



Wednesday 18th June 2008

DAILY COMPANY NOTE — Intel See page 2 for full details

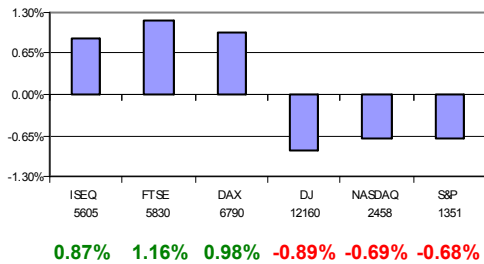
Daily Market Comment

Yesterday's Summary : Despite UK headline CPI and German ZEW data coming in worse than economists' forecasts, the ISEQ managed to finish in positive territory yesterday, closing 0.87% higher at 5,619.84. It was a mixed day for the financials as Bank of Ireland, who had announced their CFO John O'Donovan had bought 10,000 more shares, climbed 2.4% to €6.98, while AIB lost 0.26% to €11.20. Irish Life & Permanent, one of the biggest losers on the day, fell almost 3% to end the session at €9.35. Elan soared 5.7% to €18.18, amid the release of encouraging results from a phase II clinical trial involving its Alzheimer's drug.

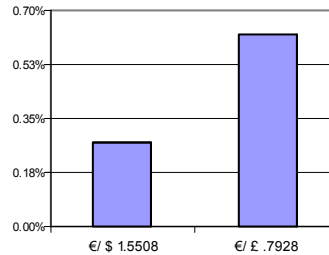
Overnight News : In China, the benchmark Shanghai Composite Index finished up 5.24% at 2,941.12, as speculation that the government is planning an intervention to support the stock market boosted investor sentiment. The Australian S&P/ASX 200 ended up 0.4% at 5,443.2, led by the resources sector following data from China showing robust growth in fixed asset investment.

Breaking News : Goldman Sachs has reported net income of \$2.09bn, or \$4.58 a share, for the second quarter which was ahead of analysts' expectations and compared with \$2.33bn, or \$4.93 a share, for the same period a year earlier. However, the largest US investment bank warned that banks may need to raise an additional \$65bn, as it predicts that the global credit crisis will not peak until 2009. Ryanair has announced that it is starting its 25th base in Birmingham and it will launch 9 new routes, which include Alicante and Malaga. Meanwhile, Tony McArdle, a director at Kingspan, has bought an additional 10,00 shares in the company at a cost of €6.63 per share. Patrick Neary, the chief executive of Ireland's Financial Regulator, has said that there needs to be more market transparency when a company holds a significant number of contracts for differences.

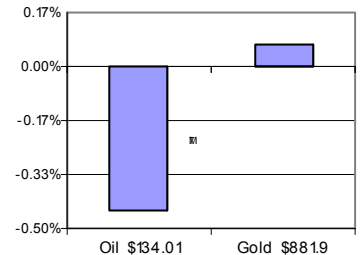
Equity Indices change on day



Currency daily % change



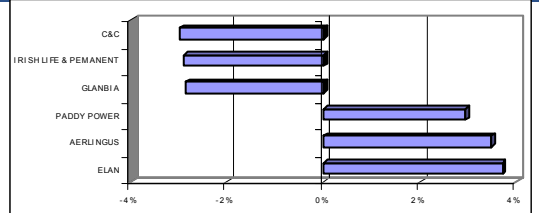
Oil/Gold daily % change



News

- "Elan shares surge on positive Alzheimer's drug trial data"-**Elan**-(Irish Times)
- "Bank of Ireland subsidiary raises rates"-**Bank of Ireland**-(The Irish Times)
- "Goldman Sachs hails unexpected \$2bn profit for its second quarter"-(I.I)
- "ECB launches 'state aid' probe into Ryanair base"-**Ryanair**-(I.I)
- "O'Leary predicts oil will fall below \$100"-**Ryanair**-(Irish Examiner)

ISEQ Performers/Losers 17/06/08



Market Themes and Movers

Lisbon question time for TD's: The Dail is set for an exhausting five hour debate today on the future of Ireland in the EU. The debate which has been called by the opposition parties is sure to result in some tough questions for the Taoiseach Brian Cowan. Questions will be asked regarding the future direction of Europe following the failure of the Lisbon referendum. Concerns have also been raised regarding the prospect of Ireland being left behind in a two-tier Europe. There is also the question of whether Ireland will have an EU commissioner after Charlie McCreevy's term expires.

US bellwether reports: FedEx reports its fourth quarter earnings today before the US market open. The delivery company is considered a bellwether for the US economy. It is certain that the market will be watching closely for any sign of weakness in the company's guidance. The consensus for analyst expectations is for quarterly earnings of \$1.47 per share. The dual prospects of record energy prices and a weakening economic environment have hit FedEx particularly hard, the stock is down over 30% from its 52 week high and has sold off 10% in the last 2 weeks.



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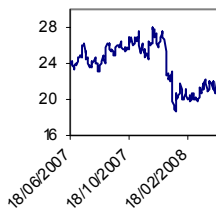
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Intel

Nasdaq
Technology
Company Profile

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

Statistics
Price Performance


- Fundamental View**
 Shares in Intel have fallen by 14% since the beginning of the year underperforming the Nasdaq by 8%. We believe this underperformance is overdone given Intel's growth prospects outside of the US in particular from emerging markets. At the group's annual shareholder meeting last month, Intel pointed out that emerging markets and companies seeking to increase productivity are sustaining demand for personal computers. The group noted that the core markets that it serves today are strong and continue to grow and that it now has a more 'robust' view of the PC market than it did a year ago despite the slowdown in the US. During the first quarter of 2008, Intel generated 70% of group revenue outside of the US with 47% generated from the fast growing Asia-pacific region. Intel also remains well ahead of its closest peer AMD in the semiconductor market and will continue to benefit from its leading position.
- Further evidence of strong global demand for PCs and notebooks can be seen in the recent consensus beating earnings reports from the two largest PC makers in the world, Hewlett-Packard (HP) and Dell. HP recently reported a 16% increase in second quarter net profit boosted strong notebook and PC sales, while Dell posted a 78% increase in first quarter laptop shipments well ahead of analyst expectations. International revenue at Dell exceeded revenue from the US for the first time during the first quarter with an increased focus on emerging markets and highlights the growth prospects that still remain outside of the western world. Both of these strong results should be taken as a significant positive read across for Intel.
- The majority of technology companies have significantly restructured themselves since the dot.com bubble in 2000. Intel is a typical case in point of this as can be seen from its strong balance sheet which had a net cash positions in excess of \$8bn for the period ending 29/03/08. In the current environment of tight liquidity that is a favourable position to be in.

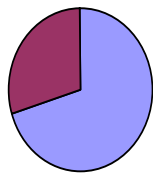
Next catalyst

- The next catalyst for Intel will be on 15/07/08 when the company is due to report second quarter earnings. We expect the group to report EPS of \$0.45 versus \$0.22 for the same period last year. We also expect the group to issue a positive outlook for the remainder of the year. Given the group's growth prospects from emerging markets we feel that Intel deserves to trade at the mid point of its historical price to earnings trading range of 15x-20x. This is the basis for our 12-month price target of \$27 based on 17.5x forecasted 2009 EPS of \$1.52. Intel also pays an attractive dividend yield of c. 2.4% for a technology stock.

Chart View: Intel

Support Primary: \$21.94
 Support Secondary: \$20.50
 Resistance Primary: \$24.00
 Resistance Secondary: \$25.29

Chart outlook is somewhat uninspiring with the stock lacking any clear directional cue. Daily momentum continues to weaken which suggests that near term gains may be capped to the \$23.50 area. However, the stock is well supported in the \$20-\$22 range and downside potential is limited. Stock looks set to drift sideways in the near term. Buy on weakness.

Revenue by division


■ International 70%
 ■ US 30%

Major Shareholders	%	Peer Group Multiples			
		Company name	P/E 08	P/E 09	EPS Growth 08-09
Barclays Global	4.64%	Intel	18.2	15.0	21.60%
State Street	3.46%	Applie Materials	26.4	18.9	39.68%
Vanguard	3.08%	Xilinx	18.7	16.6	12.65%
Moore Gordon	3.02%				

Shares Outstanding 5728m

Share Data	Financial Data	2007	2008	2009e
Current Price (\$)	Revenue (\$m)	38,334	39,940	42,730
Mkt Cap (\$m)	PBT (\$m)	9,166	10,966	12,954
Reuters	EPS (\$)	1.18	1.25	1.52
Bloomberg	P/E(x)	19.32	18.24	15.00
Sector	DPS(\$)	0.44	0.54	0.60
CEO	Dividend Yield	1.93%	2.37%	2.63%
Chairman				
Website				





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