to be highly alert when vested interests start to question the central bank's mandates, responsibilities and operating frameworks. This holds in particular around crisis times," Praet added. (DJ)
- **ECB to Distribute Greek Bond Profits to Euro-Area Central Banks** -- The European Central Bank will distribute profits from its Greek bond holdings to euro-area governments via national central banks, finance ministers said. (BN)



- **Euro Chiefs Delay Decision on ECB Vacancy as Spain Is Challenged** -- Euro-area finance ministers delayed filling a European Central Bank vacancy as Luxembourg and Slovenia challenged Spain's lock on the post. Finance ministers pushed a decision on a successor to Jose Manuel Gonzalez-Paramo on the ECB's six-member Executive Board into March, Luxembourg Prime Minister Jean-Claude Juncker said today after marathon talks on a second Greek bailout in Brussels. The post has been in Spanish hands throughout the euro era. (BN)
- **Greek Premier Papademos 'Very Happy' With Bailout Deal** - Greek Prime Minister Lucas Papademos pronounced himself "very happy" Tuesday with a EUR237 billion bailout package agreed by eurozone partners and private creditors. "We're very happy," Papademos said after 14 hours of determined talks in Brussels that saw him shuttle between finance ministers and banks' negotiators, saying a debt write-down by private creditors expected to net EUR107 billion would "pave the way" for up to EUR130 billion in loans from public partners. (AFP)
- **EU's Juncker: Greece Deal Will Preserve Euro Area Financial Stability** -- Euro-zone finance ministers early Tuesday agreed an ambitious EUR130 billion rescue deal that will see Greece's private creditors take an even larger loss in order to put the debt-laden country on a sustainable footing, said Jean-Claude Juncker, Luxembourg's prime minister and chairman of the Eurogroup. Speaking after the conclusion of more than 12 hours of negotiations, Juncker said the agreement will see private bondholders write down at least 53.5% of the face value of their holdings. That goes beyond the 50% agreed at a summit in October. (DJ)
- **France's Baroin Welcomes "Unexpected" Agreement On Greek Bailout** -- French Finance Minister Francois Baroin Tuesday welcomed what it called an "unexpected" final agreement on a second bailout for Greece, saying the deal distributes the burden of the country's rescue between Greece, European institutions and the private sector. Baroin said Greece will be monitored in implementing reforms attached to the EUR130 billion bailout and will be advised on its recovery effort, but will by no means be placed under "special administration", or guardianship. "Guardianship is not a word on our vocabulary," he said. He was speaking after a meeting of euro-zone finance ministers who negotiated for 13 hours a second Greek bailout and private sector participation. Baroin said the results of the agreement were "unexpected". "I think no minister entered the meeting (Monday)afternoon expecting a 120.5% of debt/GDP ratio," he said. (DJ)
- **GREECE/ARGENTINA** -- -- Pimco's El-Erian says situation in Greece today is similar to Argentina 10 years ago in Handelsblatt guest commentary (BN)
- **Greek Aid May Stop in 2nd Half, Commerzbank's Kraemer Tells PNP** -- The international community probably will stop providing Greece with aid in the second half of 2012, Passauer Neue Presse reported, citing Joerg Kraemer, chief economist at Commerzbank AG The assisting countries may "eventually pull the plug" because of Greece's failure to make reforms work in practice, the newspaper cited Kraemer as saying in an interview in a preview of an article for tomorrow's edition. He added that while a Greek insolvency wouldn't be without risks, it would be manageable, the newspaper reported. (BN)
- **Ireland Making Progress On Issue Of Promissory Notes** -- Ireland has made "significant" progress with its bailout lenders to ease the terms of the EUR31 billion in promissory notes it pledged to keep its broken banks from collapse, and will press the issue on the sidelines of Monday's euro-zone finance ministers' meeting, a government minister said. Dublin had experienced "some successes" during the five months of negotiations with the European Union, International Monetary Fund and the European Central Bank, Ireland's Minister of State Brian Hayes said as he arrived for the key meeting in Brussels. He insisted there was no timeline, but said he was encouraged by the fact that the three international creditors had agreed to produce a working paper on the issue, that signalled progress. (DJ)
- **Spanish Lobby Sees 5.7 Million Unemployed, El Economista Says** -- The Spanish Business Lobby sees the number of unemployed reaching 5.7 million this year as the economy slips into a second recession in four years, El Economista reported. The unemployment rate will likely reach 24 percent and as the economy contracts by about 1.6 percent this year, the newspaper said, citing a report presented to the lobby's board last week. (BN)
- **Politicians Denounce Police Violence in Valencia, El Pais Says** -- Politicians from Spain's opposition parties called on Interior Minister Jorge Fernandez Diaz to explain the violent response of police in Valencia to a fourth day of student protests yesterday, El Pais reported. Police in riot helmets and armed with truncheons were pictured by the newspaper pinning one demonstrator to the floor and handcuffing another bleeding student at the protest at which 26 people, including five minors, were arrested, El Pais said, citing police figures. Valencia Police Chief Antonio Moreno said police charges against the "enemy" were justified because of the the demonstrators' "excessive aggression," the newspaper added. (BN)
- **Half Of UK Directors See High Risk Of Euro-Zone Breakup - Poll** -- One in two U.K. business directors think there is a high or very high risk the euro zone will disintegrate by the end of 2012, a poll showed Tuesday. The Institute of Directors' survey showed 12% of business leaders think there is a "very high risk" the euro-zone will break up this year, while 38% believe there is a "high risk." A further 34% think there is a "moderate risk" the 17-member currency bloc will cease to exist in its current form this year. Prospects for the U.K. economy are closely tied to the fate of the euro zone, by far its largest export market. Policy makers at the Bank of England and the government have repeatedly said a breakup of the currency region poses the biggest threat to U.K. growth. The poll is the latest sign that fear of such an event, even before it happens, is itself hindering the U.K. economy. (DJ)
- **China Will Cooperate With Europe, IMF to Resolve Debt Crisis** -- China supports European Union efforts to resolve the sovereign debt crisis and will keep cooperating with the EU and the International Monetary Fund "as capacity allows," Chinese Foreign Ministry spokesman Hong Lei said. China will make "common efforts for the resolution of the European debt crisis" and "always" has confidence in the EU and the euro, Hong said at a regular briefing in Beijing today. (BN)
- **China's Xi Sees 'Uphill Struggle' for Global Economic Recovery** -- Chinese Vice President Xi Jinping said the global economy faces an "uphill struggle" as it seeks to recover from the international financial crisis. "China will look to increase investment and financial cooperation with Europe and participate in the international actions to support Europe and the euro zone," Xi said in translated comments given today in Dublin. Xi told Irish political leaders yesterday that China is "considering more involvement in helping address the European debt issue through the European Financial Stability Facility, the European Stability Mechanism and other channels," according to comments aired by Dublin-based broadcaster RTE today. (BN)
- **RBA Says Rates Appropriate With Scope to Ease, Minutes Show** -- Australia's central bank kept its benchmark interest rate unchanged this month as risks in Europe abated and said it has scope to ease policy if demand were to "weaken materially," minutes of its Feb. 7 meeting showed. "While the financial situation in Europe remained fragile, the likelihood of an extremely bad outcome seemed to have diminished somewhat," the minutes released today by the Sydney-based Reserve Bank of Australia showed. "With growth expected to be



close to trend and inflation consistent with the target, the board considered that this setting was appropriate for the overall macroeconomic outlook.” (BN)

- **Gordhan May Miss South Africa Deficit Target as Growth Stumbles** -- South African Finance Minister Pravin Gordhan may push back the country's budget deficit target for the second time in four months as economic growth fails to meet projections and cuts into tax revenue. The government will probably forecast a shortfall of 5.4 percent of gross domestic product in the year through March 2013 in the budget tomorrow, according to the median estimate of 10 economists surveyed by Bloomberg. Gordhan estimated a deficit of 5.2 percent in October. (BN)
- **Bank Rossii to Open Deposits to More Lenders, Kommersant Reports** -- Russia's central bank plans to widen access to its deposit accounts for commercial lenders, increasing the number of qualifying banks fourfold, Kommersant reported, citing Bank Rossii documentation. (BN)
- **Nordic Currencies Stung in Crisis as Ingves Reverses Policy** -- Sweden and Norway are losing their appeal as havens from Europe's debt crisis at a time when the krona and krone are more overvalued than at almost any point in the past 40 years. Sweden's central bank cut interest rates for a second- straight meeting on Feb. 16 after exports, accounting for about half of the nation's output, fell 6 percent in December. Norway's foreign trade slid 4.3 percent in the fourth quarter. The Swedish krona is about 25 percent too expensive, and the Norwegian krone more than 40 percent based on an Organization for Economic Cooperation and Development measure of the relative costs of goods and services. (BN)
- **Pimco Asia CEO: Avoiding Investing In Peripheral Euro Economies** -- Pimco is avoiding investing in peripheral Europe, a senior official at the investment management firm said Tuesday, advising that investors should "stick strictly to the core." Speaking to reporters on the sidelines of Euromoney's Asia Forex Forum, Pimco Asia Chief Executive Officer Brian Baker said investors should put their money in countries and companies with strong balance sheets. That could include Brazilian sovereign bonds and Canadian government debt, he said. Baker also said that U.S. Treasuries--particularly in the five- to seven-year range--would be a good "tail hedge" in a portfolio. He added that Pimco was "constructive" on Australian bonds, but noted that the country's economy was slowing and that the Reserve Bank of Australia would likely cut interest rates further. (DJ)
- **Crisis Distorts Inflation Bond Signals ECB Needs: Euro Credit** -- The Greek debt crisis is making it harder to assess the outlook for inflation as emergency European Central bank loans drive up market gauges even as the region's economy stalls. "The market inflation signals in Europe are being distorted," said Mohit Kumar, the head of European fixed-income strategy at Deutsche Bank AG in London. "An index-linked bond market in a normal time is a good indicator of inflation expectations. But the rise you are seeing now is driven more by flows than fundamentals. The ECB is likely to have to ignore these noises." France's 10-year breakeven rate, a gauge of inflation expectations derived from a yield gap between index-linked and regular bonds, rose to 2.04 percentage points last month, the most since August. Italy's five-year breakeven is at a four- month high. The euro area economy shrank in the fourth quarter for the first time since 2009 as austerity measures crimp consumer demand, with gross domestic product declining by 0.3 percent from the prior three months. (BN)

No data: US markets were closed

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Sources amongst others: Bloomberg (BN), Reuters (R), BBC, CNN, NY Times (NYT), Washington Post(WP), The Guardian (G), het Financieele Dagblad (FD), Telegraaf (T), Volkskrant (VK), NRC, Wall Street Journal Europe (WSJE), Dow Jones (DJ), AFX and the Financial Times (FT) The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates expressed in this document are subject to change without notice. AFS does not accept any liability whatsoever for any direct or consequential loss arising from the use of this document. This document is for information purposes only and is not, and should not be construed as, an offer to buy any securities or derivatives. The information contained in this document is published for the assistance of the recipient, but is not to be relied upon as authoritative or taken in substitution for the exercise of judgement by any recipient.