STANDARD &POOR'S

Intel Corp

S&P Recommendation HOLD ★★★★★ | **Price** $20.94 (as of Apr 5, 2013) | **12-Mo. Target Price** $23.00 | **Investment Style** Large-Cap Growth

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

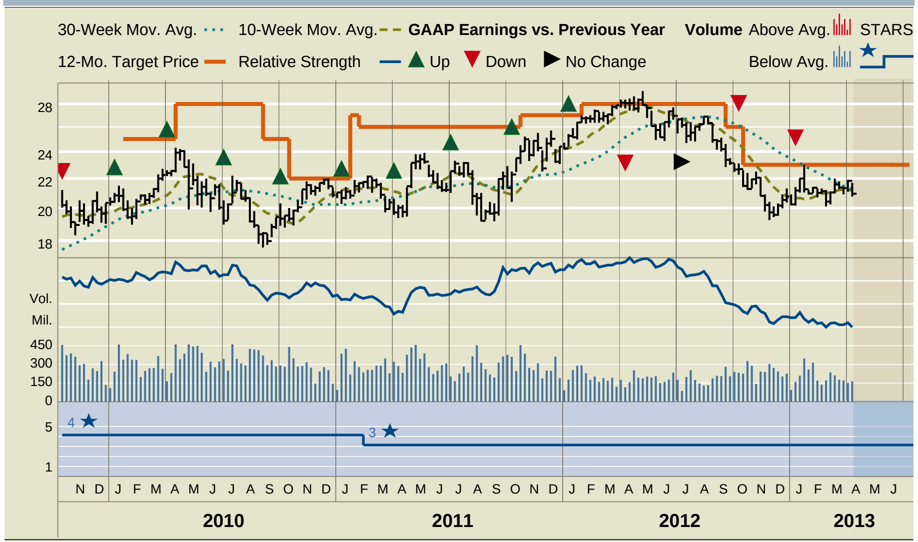
GICS Sector Information Technology
Sub-Industry Semiconductors

Summary This company is the world's largest manufacturer of microprocessors, the central processing units of PCs, and also produces other semiconductor products.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$29.27– 19.23	S&P Oper. EPS 2013**E**	1.93	Market Capitalization(B)	$104.616	Beta	1.02
Trailing 12-Month EPS	$2.13	S&P Oper. EPS 2014**E**	2.17	Yield (%)	4.30	S&P 3-Yr. Proj. EPS CAGR(%)	5
Trailing 12-Month P/E	9.8	P/E on S&P Oper. EPS 2013**E**	10.8	Dividend Rate/Share	$0.90	S&P Credit Rating	A+
$10K Invested 5 Yrs Ago	$11,280	Common Shares Outstg. (M)	4,996.0	Institutional Ownership (%)	62		

Price Performance



Options: ASE, CBOE, P, Ph

Analysis prepared by Equity Analyst **Christin Armacost** on Jan 22, 2013, when the stock traded at **$21.17**.

Highlights

- For 2013, we expect revenue to be flat after an approximate 1.2% decline in 2012. The continued weakness is due to soft enterprise PC sales, slowing emerging market demand and a structural shift to tablets. Intel sees continued data center growth. We believe we are seeing the effect of the value chain disruption of the tablets against a weak macro backdrop. We think this trend puts increasing pressure on the success of Ultrabooks to determine the magnitude of Intel's recovery from here. We project 4.7% revenue growth for 2014.
- We forecast gross margins of about 60% in 2013 and in 2014. We see higher volume and lower start-up costs related to the rampup of new process technologies as positives, but we expect pricing pressure due to product mix and competition. We see expenses for compensation and head count additions rising along with sales, resulting in estimated operating margins of 24.2% in 2013 and 25.3% in 2014.
- We estimate EPS of $1.93 in 2013 and $2.17 in 2014, assuming an effective tax rate of 25% and modestly lower share counts.

Investment Rationale/Risk

- Our hold opinion reflects our expectation that Intel shares will perform in line with the overall market. While the company's new product introductions and process technology transitions remain strong, PC growth has slowed significantly. Emerging markets now account for about two-thirds of PC demand, according to the company, and they are slowing. Also, it is clear to us that tablets and mobile devices are affecting total PC growth, and Intel has not demonstrated long-term sustainable success in these segments. Given increases in capital expenditures that are likely to continue in 2013, and slowing growth, we see limited operating leverage and, thus, limited earnings growth potential.
- Risks to our recommendation and target price include slowing growth in emerging markets, an inventory correction, faster price erosion due to increased competition from AMD and product mix, and lack of traction in mobile.
- Our 12-month target price of $23 is based on a multiple of about 12X our 2013 EPS estimate of $1.93, which reflects our view of INTC's relative growth, risk and return as being similar to that of other technology leaders.

Qualitative Risk Assessment

LOW | **MEDIUM** | HIGH

Our risk assessment reflects Intel's exposure to the sales cycles of the semiconductor industry and demand trends for personal computers, offset by its large size, long corporate history, and its low debt levels compared to peers.

Quantitative Evaluations

S&P Quality Ranking B+

D | C | B- | B | **B+** | A- | A | A+

Relative Strength Rank MODERATE

35

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million U.S. $)

	1Q	2Q	3Q	4Q	Year
2012	12,906	13,501	13,457	13,477	53,341
2011	12,847	13,032	14,233	13,887	53,999
2010	10,299	10,765	11,102	11,457	43,623
2009	7,145	8,024	9,389	10,569	35,127
2008	9,673	9,470	10,217	8,226	37,586
2007	8,852	8,680	10,090	10,712	38,334

Earnings Per Share (U.S. $)

2012	0.53	0.54	0.58	0.48	2.13
2011	0.56	0.54	0.65	0.64	2.39
2010	0.43	0.51	0.52	0.59	2.05
2009	0.12	-0.07	0.33	0.40	0.77
2008	0.25	0.28	0.35	0.04	0.92
2007	0.28	0.22	0.30	0.38	1.18

Fiscal year ended Dec. 31. Next earnings report expected: Mid April. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.225	07/26	08/03	08/07	09/01/12
0.225	09/24	11/05	11/07	12/01/12
0.225	01/23	02/05	02/07	03/01/13
0.225	03/21	05/03	05/07	06/01/13

Dividends have been paid since 1992. Source: Company reports.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

Intel Corp

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Business Summary January 22, 2013

CORPORATE OVERVIEW. Intel is the world's largest chipmaker based on revenue and unit shipments, and is well known for its dominant market share in microprocessors for personal computers (PCs). The microprocessor is the central processing unit of the computer system, and acts like "the brain" of the computer. The company also sells chipsets, which it refers to as "the nervous system" in a PC or computing device, sending data between the microprocessor and input, display and storage devices.

Intel has three main operating segments: PC Client Group, Data Center Group, and Other Intel Architecture.

The PC Client Group (64% of 2012 sales) makes microprocessors and related chipsets for the notebook, netbook and desktop segments. It also includes motherboards designed for desktop and wireless connectivity products.

The Data Center Group (20%) makes products, including microprocessors, chipsets, motherboards and wired connectivity devices that are used in servers, storage, workstations, and other applications that are used in the data center and for cloud computing.

The Other Intel Architecture segment (8%) includes Intel's smaller businesses such as the Embedded and Communications Group, which makes scalable microprocessors and chipsets for various embedded applications, the Ultra-Mobility Group, which offers processors an chipsets for mobile Internet devices, and the Digital Home Group, which produces products for use in various consumer electronics devices. Lastly, the Software and Services group and other account for 8%.

MARKET PROFILE. The microprocessor market accounts for about 20% of the total semiconductor industry's revenues, and is dominated by two companies, Intel and Advanced Micro Devices (AMD). The two competitors have battled for preeminence in the segment for decades. Several years ago, as AMD improved its product line and cut prices, Intel lost market share and, in 2006, experienced notable earnings decreases. But later that year, Intel started to turn the tide by improving its product development, manufacturing, and cost structure. Regaining market share, Intel now ships over 80% of the world's microprocessors, and is still the clear leader in this space. It has accomplished this by extending its leadership in key technologies that have provided competitive advantages. Manufacturing technology enables it to produce chips with more transistors at a lower cost. As a result, the technology has led to improved profitability, which in 2010 was the highest in several years.

Intel's powerful chips have done well in devices connected to a power source by a cord, such as PCs, but it has not had the same success in mobile devices powered by a battery. As mobile handset and tablet computers become more feature-rich, the need for more powerful processing grows in importance. Semiconductor companies have been developing application processors (a chip in mobile devices with functions that are comparable to microprocessors) that reach speeds of over 1 Gigahertz (GHz). Although Intel's ATOM processor, which boasts speeds of over 1.8 GHz, is starting to compete against application processors in the smartphone and mobile device segments, its offerings have not been as competitive when it comes to power consumption, an important factor for gadgets that depend on a long battery life.

IMPACT OF MAJOR DEVELOPMENTS. In July 2012, Intel announced a $4.1 billion commitment to accelerate the development and deployment of 450 millimeter wafers and associated technology called extreme ultra-violet (EUV) lithography with equipment provider ASML Holdings (ASML). The deal includes both a $1.0 billion commitment to fund ASML's research and development and up to a 15% stake in the company, in two stages. While clearly a large transaction, Intel has a history of investing in the ecosystem.

FINANCIAL TRENDS. Intel's revenues are cyclical but less variable than the broader industry's because of its competitive position, a fairly stable computing end-market, and the relative size of its revenues, in our view. Annual gross margins have been in the mid-50% to mid-60% area over the past few years, fluctuating with the competitive and economic environments. With Intel's "tick-tock" strategy, gross margins generally dip every other year to reflect scheduled equipment and technology additions. Because of the high fixed cost structure in its business model, Intel depends on operating leverage for margin expansion. However, this has not been a problem for Intel, which has benefited from above-industry operating margins of around 26%, on average, over the past few years.

Corporate Information

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Domicile
Delaware

Founded
1968

Employees
105,000

Stockholders
150,000

Intel Corp

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Quantitative Evaluations

S&P Fair Value Rank 4+

1 | 2 | 3 | 4 | 5

LOWEST HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $24.20 Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that INTC is slightly undervalued by $3.26 or 15.6%.

Investability Quotient Percentile 98

LOWEST = 1 HIGHEST = 100

INTC scored higher than 98% of all companies for which an S&P Report is available.

Volatility LOW | AVERAGE | HIGH

Technical Evaluation NEUTRAL Since March, 2013, the technical indicators for INTC have been NEUTRAL.

Insider Activity UNFAVORABLE | NEUTRAL | FAVORABLE

Expanded Ratio Analysis

	2012	2011	2010	2009
Price/Sales	1.99	2.43	2.75	3.28
Price/EBITDA	4.80	5.60	5.85	8.41
Price/Pretax Income	7.15	7.38	7.47	20.19
P/E Ratio	9.67	10.14	10.45	26.36
Avg. Diluted Shares Outstg (M)	5,160.0	5,411.0	5,696.0	5,645.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	-1.22	15.80	8.81	5.53
Net Income	-14.97	33.55	18.45	6.58
Ratio Analysis (Annual Avg.)				
Net Margin (%)	20.63	23.63	19.48	19.35
% LT Debt to Capitalization	20.42	12.60	9.42	7.04
Return on Equity (%)	22.66	25.12	19.82	19.26

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (U.S. $)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tangible Book Value	7.13	6.08	7.99	6.59	6.18	6.51	5.70	5.46	5.57	5.26
Cash Flow	3.59	3.51	2.83	1.67	1.72	1.98	1.65	2.15	1.91	1.62
Earnings	2.13	2.39	2.01	0.77	0.92	1.18	0.86	1.40	1.16	0.85
S&P Core Earnings	2.15	2.37	2.01	0.94	0.96	1.18	0.77	1.22	0.99	0.83
Dividends	0.87	0.78	0.63	0.56	0.55	0.45	0.40	0.32	0.16	0.08
Payout Ratio	41%	33%	31%	73%	60%	38%	47%	23%	14%	9%
Prices:High	29.27	25.78	24.37	21.27	26.34	27.99	26.63	28.84	34.60	34.51
Prices:Low	19.23	19.16	17.60	12.05	12.06	18.75	16.75	21.94	19.64	14.88
P/E Ratio:High	14	11	12	28	29	24	31	21	30	41
P/E Ratio:Low	9	8	9	16	13	16	19	16	17	18

Income Statement Analysis (Million U.S. $)										
Revenue	53,341	53,999	43,623	35,127	37,586	38,334	35,382	38,826	34,209	30,141
Operating Income	22,160	23,444	20,488	13,691	14,283	13,643	10,861	16,685	15,019	13,225
Depreciation	7,522	6,064	4,638	5,052	4,619	4,798	4,654	4,595	4,889	5,070
Interest Expense	90.0	41.0	NA	1.00	8.00	15.0	1,202	19.0	50.0	62.0
Pretax Income	14,873	17,781	16,045	5,704	7,686	9,166	7,068	12,610	10,417	7,442
Effective Tax Rate	26.0%	27.2%	28.6%	23.4%	31.2%	23.9%	28.6%	31.3%	27.8%	24.2%
Net Income	11,005	12,942	11,464	4,369	5,292	6,976	5,044	8,664	7,516	5,641
S&P Core Earnings	11,075	12,809	11,519	5,325	5,521	6,978	4,518	7,555	6,374	5,467

Balance Sheet & Other Financial Data (Million U.S. $)										
Cash	18,162	14,837	21,885	13,920	11,843	15,363	6,598	7,324	8,407	7,971
Current Assets	31,358	25,872	31,563	21,157	19,871	23,885	18,280	21,194	24,058	22,882
Total Assets	84,351	71,119	63,138	53,095	50,715	55,651	48,368	48,314	48,143	47,143
Current Liabilities	12,898	12,028	9,070	7,591	7,818	8,571	8,514	9,234	8,006	6,879
Long Term Debt	13,136	7,084	2,077	2,049	1,886	1,980	1,848	2,106	703	936
Common Equity	51,203	45,911	49,638	41,704	39,088	42,762	36,752	36,182	38,579	37,846
Total Capital	64,339	52,995	51,715	43,753	41,020	45,153	38,865	38,991	40,137	40,264
Capital Expenditures	11,027	10,764	5,207	4,515	5,197	5,000	5,779	5,818	3,843	3,656
Cash Flow	18,527	19,006	16,102	9,421	9,911	11,774	9,698	13,259	12,405	10,711
Current Ratio	2.4	2.2	3.5	2.8	2.5	2.8	2.1	2.3	3.0	3.3
% Long Term Debt of Capitalization	20.4	13.4	4.0	4.7	4.6	4.4	4.8	5.4	1.8	2.3
% Net Income of Revenue	20.6	24.0	26.8	12.4	14.1	18.2	14.3	22.3	22.0	18.7
% Return on Assets	14.2	19.3	20.1	8.4	10.0	13.4	10.4	18.0	15.8	12.3
% Return on Equity	22.7	27.2	25.6	10.8	12.9	17.6	13.8	23.2	19.7	15.4

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Intel Corp

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Sub-Industry Outlook

We have a positive fundamental outlook for the semiconductors sub-industry for the next 12 months. We expect stabilizing economic conditions to result in 4% revenue growth in 2013, up from a decline of about 3% in 2012, and forecast mid-single digit growth in 2014. Given a weak end to 2012, we view as likely a weak first quarter, followed by sequentially improving sales through the year. We expect a fairly lean inventory supply chain to leave the supply-demand balance even-to-slightly favorable for inventory replenishment, which could contribute to potential upside as demand improves.

Based on forecasts from Standard & Poor's Economics, research from industry and trade groups, and our own bottom-up analysis for semiconductor companies within our coverage universe, we see the various end markets performing differently. We see the structural shift towards tablets in the PC sector being the biggest drag on the sub-industry. We believe the communications and consumer end markets will be the strongest, as carrier comments suggest to us an improved spending outlook, and continued growth in smartphones. We believe the automotive sector has some favorable tailwinds despite weak global trends. We think industrial will remain weak. Given the high exposure to this end market, analog semiconductors are particularly exposed to this trend. All of this is against the backdrop of the proliferation of semiconductors across a range of electronic products and markets.

Industry margins continue to be a function of manufacturing utilization and inventory supply-demand imbalances. While companies that outsource manufacturing typically have more stability in gross margins (a trade-off for capped upside), others that have their own manufacturing see more variability. We believe some companies, especially in analog, have slightly elevated inventory levels, reducing potential leverage. However, it's becoming clear to us that the cost of moving to leading-edge manufacturing is reaching a tipping point as the cost-benefits of moving to more advanced nodes diminishes. Intel believes that a vendor needs to generate two times the amount of revenue generated annually per dollar of R&D. As such, we expect a continued shift towards outsourcing and market share shifts between the companies with sufficient resources to move ahead.

Long term, growth in semiconductors is highly correlated to global GDP, due to changes in inventory levels.

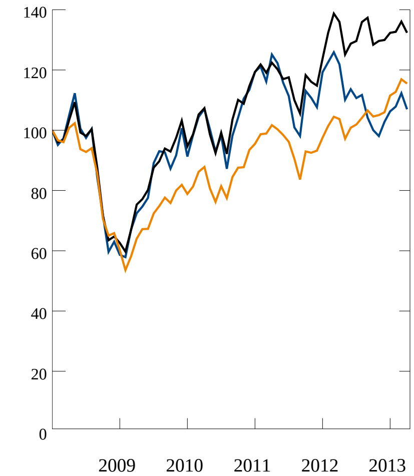
Year to date through March 22, the S&P Semiconductors sub-industry index increased 7.0%, versus a 9.4% advance for the S&P 1500 Index.

--Christin Armacost, CFA

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Semiconductors

Based on S&P 1500 Indexes
Month-end Price Performance as of 3/29/13



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Semiconductors Peer Group*: Semiconductors - Logic - Larger Cos.

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Intel Corp	**INTC**	**104,616**	**20.94**	**29.27/19.23**	**1.02**	**4.3**	**10**	**24.20**	**B+**	**98**	**20.6**	**20.4**
Advanced Micro Dev	AMD	1,635	2.29	8.21/1.81	2.25	Nil	NM	NA	C	8	NM	79.0
Altera Corp	ALTR	10,600	33.15	39.26/29.59	1.13	1.2	19	33.30	B+	97	31.2	13.0
Atmel Corp	ATML	2,886	6.40	9.31/4.37	1.10	Nil	91	NA	C	68	2.1	0.6
Fairchild Semiconductor Intl	FCS	1,699	13.38	15.75/11.14	2.52	Nil	70	14.50	C	80	1.8	15.4
Infineon Technologies ADR	IFNNY	8,477	7.89	10.18/6.08	NM	1.8	19	NA	NR	4	11.1	6.2
Integrated Device Tech	IDTI	1,016	7.08	7.85/4.60	1.62	Nil	NM	NA	C	70	7.1	NA
LSI Corp	LSI	3,546	6.45	8.81/5.59	1.71	Nil	19	6.60	B-	19	7.8	NA
STMicroelectronics N.V.	STM	6,695	7.54	9.09/4.51	1.81	4.5	NM	7.20	NR	15	NA	9.3
Xilinx Inc	XLNX	9,510	36.36	39.43/30.25	1.03	2.8	21	29.80	B	96	23.7	25.1

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

March 11, 2013
05:23 am ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF INTEL CORP. (INTC 21.61***): We see some near-term headwinds remaining for INTC, as we think the balance of potential growth drivers are H2 '13-loaded and near-term sentiment remains cautious. Spending in '13 remains elevated and gross margins are not expected to return to above 60% until H2, from 58% today. That said, we do see key releases in notebook and mobile chips improving its competitive position, and the foundry announcement with Altera (ALTR 35, Buy) driving long-term improvements in capital intensity. While we see solid execution for INTC, we await greater visibility into H2 device launches. /C Armacost, CFA

January 29, 2013
Intel Corporation announced that its board of directors promoted five corporate officers and elected three new corporate vice presidents. William M. Holt, was elevated from senior vice president to executive vice president. He is general manager of the Technology and Manufacturing Group and jointly oversees all technology development and manufacturing activities across the company. Holt joined Intel in 1974, was named a senior vice president in 2006. Thomas M. Kilroy, was promoted from senior vice president to executive vice president. He is general manager of Intel's Sales and Marketing Group and is responsible for all of the company's sales and marketing efforts worldwide. Kilroy joined Intel in 1990, was named a senior vice president in 2010. Sohail U. Ahmed, was elevated from corporate vice president to senior vice president. He is director of Logic Technology Development in the Technology and Manufacturing Group. He is responsible for the development and deployment of next-generation silicon logic technologies that will produce future Intel microprocessors and systems-on-chips (SoCs). Ahmed joined Intel in 1984, was elected corporate vice president in 2006. Diane M. Bryant, was promoted from corporate vice president to senior vice president. She is general manager of the Datacenter and Connected Systems Group. In this role, Bryant manages Intel's P&L, strategy and product development for enterprise and cloud server infrastructure, high-performance computing, storage, communications, networking and intelligent connected systems. She joined Intel in 1985, was elected corporate vice president in 2008. Kirk B. Skaugen, was elevated from corporate vice president to senior vice president. He is general manager of the PC Client Group and is responsible for Intel's consumer and business computer business. In this role, he oversees Intel's efforts to once again transform the personal computer industry with the Ultrabook(TM) and new computing experiences. Skaugen joined Intel in 1992, was elected corporate vice president in 2010. Jonathan Khazam, was elected corporate vice president and is general manager of the Visual and Parallel Computing Group in the Intel Architecture Group. Khazam joined Intel in 1991. Michael C. Mayberry, was elected corporate vice president and is director of Components Research, which is the research arm for the Technology and Manufacturing Group. He is responsible for Intel's ongoing research - including internal research, university research, and other external collaborations - to enable future process options for Intel's technology development organizations. He joined Intel in 1984. Kimberly S. Stevenson, was elected corporate vice president and is chief information officer. She is responsible for the corporate-wide use of information technology to enable Intel's business strategies for growth and efficiency. Stevenson joined Intel in 2009.

January 18, 2013
07:52 am ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF INTEL CORPORATION (INTC 22.68***): We are lowering our 2013 EPS estimate by $0.10 to $1.93 and introducing '14's estimate of $2.17. INTC continues to be impacted by the shift to tablets from PCs. Additionally, it continues to spend at a higher rate than revenue growth, and maintain higher-than-expected capital spending, which is likely to result in the second consecutive year of EPS declines in 2013. We see the shares range-bound as we see risk to its 2013 revenue guidance (we are below it), with higher spending limiting margin expansion. INTC reported Q4 EPS of $0.48, vs. $0.64, $0.04 above our estimate. /C Armacost, CFA

January 18, 2013
INTC posts $0.48 vs $0.64 Q4 EPS on 3% lower revenue. Capital IQ consensus forecast was $0.45 EPS. Notes Q4 tax rate of 23% was below its expectations of about 27%. Expects low single-digit percentage increase for 2013 revenue. S&P Capital IQ lowers estimate, maintains hold....

January 18, 2013
09:13 am ET ... INTEL CORPORATION (INTC 22.68) UNCHANGED, INTEL (INTC) POSTS Q4. RAYMOND JAMES CUTS ESTIMATE, REITERATES UNDERPERFORM... Analyst Hans Mosesmann says Q4 in line, co. gave seasonal Q1 '13 projection. Notes co. outlined massive capex spending plan of $13B for '13 (up from $11B in '12). Says, considering very tough '12 macro, lukewarm uptake of Win8, tablet cannibalization of notebooks, very modest success in smartphones/tablets, emerging competitive threat from ARMH in datacenter, he just does not see why INTC needs to spend massive amounts on capacity. Notes investors looking for a reset out of co. entering '13 did not find it in this release. Cuts $2.05 '14 EPS est. to $2.00. B.Brodie

January 18, 2013
09:51 am ET ... S&P KEEPS POSITIVE FUNDAMENTAL OUTLOOK ON SEMICONDUCTOR EQUIPMENT SUB-INDUSTRY (AMAT 12.46*****): Following capital spending budget announcements for '13 by Intel (INTC 23, Hold) and Taiwan Semiconductor (TSM 18, Hold) yesterday, we are more optimistic that consensus estimates for the first half remain too low. Specifically, we view positively INTC's $13B capital spending forecast, as we were modeling a sharp decline this year. We note, however, that Samsung has yet to release its outlook. We expect foundry spending to be driven by 28nm and 20nm investments, while logic orders should be led by the 14nm tool installments by INTC. We expect memory spending to remain muted. /A. Zino-CFA

December 13, 2012
05:27 am ET ... S&P UPS VIEW ON SEMICONDUCTOR EQUIPMENT SUB-INDUSTRY TO POSITIVE FROM NEUTRAL (AMAT 11.09*****): Our more positive outlook reflects our belief that orders are beginning to stabilize following a sharp decline. While we expect 2013 to be challenging, we believe concerns are now mostly reflected in stock prices. We see a Q1 2013 trough in semiconductor utilization rates, upside potential to Taiwan Semiconductor (TSM 17***) spending, and a rebound in NAND flash memory orders all as potential catalysts. Also, we think uncertainty related to Intel (INTC 21***) and Samsung spending is widely known at this point. We view the risk/reward as favorable for chip equipment names. /A. Zino-CFA

Intel Corp

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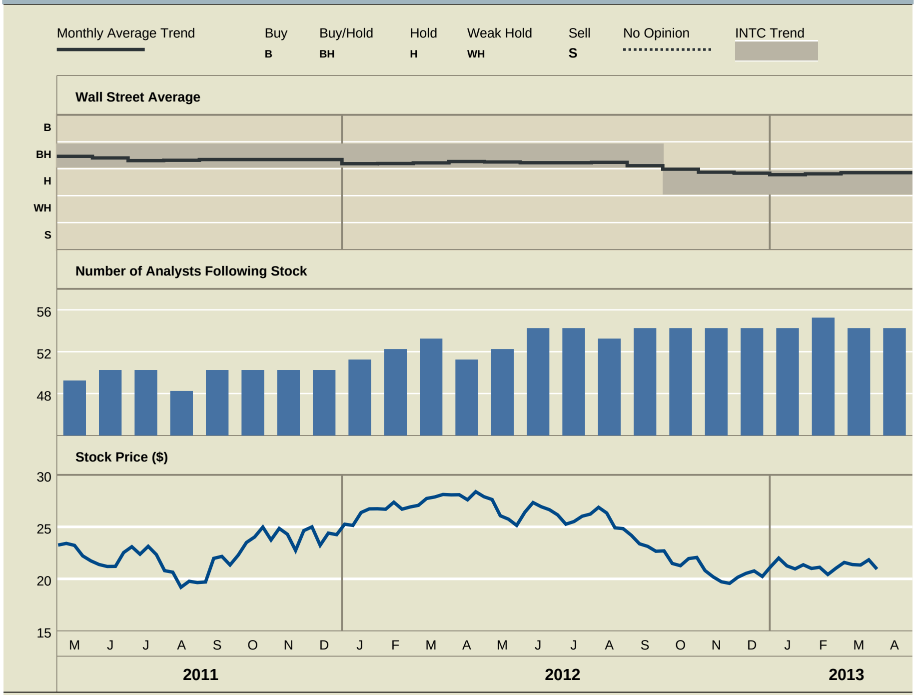
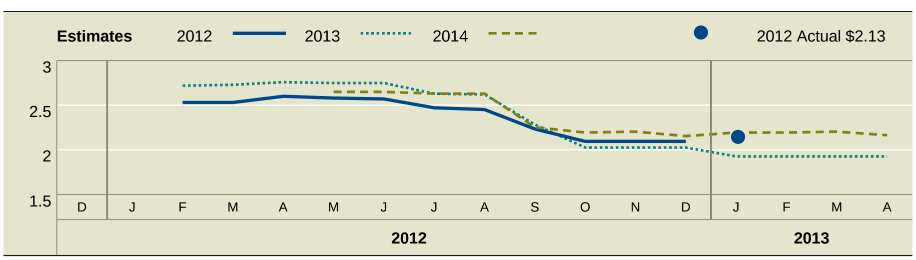
Analysts' Recommendations



Of the total 73 companies following INTC, 54 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	12	22	12	12
Buy/Hold	5	9	6	6
Hold	28	52	27	25
Weak Hold	7	13	7	7
Sell	2	4	2	4
No Opinion	0	0	0	0
Total	**54**	**100**	**54**	**54**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2014	2.17	2.67	1.85	18	9.6
2013	1.93	1.93	1.93	1	10.8
2014 vs. 2013	▲ 12%	▲ 38%	▼ -4%	▲ 1700%	▼ -11%

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.
Arete Research Services LLP
Argus Research Company
Auriga USA LLC
Axia Financial research
B. Riley Caris
BMO Capital Markets, U.S. Equity Research
BNY Jaywalk LLC
Barclays
BofA Merrill Lynch
CA Cheuvreux
CLSA Asia-Pacific Markets
Canaccord Genuity
Caris & Company
Citadel Securities, LLC
Citigroup Inc
Collins Stewart LLC
Cowen and Company, LLC
Credit Agricole Securities (USA) Inc.
Credit Suisse
Crowell, Weedon & Co.
Daiwa Capital Markets America Inc.
Daiwa Securities Capital Markets Co. Ltd.
Davenport & Company
Deutsche Bank
Drexel Hamilton
Erste Group Bank AG
Evercore Partners Inc.
FBR Capital Markets & Co.
First Global Stockbroking (P) Ltd.
Gabelli & Company, Inc.

Wall Street Consensus vs. Performance

For fiscal year 2013, analysts estimate that INTC will earn $1.93. For fiscal year 2014, analysts estimate that INTC's earnings per share will grow by 12% to $2.17.

Intel Corp

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
Intel Corp

	Raw Score	Max Value
Proprietary S&P Measures	37	115
Technical Indicators	24	40
Liquidity/Volatility Measures	15	20
Quantitative Measures	67	75
IQ Total	**143**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services North America recommended 35.0% of issuers with buy recommendations, 56.0% with hold recommendations and 9.0% with sell recommendations.

In Europe: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services Europe recommended 27.7% of issuers with buy recommendations, 48.6% with hold recommendations and 23.7% with sell recommendations.

In Asia: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services Asia recommended 38.7% of issuers with buy recommendations, 50.3% with hold recommendations and 11.0% with sell recommendations.

Globally: As of March 31, 2013, research analysts at Standard & Poor's Equity Research Services globally recommended 34.3% of issuers with buy recommendations, 54.2% with hold recommendations and 11.5% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

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In Asia: As of March 31, 2013, Standard & Poor's Quantitative Services Asia recommended 50.6% of issuers with buy recommendations, 18.7% with hold recommendations and 30.7% with sell recommendations.

Globally: As of March 31, 2013, Standard & Poor's Quantitative Services globally recommended 45.2% of issuers with buy recommendations, 20.0% with hold recommendations and 34.8% with sell recommendations.

Additional information is available upon request.

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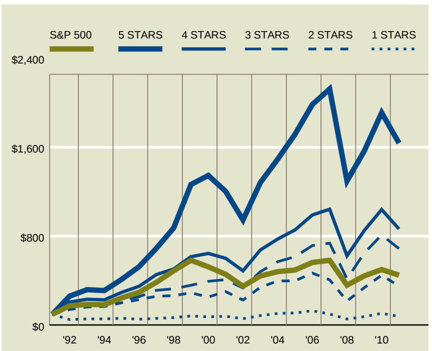
U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 03/31/2013



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively “equities”, that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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