



| 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | © VALUE LINE PUB. LLC | 18-20 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|--------|-----------------------------------|--------|
| 4.41 | 5.02 | 3.97 | 4.07 | 4.65 | 5.47 | 6.56 | 6.14 | 6.59 | 6.76 | 6.36 | 7.92 | 10.80 | 10.79 | 10.61 | 11.77 | 11.55 | 12.00 | Sales per sh | 13.50 |
| 1.68 | 2.07 | 1.16 | 1.24 | 1.59 | 1.94 | 2.20 | 1.68 | 1.98 | 1.74 | 1.65 | 2.92 | 3.62 | 3.51 | 3.30 | 4.02 | 3.80 | 4.15 | "Cash Flow" per sh | 5.95 |
| 1.17 | 1.53 | .53 | .51 | .86 | 1.16 | 1.40 | .86 | 1.18 | .92 | .77 | 2.05 | 2.39 | 2.13 | 1.89 | 2.33 | 2.15 | 2.40 | Earnings per sh ^A | 3.75 |
| .05 | .07 | .08 | .08 | .08 | .16 | .32 | .41 | .45 | .55 | .56 | .63 | .78 | .87 | .90 | .90 | .96 | 1.00 | Div'ds Decl'd per sh ^B | 1.18 |
| .51 | .99 | 1.09 | .72 | .56 | .61 | .98 | 1.00 | .86 | .93 | .82 | .94 | 2.15 | 2.23 | 2.16 | 2.13 | 1.80 | 2.25 | Cap'l Spending per sh | 4.00 |
| 4.88 | 5.55 | 5.36 | 5.40 | 5.83 | 6.17 | 6.11 | 6.37 | 7.35 | 7.03 | 7.55 | 8.97 | 9.18 | 10.36 | 11.73 | 11.77 | 12.80 | 14.00 | Book Value per sh | 16.00 |
| 6668.0 | 6721.0 | 6690.0 | 6570.0 | 6487.0 | 6253.0 | 5919.0 | 5766.0 | 5818.0 | 5562.0 | 5523.0 | 5511.0 | 5000.0 | 4944.0 | 4967.0 | 4748.0 | 4800.0 | 4850.0 | Common Shs Outst'g ^C | 5000.0 |
| 29.5 | 36.1 | 55.0 | 45.8 | 27.5 | 22.1 | 17.8 | 23.3 | 19.9 | 21.7 | 22.2 | 10.1 | 9.2 | 11.7 | 12.2 | 13.2 | Bold figures are Value Line estimates | | Avg Ann'l P/E Ratio | 13.0 |
| 1.68 | 2.35 | 2.82 | 2.50 | 1.57 | 1.17 | .95 | 1.26 | 1.06 | 1.31 | 1.48 | .64 | .58 | .74 | .69 | .70 | | | Relative P/E Ratio | .80 |
| .1% | .1% | .3% | .3% | .3% | .6% | 1.3% | 2.0% | 1.9% | 2.8% | 3.3% | 3.0% | 3.5% | 3.5% | 3.9% | 3.0% | | | Avg Ann'l Div'd Yield | 2.4% |

| CAPITAL STRUCTURE as of 3/28/15 | | 2013 | 2014 | 3/28/15 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 | 2049 | 2050 |
|---------------------------------|------------------------------|------|------|----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|-------|------------------------------------|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Total Debt | \$13233 mill. | | | \$1070 mill. | 38826 | 35382 | 38334 | 37586 | 35127 | 43623 | 53999 | 53341 | 52708 | 55870 | 55350 | 58110 | Sales (\$mill) | 67500 | | | | | | | | | | | | | | | | | | | | | | | | |
| LT Debt | \$12112 mill. | | | \$120.0 mill. | 42.7% | 30.8% | 34.7% | 37.3% | 29.8% | 45.9% | 42.4% | 39.9% | 36.2% | 41.7% | 40.0% | 42.0% | Operating Margin | 45.0% | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | (18% of Cap'l) | 4345.0 | 4654.0 | 4546.0 | 4360.0 | 4744.0 | 4398.0 | 5141.0 | 6357.0 | 6790.0 | 7380.0 | 8000 | 8500 | Depreciation (\$mill) ^D | 11000 | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest Coverage: | 83.3x | | | | 8664.0 | 5044.0 | 6976.0 | 5292.0 | 4369.0 | 11692 | 12942 | 11005 | 9620.0 | 11704 | 10320 | 11640 | Net Profit (\$mill) | 18750 | | | | | | | | | | | | | | | | | | | | | | | | |
| Leases, Uncapitalized | Annual rentals \$205.0 mill. | | | | 31.3% | 28.6% | 23.9% | 31.1% | 23.4% | 28.7% | 27.2% | 26.0% | 23.7% | 25.0% | 25.0% | 25.9% | Income Tax Rate | 28.0% | | | | | | | | | | | | | | | | | | | | | | | | |
| Pension Assets-12/14 | \$623 mill. | | | \$892 mill. | 22.3% | 14.3% | 18.2% | 14.1% | 12.4% | 26.8% | 24.0% | 20.6% | 18.3% | 20.9% | 18.6% | 20.0% | Net Profit Margin | 27.8% | | | | | | | | | | | | | | | | | | | | | | | | |
| Pfd Stock | None | | | | 11960 | 9766.0 | 15314 | 12053 | 13566 | 22284 | 13844 | 18460 | 18516 | 11711 | 12500 | 14000 | Working Cap'l (\$mill) | 20000 | | | | | | | | | | | | | | | | | | | | | | | | |
| Common Stock | 4,744,000,000 shs. | | | | 2106.0 | 1848.0 | 1980.0 | 1886.0 | 2049.0 | 2077.0 | 7084.0 | 13136 | 13165 | 12107 | 12000 | 11500 | Long-Term Debt (\$mill) | 10000 | | | | | | | | | | | | | | | | | | | | | | | | |
| MARKET CAP: | \$152 billion (Large Cap) | | | | 36182 | 36752 | 42762 | 39088 | 41704 | 49430 | 45911 | 51203 | 58256 | 55865 | 61500 | 68000 | Shr. Equity (\$mill) | 80000 | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | 22.7% | 13.1% | 15.6% | 12.9% | 10.0% | 22.8% | 24.5% | 17.2% | 13.6% | 17.3% | 14.0% | 14.5% | Return on Total Cap'l | 21.0% | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | 23.9% | 13.7% | 16.3% | 13.5% | 10.5% | 23.7% | 28.2% | 21.5% | 16.5% | 21.0% | 17.0% | 17.0% | Return on Shr. Equity | 23.5% | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | 18.5% | 7.4% | 10.2% | 5.6% | 3.0% | 16.6% | 19.2% | 13.0% | 8.8% | 13.1% | 9.5% | 10.0% | Retained to Com Eq | 16.0% | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | 23% | 46% | 38% | 59% | 71% | 30% | 32% | 40% | 47% | 38% | 45% | 42% | All Div'ds to Net Prof | 31% | | | | | | | | | | | | | | | | | | | | | | | | |

BUSINESS: Intel Corp. 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 82% of '14 sales. R&D: 21% of sales. '14 dep. rate: 9.3%. Has 106,700 employees. Off./dir. own less than 1% of common shares; BlackRock, 6.0%; The Vanguard Group, 5.5% (4/15 proxy). Chair.: Andy Bryant. Pres.: Renee James. CEO: Brian Krzanich. Incorp.: DE. Add.: 2200 Mission College Blvd., Santa Clara, CA 95054. Tele.: 408-765-8080. Internet: www.intc.com.

Intel has announced a major acquisition. After several months of rumors, the chip behemoth stated it will buy Altera for \$54 a share in an all-cash transaction, valued at about \$16.7 billion. The deal is likely to close within six to nine months, pending the customary shareholder and regulatory approval process.

We feel this is a big step in the right direction for Intel. The company is the market leader for microprocessors that are used in personal computers. It is no secret that this segment is highly cyclical and mature. Hence, in order for Intel to boost its long-term gains prospects, delving into higher-growth segments, such as mobile and data center, is vital. The merger would couple Intel's diverse portfolio of products and manufacturing capabilities with Altera's latest field-programmable gate array technology. Importantly, this union ought to enable new classes of products that cater to customer needs in the data center and Internet-of-Things segments, two lucrative growth avenues from our perspective. The deal is expected to be accretive within 12 months of closing, and will be funded through cash on the balance sheet and debt.

Absent Altera, Intel's earnings ought to fall this year. Management guided that revenues would be roughly flat for 2015. What's more, challenging conditions in the personal computer market might well result in a year-over-year bottom-line decline, as margins are pressured. We look for an uptick in 2016, assuming the cyclical PC market takes a turn for the better.

Our forecast for the company over the 3 to 5-year pull will likely change markedly once the acquisition closes. As per Value Line convention, we will not include the Altera purchase until it is consummated. We feel additional acquisitions may be in the cards (though, perhaps, not as sizable as Altera), given Intel's stellar financial ledger. Acquisitions appear to be the fastest method for Intel to make a splash in new segments.

These shares have solid total return prospects for the pull to 2018-2020. Conservative accounts seeking a technology holding for their portfolio would do well to consider this Dow-30 component. The solid dividend payout is a positive, too.

Alan G. House July 3, 2015

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| (A) Dil. egs. Excl. nonrecurr. gains (losses): '99, (11¢); '00, (2¢); '01, (34¢); '02, (5¢); '03, (1¢); '10, (4¢). Next egs. report mid-July. | June, September, and December. ■ Dividend reinvestment plan available. (C) In millions. | Company's Financial Strength | A++ |
| (B) Dividends historically paid in early March. | (D) Excludes amortization of goodwill and other acquisition-related intangibles. | Stock's Price Stability | 75 |
| | | Price Growth Persistence | 55 |
| | | Earnings Predictability | 45 |