DOLMEN STOCKBROKERS **WEEKLY OUTLOOK**

16.04.2007

Dolmen Stockbrokers

Section
1

Market View

16/04/2007

The resilience of global equity markets last week was very impressive given the 'hawkish' Fed minutes and a rebound in the oil price caused by unseasonably cold weather on the American east coast. Add in the confirmation by the ECB that European rates would be increased in June which further strengthened the euro against the dollar and the performance of the markets was even more satisfying.
Last week we highlighted the need for positive news flow in the US first quarter reporting season and in this regard the first two Dow components to report, Alcoa and General Electric did not disappoint as both sets of numbers met expectations but more crucially both companies reaffirmed their full-year outlook. A repeat of this as the reporting season progresses augers well for the markets.
Another notable feature of the markets this week was the fact that the FTSE followed the DAX in advancing above its mid-February highs, yet another sign that there is an underlying bid to the markets.
This week sees a raft of US companies reporting as well as crucial US Retail Sales (Monday), US CPI (Tuesday) data as well as the ZEW reading in Europe, which will show the strength of the Euro-zone economy. Assuming these figure are in line with expectations, then expect equity markets to make further gains.

Current Trading Ideas

Trading ideas	
RBS Last rec @ £19.80 Current: £20.23 Target: £22.50 Stop-loss: £19.35	It has been confirmed that **Royal Bank of Scotland** (RBS) chief executive Fred Goodwin, has sent a letter to ABN AMRO, stating that RBS would be interested in entering takeover talks, as part of a consortium with Spanish bank, Santander, and Belgian-Dutch financial group, Fortis. The fact that the bid is as part of a consortium and likely to be focused on ABN's LaSalle operations only in the US should come as a relief to some investors who feared an RBS solo run. Such a consortium deal is likely to generate greater synergies than the Barclays / ABN combination, as there would also be substantial synergies generated between Santander and ABN's Brazilian operations, and Fortis and ABN's Dutch operations and London wholesale bank. These increased synergies create the potential for the consortium to offer a higher bid for ABN than Barclays. Given RBS' excellent track record of generating substantial synergies from its previous NatWest and Charter One acquisitions, a successful acquisition of LaSalle is likely to be earnings enhancing for RBS. The period of exclusive talks between Barclays and ABN is due to end this Wednesday, 18th April, with both banks expected to issue a merger update then. A 2007 eps of £2.15, representing year on year growth of 8%, means that RBS is currently trading at 9.4x current year earnings. Such a valuation, combined with a current year dividend yield of 4.8%, implies limited downside risk for investors from current levels: **BUY**.
Ladbrokes Last rec @ £4.18 Current: £4.17 Target: £4.50 Stop-loss: £3.97	**Ladbrokes** will announce its Q1 trading statement on 25/05/07, which helped by a favourable Cheltenham and English Grand National, should be justifiably upbeat. The company recently announced the acquisition of Keenan Bookmakers, a chain of 5 licensed betting offices (LBO's) in the Roscommon area. This increases the UK group's number of outlets in Ireland to 185, representing c.19% of the total number of LBO's in Ireland. Despite such international expansion, which is currently focussed on Spain and Italy, as well as applications for new betting licences in Vietnam and eventually China, Ladbrokes remains committed to increasing its dividend. The 2006 full year dividend per share of 13.2p is expected to be increased by 10% to 14.5p for 2007, implying a dividend yield of c.3.5% on the current share price. Last November, Ladbrokes announced that it was interested in acquiring 888. There has been no update since except to state that discussions are on going. The current market conditions surrounding gaming companies that operated in the US makes the acquisition particularly difficult, although it has the potential to be c.10% eps enhancing, and so would be very positively received by the market. Given that Ladbrokes' earnings growth of c.12% would appear to be in the middle of the 9% to 17% range of peers, William Hill and Paddy Power, our current 12 month price target of £4.50 is based on 15x 2008 eps of 30p, which is also in the middle of the 13x to 19x forward eps range at which these peers currently trade. When combined with a dividend yield of c.3.5%, this provides an attractive total 12-month return from current levels: **BUY**.
Aviva Last rec @ £7.49 Current: £7.72 Target: £9.00 Stop-loss: £7.50	Tomorrow week, **Aviva** will announce its new business figures for the 3 months ended 31/03/07. Given that the initial contribution of AmerUS to the group's 2006 sales results showed 21% year on year growth, helped by the introduction of new products, this momentum is likely to have carried into 2007 to help generate strong Q1 group sales growth. Aviva is guiding 15% overall sales growth for 2007, driven by particularly strong international sales growth. Despite this US expansion, Aviva remains committed to growing its dividend, announcing a 10% increase in its 2006 dividend per share to 30p. Further 10% growth in 2007 to 33p would provide a 2007 dividend yield of c.4.3% on the current share price. Given that Aviva's 2007 return on embedded value of 14% is forecast to be c.10% stronger than the UK sector average, its price to embedded value (EV) should trade at a similar premium. Our current 12 month price target of £9 values the shares at 1.6x 2006 EV per share of £5.73, a 7% premium to the current sector average: **BUY**.

ICI Last rec @ £5.37 Current: £5.35 Target: £6.25 Stop-loss: £5.15	Last week, S&P revised its outlook on UK based Imperial Chemical Industries (**ICI**) from stable to positive, following a significant improvement in the group's balance sheet. This improvement follows net disposal proceeds of c.£1.5 bn over the past 6 months, which has helped the group's pension deficit to halve over the past 2 years, leaving it on course for a net cash position of c.£350m as at 31/12/07. According to S&P, "cash flow generation is expected to pick up over the next few years, owing to strengthened business operations, expected cost savings from restructurings and a decline in legacy costs from past divestment activities". As a result, the group's EBITDA is forecast to grow by c.8% per annum from £660m for 2007 to £710m for 2008 to £770m for 2009. By comparison with peers, an EV/EBITDA multiple of 9x appears reasonable on a stand-alone basis for ICI. Based on 2007 EBITDA of £660m and year-end net cash of £350m, this generates a fair value of £5.26 for each of the 1,195.06m shares currently in issue. When combined with a current year dividend yield of c.1.7%, this limits the downside risk for investors from current levels in the event that a takeover approach for ICI fails to take place in 2007. However, following receipt of the c.£1 bn of sale proceeds from the Quest disposal, ICI will move into a net cash position of c.£350m by year end 2007. This gives the takeover speculation contained in last week's Financial Times an above average probability of taking place, as does the fact that one of the rumoured bidders, Akzo Nobel, recently sold its Organon pharmaceutical business to Schering-Plough for €11 bn. If this €11 bn were spent acquiring ICI, it would facilitate a takeover offer at £6.26 per share, which would value ICI at an EV/EBITDA multiple of 10.8x, a 20% premium to the stand-alone fair value multiple of 9x stated above: **BUY**.
Vodafone Last rec @ £1.35 Current: £1.40 Target: £1.60 Stop-loss: £1.33	Next month, on 29/05/07, **Vodafone** will announce its full year results. We are forecasting the group to report EBITDA of £12.046 bn and underlying eps of 10.8p, post the 2006 share consolidation, for the year ended 31/03/07, growing by 10% to 11.9p for the year ending 31/03/08. Vodafone's KPI's for the 3 months ended 31/12/06 showed net new customers of 8.7m, ahead of the consensus forecast of 7.5m, and 22.5% more customers than was added in the prior year's third quarter. The group's results for the 6 months ended 30/09/06 showed revenue and EBITDA growth 7.2% of 5.7% respectively, as the subscriber growth of the group's emerging market businesses offset the margin pressure of the German and Italian operations. This trend should equally hold for the group's full year results, with the continued strong overall group subscriber growth more than offsetting the margin pressure of the group's more mature markets. As a result, average earnings growth of 9% per annum should be generated over the next 2 years, stronger than the average of the incumbent telecom sector, which is expected to be c.3% over the same period. Our current 12-month price target of £1.60 is based on a sector average rating of 13.5x forward eps of 11.9p. When combined with a current dividend yield of c.5%, this provides a very attractive further total 12 month return from current levels, with limited downside risk: **BUY**.
British Airways Last rec @ £5.75 Current: £5.15 Target: £5.90 Stop-loss: £4.75	**British Airway's** (BA) recent sell off on negative sentiment due to the open skies agreement offers an attractive short-term entry level into a strong player in a sector rife for consolidation. The short-term technicals have turned positive again for BA and M&A activity seems likely with Iberia and BMI (which owns 11% of Heathrow slots) being named as possible targets. Over the weekend there has been press speculation that Apax are to ask BA to join a possible bid for Iberia. This sort of deal would make sense for BA who currently own 10% of Iberia and have rights over a further 30% as it would give them strategic benefits without the capex spend or execution risk associated with tabling their own bid. With Open Skies (to come into effect 1st April 08) the biggest barrier to European/Global industry consolidation will be history. With a 42% share of Heathrow slots, property assets approaching £1bn and 180 acres of land at Heathrow it's easy to see how BA could find itself a target rather than an acquirer. It is worth noting that private equity involved in the Qantas deal have indicated an interest in more airline acquisitions - applying such a multiple to BA would value the airline at c.715p a share. The initial shock from the Open Skies announcement seems to be in the price at these levels. Many mitigating factors including capacity constraints at Heathrow, BA's premium offerings and T5 benefits will limit the damaging effects of Open Skies. A study by CAA concluded that a reduction in fares of c. 10% over a period of five years to be the most likely outcome of Open Skies. It is worth noting that it took nearly 4 years for BA's profits to get hit post European liberalisation. With M&A speculation currently surrounding the sector, BA looks like a buy with some short/medium term upside potential. Our current 12 month price target of £5.90 is based on 10x current year eps of 59p, which is at the bottom end of BA's historical pe range of 10x to 12x, to take account of the current uncertainties surrounding "open skies": **BUY**.

Dolmen Dozen Weekly Update

Company	Change on week	Relevant news
AIB	2.26%	Share price rebound after excessive sell off after M&T announced poor Q1 results
Aviva	0.39%	Ahead on new business figures to be announced tomorrow week the 24th of April
BP	4.53%	As the group continued to buyback and cancel large amounts of its own shares.
British Land	-0.96%	Following the recent announcement of a NAV per share of £16.85 as at 31/12/06.
C&C	4.43%	After UK peer SABMiller announced positive results last week
CRH	0.27%	Announced today that it purchased stakes in 2 companies for a total consideration of €225m
Greencore	1.09%	After UK peers announced strong results
GSK	3.87%	Following the recent release of stronger than expected 2007 earnings growth guidance.
Ladbrokes	0.00%	Following a successful Aintree for bookmaker
RBS	1.14%	Announced it was considering making a joint takeover bid for ABN with Fortis & Santander
Ryanair	0.84%	Looks as if the EU commission will force the Airline to sell its 25% stake in Aer Lingus
Vodafone	1.45%	Ahead of full year results to be announced next month on the 29th of May

Other Trading Ideas

Date of Rec	Company	Price (at time of Rec)	Last Close	Source	Analyst	Target Price
19-Feb	United Drug	3.97	4.10	Weekly	SD	4.40
26-Feb	Grafton	12.79	11.49	Weekly	SD	14.00
27-Feb	Kerry	20.46	22.40	Daily	SD	23.00
28-Feb	Irish Life & Permanent	21.50	21.49	Daily	SD	23.00
07-Mar	FBD	40.00	38.40	Daily	SD	48.00
12-Mar	Morrison	3.21	3.16	Weekly	SD	3.30
12-Mar	British Land	15.34	15.53	Weekly	SD	17.50
20-Mar	DCC	24.25	26.45	Daily	SD	27.00
26-Mar	BP	5.39	5.77	Weekly	SD	6.00
26-Mar	CRH	31.95	33.09	Weekly	SD	37.00
27-Mar	George Wimpey	6.53	6.35	Daily	SD	8.40
29-Mar	Tesco	4.40	4.56	Daily	SD	4.75
30-Mar	Summit Germany	1.37	1.41	Daily	SD	1.50
02-Apr	GSK	13.97	14.75	Weekly	SD	15.00
03-Apr	AIB	21.59	21.69	Daily	SD	24.50
10-Apr	Anglo Irish Bank	15.82	16.20	Weekly	SD	18.00
10-Apr	Tullow Oil	3.69	3.78	Weekly	SD	4.25
10-Apr	IAWS	17.48	18.30	Weekly	SD	20.00
10-Apr	C&C	11.73	12.25	Weekly	SD	13.00
13-Apr	Ryanair	6.01	6.02	Daily	SD	6.50

Economic Calendar

Date	Region	Event	Period	Consensus	Prior
16/04/2007	EC	Euro-Zone CPI (MoM)	MAR	0.60%	0.30%
16/04/2007	US	Advance Retail Sales	MAR	0.50%	0.10%
16/04/2007	US	Retail Sales Less Autos	MAR	0.80%	-0.10%
16/04/2007	US	Empire Manufacturing	APR	7.3	1.9
16/04/2007	US	Business Inventories	FEB	0.30%	0.20%
17/04/2007	UK	CPI (MoM)	MAR	0.30%	0.40%
17/04/2007	UK	Core CPI YOY	MAR	1.80%	1.70%
17/04/2007	EC	Euro-Zone Trade Balance	FEB	- -	-7.8B
17/04/2007	GE	ZEW Survey (Econ. Sentiment)	APR	10	5.8
17/04/2007	US	Consumer Price Index (MoM)	MAR	0.60%	0.40%
17/04/2007	US	CPI Ex Food & Energy (MoM)	MAR	0.20%	0.20%
17/04/2007	US	Housing Starts	MAR	1500K	1525K
17/04/2007	US	Building Permits	MAR	1505K	1532K
17/04/2007	US	Industrial Production	MAR	0.10%	1.00%
18/04/2007	UK	Bank of England Minutes			
19/04/2007	US	Leading Indicators	MAR	0.10%	-0.50%
19/04/2007	US	Philadelphia Fed.	APR	2	0.2
20/04/2007	UK	Retail Sales (MoM)	MAR	0.50%	1.40%

Corporate Calendar

Date	Region	Company	Event
16-Apr-07	US	Citigroup	Q1 Earning Results
17-Apr-07	US	Yahoo	Q1 Earning Results
17-Apr-07	US	Intel	Q1 Earning Results
17-Apr-07	US	Johnson & Johnson	Q1 Earning Results
17-Apr-07	GB	Tesco	Final Earnings Results
18-Apr-07	GB	Partygaming	Q1 Trading Update
19-Apr-07	GB	Prudential	Q1 New Business Figures
19-Apr-07	GB	Rio Tinto	Q1 Trading Update
19-Apr-07	GB	WH Smith	H1 Earnings Results
19-Apr-07	US	Merrill Lynch	Q1 Earning Results
16-Apr-07	US	Citigroup	Q1 Earning Results

Sunday Papers

Paper	Company	Comment
SBP	ICG	Doyle/One 51 bid for ICG not a property play
SBP	INWS	Indo staff have two weeks to accept redundancy deal
SBP	Banks	Bank stocks feel the draft of softening property market
Sunday Times	BA	Open skies will be a close call
Sunday Times	Cadbury	Cott spikes Cadbury mix
Sunday Times	RBS	Banking trio lure Dutch with cash and stock [ABN/RBS]
Sunday Times	Lundin Mining	Lundin goes from bust to bonanza
Sunday Independent	Ryanair	Aid for Ryanair's US routes if they get off the ground
Sunday Tribune	Ryanair	US flights news to NY
Sunday Tribune	Providence	Continental Shelf extension

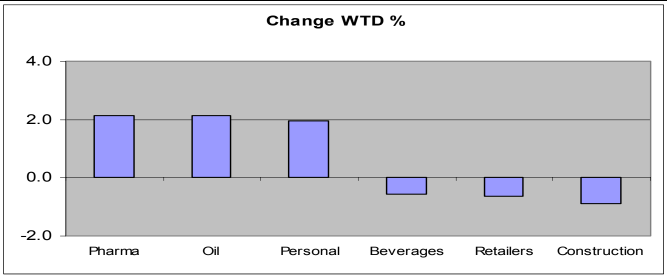
Last Week's Moves

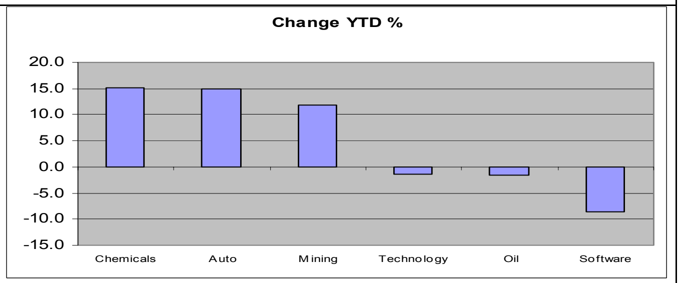
	Levels	Last week's moves	YTD Move
Equities			
DJ INDUS. AVG	12583.36	0.13%	0.91%
S&P 500	1449.77	0.38%	2.18%
NASDAQ	2478.16	0.29%	2.61%
DJ	3786.41	1.45%	3.09%
FTSE 100	6462.4	1.54%	3.88%
DAX	7212.066	1.95%	9.33%
ISEQ	9600.87	2.60%	2.05%

	Div Yield- 2007	EPS Growth 2007	P/E-2006	P/E-2007
ISEQ	2.45%	8.7%	15.61	13.97
UK	3.70%	6.78 %	13.71	12.84
US	2.03%	6.62%	16.62	15.61
Euro	3.46%	6.25%	13.26	12.48

Sector*	Weekly Move %	YTD Move %
Chemicals	0.03	15.20
Autos	1.06	15.00
Mining	0.61	11.93
Personal Goods	1.94	10.02
Media	0.58	8.70
Construction	-0.89	8.53
General Retailers	-0.63	7.75
Tobacco	-0.04	7.68
General Industrials	-0.45	5.71
Food Producers	1.09	5.59
Utilities	0.00	3.40
Leisure Goods	0.72	2.73
Telecoms	0.76	2.32
Banks	1.10	2.25
Pharmaceuticals	2.14	2.04
Beverages	-0.58	1.85
Insurance	0.58	1.44
Technology	-0.56	-1.39
Oil & Gas	2.14	-1.65
Software	0.17	-8.63

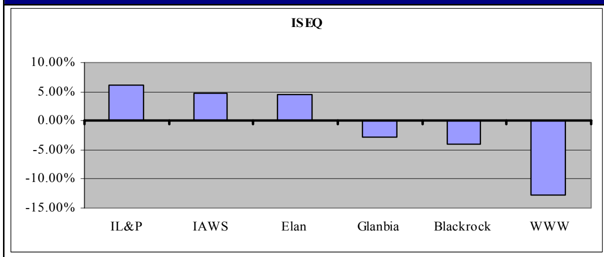
***Perf based on capital price moves only**

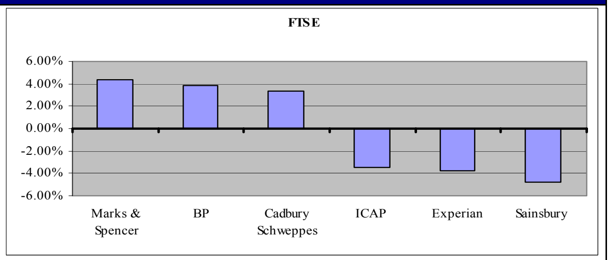




Best/Worst Performers 09/4/07 – 16/04/07

ISEQ	FTSE





The market opened on Tuesday after been closed for the bank holiday to Iona announcing a profit warning for it Q1 revenue after it failed to close 2 deals in the US for over €2m. CRH was one of the main gainers up c.30c despite continued fears over the US housing market to which it has an 8% exposure. Once again, attention was focused on ICG. On Thursday the One51 and Doyle consortium purchased more share in the market at €20.75 raising their stake to over 20%, which means any offer they make will have to be at this level or higher. The two had originally indicated that any offer would be made at higher than €20 a share. On Friday the banks helped push the index higher.

Markets opened on Tuesday after the long weekend in the UK to news of two unsuccessful acquisition bids, as a second offer for Sainsbury reportedly received a tepid response and Imperial Tobacco got rejected in its follow-up approach for Altadis. Property stocks lost ground on Wednesday after a broker downgraded the sector, saying it believes the recent "gold rush" for such shares has come to an end. Sainsbury's shares continued to decline, losing another 0.7% after a consortium led by private-equity firm CVC Capital said it wouldn't bid for the company. On Thursday, along with the US, energy stocks such as BP were the main gainers as oil prices surged to close to their recent highs.

Section 3

Commodity, Currency & Credit Markets

	Current			YTD Change		
	EURO	GBP	USD	EUR	GBP	USD
Base Rate	3.75%	5.25%	5.25%	0.25%	0.25%	0.00%
3 Month	3.97%	5.59%	5.11%	0.24%	0.36%	0.03%
12 Month	4.26%	5.87%	4.95%	0.25%	0.31%	0.05%
5 Year	4.18%	5.37%	4.68%	0.26%	0.25%	-0.02%
10 Year	4.23%	5.10%	4.76%	0.29%	0.36%	0.05%
CRUDE OIL FUTR May 07	63.97			0.34%		
NAT GAS FUTR May 07	7.87			17.44%		
GOLD SPOT $/OZ	683.46			7.51%		
SILVER SPOT $/OZ	14.055			9.18%		
LME ALUMINUM 3MO ($)	2835			1.14%		
LME COPPER 3MO ($)	7690			21.49%		

Exchange Rates

	Current	YTD change	Year End Forecasts
EUR-USD X-RATE	1.35152	2.38%	1.350
EUR-GBP X-RATE	0.681589	1.20%	0.665
EUR-JPY X-RATE	161.165	2.56%	145.000

Forecast 2007

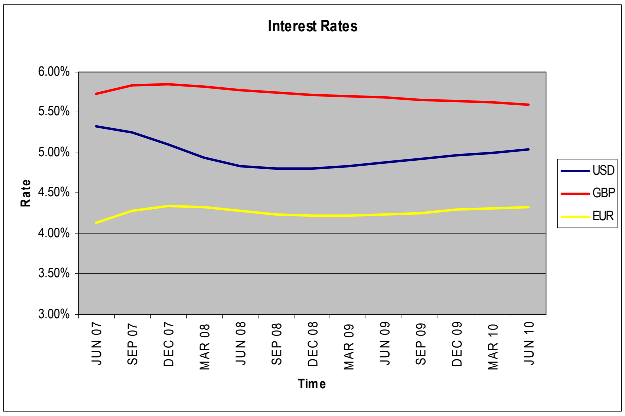
GDP	Current	2007(e)
Ireland	7.70%	6.00%
Euro Zone	2.70%	2.50%
UK	2.90%	3.00%
US	3.00%	2.00%

Central Bank Interest Rates	Current	2007(e)
Ireland	3.50%	3.75%
Euro Zone	3.50%	3.75%
UK	5.00%	5.25%
US	5.25%	4.75%

Inflation	Current	2007(e)
Ireland	4.40%	5.50%
Euro Zone	1.90%	2.10%
UK	2.70%	2.90%
US	2.00%	1.20%

10 Year Bond Yields	Current	2007(e)
Ireland	4.01%	3.65%
Euro Zone	4.01%	3.65%
UK	4.81%	4.50%
US	4.69%	4.35%

Bund Comment

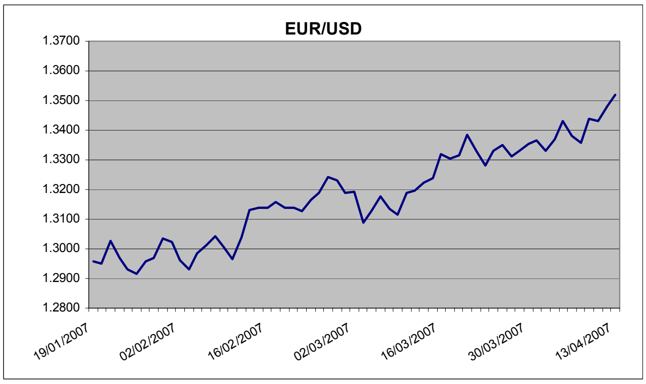


Comment:

European government bonds declined for a fourth week after the European Central Bank added to speculation it may lift interest rates as much as half a percentage point this year. Two-year note yields rose to the highest in almost five years after ECB said that current borrowing costs were fuelling economic growth.

With a light week for Euro area economic release we expect Euro area bonds to be closing correlated to that of the US. With the recent sell off particularly at the long end of the Euro curve we begin to like bonds down here as we expect the ECB to pause after increasing rates to 4% in June.

Currency Comment

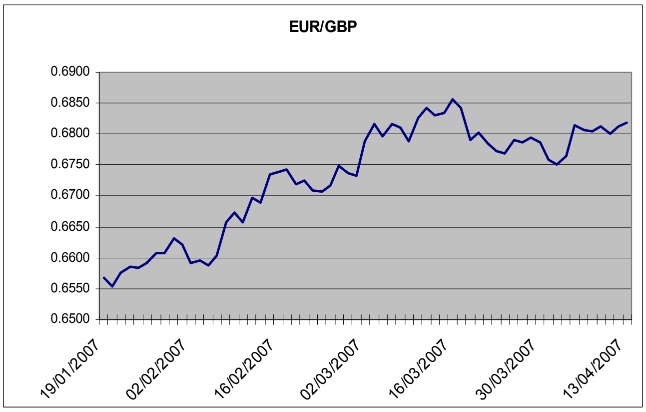


Comment: EUR/USD

EURUSD hit a 2007 high last week as the market continued to run away from the greenback ahead of the G-7 meeting. On a week when the economic calendar carried little news of import, the order flows were driven mainly by political considerations.

This week is heavy with market moving US economic releases. The focus will be on Retail sales this afternoon and CPI tomorrow. While US consumer has held up in recent months despite a slow downs else where in the US economy we are however expecting at some point the consumer to pair back its spending as higher oil and interest rates begin to take its toll. Traders will also be watching housing starts and the Philly Fed reading.

With the Euro performing so well last week expect a period of consolidation this week especially if the US CPI number comes in a little stronger than expect. However we remain a buyer of the Euro on deeps.



Comment: EUR/GBP

GBP was unchanged against the Euro last week however it did strengthen mid week for a period on the back of speculation that the UK government were going to enact a repatriation of profit scheme similar to that which the US government enacted last year.

The main focus this week will be on CPI out of the UK and the Zew confidence number out of Germany. The UK CPI number is expect to remain close to 3% with the BoE expect to raise rates at least once more this year, probably in May/June.

We continue to like GBP against the Euro as we believe the UK economy continues to provide surprises to the upside.

Corporate Credit Markets

Rating-5 Yr Bonds	Sample Names	Dec 2005 Yield	Current Yield
AAA	Rabobank	3.65%	4.29%
AA	Deutsche Bank	3.95%	4.45%
A	Tesco	3.83%	4.38%
BBB	MKS	5.30%	6.02%
BB	Royal Caribbean Cruise lines	5.73%	6.03%

Credit markets continue to see low trading volumes however the primary risk remains the possibility of accelerating LBO activity in coming months. Tighter in both the investment grade and high yield indices this week, 24bps and 212bps respectively. Further tightening is limited in the current environment given the persistent shareholder friendly strategies favoured by companies.

*ITRAXX is an index of the 125 most liquid investment grade corporate names in the European market

Sector Movements in week ended 13/04/2007:

- **Automotive:** Tighter in all names, the only exception being BMW, which was unchanged. This tightening was in conflict with the poor European car sales figures released this week, which reported a drop in March sales, led by Renault (-9.4%); DCX (-6.3%); and BMW (–5.4%). Elsewhere Fiat led the charge with a 6.3% gain in March sales; Toyota +6.2%; VW +2.2% and Peugeot +0.3%. German automakers attributed the fall in March sales to the increased sales tax in Germany and consumers delaying car purchases ahead of the release of new models. DCX spreads were 2bps tighter, while each Peugeot, Renault and VW were 1bps tighter over the week. In the US GM and Ford both tightened over the week however Fords tightening was more pronounced following reports of a 16% increase in sales China. Credit markets were also positive on GM reports that the automaker is looking at its product line up with a particular focus on fuel- economy proposals – the product line-up has always been seen as a particular weakness of GM.

- **Building materials**: Quiet in the sector – Heidelberg was the only mover tightening 2bps this week following a rating upgrade form Moody's, who noted a positive operating trend, debt reduction and improved cash flow generation. Elsewhere LaFarge and Saint Gobain were unchanged, despite the fact that Saint Gobain this week announced 3 acquisitions in Italy, Spain and Germany.

- **Chemicals:** Mixed in the sector – Linde tightened 1bps despite announcing €2b in new senior debt issuance on Friday. Elsewhere BASF was 1bps wider while Bayer was unchanged

- **Airlines**: Mixed in the sector – the biggest mover was British Airways, 10bps tighter, after CEO Willie Walsh announced BA was not interested in bidding for either BMI or Iberia. Lufthansa was 1bps tighter on reports the airline is considering a €4 bid for Iberia, compared to Texas Pacific Groups €3.60 bid. Elsewhere Rolls Royce and BAE Systems were unchanged.

- **Food/Beverages:** Mixed in the sector – Cadbury's was 1bps tighter while Diageo was unchanged. Cadbury's beverage unit is stirring interest amongst both private equity and competitors recently. The most recent report is that Canadian bottler Cott is in discussions with private equity firms about a possible merger of operations with Cadbury's beverage division. Compass was 3bps tighter this week after ABN Amro upgraded the equity to buy from hold.

- **Telecoms:** Tighter in the sector – BT tightened 2bps while both Deutsche Telecom and Vodafone tightened 1bps over the week. BT, this week, announced network changes that will result in job cuts, while Vodafone announced an initiative that will enable companies to advertise via mobile phones, which is seen as a 'sizable opportunity' for Vodafone.

- **Retail:** Tighter across the board – Sainsbury's tightened sharply, indicating the likely collapse of an LBO, after the Sainsbury's family, majority stakeholders, indicated they were unlikely to sell for less than £6, with a £5.82 bid on the table. The Sainsbury's bid collapse prompted a fall in expectations of other bids in the sector, as a result Kingfisher –11bps; Morrison's -4bps; Dixon's –3bps; MKS –1bps; Tesco –1bps.

- **Media**: Mixed in the sector – EMI tightened 13bps this week, which is 14% tighter than the widest level, seen late March. An S & P report sees more pitfalls in freeing digital music, noting the sharp drop in traditional music sales and the inability of digital music revenues to offset this fall. BSY was 1bps tighter despite Virgin Media suing the company in relation to 'onerous rates for content'. WPP was also 1bps tighter over the week.

Dolmen Stockbrokers contact numbers

Directors

Ronan Reid	01 633 3894
Gerardine Jones	01 633 3803
Paul McGowan	01 633 3875

Stockbrokers

Leonard Abrahamson	01 633 3816
Suzanne Berkery	01 633 3881
Fergus Briscoe	01 633 3878
John Cronin	01 633 3897
Sheena Coen	01 633 3847
Jeffrey Flynn	01 633 3821
Richard Goodbody	01 633 3646
Mark Kelly	01 633 3883
Paul Kelly	01 633 3867
Daniel Murphy	01 633 3814
Bryan O'Neill	01 633 3864
Colm O'Reilly	01 633 3870
Richard Power	01 633 3891
Barry Relihan	01 633 3622
Peter Shubotham	01 633 3836
Stephen Tynan	01 633 3873
Ken Williams	01 633 3647
Ronan Goggin (Cork Office)	021 422 2122
Edmund Moloney (Cork Office)	021 422 2122
Donal Ring (Cork Office)	021 422 2122
Brian Tobin (Cork Office)	021 422 2122
Eamonn Quane (Cork Office)	021 422 2122
Ernest Holloway (Limerick Office)	061 436 500
John Ring (Limerick Office)	061 436 500
James Byrne (Limerick Office)	061 436 500

Dealers

Padraig Brennan	01 633 3879
JP Maguire	01 633 3615
Emma Devery	01 633 3664

Director of Investment Services Planning

Jim Shiggins	01 6333630

Research/Fund Management

Stuart Draper	01 633 3850
Carl Bourke	01 633 3829
Stephen Taylor	01 633 3783
David Beaton	01 633 3877
Maire Kirby	01 633 3890
Ciaran Mulhall	01 633 3896
Ailish Connolly	01 633 3626
Joseph Dempsey	01 633 3835
Claire Lanigan	01 633 3823
Damian Howley	01 633 3898
Mary-Rose Ahern	01 633 3874
Darren Hayes	01 633 3882

Client Services

Tracy Kelly	01 633 3888
Jonathan Bredin	01 633 3888
Ruairi O'Brien	01 633 3888

Head of Middle Office

Connor Maguire	01 633 3812

Head of Compliance

Mark Ambrose	01 633 3804

Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor. Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.
Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.