

Buy – Tullow Oil (TLW)

January 2, 2013

Leveraged products involve a high level of risk and you can lose more than your original investment. They are not suitable for everyone so please ensure you understand the risks involved and if necessary please obtain investment advice from a financial adviser before investing. This report is not a personal recommendation and does not take into account your personal circumstances or appetite for risk.

| Trade parameters: | | | | |
|-------------------|------------------|---------------------|------------------------|-------------------|
| Open | Stop Loss | Limit/Target | Reward vs. Risk | CFD Margin |
| 1280p | 45p (1235p) | 1400p | 2.7x | 5% |

Technical Observations - For

- Shares broken back above prior support at 1250p
- MACD broken above signal line
- Directional Indicators close to bullish cross
- RSI recovered from oversold, not yet overbought
- Momentum very positive after recovering strongly

Technical Observations - Against

- ADX (trend strength) not very strong after rally
- Momentum up in overbought territory
- Performance versus FTSE100 still poor
- Outperformance FTSE100 could encounter falling resistance
- Shares in long-term (10-month) downtrend

News / Broker Comments / Important Dates / Observations **

Company registered fresh tax dispute with Ugandan government over levies on machinery for oil exploration activities (17 Dec). Uganda and Kenya issue tenders for 350km pipeline to ease oil supplies (13 Dec). Goldman Sachs upgrades to Buy (13 Dec). Credit Suisse upgrades after prior weeks saw denting of investor confidence, pointing to long term drilling track record (12 Dec). Shares fall after another well disappointment and exiting of North Sea in favour of Norway (11 Dec). **Next Event:** Trading statement, 11 Jan

Latest Broker 12m Consensus: 15 x Buy, 10 x Hold, 3 x Sell (Source: Digital Look & AlphaTerminal) (U = Upgrade / D = Downgrade) **12-Dec,** WHI Ireland, Buy, TP 1515p (D); **12-Dec,** Credit Suisse, Neutral (D), TP 1480p (D); **12-Dec,** Liberium, Buy, TP 1760p (D); **5-Dec,** SocGen Outperform, TP 1450p (D); **5-Dec,** Deutsche, Hold, TP 1180p (D); **5-Dec,** JPMorgan, Overweight, TP 1700p



Stock description

Tullow Oil plc explores for and produces oil and gas. The Group's assets are in Africa, Europe, South America and Asia. (FTSE100)

Graph: 1-year (daily)

Stock last used as Trade Idea; 16-Aug-2012

****Source:** DowJones Newswires, Reuters News or Company Press releases, Bloomberg.com

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Graph: 1-year (daily) - MACD, ADX and Directional Indicators



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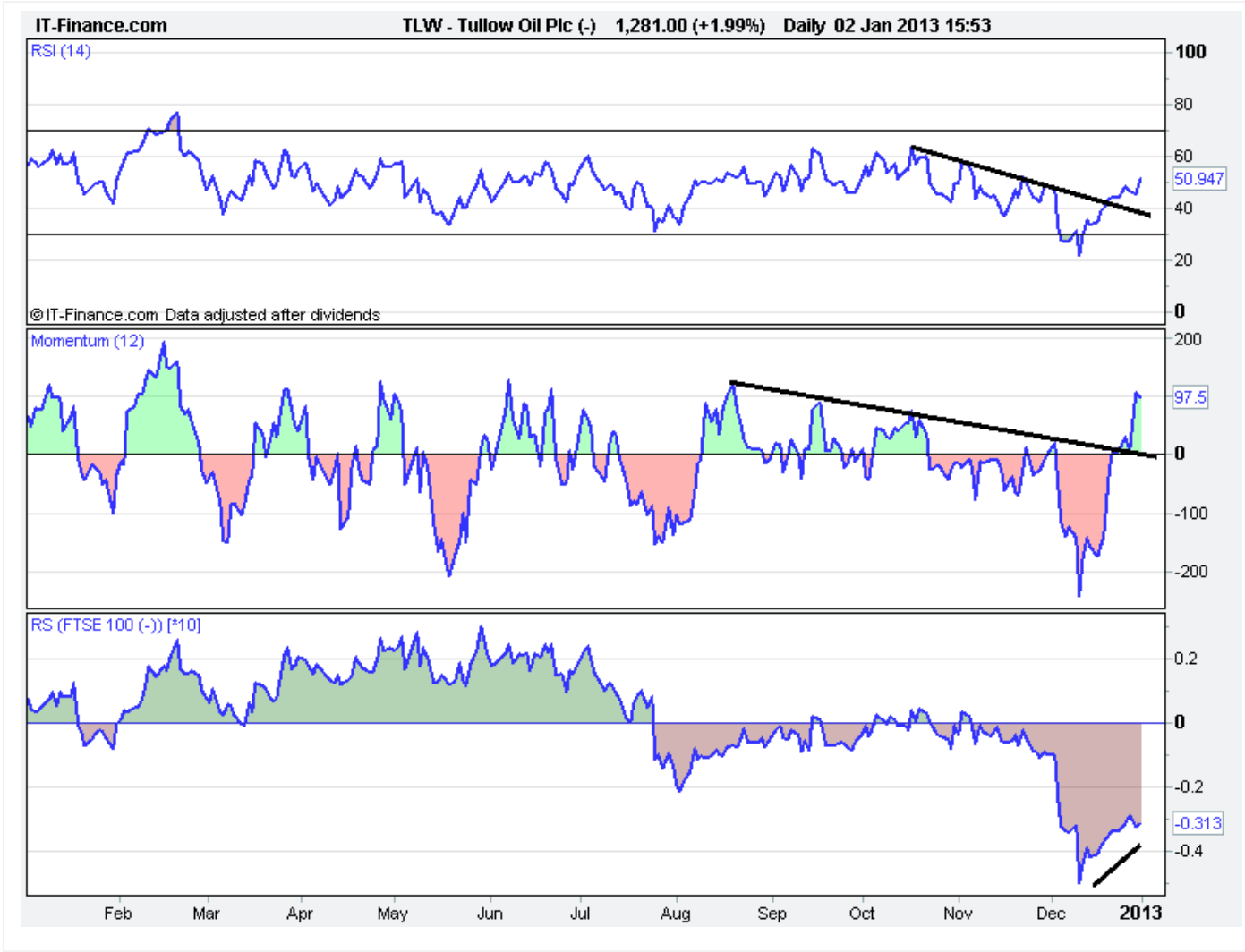
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Graph: 1-year (daily) - RSI, Performance relative to FTSE 100



| Share Perf % | 1wk | 1m | 3m | 1yr | 2yr | 3yr | 4yr | 5yr |
|--------------|------|-------|--------|-------|-------|-------|-------|--------|
| | 2.69 | -6.88 | -11.88 | -9.64 | -2.18 | -3.94 | 71.17 | 119.28 |

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