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A N A L Y S I N G T H E A N A L Y S T S

- HONOURS SHARED AS DOMESTIC BANKS SHINE IN AQ RESEARCH IBERIA YEARBOOK 2006-

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London, October 16, 2006 — AQ Research, the independent research analysis firm, today publishes its first comprehensive annual review of the accuracy of eps forecasts and recommendations in relation to companies in both Spain and Portugal. The AQ Research Iberia Yearbook 2006 evaluates the accuracy of forecasts and the performance of Buy/Hold/Sell recommendations on absolute and relative bases in the 12 months ending June 30, 2006. The report examines research from 43 houses covering at least one of the 126 Spanish and Portuguese companies tracked in the AQ Research database.

“Spain has been an exciting market with the boom in construction and the economy doing well overall,” says AQ Research managing director Graham Field. “The challenge for analysts is to pick winners in other sectors, and analysts close to the action in Madrid and Lisbon have done well in this regard”.

Highlights of the analysis are as follows:-

- The overall winner across Iberia for the “hit rate” of recommendations performance (which measures the proportion of calls on which a house adds value) was **Banco Portugues de Investimento (BPI)**, which covers both Spanish and Portuguese stocks.
- The best overall individual analyst for forecasting accuracy was **Nahum Sanchez de Lamadrid** from **Caja Madrid**, the Spanish member of the **European Securities Network (ESN)**, which has been an historically high-scoring house on the accuracy measure. Caja Madrid also ranked top for forecasting accuracy on Spanish stocks.
- The best overall individual analyst for recommendation was **Cristina Fonseca** from **Espirito Santo Research**, which had the highest overall score for recommendations in the report and which covers both Iberian markets. Espirito Santo was also top-rated for its recommendations performance in Portugal.
- On **Spanish** stocks, the best score for average recommendations went to **Fortis Bank**, which was top-ranked for its stock calls on 11 Spanish stocks. .
- On **Portuguese** stocks, the best score for average forecasting accuracy went to **Millennium BCP Investimento**.

- The most rewarding stock in Spain (ie the one which rose most with analysts backing it as a buy) was Duro Felguera, while **Gestevisión Telecinco** was the most predictable stock on the Madrid market. In Portugal, Banif was the most rewarding and the most predictable stock.
- **Ibersecurities** was analysed on the largest number of companies in the report – 92 – and finished second on the hit rate measure

CONTACTS for detailed tables and copies of the Iberia Research Yearbook 2006:

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About AQ Research

AQ Research provides quantitative analysis of analysts' recommendations and eps forecasts, using data obtained from the broking houses involved. AQ has been analysing the accuracy of eps forecasts since 1998 and began publishing its RQ series of reports in 2003. In addition, it provides detailed analysis of the accuracy of research in specific national markets in a series of dedicated country reports. Its first Asian report appeared in 2004 and its first US report is due later this year.

'AQ' Methodology

AQ scores measure three things: the percentage deviation of forecasts from reported eps numbers; the number of changes to forecasts and the average size of those changes. A good analyst is one who can predict an eps number accurately without having to change his or her forecast too often or by a large amount. Where possible, the formula looks at three historical years: in this case, 2003, 2004 and 2005.

The three accuracy components are weighted as follows:

Percentage deviation from reported numbers	50%
Number of changes	25%
Average size of changes to forecasts	25%

Where three historical years of data are available, the most recent year (ie 2005) is given a 40% weighting; while the previous year (ie 2004) has a 30% weighting the year before that (ie 2003) a 15% weighting. A 10% weighting is then given to the number and size of revisions to forecasts for 2006 and a 5% weighting to revisions and changes for 2007.

Where two historical years are available, the most recent has a 55% weighting, the preceding year a 30% weighting, the current year 10% and the following year 5%. If only one year of historical data is available, accuracy in that year has a 50% weighting, while the number and size of revisions both have a 10% weighting. The number and size of revisions to the current and the following year all have a 7.5% weighting.

'RQ' Methodology

AQ scores each research houses differently, depending on whether they have absolute or relative recommendations. The period over which we are examining recommendations in this report is the 12 months to 30, June 2006. Each recommendation made during this period is assessed over its "lifetime" (i.e. until it is changed).

Analysts are scored on the basis of the percentage share price movement (+ or -) during the lifetime of a particular recommendation. Those with absolute recommendations are measured on the basis of the percentage change in the share price during the lifetime of the recommendation, while those with relative recommendations are measured on the price

movement relative to the price of the relevant index. This the SBF 120 index for those houses which make recommendations on an index relative basis. Or it is a sector index (the market sectors within the Dow Jones 600) for those which make sector relative recommendations.

Scores have been calculated as follows:

- **A Strong Buy recommendation receives the percentage share price movement x 1.25.**
- **A Buy recommendation receives the percentage share price movement times x 1.**
- **A Hold has no score.**
- **A Reduce recommendation receives the percentage share price movement x -1.**
- **A Sell recommendation receives the percentage share price movement x -1.25.**

(Where a share price has fallen (absolutely or relatively), this means that an analyst with a Sell or Reduce recommendation will score positively).