
Technology Briefings Vol. 20031205**Intel Q4 mid quarter update**

Intel yesterday presented their mid quarter update for the fourth quarter. The highlights are: Intel architecture products are strong (microprocessors, chips sets and motherboards). Communications is running as expected overall, however the Wireless area within communications is under performing expectations requiring an approximately \$600M write-down of goodwill. Base band chip sets are late and Flash is not recovering as fast as expected.

Analysis

- Intel Architecture - The benchmarks we have seen for AMD's new 64bit processor put it about even with Intel's new P4 extreme chip. We would expect Intel's rapid ramp of 90nm to give them a big speed boost over AMD and there isn't any real 64 bit software support yet, so short term we don't see AMD's 64 bit play as a big risk to Intel. Longer term Intel has multiple counter attacks through Itanium or the oft rumored Yamhill technology.
- Wireless - the wireless recovery within communications in general has been a relatively big story this year. Intel's late base band chip set can be blamed on development execution but the slow Flash recovery is surprising. Cell Phones are doing well and have historically driven Nor Flash, Intel's strong hold. Samsung has recently reported huge gains in Flash although Samsung is NAND based (primarily used in MP3 players, digital cameras and PDAs), Samsung has developed a multi chip NAND Flash plus DRAM approach to allow NAND use in cell phones. Intel's poor flash performance calls into question possible market share losses to other NOR flash vendors or possibly Samsung's NAND approach.