

CONTENTS

Market View

Vodafone : Peers Telenor & KPN report results

IN&M : IN&M sells Cashcade stake

GSK : Glaxo Q2 beats consensus estimates

Company note : Rio Tinto

Market Movers

IRISH PAPERS TODAY

BT Ireland to transfer business to Vodafone
(The Irish Times)

Anglo to buy back bonds at reduced rates
(The Irish Times)

Delay in choosing new AIB boss sparks fears on capital plan
(Irish Independent)

INTERNATIONAL PAPERS TODAY

GSK's swine flu arsenal grows
(Financial Times)

Commercial property woes hurt Morgan Stanley and Wells Fargo
(Financial Times)

Intel appeals EU fine, cites human rights
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	1.4%	7.4%
BP	0.0%	-3.9%
CRH	0.6%	4.3%
DCC	-1.2%	39.7%
E.ON	1.0%	-13.0%
HPQ	0.6%	12.4%
IL&P	3.4%	100.0%
INM	4.3%	-40.6%
J&J	-0.5%	-1.1%
JPMorgan	-0.3%	16.8%
Microsoft	-0.1%	27.6%
Vodafone	1.0%	-17.9%

Market View

Analyst : Edward Keeling

European equity markets are broadly flat this morning following declines in the US overnight. Both the S&P and the Dow Jones finished lower as disappointing results from financials Wells Fargo and Morgan Stanley weighed on investor sentiment. In addition, profit taking has begun to halt equity market's progress. The Nasdaq however, predominately a technology oriented index, finished higher posting its 11th straight day of gains. Both Apple and Ebay reported stronger than forecasted earnings. Despite such a strong run, we are comfortable with our overweight recommendation for the technology sector with **Microsoft**, **Intel** and **Cisco** our preferred picks. In Asia, stocks climbed to a 10 month high last night led by automakers and technology companies as a weaker yen boosted the prospects for Japanese export earnings. Looking ahead to today's session, there is another raft of earnings releases. This morning we saw **Credit Suisse** post Q2 profits that were ahead of analysts' forecasts with a net profit of CHF1.6bn reflecting a strong investment banking performance. In the US, **McDonalds**, **AT&T** and **UPS** will all report Q2 results before the bell while **American Express** and **Microsoft** will post earnings after the close. On the economic front, we will be paying close attention to the US weekly jobless claims at 13:30 and US existing home sales data at 15:00.

Vodafone : Buy Current Price (114p) Price target (150p) Analyst : Stephen Taylor

This morning two of Vodafone's peers Telenor and KPN reported earnings. Telenor reported net profit that declined to NOK1.38bn from NOK3.54bn a year ago, while revenue increased by 3.3% to NOK3.3bn, broadly in line with expectations. The group's CEO pointed out that the trends from its first quarter had continued into the second quarter amid difficult economic conditions. As a result, Telenor lowered its revenue forecast slightly and now expects revenue for 2009 to be slightly below 2008 down from its previous guidance of flat on 2008. Meanwhile KPN reported second quarter profit that increased by 5.1% to €371m beating analyst expectations of €348m. Revenue declined by 6.9% to €3.41bn. The group also lowered its full year 2009 earnings forecast and now expects 2009 sales to be between €13.6bn to €13.8bn compared to its previous forecast of revenue to be 'in line' with 2008 of €14bn. However on the positive side the company reiterated that it was on track to deliver €2.4bn of free cash flow in the second half of 2009. We are not surprised that two of Vodafone's peers have lowered revenue guidance today. Vodafone was the first telecom company to warn on top line revenue pressures and as result we believe a lot of that negativity is already factored into the company's share price. Vodafone is due to issue an interim management statement tomorrow for the quarter ending June 2009. Of key focus will be Vodafone's guidance in relation free cash flow and any further cost savings initiatives in addition to margins.

IN&M: Neutral Current Price (€0.25) Price target (€0.45) Analyst : Stephen Taylor

Independent News & Media (INM) has announced that it has disposed of its 18.07% stake interest in Cashcade to Partygaming for an aggregate cash consideration of c. €15.3m, net of costs. INM also said that subject to certain earnings targets being met, it will receive incremental proceeds in 2010 and 2011. The disposal is part of the group's continuing deleveraging strategy, with proceeds being retained pending a resolution of the ongoing restructuring discussions and in accordance with the terms of the prevailing standstill agreement. We expect a further update from INM tomorrow in relation to its bond refinancing with press speculation over last number of days indicating that there will be a further extension. We recently downgraded IN&M to Neutral from a speculative Buy reflecting our view that the risk reward is now less favourable.

GSK: Neutral Current Price (1150p) Price target (900p) Analyst : David Dunk

GlaxoSmithKline released its second quarter earnings update at midday yesterday. Earnings of £0.31 per share were ahead of analyst expectations for earnings of £0.30 per share. Sales for the period were £6.75bn, ahead of expectations of £6.67bn. Net income was in-line with expectations of £1.4bn. The performance of key drug Adair was slightly weak, with sales of £1.2bn compared to £1.21 expected. Revenue's for the 2nd quarter was impacted by the performance of the US pharmaceutical business. Vaccines sales increased 14% to £0.8bn, as a result of the outbreak of swine flu. GlaxoSmithKline has seen a dramatic increase in orders for Tamiflu, which will have a positive effect on sales in the coming quarters. As a result the company is optimistic, and expects a strong performance in the second half of the year. Separately drug maker Bristol-Myers Squibb has announced the takeover of Biotech research company Medarex for \$2.4bn, in a move to boost revenues ahead of the patent expiry of one of the company's key drugs

Rio Tinto

Buy

Current Price : £23.90

Price Target : £28.00



DOLMEN STOCKBROKERS

Analyst: **David Dunk**

Thursday 23rd July 2009

- Since the start of the year Rio Tinto has rallied over 80%, driven by efforts to delever its balance sheet, and a more optimistic outlook for markets. We retain a bullish outlook on mining commodities, and see the potential for materially higher prices in the medium and long term. Our view is driven by the expected industrialisation of developing economies, as well as the structural underinvestment in the sector in recent years. In addition the unprecedented levels of fiscal and monetary stimulus currently being injected into the global economy is likely to be a cause of inflation once major economies return to growth.

- Rio Tinto's recent \$15bn rights issue has dramatically eased the pressure on its balance sheet. In addition the proposed joint venture with BHP Billiton to combine the Western Australian mining operations will be beneficial to both companies. BHP will pay \$5.8bn to Rio Tinto, reflecting the larger proportion of production stemming from Rio Tinto's operations. Additionally we expect Rio Tinto to benefit from cost synergies of up to \$5bn. The deal is non-binding, with a mutual break-fee of \$275.5m. As a result we expect Rio Tinto's debt to drop from \$40bn to \$20bn over the current year.

- We expect a positive outcome from the ongoing iron price negotiations between Rio Tinto and Chinese steelmakers. Rio Tinto is offering iron ore at levels 33% below last years prices, while Chinese steelmakers are looking for a reduction of 40-50%. Given Rio Tinto's willingness to sell iron ore into the spot markets, and the agreements reached with customers in Korea and Japan, the likelihood of Rio Tinto making further material concessions is low. We do not anticipate the recent detention of 4 company executives in China will have a material impact on Rio Tinto.

- Rio Tinto released its second quarter production report last week. Iron ore production was particularly strong, with volumes up 8% compared with the second quarter of 2008. Half of the iron ore production of the current year was sold in to the spot market as opposed to on a fixed contract basis. Production of copper and coal was also greater than expected. Aluminium production declined in line with expectations, reflecting the continuing difficult conditions for the metal. Rio Tinto noted that it expects the recovery in the Chinese steel market to continue in the second half of the year.

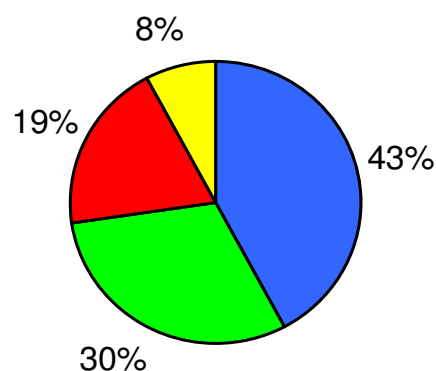
- We rate Rio Tinto a buy and have a £28 price target. Rio Tinto is currently trading at about 10.8x current year EV/EBITDA multiple. Given that we believe 2008 represents trough in the current cycle for earnings we see this as attractive. Our £28 price target is based on a current year P/E of 18x and an EPS of \$2.57, below the historical P/E multiple of 20x. Rio Tinto like most miners is a high beta stock, with significant price volatility. We therefore recommend our clients buy into the stock on periods of weakness. Upcoming catalysts for Rio Tinto include the half year results, due on August 20th, as well as M&A activity in the sector, and commodity price movements.

Descriptive Stats		Shareholders	
Year to date	92%	Shining	7.9%
52 Week High	£45.52	Schroders	5.0%
52 Week Low	£8.22	Legal & General	3.3%
Bloomberg	RIO LN	Capital Research	3.3%

	12/07	12/08	12/09e
Revenue (\$m)	29,700	54,264	38,628
Operating Profit	8,374	15,489	8,498
EPS (\$)	4.7	2.4	2.6
DPS (\$)	1.12	1.12	0.711
Div Yield	2.9%	2.9%	1.8%

Peer Analysis	P/E 08	P/E 09	Div Yield
BHP Billiton	11.7	14.2	3.4%
Anglo American	7.1	23.1	1.3%

2008 Revenues by Product



- Aluminum
- Iron Ore
- Energy & Minerals
- Copper & Diamonds



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,731	-0.6%	17.4%
FTSE	4,494	0.8%	1.3%
Dow Jones	8,881	-0.4%	1.2%
S&P	954	-0.1%	5.6%
Nikkei	9,793	0.7%	10.5%
Stoxx 50	2,529	0.4%	3.4%

Sector Performances

Sector	Index	1-Day	YTD
Construction	222	0.0%	9.1%
Technology	171	0.8%	12.2%
Oil & Gas	293	-0.1%	9.9%
Financials	191	-0.1%	28.0%
Retail	224	0.4%	21.9%
Food & Drink	251	0.4%	7.3%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	65.4	-0.3%	16.2%
Copper	252.6	3.0%	75.6%
Gold	951.4	0.3%	8.1%
Silver	13.7	1.6%	21.7%
Wheat	522.0	-2.4%	-19.6%
Cattle	89.8	-1.5%	1.0%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.422	-0.1%	1.8%
€/£	0.863	-0.2%	-10.8%
£/\$	1.649	0.2%	11.4%
\$/JPY	93.67	-0.1%	3.9%
€/JPY	133.17	-0.1%	5.6%
€/SFR	1.515	0.0%	1.7%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	118.3	-6.3%	-34.6%
High Yield	749.3	-0.7%	-27.8%
Financials	94.7	-1.3%	-21.2%
BoI	360.4	-0.4%	50.8%
AIB	367.9	-0.1%	83.4%
RBS	148.1	0.0%	6.7%

Money Market Rates

Rate	EUR	UK	US
Overnight	0.4%	0.4%	0.2%
3-Month	0.9%	0.9%	0.5%
1-Year	1.3%	1.2%	0.8%
2-Year	1.7%	2.2%	1.4%
5-Year	2.8%	3.6%	2.9%
10-Year	3.6%	4.2%	3.7%

Date Company Region Event

Date	Company	Region	Event
23/07/2009	American Express Co.	US	Q2
23/07/2009	AT&T	US	Q2
23/07/2009	Chubb Corporation	US	Q2
23/07/2009	CIT Group	US	Q2
23/07/2009	Kimberly Clark	US	Q2
23/07/2009	McDonald's Corporation	US	Q2
23/07/2009	Philip Morris Intl.	US	Q2
23/07/2009	The New York Times Co	US	Q2
23/07/2009	UPS	US	Q2
23/07/2009	Wyeth	US	Q2
23/07/2009	Xerox Corporation	US	Q2
23/07/2009	Microsoft	US	Q4
23/07/2009	Imperial Tobacco Group	GB	TRADE
23/07/2009	Kingfisher PLC	GB	TRADE
23/07/2009	Aminex Plc	IE	EGM
23/07/2009	Scania AB	SE	Q2
23/07/2009	Roche Holding AG	CH	H1
23/07/2009	Credit Suisse Group AG	CH	Q2
23/07/2009	Britvic Plc	GB	TRADE
23/07/2009	Daily Mail and General	GB	TRADE
23/07/2009	Capita Group PLC	GB	H1
24/07/2009	Danone SA	FR	Q2

Date Event Region Estimate

Date	Event	Region	Estimate
23/07/2009	ECB Euro-Zone Current Acc	EC	--
23/07/2009	Retail Sales (MoM)	UK	0.40%
23/07/2009	Initial Jobless Claims	US	558K
23/07/2009	Existing Home Sales MoM	US	0.60%
24/07/2009	IFO - Business Climate	GE	86.5
24/07/2009	GDP (QoQ)	UK	-0.30%
24/07/2009	U. of Michigan Confidence	US	65
24/07/2009	PMI Manufacturing	GE	42
24/07/2009	PMI Services	GE	46
24/07/2009	PMI Manufacturing	EC	43.4
24/07/2009	PMI Services	EC	45.2
27/07/2009	GfK Consumer Confidence S	GE	--
27/07/2009	New Home Sales MoM	US	--
28/07/2009	S&P/CaseShiller Home Price	US	--
28/07/2009	Consumer Confidence	US	--
28/07/2009	Richmond Fed Manufact. Inc	US	--
28/07/2009	ABC Consumer Confidence	US	--
29/07/2009	Euro-Zone M3 s.a. (YoY)	EC	--
29/07/2009	Net Consumer Credit	UK	--
29/07/2009	M4 Money Supply (MoM)	UK	--
29/07/2009	MBA Mortgage Applications	US	--
29/07/2009	Durable Goods Orders	US	--

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 judgment 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.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities Limited is regulated by the Financial Regulator. Dolmen Securities Limited is a member firm of the London Stock Exchange.

Dolmen Stockbrokers is regulated by the Financial Regulator. Dolmen Stockbrokers Limited is a member firm of the Irish Stock Exchange and the London Stock Exchange.

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. Oliver Gilvarry, David Dunk, Stephen Taylor & Edward Keeling are responsible for the production of this report. Oliver Gilvarry is Head of Research and David Dunk, Stephen Taylor & Edward Keeling are equity analysts.

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.



DOLMEN SECURITIES LTD

75 St. Stephen's Green, Dublin 2, Ireland.
45 South Mall, Cork, Ireland
Theatre Court, Mallow St, Limerick, Ireland.

Tel : +353 1 633 3800/1890 400 300
Tel : +353 21 422 2122
Tel : +353 61 436 500

E-mail: info@dsl.ie
E-mail: cork@dsl.ie
E-mail: Limerick@dsl.ie