



Wednesday 16th July 2008

DAILY COMPANY NOTE — Intel See page 2 for full details

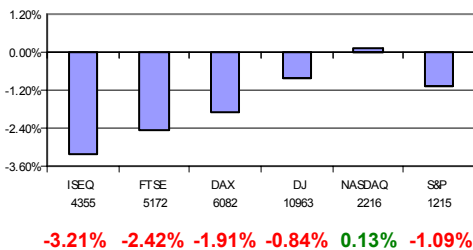
Daily Market Comment

Yesterday's Summary : Irish shares suffered right from the outset yesterday amid higher than expected UK inflation data and weak German investor confidence indicators. The ISEQ, taking its lead from Wall Street overnight, closed 3.21% lower at 4,354.62. The financials had another dismal performance as AIB, who suffered from a Credit Suisse downgrade, lost 6.58% to €7.10. Bank of Ireland and Anglo Irish Bank fell 6.8% to €4.08 and 6.6% to €4.52 respectively. Irish Life & Permanent continued its recent share price free fall, shedding nearly 13% to finish the days trading at €4.07. Ryanair closed almost 4% higher at €2.75.

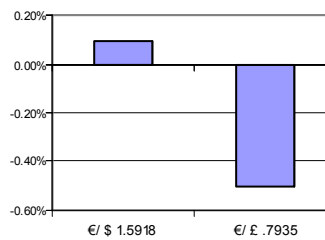
Overnight News: In China, the Shanghai Composite Index shed 2.65% to 2,705.87 as property and financial stocks continued their slide amid uncertainty over the direction of domestic monetary policy and continuing turmoil in the U.S. financial sector. In Australia, the S&P/ASX 200 index closed 1.1% higher at 4,870.6, as the big banks bounced back after recent hefty losses.

Breaking News : Land Securities Group has reported that it sold £67.2 million of property in its fiscal first quarter, at prices marginally below its March valuation. In addition, UK's largest real estate investment trust, said its evaluating interest in its outsourcing division Trillium. Wolsey, the building materials group announced that trading profit in the past year has fallen by 28% and guided that conditions will get tougher. Ryanair CEO Michael O'Leary has said that over 10% of Ryanair's fleet will be grounded for the winter period and that he anticipates Ryanair will carry about 58 million passengers in the year, 1 million fewer than an earlier forecast. British Airways Chairman Martin Broughtan, has warned it will be a considerable achievement for the airline to break even in the current fiscal year and that they have been forced to revise their business plan for a third time in four months.

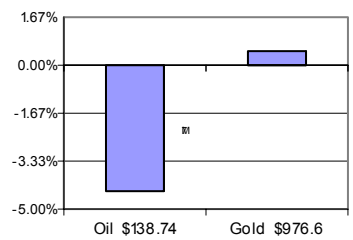
Equity Indices change on day



Currency daily % change



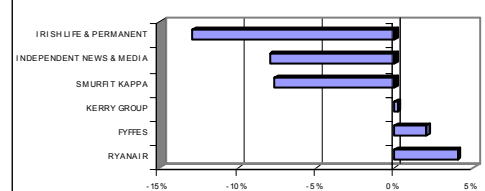
Oil/Gold daily % change



News

- “Quinn and family buying 15% of **Anglo Irish Bank**”-(The Irish Times)
- “**Ryanair** says 500 Dublin jobs may go as it cuts winter flights”-(The Irish Times)
- “Retail sales falling at steepest rate since 1987”-(The Irish Times)
- “Record low for dollar amid new fears of inflation”-(Irish Independent)
- “German investor confidence plummets to new record low”-(Irish Independent)

ISEQ Performers/Losers 15/07/08



Market Themes and Movers

Fannie and Freddie: Over the weekend, details emerged of a rescue package to help troubled mortgage giants, Fannie Mae and Freddie Mac. The US Fed will increase credit lines and has an option of purchasing equity from Fannie and Freddie. Fannie and Freddie have always enjoyed an implicit US Government AAA guarantee. Recently doubts over their capital adequacy have seen them raise funds at rates significantly above those of equivalent US debt. The market initially reacted positively on Monday, but failed to hold onto its gains. Fannie Mae closed down 5% on Monday and 26% yesterday, while Freddie Mac closed down 8% and 26% over the last two days. Investors fear that the Fed will protect the debt holders but allow the equity holders to be wiped out. The cost of insuring Fannie and Freddie's debt has decreased significantly following the move, but the cost of insuring US Treasury debt has hit an all time high of 24bps. Although the cost of insuring US government debt is still very small, the cost is usually around the 2bps level.



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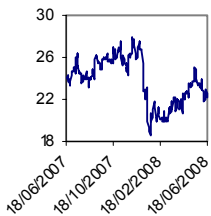
Intel

Intel
Nasdaq
Company Profile

Intel Corporation designs, manufactures, and sells computer components and related products. The company's major products include microprocessors, chipsets, embedded processors and micro-controllers, flash memory products, systems management software, and digital imaging products.

Fundamental view

- Last night, Intel reported a strong set of second quarter earnings and guidance for the third quarter. EPS increased by 27% to \$0.28 beating analyst expectations by \$0.02. Revenue rose by 9% to \$9.5bn. The group's gross margin rose to 55.4% from 53.8% in the first quarter, although was below consensus estimates of 56%. The gross margin was the only slight disappointment in the results and the miss was due to lower average selling prices. However, the company expects its gross margin to increase to c. 58% in the third quarter. In relation to its revenue outlook for the third quarter, Intel expects to report revenue in the range of \$10bn-\$10.6bn which is ahead of analyst expectations of \$10.1bn.
- Intel pointed out that growth in China, India and Southeast Asia was 'very strong'. Intel benefits from generating 79% of its revenue from outside of the US with 51% of its revenue generated from the fast growing Asia Pacific region. Intel's international diversification will help it offset any slowdown in the US, however it should be pointed out that Intel said it is not seeing any slowdown in orders from US customers.
- Intel also benefits from a strong balance sheet with a net cash position of c. \$6bn and given the current dislocation in credit markets is a favourable position to be in. Intel has been using its strong cash generation to repurchase shares and for the second quarter in a row the company repurchased \$2.5bn worth of shares. While Intel did not give a forecast on the potential buyback for the third quarter, we expect a similar level as we saw in the previous two quarters.

Next Catalyst
Statistics
Price Performance


- Intel is the first of the large cap technology stocks to report results during the second quarter earnings season in the US. The group's strong results and guidance provides us with confidence that that earnings of technology companies will hold up well despite the current difficult economic backdrop. We expect both Microsoft and IBM to announce strong results when they report this Thursday. Our \$27 price target for Intel is based on a price to earnings ratio of 17.5x which is the midpoint of its normalised historical trading range of 15x-20x. Intel also offers an attractive current year dividend yield of 2.6%.

Chart view: Intel

Primary Support: 19.99
 Secondary Support: 19.70
 Primary Resistance: 21.22
 Secondary Resistance: 21.84

Stock is currently testing underlying downtrend. Price needs to break 21.75 for this trend to reverse. Recent high positive volume points to upside potential.

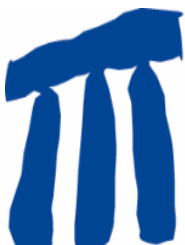
Revenue by Region


■ Asia Pacific 51%
 ■ Americas 21%
 ■ Europe 18%

Major Shareholders	%	Peer Group Multiples			
Barclays Global	4.64%	Company name	P/E 08	P/E 09	EPS Growth 08-09
State Street	3.46%	Intel	16.6	13.6	21.60%
Vanguard	3.08%	Applied Materials	23.1	16.5	39.88%
Moore Gordon	3.02%	Xilinx	15.9	13.9	14.39%

Shares Outstanding 5728m

Share Data	Financial Data	2007	2008e	2009e	
Current Price (\$)	20.71	Revenue (\$m)	38,334	39,940	42,730
Mkt Cap (\$m)	118,626	PBT (\$m)	9,166	10,966	12,954
Reuters	INTC.N	EPS (c)	1.18	1.25	1.52
Bloomberg	INTC US	P/E(x)	17.55	16.57	13.63
Sector	Technology	DPS	0.44	0.54	0.60
CEO	Paul Otellini	Div Yield	2.12%	2.61%	2.90%
Chairman	Craig Barrett				
Website	www.intel.com				





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