

2y 3y

Portugal 6/12 9/13

Ireland 3/12 4/13

Spain 4/12 4/13

In terms of liquidity, there isn't one which is more liquid than the others in any of these three countries. All the bonds in that sector tend to be about the same.

====End Message====

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Message#: 20

Message Sent: 04/15/2010 05:47:09

From: KOVERTON1@Bloomberg.net|KEVIN OVERTON|MOORE EUROPE CAPITAL|

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Attachment: FD140410SA.pdf

FileID: 4BC5F61B00002BCD07E30803.pdf

Attachment: disclaim.txt

FileID: 4BC5F61B0000097107F5E875.txt

Attachment: alt_body.html

FileID: 4BC5F61900002BCD07E307FB.HTM

Subject: Fwd:Greece: potential legislation required for bailout

----- Original Message -----

From: ROBERT SCHMIDT (UBS LIMITED)

At: 4/15 8:26:46

<<FD140410SA.pdf>>

Activation of Greek loans faces potential headwinds

* Today's selloff serves as a stark reminder of the uncertainties which surround the announced Greek assistance package. Though European Commissioner Olli Rehn refused to be drawn of the sequencing of EMU vs. IMF involvement today, there are clearly a number of crucial timing issues to be considered with respect to activation of the package, should this prove necessary. As it stands, Greece is expected to be able to finance its April redemptions, but will likely need to tap the market again ahead of €8.5bn in redemption and coupon payments on 19th May. News that parliamentary votes or new legislation may be required in several Eurozone states before governments can respond to any loan request has therefore weighed on sentiment.

* Some divergence has already been evident this week in the position of the German government, which has stated that a summit of EU leaders would be required in order to activate the package, and the more laissez-faire approach of the European Commission. In any event, activation of the EMU portion of the deal requires the unanimous consent of the Eurogroup of Euro area finance ministers.

* Thus far we have been able to identify at least seven Eurozone states where parliamentary votes may be required in order to participate in the EMU portion of the loan package. A brief summary is given below, along with timeframes for approval where available:

* **Germany:** The German government confirmed today that approval in the lower house of parliament would be required in order to activate the bulk of Germany's €8.4bn portion. This contrasts with earlier reports that the government was exploring the option of lending via KfW, thus circumventing the need for a vote. No clarity has yet been given on the timeframe for any vote, or whether approval would also be required in the upper house of parliament where the government's majority could be tested in May 9th regional elections. Strains of discontent within the junior coalition party, the FDP, also have the potential to create event risk here.

* In addition, the German press today reported that a group of German academics would launch a challenge to EU loans to Greece in the German constitutional court. This widely anticipated challenge is based on a previous constitutional court ruling which stated that Euro stability was a prerequisite for Germany's membership of EMU.

* France: French finance minister Christine Lagarde said that parliament's opinion would be sought, as opposed to legislation, but that approval could be granted within one week should the need arise.

* Italy: An unattributed government source was quoted yesterday as stating that Italy would need new legislation in order to contribute. The Italian government is thought to be considering a 'Tremonti bond' scheme, similar to that set up for Italian banks, while the €5.5bn share would reportedly be funded via BTP issuance. Some doubt was later cast on this idea by the head of the Italy's Senate Finance Committee. No timeframe has been given for the passage of legislation, but it is thought that the strong parliamentary majority in Italy is probably sufficient to safeguard passage of the bill.

* Spain: Some press reports have suggested that approval by parliament would be required, though this awaits official confirmation.

* Netherlands: A parliamentary vote will reportedly be required for the Netherlands' €1.8bn contribution. We note however that the collapse of the Dutch governing coalition has left the country with an interim government until June elections.

* Ireland: The Irish government is planning to bring new legislation before parliament in the coming weeks to allow it to participate in the programme if called upon for its estimated €450 – 500m contribution, according to the Irish finance minister. Given the present composition of parliament this measure should be passed without too much difficulty in our view.

* Slovenia: Slovenian loans of around €144m will be contingent on a parliamentary vote. The finance ministry hopes to have the necessary legislation in place by the end of June.

* At present, Austria is the only Eurozone state to have expressly ruled out a vote on the issue. The Greek finance minister has stated his belief that a single EMU country would not act to block the package, particularly if recommendations from the European Commission and ECB were given. Nevertheless, the uncertainty and risk of delays associated with the parliamentary process are likely to continue weighing on spreads in the days ahead.

Inflation-Linked Strategy - OATI/OATeI auctions – Sumit Gupta and Chris Lupoli

* The AFT will offer €1.3-1.8bn of OATI23 and OATeI20 at this month's auction. Real yields are currently trading close to their all time low levels. Breakevens have risen significantly over the last month; however still trading around the middle of the range observed since June 2009. We see further upside potential in breakevens.

* We expect greater uptake for OATI23 at the auction. High YoY domestic French CPI prints seen lately, have potential to fuel demand for OATis. The potential for an upward revision to the Livret A rate is significant. The OATI23 looks interesting on the OATI17/23/29 real yield barbell.

* The OATeI20 on the other hand has the highest float in the market and lies in the sector that has been facing the pressure of supply from Euroland issuers. We expect relatively low uptake for this bond at the auction.

* The full version of this document is available on the UBS Client Portal.

Technical Analysis – Richard Adcock

* US 10Yrs: The rally in US 10Yrs has been extended and the market has closed through the resistance offered by the March 31st session high at 116.12, although with the MACD still below zero this remains a bearish trending condition for now at least. In terms of cash yields, we are still watching 3.81, as this represents the 'last correction low' of the latest trade higher in yields. A settlement below 3.81 would suggest this move has further to go, opening the door back to the next key focus at 3.62/65.

* Euro Bunds: From Monday's low into today's high Bunds have recovered 115 tics as the support at 122.07/10 has prompted strong buying. In the process of this move the market has broken above the immediate resistance at 123.03, opening the door for further attempts at upside. That said, there is still no evidence of any confirmed bullish reversal patterns forming, suggesting the choppy trading conditions between the 122.07/10 support and 123.60/78 resistance (the March/April monthly highs) are set to stay. Against this backdrop, we will remain on the sidelines.

* UK Gilts: In line with the other markets, Gilts have found new support to overcome the resistance offered by the previously left unfilled bearish Gap from Friday's 113.88 settlement, opening the door to extend the price strength. As impressive as this move is however, the MACD trending tool is still below its zero line reflecting an on-going bearish trending condition and focus now shifts to the resistance marked by the mid-point of the latest sell-off at 114.30. Only a closing break of this level would suggest a more prolonged recovery towards the April 1st session high at 115.19.

Euromoney Fixed Income Research Poll 2010

* We hope you have benefited from our varied research over the past year. We would like to ask for your continued support in the Euromoney Fixed Income Investors / Credit Research Poll by voting for UBS in the areas in which you feel that we have excelled. Polling takes place at <http://www.euromoney.com/FixedIncome2010> and ends on Friday, 23 April.

====End Message====

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Message#: 21

Message Sent: 04/15/2010 09:16:26

From: DLUTHER@Bloomberg.net | DAVID LUTHER | MOORE CAPITAL MANAGE |

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Subject:

INSTANT BLOOMBERG: Hi Tom, Citi opened up those pfd' @25.98/26.08

====End Message====

====Begin Message====

Message#: 22

Message Sent: 04/16/2010 08:37:04

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