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IRISH PAPERS TODAY

Nama to bring foreign banks into 'bad bank' scheme
(The Irish Times)

Markets 'convinced' on viability of Irish finances
(The Irish Times)

Mortgage shock as bank hikes loan rates
(Irish Independent)

INTERNATIONAL PAPERS TODAY

Investors blast Bank over gilts sell-off
(Financial Times)

Ford in surprise \$2.3bn net profit
(Financial Times)

Earnings news sends Dow past 9000
(The Wall Street Journal)

DOLMEN DOZEN

Company	1-day %	YTD %
Aryzta	0.2%	7.6%
BP	1.1%	-3.0%
CRH	3.9%	9.1%
DCC	3.3%	45.0%
E.ON	2.0%	-10.0%
HPQ	2.1%	14.7%
IL&P	7.9%	109.7%
INM	1.0%	-43.0%
J&J	1.7%	0.7%
JPMorgan	3.6%	21.0%
Microsoft	3.1%	31.5%
Vodafone	1.8%	-13.7%

Market View

Analyst : Edward Keeling

European equities are considerable this morning after a strong close in the US last night which saw the Dow Jones break above the 9000 level for the first time since January, lifted investor sentiment. It is worth noting however that disappointing earnings releases from American Express, Microsoft and Amazon after the bell sent futures lower. American Express posted lower quarterly profit than expected reflecting weakness in card member spending, record credit losses, restructuring charges and repayment of government funds. Regular trade in the US was very strong boosted by US existing home sales which rose in June, the first time since 2004 that this measure has risen four months in a row. While we are encouraged by such data, we would advise some caution regarding the pace of any economic rebound. There are still major roadblocks on the road to recovery, none less than rising unemployment. The US Labor Department yesterday announced that initial claims for jobless aid rose 30,000 to 554,000 for the week ended July 18th. This was in line with economists' estimates but is still at uncomfortably high levels. As for today's session, it will be a relatively quiet day on the corporate front, while in terms of economic releases, the US University of Michigan Confidence data release will be market moving at 15:00.

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

This morning, Vodafone issued a reassuring trading statement for its first quarter of its 2010 financial year and reiterated earnings guidance. Vodafone reported first quarter revenue that increased by 9.3% to £10.7bn in line with analyst expectations. Net debt also showed an improvement primarily due to favourable currency moves falling back to £31.2bn from £34bn. Free cash flow increased by 21.2% over the quarter to £1.9bn boosted by the company's ongoing £1bn cost cutting program that is on track for complete the next year. Ex-currency movements service revenue declined by 2.1% impacted in particular by weakness in Europe where total organic revenue declined by 4.4%, however this was slightly better than expectations for a 5% decline. Service revenue in the UK fell by 4.8%, Spain by 8.1% and Germany by 4.8%. Vodafone has expanded its emerging market base over the last number of years in particular India and Africa to make up for the weakness due to economic conditions and intense competition. India showed particular strength with service revenue growing by 23% while in Africa and Central Europe revenue increased by 27.8%. Overall we take Vodafone's results as a positive with its reiteration of operating profit, free-cash flow and margins is a positive for the stock. We believe the stocks valuation looks attractive at 8.5x forward earnings providing a dividend yield of 6.5%.

Microsoft: Buy Current Price (\$23.61) Price target (\$24.00) **Analyst : Stephen Taylor**

Last night Microsoft reported a disappointing set of fourth quarter results sending its shares down 8% after hours. Net income came in at \$3.05bn compared to \$4.3bn a year earlier. Revenue declined by 17% to \$13.1bn and well below analyst expectations of \$14.3bn. Windows revenue dropped by 29% following a contraction in the PC market for three straight quarters. The company did however indicate that it believes the worst of the recession is over and that there are signs of stabilisation. As a result of declining revenues Microsoft said that it will cut more costs in the next year than initially forecast. Operating expenses in its financial 2010 year will be \$26.6bn to \$26.9bn, lower than a prediction in January of \$27.4bn. While Microsoft's results last night are clearly a disappointment, it should be noted that its new Windows 7 product due to replace Vista is now finished and on track for release over the coming months while Office 2010 will also be released next year. Intel's strong results last week indicating that we may see a rebound in PC demand towards the end of next this year and into 2010. We will be publishing a detailed note on Microsoft next week with earnings updates.

CRH: Buy Current Price €18.01) Price target (€19.00) **Analyst : Stephen Taylor**

Saint Gobain, a French peer of CRH, issued first half results. Net profit came in at €128m versus €183m expected, while revenue of €18.7bn also missed expectations. The company's cost cutting program has been extended, from an initial target of €600m to €1.1bn by the end of the current year. St Gobain has already achieved €440m in cost savings so far this year. Sales prices were up 1.7% over the period. The company is no longer pursuing acquisitions, and capital expenditure has been significantly reduced. €2.4bn of debt was paid down over the first half of the year. St Gobain management believes that the first half of 2009, was the low point in the current cycle, and are guiding for an increase in operating income, assuming no further deterioration in the economic environment.

Kerry : Buy Current Price (€17.60) Price target (€19.90) **Analyst : Oliver Gilvarry**

Danone has released an interim statement this morning. Net income was behind forecasts, with €722m for the half year, compared to forecasts of €776m. Sales for the first half of the year were, €7.52bn, down from €7.69bn for the same period in the previous year. Operating income was €1.41bn, up from €1.12bn, despite the lower sales, due to the cost cuts implemented by management. Danone's debt at the end of the period was €4.108bn. The company has reiterated its full year guidance. Sales growth is expected to be below guidance, but the company expects to offset this with an improvement in operating margin.

Elan

Neutral

Current Price : \$7.34

Price Target : \$7.40



DOLMEN STOCKBROKERS

Analyst: **David Dunk**
Friday 24th July 2009

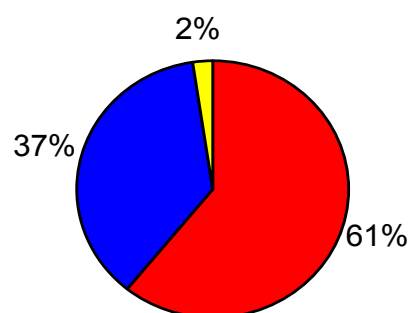
- Elan released its Q2 results earlier this week. Revenue in the second quarter increased from \$245.6m to \$280.9m. This was ahead of forecasts of quarterly revenue of \$258m. The 14% increase in revenue resulted from a 16% increase in Pharmaceutical business revenue, and a 10% increase in revenues from EDT. In the Pharmaceutical division, the 30% increase in Tysabri sales more than offset declines in revenues from Azactam, and Maxipime.
- The operating loss for the second quarter was \$16.5m, compared to a loss of \$36m for the same period in 2008. The loss per share was \$0.14, up from a loss of \$0.15 per share for the same period in 2008. EBITDA for the period was \$2.3m, while adjusted EBITDA was \$19.1m. The company has guided for a positive full year EBITDA, which we expect the company to deliver on.
- The proposed J&J investment in Elan, is expected to be completed in the second half of the year. The deal, announced on the 2nd of July, comprises a capital injection of \$1bn, in exchange for a 18.4% of Elan, as well as a joint venture of Elan's Alzheimer's Immunotherapy Program (AIP). J&J will own 18.4% of the expanded capital base of Elan. Additionally the assets and rights of the AIP will be acquired by a JV, with a 50.1% stake for J&J and 49.9% stake for Elan. J&J will invest as much as \$500m for the development and launch of bapineuzumab Alzheimer's treatment. Under the terms of the deal J&J may not seek to increase its stake in Elan for 5 years.
- Additionally, Elan disclosed this week that J&J had also acquired from Elan the right to buy Biogen's half of the Tysabri drug, in the case of a change of control of Biogen, as part of the deal. At first glance this appears to heavily favour J&J, as they now have made it very unlikely that they will have any competition, if they bid for Biogen. However, J&J's marketing strength behind Tysabri would be positive for Elan's revenues.
- Safety concerns for Tysabri remain, and a further acceleration of additional PML cases would have serious implications for Elan. There have now been 10 cases of PML diagnosed since the drug was re-launched on the market. The current rate of PML cases to patients treated is 1/5650, excluding clinical trials, but increases to 1/2000 for patients that received greater than 2 years of treatment. Thus far the current number of PML cases are comfortably lower than the 1/1000 guidance under which the drug is marketed.
- **Maintaining Price Target:** Our price target, based on a discounted cash flow sum of the parts valuation of \$7.40 remains the same following the Q2 earnings. Given this is close to Elan's current trading levels, we are also maintaining our Neutral rating. Our valuation gives a value of €3.10 to Tysabri, €2.31 to bapineuzumab, €1.46 to other drug treatments, and €1.23 to EDT. Taking into account the debt position of the company gives us our \$7.40 price target. Going forward, news flow related to Tysabri safety concerns, as well as new PML cases will be big catalysts for the stock.

Descriptive Stats		Shareholders	
Year to date	25%	Fidelity	15.0%
52 Week High	\$35.00	Wellington	8.8%
52 Week Low	\$4.85	T Rowe Price	7.6%
Bloomberg	ELN US	Goldman Sachs	4.3%

	FY07	FY08e	FY09e
Revenue	516	762	1,146
Operating Profit	-539	-152	-87
EPS	-0.87	-0.60	-0.49
DPS	n/a	n/a	n/a
P/E	n/a	n/a	n/a
Div Yield	n/a	n/a	n/a

Peer Analysis	P/E 08	P/E 09	Div Yield
J&J	13.3	13.3	3.3%
Biogen	13.4	12.4	N/a

2008 Revenues by Division



- Biopharmaceuticals
- EDT
- Contract Revenue



International Equity Markets

Index	Value	1-Day	YTD
ISEQ	2,828	3.5%	20.3%
FTSE	4,560	1.5%	2.7%
Dow Jones	9,069	2.1%	3.3%
S&P	976	2.3%	8.1%
Nikkei	9,945	1.5%	12.2%
Stoxx 50	2,586	2.3%	5.5%

Sector Performances

Sector	Index	1-Day	YTD
Construction	228	2.7%	11.8%
Technology	173	1.3%	11.1%
Oil & Gas	297	1.6%	11.3%
Financials	198	3.3%	31.0%
Retail	226	0.9%	23.4%
Food & Drink	253	0.7%	8.3%

Commodity Prices

Commodity	Index	1-Day	YTD
Crude Oil	67.2	2.7%	19.1%
Copper	252.4	-0.1%	75.1%
Gold	949.2	-0.2%	7.6%
Silver	13.8	0.5%	20.8%
Wheat	531.8	1.9%	-18.8%
Cattle	90.1	0.3%	0.8%

Currency Exchange Rates

Commodity	Index	1-Day	YTD
€/\$	1.414	-0.5%	1.5%
€/£	0.858	-0.5%	-11.2%
£/\$	1.648	-0.1%	11.5%
\$/JPY	94.93	1.3%	4.4%
€/JPY	134.30	0.9%	5.8%
€/SFR	1.521	0.3%	2.0%

5Yr Credit Spreads

Commodity	Index	1-Day	YTD
Invest Grade	115.5	-6.3%	-37.3%
High Yield	730.7	-2.5%	-30.0%
Financials	91.2	-3.7%	-26.0%
BoI	361.2	0.2%	49.4%
AIB	361.4	-1.8%	80.2%
RBS	144.2	-2.7%	4.3%

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	1.8%	2.3%	1.5%
5-Year	2.9%	3.7%	3.0%
10-Year	3.7%	4.3%	3.9%

Date Company Region Event

Date	Company	Region	Event
24/07/2009	Danone SA	FR	Q2
24/07/2009	Merck KGaA	DE	Q2
24/07/2009	Saab AB	SE	Q2
24/07/2009	United Utilities Group Pl	GB	TRADE
24/07/2009	Vodafone Group Plc	GB	TRADE
24/07/2009	JJB Sports PLC	GB	AGM
27/07/2009	Ryanair Holdings PLC	IE	Q1
27/07/2009	Pearson PLC	GB	INTERIM
27/07/2009	National Grid Plc	GB	TRADE
27/07/2009	Wolseley plc	GB	TRADE
27/07/2009	Cranswick PLC	GB	AGM
27/07/2009	Amgen	US	Q2
27/07/2009	Verizon	US	Q2
28/07/2009	Addex Pharmaceuticals	CH	INTERIM
28/07/2009	Informa PLC	GB	INTERIM
28/07/2009	Provident Financial Plc	GB	INTERIM
28/07/2009	Vedanta Resources PLC	GB	Q1 OUTPUT
28/07/2009	BP Plc	GB	Q2
28/07/2009	Randgold Resources Ltd	GB	Q2
28/07/2009	Sage Group PLC	GB	TRADE
28/07/2009	Vodafone Group Plc	GB	AGM
28/07/2009	Unisys	US	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	--

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