

Intel Corp

S&P Recommendation **HOLD** ★★☆☆☆

Price
\$25.34 (as of Nov 15, 2011)

12-Mo. Target Price
\$27.00

Investment Style
Large-Cap Growth

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

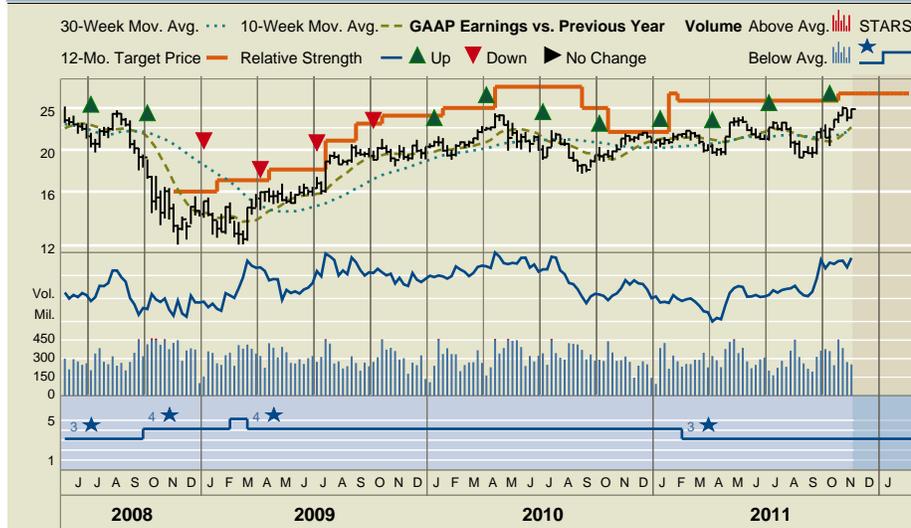
GICS Sector Information Technology
Sub-Industry Semiconductors

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	\$25.46–19.16	S&P Oper. EPS 2011E	2.46	Market Capitalization(B)	\$129.031	Beta	1.09
Trailing 12-Month EPS	\$2.31	S&P Oper. EPS 2012E	2.50	Yield (%)	3.31	S&P 3-Yr. Proj. EPS CAGR(%)	17
Trailing 12-Month P/E	11.0	P/E on S&P Oper. EPS 2011E	10.3	Dividend Rate/Share	\$0.84	S&P Credit Rating	A+
\$10K Invested 5 Yrs Ago	\$13,960	Common Shares Outstg. (M)	5,092.0	Institutional Ownership (%)	64		

Price Performance



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 **STRONG**

92
LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

	1Q	2Q	3Q	4Q	Year
2011	12,847	13,032	14,233	--	--
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
2006	8,940	8,009	8,739	9,694	35,382

	1Q	2Q	3Q	4Q	Year
2011	0.56	0.54	0.65	E0.71	E2.46
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
2006	0.23	0.15	0.22	0.26	0.86

Fiscal year ended Dec. 31. Next earnings report expected: NA. 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
0.181	01/24	02/03	02/07	03/01/11
0.181	03/18	05/04	05/07	06/01/11
0.210	07/27	08/03	08/07	09/01/11
0.210	09/22	11/03	11/07	12/01/11

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

Analysis prepared by Equity Analyst **Angelo Zino, CFA** on Oct 20, 2011, when the stock traded at **\$23.77**.

Highlights

- ▶ We think sales will rise 4.2% in 2012, after a projected 26% increase in 2011, including revenues from its recently acquired wireless and security businesses. We believe IT spending, driven by Microsoft Windows 7, aging computers and bandwidth-consuming applications for PCs and servers, will provide healthy demand for microprocessors. Laptop sales growth should help balance desktop weakness and tablet cannibalization to support top-line advances, in our view. We expect Intel's 32 nanometer (nm) and 22 nm chips to outperform competitors' offerings, which should lead to share gains in higher-end computing segments, helping preserve average selling prices.
- ▶ We forecast a gross margin of 63% in 2012, matching our outlook for 2011. We see higher volume and lower start-up costs related to ramp new process technologies, but foresee increasing competition. We see modestly higher expenses for compensation and headcount additions resulting in an operating margin of 32% in 2012, versus an estimated 33% in 2011.
- ▶ Our EPS projections assumes an effective tax rates of 28% going forward and modestly decreasing share counts.

Investment Rationale/Risk

- ▶ Our hold opinion is based our view of uninspiring organic growth and fair valuations. Intel has the best competitive position in our semiconductor coverage universe, a solid balance sheet, and strong free cash flows, while carrying lower business and financial risks than most other chipmakers, in our opinion. Although we think that the company will continue to thrive in the PC and server segments, we expect INTC's limited share in fast-growing portable markets to limit top-line advances. Despite what we see as soft consumer PC demand and our cautious stance on the potential success of Ultrabooks, enterprise orders as well as emerging markets remain strong. We believe the stock deserves a slight below-industry multiple given INTC's growth prospects.
- ▶ Risks to our recommendation and target price include lower-than-expected demand for PCs, accelerated ASP erosion, and less-than anticipated traction for INTC's latest chips.
- ▶ Our 12-month target price of \$27 is based on our P/E analysis. We apply a P/E multiple of 11X, which reflects our view of INTC's relative growth, return on equity, and risk compared to the chip industry, to our 2012 EPS estimate.

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

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Intel Corp

Business Summary October 20, 2011

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 (74% of 2010 total sales) makes microprocessors and related chipsets for the notebook, netbook, and desktop segments. This segment 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 segments (4%) 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 and chipsets for mobile Internet devices, and the Digital Home Group, which produces products for use in various consumer electronics devices.

MARKET PROFILE. The microprocessor market accounts for about 15% 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. Some of Intel's competitive tactics have been viewed as anticompetitive by regulators and competitors. After \$2.7 billion worth of combined settlements with the European Commission and AMD over such accusations, Intel entered a \$1.5 billion cross-licensing agreement with chipmaker Nvidia, ending all legal disputes between the companies.

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 last few years.

Corporate Information

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J.E. Shaw

SVP, CFO & Chief

Acctg Officer

S.J. Smith

Pres & CEO

P.S. Otellini

SVP & General

Counsel

A.D. Melamed

Vice Chrmn, EVP & Chief Admin Officer

A.D. Bryant

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D. S. Pottruck

J. E. Shaw

F. D. Yeary

D. B. Yoffie

Domicile

Delaware

Founded

1968

Employees

82,500

Stockholders

165,000

Intel Corp

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	\$26.20	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that INTC is slightly undervalued by \$0.86 or 3.4%.
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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
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Technical Evaluation	BULLISH	Since October, 2011, the technical indicators for INTC have been BULLISH.
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Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2010	2009	2008	2007
Price/Sales	2.75	3.28	2.24	4.13
Price/EBITDA	5.85	8.41	5.90	11.60
Price/Pretax Income	7.47	20.19	10.96	17.27
P/E Ratio	10.45	26.36	15.92	22.69
Avg. Diluted Shares Outstg (M)	5,696.0	5,645.0	5,748.0	5,936.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	24.19	3.25	1.56	4.80
Net Income	NM	13.87	2.00	13.53

Ratio Analysis (Annual Avg.)

Net Margin (%)	26.28	17.60	17.05	17.77
% LT Debt to Capitalization	4.02	4.43	4.49	3.82
Return on Equity (%)	25.56	16.44	16.14	16.41

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Tangible Book Value	7.99	6.59	6.18	6.51	5.70	5.46	5.57	5.26	4.74	4.59
Cash Flow	2.83	1.67	1.72	1.98	1.65	2.15	1.91	1.62	1.25	1.13
Earnings	2.01	0.77	0.92	1.18	0.86	1.40	1.16	0.85	0.46	0.19
S&P Core Earnings	2.01	0.94	0.96	1.18	0.77	1.22	0.99	0.83	0.35	0.11
Dividends	0.63	0.56	0.55	0.45	0.40	0.32	0.16	0.08	0.08	0.08
Payout Ratio	31%	73%	60%	38%	47%	23%	14%	9%	17%	42%
Prices:High	24.37	21.27	26.34	27.99	26.63	28.84	34.60	34.51	36.78	38.59
Prices:Low	17.60	12.05	12.06	18.75	16.75	21.94	19.64	14.88	12.95	18.96
P/E Ratio:High	12	28	29	24	31	21	30	41	80	NM
P/E Ratio:Low	9	16	13	16	19	16	17	18	28	NM

Income Statement Analysis (Million \$)

Revenue	43,623	35,127	37,586	38,334	35,382	38,826	34,209	30,141	26,764	26,539
Operating Income	20,488	13,691	14,283	13,643	10,861	16,685	15,019	13,225	9,746	8,923
Depreciation	4,638	5,052	4,619	4,798	4,654	4,595	4,889	5,070	5,344	6,469
Interest Expense	NA	1.00	8.00	15.0	1,202	19.0	50.0	62.0	84.0	56.0
Pretax Income	16,045	5,704	7,686	9,166	7,068	12,610	10,417	7,442	4,204	2,183
Effective Tax Rate	NA	23.4%	31.2%	23.9%	28.6%	31.3%	27.8%	24.2%	25.9%	40.9%
Net Income	11,464	4,369	5,292	6,976	5,044	8,664	7,516	5,641	3,117	1,291
S&P Core Earnings	11,519	5,325	5,521	6,978	4,518	7,555	6,374	5,467	2,332	740

Balance Sheet & Other Financial Data (Million \$)

Cash	21,885	13,920	11,843	15,363	6,598	7,324	8,407	7,971	7,404	7,970
Current Assets	31,563	21,157	19,871	23,885	18,280	21,194	24,058	22,882	18,925	17,633
Total Assets	63,138	53,095	50,715	55,651	48,368	48,314	48,143	47,143	44,224	44,395
Current Liabilities	9,070	7,591	7,818	8,571	8,514	9,234	8,006	6,879	6,595	6,570
Long Term Debt	2,077	2,049	1,886	1,980	1,848	2,106	703	936	929	1,050
Common Equity	49,638	41,704	39,088	42,762	36,752	36,182	38,579	37,846	35,468	35,830
Total Capital	51,715	43,753	41,020	45,153	38,865	38,991	40,137	40,264	37,629	37,825
Capital Expenditures	5,207	4,515	5,197	5,000	5,779	5,818	3,843	3,656	4,703	7,309
Cash Flow	16,102	9,421	9,911	11,774	9,698	13,259	12,405	10,711	8,461	7,760
Current Ratio	3.5	2.8	2.5	2.8	2.1	2.3	3.0	3.3	2.9	2.7
% Long Term Debt of Capitalization	4.0	4.7	4.6	4.4	4.8	5.4	1.8	2.3	2.5	2.8
% Net Income of Revenue	26.8	12.4	14.1	18.2	14.3	22.3	22.0	18.7	11.6	4.9
% Return on Assets	20.1	8.4	10.0	13.4	10.4	18.0	15.8	12.3	7.0	2.8
% Return on Equity	25.6	10.8	12.9	17.6	13.8	23.2	19.7	15.4	8.7	3.5

Data as orig reprinted; 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

Sub-Industry Outlook

We have a neutral fundamental outlook on the semiconductor industry. Given the uncertain global economic environment, we see risks related to soft PC and consumer electronics sales, as well as elevated inventory in the supply chain in the immediate term. While we believe that chipmakers will experience lower sequential sales in the second half of the year, we see growth resuming in the first half of 2012. We project growth of 1%-3% in 2011, but expect improved economic conditions to lead to 5% growth in 2012.

Considering recent forecasts from S&P Economics, research from industry and trade groups, and our own bottom-up analysis for semiconductor companies within our coverage universe, we see higher enterprise spending, improved consumer spending, rising Internet usage, expansion of wireless communication, and the proliferation of semiconductors across a range of electronic products and markets driving chip demand. While recent sales results have been relatively weak, we expect a pickup in orders for computers, handsets, and wireless communications.

We see plant utilization rates falling from a high in the mid 90% range in early 2011 to the mid-to-high 80% area as chipmakers align inventory with anticipated growth. The industry's Days of Inventory metric is a bit above the five-year average, but we think that elevated component stock can be digested rather quickly if demand accelerates and with modest customer push-outs. With an anticipated drop in production due to the currently soft order environment, we believe gross margins will revert to the five-year average of around 50%. We think semiconductor companies and their customers are cautious on the economy and end-market demand, which should translate to tight cost and expense management. Overall, we expect

operating margins to fluctuate in the low-teens area, also near the industry's five-year average. Assuming a stronger economy in 2012, we see plant utilization and margins expanding a few percentage points as orders improve.

Long term, we believe sales growth will decelerate and converge with that of nominal GDP. We see more tempered variability in margins, leading to more stable profits and less risk. Also, with semiconductor firms increasingly utilizing third-party foundries, we believe the shift to fabless or fab-lite manufacturing will contribute to more flexible cost structures and less margin variability.

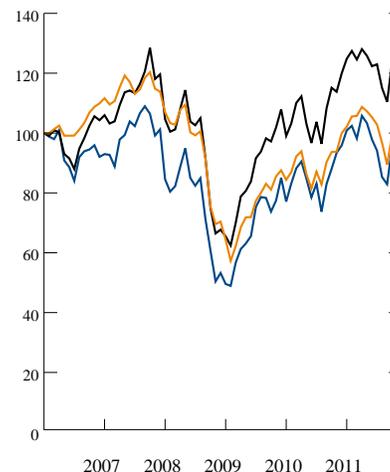
Year to date through October 21, the S&P Semiconductor sub-industry index fell 2.8%, versus a 2% decrease for the S&P 1500.

--Angelo Zino, CFA

Stock Performance

GICS Sector: Information Technology
Sub-Industry: Semiconductors

Based on S&P 1500 Indexes
Month-end Price Performance as of 10/31/11



Sub-Industry Sector S&P 1500

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	125,416	24.63	25.20/19.16	1.09	3.4	11	26.20	B+	98	26.8	4.0
Advanced Micro Dev	AMD	4,035	5.79	9.58/4.31	2.17	Nil	4	4.70	B-	78	7.3	68.3
Altera Corp	ALTR	11,943	37.22	49.59/30.39	1.16	0.9	14	33.60	B+	89	40.1	17.7
Atmel Corp	ATML	4,672	10.10	16.80/7.36	1.00	Nil	9	9.70	C	76	25.7	0.4
Fairchild Semiconductor Intl	FCS	1,799	14.23	21.02/10.25	2.45	Nil	11	13.90	C	82	9.6	21.2
Infineon Technologies ADR	IFNNY	9,748	8.97	11.89/6.63	NM	Nil	6	7.00	NR	2	9.4	9.1
Integrated Device Tech	IDTI	844	5.94	8.74/4.70	1.49	Nil	9	5.80	C	70	11.6	NA
LSI Corp	LSI	3,296	5.85	7.74/4.75	1.60	Nil	11	5.10	C	20	1.6	NA
STMicroelectronics N.V.	STM	6,416	7.25	13.53/5.61	1.79	4.5	7	7.10	NR	23	8.0	10.2
Xilinx Inc	XLNX	8,533	32.51	37.37/26.06	1.00	2.3	15	29.00	B	94	27.1	26.9

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.

Intel Corp**S&P Analyst Research Notes and other Company News****November 15, 2011**

02:50 pm ET ... S&P COMMENTS ON PROMINENT INVESTOR'S INTEREST IN IT STOCKS (IBM 189.24****): Warren Buffet's Berkshire Hathaway (BRK.B 76, Hold) made notable investments in IT bellwethers IBM, Intel (INTC 25, Hold), and Visa (V 96, Hold) in Q3. BRK.B also had a stake in MasterCard (MA 372, Hold), and thus BRK.B holds interests in 4 of the 12 largest U.S. tech companies by market cap. Interestingly, 3 of these companies are categorized within the GICS IT Services industry. All of them have global franchises and pay dividends, and the 3 IT Services companies have what we view as strong earnings visibility. Equity Strategy has an Overweight opinion on the sector. /S. Kessler

October 19, 2011

INTC posts \$0.65 vs. \$0.52 Q3 EPS on 29% revenue rise. S&P Capital IQ consensus forecast was \$0.61. Says its board of directors voted to increase co.'s buyback authorization by \$10.0B, raising the total unused balance to \$14.2B at the end of Q3.

October 19, 2011

01:55 pm ET ... INTEL CORPORATION (INTC 24.42) UP 1.02, INTEL (INTC) POSTS SOLID Q3. WELLS FARGO RAISES ESTS, TARGET; KEEPS OUTPERFORM... Analyst David Wong tells salesforce INTC reported \$14.2B Q3 revenue, above his \$14B forecast; \$0.65 EPS, which beat his \$0.62 est. Note gross margin rose 2.8 percentage points sequentially and is expected to rise further in the December quarter. Thinks INTC could emerge as one of best-performing chip companies in terms of sequential growth in September and December quarters. Raises \$2.43 '11 EPS estimate to \$2.48 from a prior \$2.43, \$2.784 '12 to \$2.80. Also raises \$26-\$32 valuation range to \$28-\$34. Says INTC remains his Top Pick. M.Morrow

October 19, 2011

08:30 am ET ... S&P KEEPS HOLD RECOMMENDATION ON SHARES OF INTEL CORP (INTC 23.4****): INTC posts Q3 EPS of \$0.65, vs. \$0.52, beating our \$0.63 estimate. Sales rose 9.2% from Q2, above our forecast, on healthy microprocessor shipments and stable pricing. Gross margins were near our view, and we see benefits from lower start-up costs and higher volume heading into next year. Despite what we see as soft consumer PC demand and our cautious stance on the potential success of Ultrabooks, enterprise orders as well as emerging markets remain strong. We up our '11 EPS estimate by \$0.04 to \$2.46, '12's by \$0.13 to \$2.50, and our P/E-based target price by \$1 to \$27. /A. Zino-CFA

October 6, 2011

Intel India has filled the vacant position of Askok Nair, with the appointment of Suresh Balasubramanian as the country manager, distribution, and local OEM. Balasubramanian, a national sales director at Cisco consumer products has joined Intel in September, 2011. Nair, who has now joined Lenovo, was the channel business manager, South Asia at Intel. He left Intel along with 6 other senior executives in the month of May, 2011. Suresh Balasubramanian will be based out of Delhi. He will be responsible for channel development and distribution business at Intel. Balasubramanian is having over 16 years of experience in developing and maintaining channel management and sales, direct sales, distribution and operations at all levels. Prior to Intel, he spent almost 3 years in Cisco Systems in the capacity of national sales director. Before Cisco, he was with Microsoft, as a license compliance manager for a year.

September 14, 2011

03:10 pm ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF INTEL CORP (INTC 21.35****): Intel plans to offer at least \$1.5B in senior unsecured notes maturing in 5, 10, and 30 years. The company plans to use the proceeds primarily to repurchase shares, but also for other corporate purposes. Although the terms of the debt have yet to be determined and depend on market conditions, we believe INTC will be able to take advantage of currently low rates. We like that Intel is attempting to return value to shareholders, but the bigger concern to us is that margins may contract in light of softening demand and recent capital expenditures. /C.Montevirgen

September 14, 2011

Intel Corporation has appointed Collin Tan to head Singapore business. He has been with the company since 2003 in sales roles and will now be responsible for growing Intel's business in Singapore.

July 27, 2011

The board of directors elected Andy Bryant as Vice Chairman of the board of the Intel Corporation, a new position, in preparation for him to be elected company's next chairman following the company's annual stockholders' meeting scheduled for May of 2012. He will serve alongside the current chairman, Jane Shaw, until she retires from the board next May. The board temporarily expanded from ten to twelve members with Bryant's election as vice chairman. Bryant, the former longstanding CFO of the company and now chief administrative officer. Andy Bryant is currently a member of the Board of McKesson, the leading healthcare distributor in the US, where he serves as Chair of the Finance Committee and a member of the Audit Committee.

July 22, 2011

David Thomas will return as director of strategic investments for Intel Corporation Latin America, after a hiatus of 18 months. The executive has worked at Intel Capital since 2000 and directed operations of Intel Capital Latin America between 2003 and 2009.

July 21, 2011

07:06 am ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF INTEL CORP (INTC 22.99****): Q2 EPS of \$0.54, vs. \$0.51, beats our \$0.50 estimate. Healthy microprocessor shipments, pricing, and wireless and software acquisitions led to better than expected sales. Although start-up and platform costs contributed to narrower gross and operating margins, lower than expected taxes helped results. We raise our revenue projection to reflect resilient microprocessor, notably Sandy Bridge, sales and up our '11 and '12 EPS forecasts by \$0.22 and \$0.11 to \$2.42 and \$2.37, respectively. However, with our view of lower margins and earnings next year, we keep our \$26 target price. /C.Montevirgen

July 21, 2011

INTC posts \$0.54 vs. \$0.51 Q2 EPS on 22% revenue rise. INTC reportedly trims its forecast for 2011 personal computer unit sales. S&P maintains hold. ...

June 16, 2011

UP 0.04 to 21.46... FBR Capital downgrades INTC to market perform from outperform.

June 16, 2011

08:43 am ET ... INTEL CORPORATION (INTC 21.42) UNCHANGED, FBR CAPITAL DOWNGRADES INTEL CORP. (INTC) TO MARKET PERFORM FROM OUTPERFORM... Analyst Craig Berger tells salesforce downgrades INTC, also upgrades AMD with a higher target given INTC shares have solidly outperformed the SOX index since reporting earnings, and in recognition that 20% share price upside should be more easily achieved owning AMD than INTC. Says he is not "negative" on INTC at current price, just wants to limit exposure to PC chip stocks, while recognizing potential for more earnings growth with AMD in 2011. Thinks INTC's Q2 is tracking solidly, but has concerns that co. could guide Q3 revenues below seasonal. S.Trombino

Intel Corp



Of the total 57 companies following INTC, 51 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	19	37	20	18
Buy/Hold	9	18	8	8
Hold	18	35	17	18
Weak Hold	4	8	4	3
Sell	1	2	1	1
No Opinion	0	0	0	0
Total	51	100	50	48



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2012	2.60	2.96	2.15	21	9.7
2011	2.48	2.88	1.19	25	10.2
2012 vs. 2011	▲5%	▲3%	▲81%	▼-16%	▼-5%
Q4'12	0.76	0.81	0.72	12	33.3
Q4'11	0.72	0.74	0.69	15	35.2
Q4'12 vs. Q4'11	▲6%	▲9%	▲4%	▼-20%	▼-5%

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 Street Consensus Opinion

BUY/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
 - BMO Capital Markets, U.S. Equity Research
 - Barclays Capital
 - BofA Merrill Lynch
 - CLSA Asia-Pacific Markets
 - Canaccord Genuity
 - Caris & Company
 - Citigroup Inc
 - Collins Stewart LLC
 - Cowen and Company, LLC
 - Credit Agricole Securities (USA) Inc.
 - Credit Suisse
 - Crowell, Weedon & Co.
 - Daiwa Securities Capital Markets Co. Ltd.
 - Daiwa Securities America Inc.
 - Davenport & Company
 - Deutsche Bank
 - FBR Capital Markets & Co.
 - First Global Stockbroking (P) Ltd.
 - Gabelli & Company, Inc.
 - Gleacher & Company, Inc.
 - Goldman Sachs
 - JMP Securities
 - JP Morgan
 - Jefferies & Company, Inc.
 - Jyske Bank A/S
 - Kaufman Bros., L.P.

Wall Street Consensus vs. Performance

For fiscal year 2011, analysts estimate that INTC will earn \$2.48. For the 3rd quarter of fiscal year 2011, INTC announced earnings per share of \$0.65, representing 26% of the total annual estimate. For fiscal year 2012, analysts estimate that INTC's earnings per share will grow by 5% to \$2.60.

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 encapsulate 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	27	40
Liquidity/Volatility Measures	15	20
Quantitative Measures	61	75
IQ Total	140	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; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

S&P Equity Research Services

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Intel Corp**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).

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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 September 30, 2011, research analysts at Standard & Poor's Equity Research Services North America recommended 42.2% of issuers with buy recommendations, 54.2% with hold recommendations and 3.6% with sell recommendations.

In Europe: As of September 30, 2011, research analysts at Standard & Poor's Equity Research Services Europe recommended 34.4% of issuers with buy recommendations, 49.4% with hold recommendations and 16.2% with sell recommendations.

In Asia: As of September 30, 2011, research analysts at Standard & Poor's Equity Research Services Asia recommended 48.4% of issuers with buy recommendations, 45.7% with hold recommendations and 5.9% with sell recommendations.

Globally: As of September 30, 2011, research analysts at Standard & Poor's Equity Research Services globally recommended 41.5% of issuers with buy recommendations, 52.6% with hold recommendations and 5.9% 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.

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S&P Global Quantitative Recommendations Distribution

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In Asia: As of September 30, 2011, Standard & Poor's Quantitative Services Asia recommended 48.4% of issuers with buy recommendations, 22.0% with hold recommendations and 30.0% with sell recommendations.

Globally: As of September 30, 2011, Standard & Poor's Quantitative Services globally recommended 45.0% of issuers with buy recommendations, 20.0% with hold recommendations and 34.0% with sell recommendations.

Additional information is available upon request.

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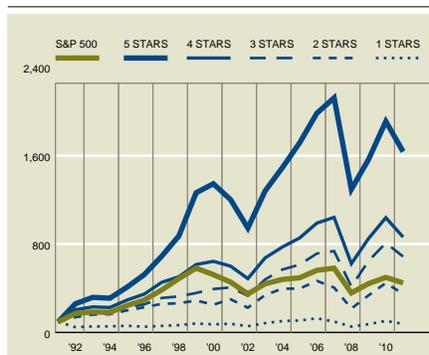
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U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of \$100
For the Period 12/31/1986 through 10/31/2011



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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