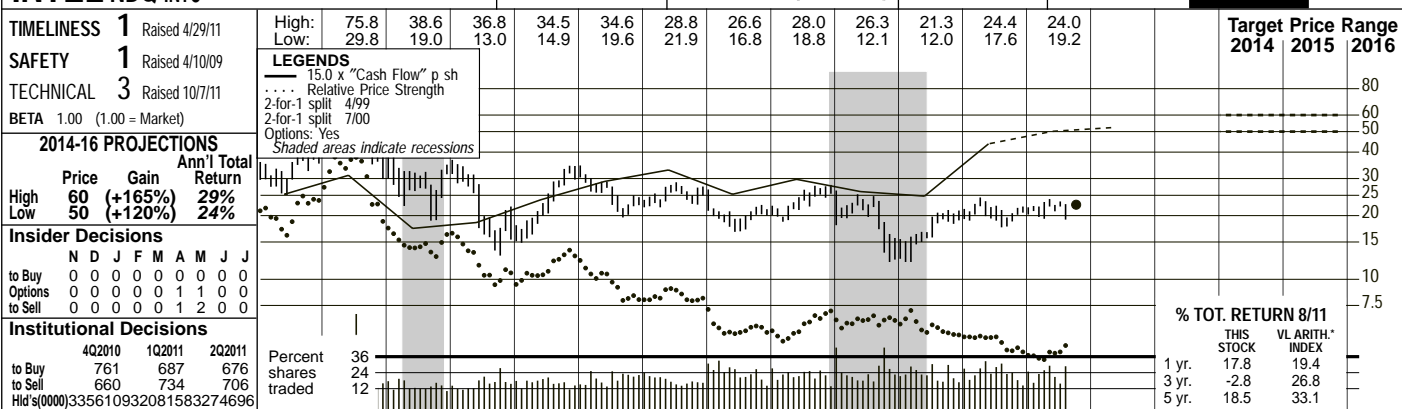


INTEL NDQ-INTC

RECENT PRICE **22.54** P/E RATIO **9.5** (Trailing: 10.2 Median: 22.0) RELATIVE P/E RATIO **0.71** DIV'D YLD **3.7%**

VALUE LINE



| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | © VALUE LINE PUB. LLC | 14-16 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------------------|--------|
| Price | 2.47 | 3.17 | 3.85 | 3.96 | 4.41 | 5.02 | 3.97 | 4.07 | 4.65 | 5.47 | 6.56 | 6.14 | 6.59 | 6.76 | 6.36 | 7.92 | 10.40 | 11.40 | Sales per sh | 13.70 |
| Gain | .74 | 1.07 | 1.40 | 1.36 | 1.68 | 2.07 | 1.16 | 1.24 | 1.59 | 1.94 | 2.20 | 1.68 | 1.98 | 1.74 | 1.65 | 2.92 | 3.35 | 3.50 | "Cash Flow" per sh | 4.00 |
| Return | .49 | .73 | .97 | .89 | 1.17 | 1.53 | .53 | .51 | .86 | 1.16 | 1.40 | .86 | 1.18 | .92 | .77 | 2.05 | 2.35 | 2.45 | Earnings per sh ^A | 2.80 |
| Options | .02 | .02 | .03 | .03 | .05 | .07 | .08 | .08 | .08 | .16 | .32 | .41 | .45 | .55 | .56 | .63 | .78 | .84 | Div'ds Decl'd per sh ^B | 1.08 |
| to Buy | .54 | .46 | .69 | .54 | .51 | .99 | 1.09 | .72 | .56 | .61 | .98 | 1.00 | .86 | .93 | .82 | .94 | 2.00 | 1.40 | Cap'l Spending per sh | 1.75 |
| to Sell | 1.85 | 2.57 | 2.96 | 3.53 | 4.88 | 5.55 | 5.36 | 5.40 | 5.83 | 6.17 | 6.11 | 6.37 | 7.35 | 7.03 | 7.55 | 8.97 | 10.00 | 11.60 | Book Value per sh | 15.65 |
| to Buy | 6568.0 | 6568.0 | 6512.0 | 6630.0 | 6668.0 | 6721.0 | 6690.0 | 6570.0 | 6487.0 | 6253.0 | 5919.0 | 5766.0 | 5818.0 | 5562.0 | 5523.0 | 5511.0 | 5200.0 | 5000.0 | Common Shs Outst'g ^C | 4800.0 |
| to Sell | 13.9 | 14.2 | 20.6 | 24.3 | 29.5 | 36.1 | 55.0 | 45.8 | 27.5 | 22.1 | 17.8 | 23.3 | 19.9 | 21.7 | 22.2 | 10.1 | 10.1 | 10.1 | Avg Ann'l P/E Ratio | 20.0 |
| Hld's(0000) | .93 | .89 | 1.19 | 1.26 | 1.68 | 2.35 | 2.82 | 2.50 | 1.57 | 1.17 | .95 | 1.26 | 1.06 | 1.31 | 1.48 | .65 | .65 | .65 | Relative P/E Ratio | 1.35 |
| | .3% | .2% | .1% | .1% | .1% | .1% | .3% | .3% | .3% | .6% | 1.3% | 2.0% | 1.9% | 2.8% | 3.3% | 3.0% | 3.0% | 3.0% | Avg Ann'l Div'd Yield | 1.9% |

| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | © VALUE LINE PUB. LLC | 14-16 |
|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|------------------------------------|-------|------|------|------|------|-----------------------|-------|
| Total Debt | 26539 | 26764 | 30141 | 34209 | 38826 | 35382 | 38334 | 37586 | 35127 | 43623 | 54030 | 57110 | Sales (\$mill) | 65750 | | | | | | |
| LT Debt | 33.6% | 36.0% | 43.5% | 43.6% | 42.7% | 30.8% | 34.7% | 37.3% | 29.8% | 45.9% | 48.0% | 49.0% | Operating Margin | 52.0% | | | | | | |
| Leases | 4131.0 | 4676.0 | 4651.0 | 4590.0 | 4345.0 | 4654.0 | 4546.0 | 4360.0 | 4744.0 | 4398.0 | 5200 | 5350 | Depreciation (\$mill) ^D | 5750 | | | | | | |
| Pension Assets | 3631.0 | 3457.0 | 5641.0 | 7516.0 | 8664.0 | 5044.0 | 6976.0 | 5292.0 | 4369.0 | 11692 | 12220 | 12250 | Net Profit (\$mill) | 13440 | | | | | | |
| Com. Stock | 37.2% | 25.9% | 24.2% | 27.8% | 31.3% | 28.6% | 23.9% | 31.1% | 23.4% | 28.0% | 29.0% | 29.0% | Income Tax Rate | 30.0% | | | | | | |
| MARKET CAP | 13.7% | 12.9% | 18.7% | 22.0% | 22.3% | 14.3% | 18.2% | 14.1% | 12.4% | 26.8% | 22.5% | 21.5% | Net Profit Margin | 20.5% | | | | | | |
| | 11063 | 12330 | 16003 | 16052 | 11960 | 9766.0 | 15314 | 12053 | 13566 | 22284 | 12000 | 14000 | Working Cap'l (\$mill) | 18000 | | | | | | |
| | 1050.0 | 929.0 | 936.0 | 703.0 | 2106.0 | 1848.0 | 1980.0 | 1886.0 | 2049.0 | 2077.0 | 2100 | 2150 | Long-Term Debt (\$mill) | 2500 | | | | | | |
| | 35830 | 35468 | 37846 | 38579 | 36182 | 36752 | 39088 | 41704 | 49430 | 52000 | 58000 | 58000 | Shr. Equity (\$mill) | 75000 | | | | | | |
| | 9.9% | 9.6% | 14.6% | 19.2% | 22.7% | 13.1% | 15.6% | 12.9% | 10.0% | 22.8% | 22.5% | 20.5% | Return on Total Cap'l | 17.5% | | | | | | |
| | 10.1% | 9.7% | 14.9% | 19.5% | 23.9% | 13.7% | 16.3% | 13.5% | 10.5% | 23.7% | 23.5% | 21.0% | Return on Shr. Equity | 18.0% | | | | | | |
| | 8.6% | 8.2% | 13.5% | 16.8% | 18.5% | 7.4% | 10.2% | 5.6% | 3.0% | 16.6% | 15.5% | 14.0% | Retained to Com Eq | 11.0% | | | | | | |
| | 15% | 15% | 9% | 14% | 23% | 46% | 38% | 59% | 71% | 30% | 33% | 34% | All Div'ds to Net Prof | 39% | | | | | | |

CAPITAL STRUCTURE as of 7/2/11
Total Debt \$2161 mill. Due in 5 Yrs \$174 mill.
LT Debt \$2090 mill. LT Interest \$20.0 mill.
(4% of Cap'l)

Leases, Uncapitalized Annual rentals \$102.0 mill.

Pension Assets-12/10 \$569 mill. **Oblig.** \$739 mill. **Pfd Stock** None

Com. Stock 5,251,000,000 shs. as of 7/29/11

MARKET CAP: \$118 billion (Large Cap)

CURRENT POSITION (SMILL.)

| | 2009 | 2010 | 7/2/11 |
|------------------|-------|-------|--------|
| Cash Assets | 13920 | 21885 | 11547 |
| Receivables | 2273 | 2867 | 3359 |
| Inventory (FIFO) | 2935 | 3757 | 4030 |
| Other | 2029 | 3102 | 4166 |
| Current Assets | 21157 | 31611 | 23102 |
| Accts Payable | 1883 | 2290 | 2742 |
| Debt Due | 172 | 38 | 71 |
| Other | 5536 | 6999 | 7541 |
| Current Liab. | 7591 | 9327 | 10354 |

BUSINESS: Intel Corporation is a leading manufacturer of integrated circuits. Markets served: primarily makers of personal computers; also communications, industrial automation, military, and other electronic equipment. Main products: microprocessors (notably, the Pentium series), microcontrollers, and memory chips. Also sells computer modules and boards, and network products.

Foreign business: about 85% of '10 sales. R&D: 15.0% of sales. '10 depreciation rate: 8.7%. Has approximately 82,500 employees. Officers/directors own less than 1% of common stock (3/11 proxy). Chairman: Craig Barrett. Pres. and CEO: Paul Otellini. Incorp.: Delaware. Address: 2200 Mission College Blvd., Santa Clara, California 95054-1549. Telephone: 408-765-8080. Internet: www.intc.com.

| Year | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Company's Financial Strength | A++ |
|--------------------|-------|-------|-------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|--------|--------------------------|------------------------------|-----|
| of change (per sh) | 4.5% | 5.0% | 12.0% | 2.0% | 2.0% | 11.5% | 5.0% | 2.0% | 14.5% | 28.0% | 25.5% | 11.0% | 5.5% | 5.5% | 12.0% | 10 Yrs. | 5 Yrs. | Est'd '08-'10 to '14-'16 | Stock's Price Stability | 80 |
| Sales | 2.0% | 2.0% | 11.5% | 5.0% | 2.0% | 14.5% | 28.0% | 25.5% | 11.0% | 5.5% | 5.5% | 12.0% | 2.0% | 2.0% | 11.5% | 2.0% | 2.0% | 11.5% | Price Growth Persistence | 25 |
| "Cash Flow" | 5.0% | 2.0% | 11.5% | 5.0% | 2.0% | 14.5% | 28.0% | 25.5% | 11.0% | 5.5% | 5.5% | 12.0% | 5.0% | 2.0% | 11.5% | 5.0% | 2.0% | 11.5% | Earnings Predictability | 45 |
| Earnings | 28.0% | 25.5% | 11.0% | 5.5% | 5.5% | 12.0% | 2.0% | 2.0% | 11.5% | 5.0% | 2.0% | 11.5% | 28.0% | 25.5% | 11.0% | 5.5% | 5.5% | 12.0% | | |
| Dividends | 5.5% | 5.5% | 12.0% | 2.0% | 2.0% | 11.5% | 5.0% | 2.0% | 14.5% | 28.0% | 25.5% | 11.0% | 5.5% | 5.5% | 12.0% | 5.5% | 5.5% | 12.0% | | |
| Book Value | 5.5% | 5.5% | 12.0% | 2.0% | 2.0% | 11.5% | 5.0% | 2.0% | 14.5% | 28.0% | 25.5% | 11.0% | 5.5% | 5.5% | 12.0% | 5.5% | 5.5% | 12.0% | | |

Intel announced some positive news for the June period. More precisely, the chip behemoth reported record revenues for the fifth consecutive quarter, of \$13.0 billion, while earnings per share came in at \$0.54. The bottom-line tally equated to a 6% gain from the year-earlier figure. Despite the sound results, the stock initially declined a bit following the news. We feel this was due to investor skittishness regarding the overall market and the semiconductor sector in particular.

Revenues climbed at a double-digit clip across all of the company's units. PC Client Group, Data Center Group, and Other Intel Architecture, increased their top lines 11%, 15%, and 84%, respectively, year over year. Intel benefited from solid corporate demand, the increased popularity of mobile devices, and elevated Internet traffic, which ignited data center growth. What's more, the healthy increase in computing in emerging markets helped to shore up results. In aggregate, the top line increased about 23% for the first half of this year. Also, the gross margin came in roughly as we estimated, at 61%, while the effective tax rate of 25% was below

company guidance of 29%. Meantime, average selling prices were essentially flat across many product lines relative to the March period, though they were up compared to last year.

As a result of the recent news, we have increased our bottom-line expectations for both this year and next, by \$0.05 a share each. This has been a rarity in the semiconductor market, as most names under our review have had their outlooks cut, reflecting a subdued economy. We attribute this to the company's immense size, which gives it cost advantages over its competitors. Also, revenue growth will likely remain strong, thanks to its broad geographic and product diversification.

Intel shares garner our 1 (Highest) Timeliness rank and offer compelling 3- to 5-year total return potential. The company may continue to focus its efforts on the nonpersonal computer segment of the chip market. Intel is the leader in the PC market, and has emphasized much of its efforts elsewhere in recent times to increase diversification and profits.

Alan G. House
October 7, 2011

(A) Dil. eqs. Excl. nonrecurr. gains (losses): '95, 2c; '98, (3c); '99, (11c); '00, (2c); '01, (34c); '02, (5c); '03, (1c); '10, (4c). Next eqs. report mid-Oct. (B) Dividends historically paid in early March, June, September, and December. ■ Dividend reinvestment plan available. (C) In millions, adjusted for stock splits. (D) Excludes amortization of goodwill and other acquisition-related intangibles.