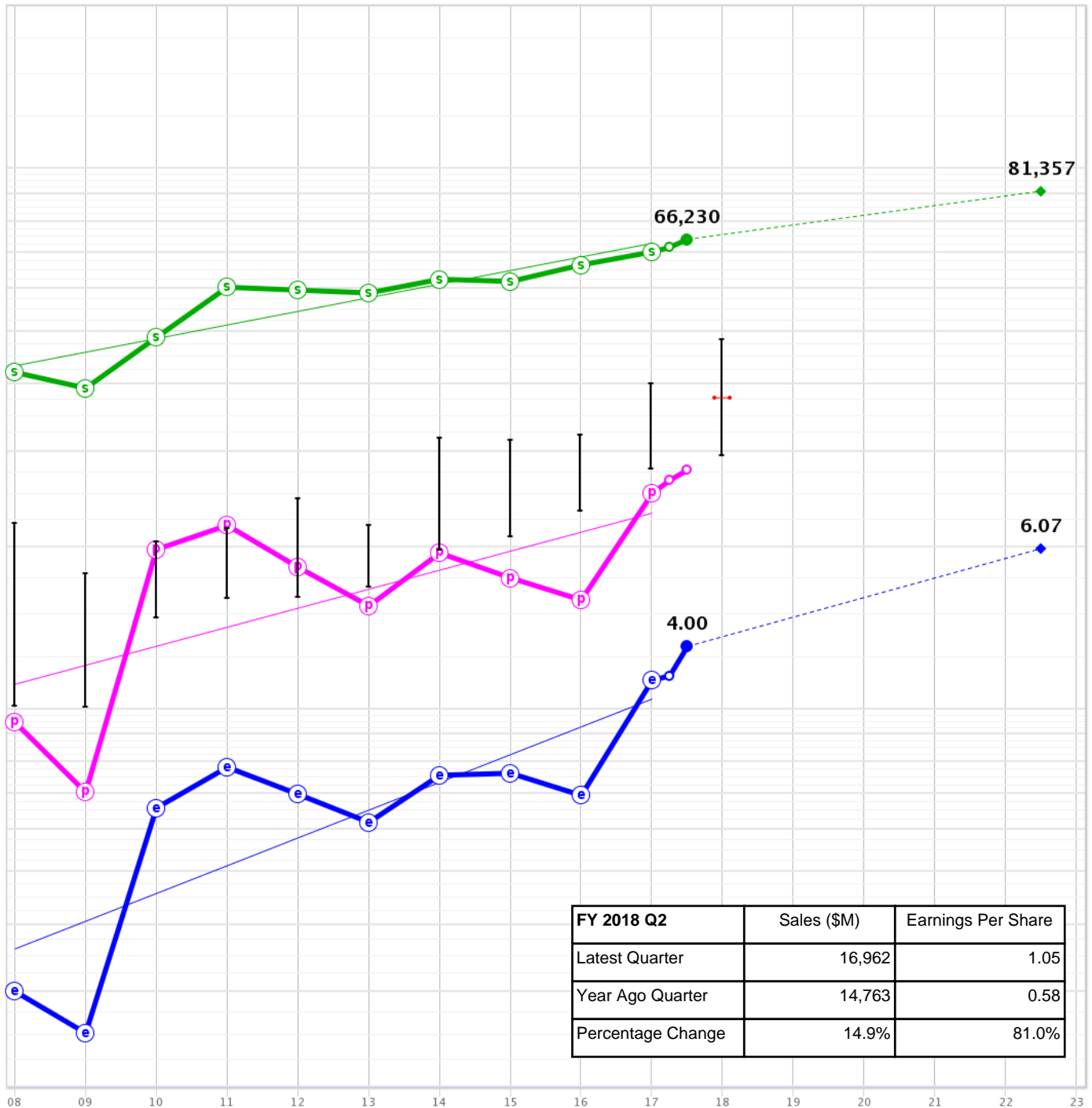


Company	Intel	Date	09/11/18
Prepared by	PATTERSON	Data taken from	BI Stock Data
Where traded	NAS	Industry	Semiconductors
Capitalization --- Outstanding Amounts	Reference		
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	4,747.0	0.4	64.4
Debt (\$M)	28,796.0	% to Tot Cap	29.1 % Pot Dil 2.1

Stock Selection Guide

Symbol: INTC

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 6.0% | (3) Historical Earnings Per Share Growth | 12.6% |
| (2) Estimated Future Sales Growth | 4.2% | (4) Estimated Future Earnings Per Share Growth | 8.7% |

2 EVALUATING Management

Intel

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Last 5 Year Avg.
Pre-tax Profit on Sales	20.4%	16.2%	36.8%	32.9%	27.9%	23.9%	28.3%	25.7%	21.8%	32.4%	26.4%
% Earned on Equity	13.1%	10.2%	22.4%	25.9%	20.6%	16.9%	19.6%	19.3%	15.9%	22.9%	18.9%
% Debt To Capital	4.8%	5.1%	4.1%	13.8%	20.8%	18.8%	20.7%	27.8%	28.3%	27.4%	24.6%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 44.93 (09/11/18)

HIGH THIS YEAR 57.60

LOW THIS YEAR 35.14

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2013	26.0	20.1	1.89	13.8	10.6	0.90	47.6	4.5
2014	37.9	23.5	2.31	16.4	10.2	0.90	39.0	3.8
2015	37.5	24.9	2.33	16.1	10.7	0.96	41.2	3.9
2016	38.4	27.7	2.12	18.1	13.1	1.04	49.1	3.8
2017	47.6	33.2	3.46	13.8	9.6	1.08	31.2	3.2
AVERAGE		25.9		15.6	10.8		41.6	
CURRENT/TTM			4.00			1.20	30.0	
AVERAGE PRICE EARNINGS RATIO: 13.2				CURRENT PRICE EARNINGS RATIO: 11.2				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 15.6 X Estimate High Earnings/Share 6.07 = Forecasted High Price \$ 94.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 10.8 X Estimate Low Earnings/Share 4.00 = Forecasted Low Price \$ 43.2

(b) Avg. Low Price of Last 5 Years 25.9

(c) Recent Market Low Price 27.7

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.20}{4.48\%} = 26.8$

Selected Forecasted Low Price \$ 35.9

C ZONING using 25%-50%-25%

Forecasted High Price 94.7 Minus Forecasted Low Price 35.9 = 58.8 Range. 25% of Range 14.7

Buy Zone 35.9 to 50.6

Hold Zone 50.6 to 80.0

Sell Zone 80.0 to 94.7

Present Market Price of 44.93 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{94.7 - 44.93}{44.93 - 35.9} = \frac{49.77}{9.03} = 5.5$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{94.7 - 44.93}{44.93} = 2.1076$ X 100 = 210.76 - 100 = 110.8 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{1.08}{44.93} = 0.0267 = 2.7\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{46.2\%}{15.60} = 3.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{46.2\%}{13.20} = 3.5\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 16.1 %
Average Yield 3.0 %
Annualized Rate of Return 19.0 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 12.3 %
Average Yield 3.5 %
Annualized Rate of Return 15.8 %