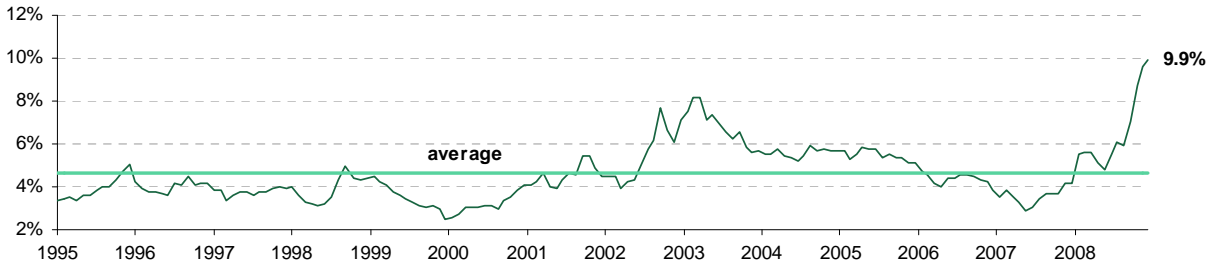


Risk aversion

Equity risk premium in Europe



Source: Associés en Finance

The financial crisis which broke out in 2007 changed investors' risk aversion which had fallen with rising markets since 2003. This aversion has reached unprecedented levels since equity risk premia are calculated.

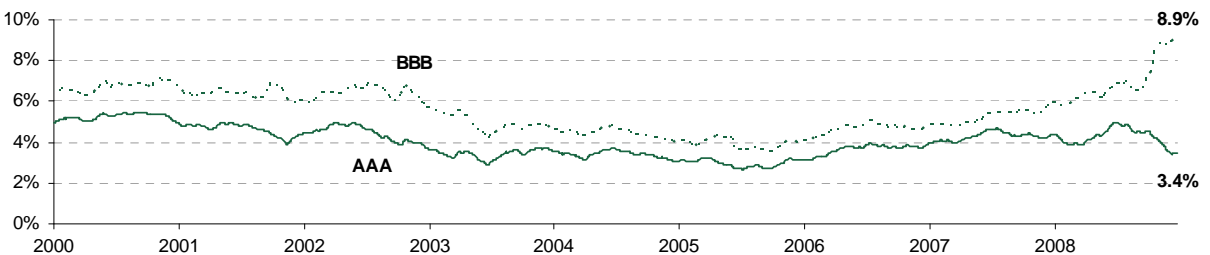
Spread between 10 year Bund and EONIA



Source: Thomson Datastream

The vivid decrease of short term rates explains the rise of the spread.

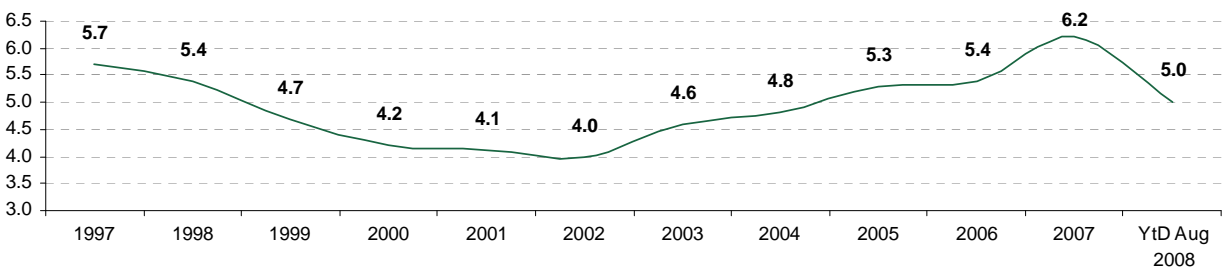
Spread between AAA and BBB bonds' yields



Source: Thomson Datastream – AAA bonds (any issuers) / BBB bonds (companies)

Since mid-2007, spread between best-rated bonds and those with a BBB rating has widened and has reached unprecedented level: this is the result of growing risk-aversion among investors.

Debt / EBITDA in LBOs

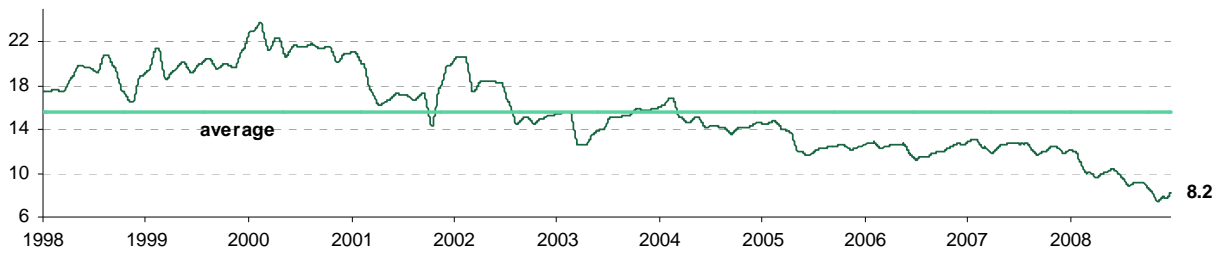


Source: Standard & Poor's

After reaching a peak in the first half of 2007, bankers' involvement in leveraged transactions fell more sharply than the chart above would suggest: banks have almost ceased to lend money for LBOs over €0.5bn.

Valuation

Average forecast P/E ratio (year n+1) in Europe



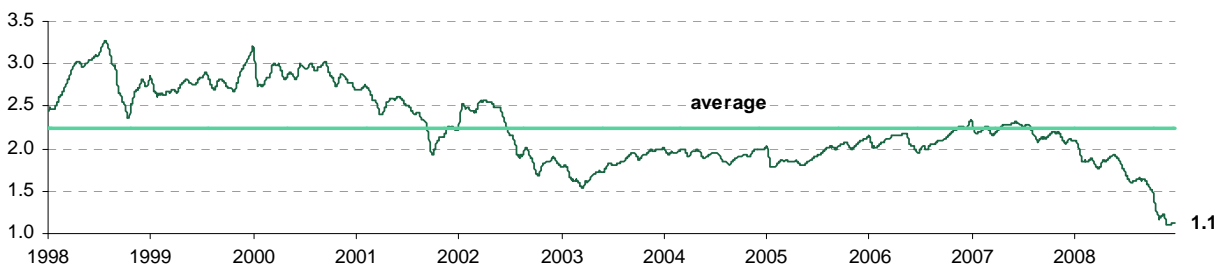
As a result of the sharp fall that markets have encountered (particularly financial stocks), the average anticipated P/E ratio is at its lowest level in 10 years. However, this low level is also due to the fact that analysts have not yet fully reduced their eps forecasts.

Average dividend yield in Europe



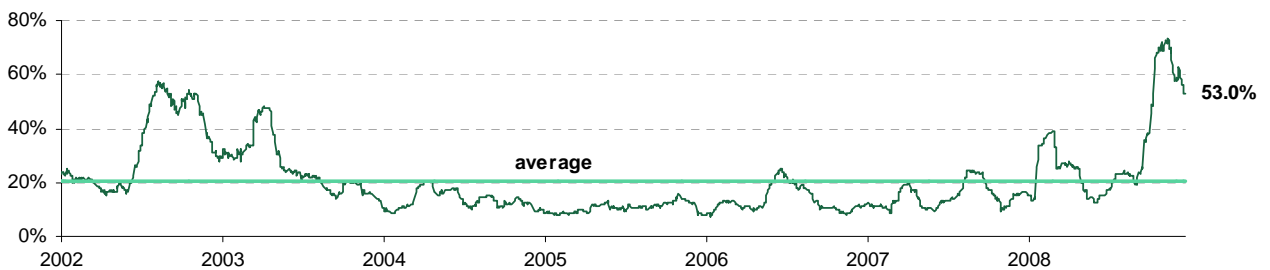
As the outcome of falling markets and rising dividends per share, dividend yield has strongly increased for the first time since 2003, reaching its highest level in 10 years. As many dividends are going to be cut in 2009, this yield will automatically fall.

Price to Book Ratio



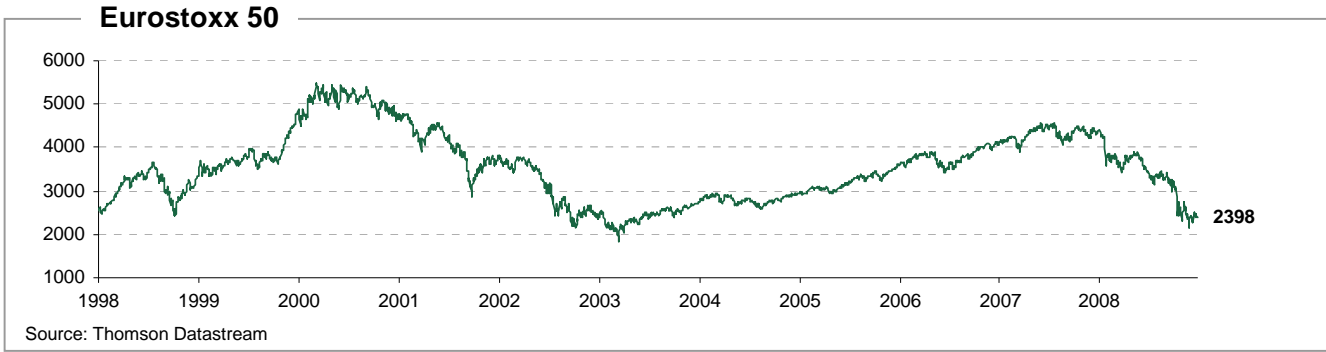
PBRs below 1 which had almost disappeared until summer-2007, are back, especially among financial stocks.

Eurostoxx 50 volatility



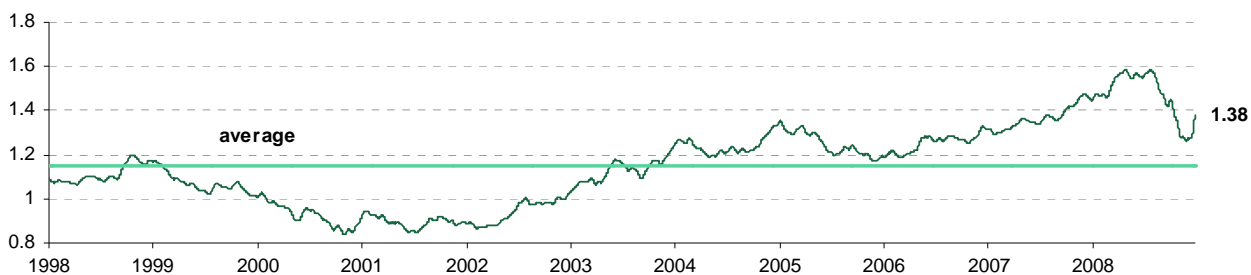
It has moved up rapidly after mid-2007 and it has reached its highest level since 2002 with peaks at 70% in November.

Valuation (2)

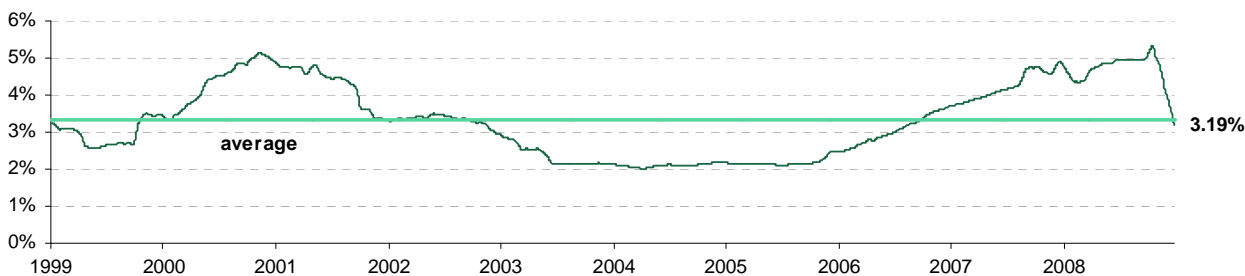


Exchange and interest rates

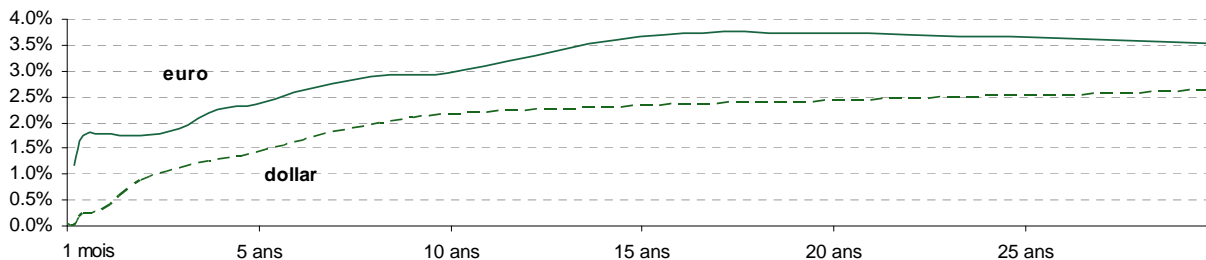
Parity € / \$



Euribor 3m

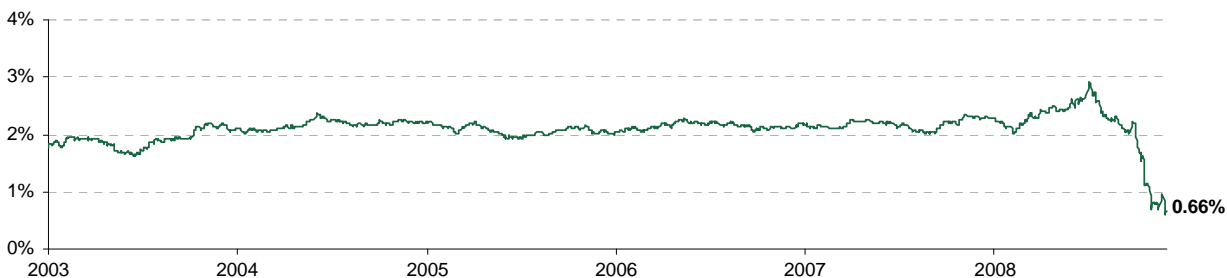


Yield curves



Curves are back to normal with short term levels (0% or even less in the USA!) that traduce markets' fears...

Implicit inflation



Along with rapid deleveraging of economy, fear of inflation has completely vanished; now markets are dealing with another fear: deflation.