

ValuEngine Recommendation

SELL	Most Unfavorable
	Unfavorable
HOLD	Neutral
BUY	Favorable
	Most Favorable

Company Fundamentals

Last Trade	\$21.24
Trade Date	01/24/11
Market Cap(billion)	\$118.264
Trailing P/E	10.65
Forward P/E	11.02
PEG Ratio	n/a
P/S Ratio	2.77
M/B Ratio	2.74
Sharp Ratio	-0.00
5-Y Avg Ann Return	-0.01%
Volatility	27.77%
EPS Growth	-3.34%
Annual Dividend	\$0.63
Dividend Yield	2.97%
LT Debt/Equity	0.05
Beta	1.12

Recommendation Factors

	Value	Rank
Overall Rank		top 2%
Fair Value	\$23.04	top 25%
1Yr Target Price	\$22.53	top 12%
P/E Ratio	10.65	top 14%
Last 1-Y Return	9.99%	btm 40%
Market Cap(bil)	\$118.26	top 1%

Valuation Analysis

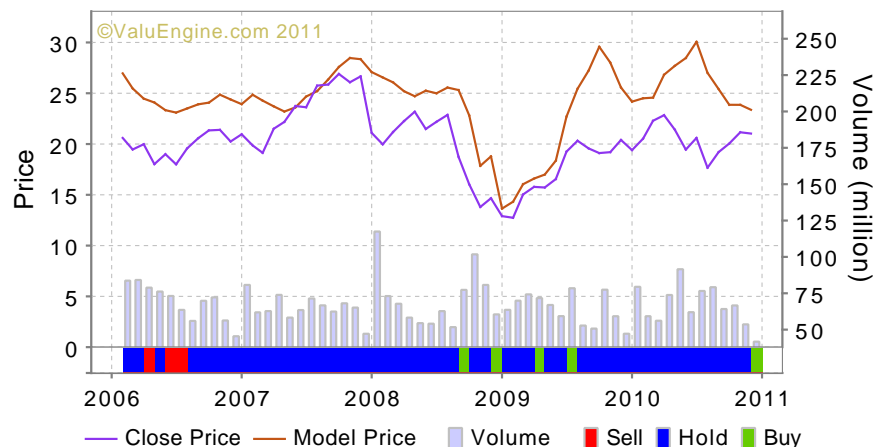
INTC	Today's Fair value: \$23.04 7.80% undervalued
Industry	10.06% overvalued
Sector	Computer And Technology

Forecast Analysis

	Target Price	Expected Return
1-Month	\$21.54	1.40%
3-Month	\$21.62	1.78%
6-Month	\$21.69	2.13%
1-Year	\$22.53	6.06%
2-Year	\$23.00	8.28%
3-Year	\$28.24	32.97%

Contact ValuEngine:

ValuEngine, Inc.
100 Overlook Center, 2nd Floor
Princeton, NJ 08540, U.S.A.
(800) 381-5576 (T)
support@ValuEngine.com
www.ValuEngine.com


VALUENGINE RECOMMENDATION

ValuEngine has issued a BUY recommendation for INTEL CORP on Jan 25, 2011. Based on the information we have gathered and our resulting research, we feel that INTEL CORP has the probability to OUTPERFORM average market performance for the next year. The company exhibits ATTRACTIVE company size, volatility and P/E ratio.

RATING OVERVIEW

The ValuEngine Rating is an overall assessment of a stock's attractiveness. It combines the following five factors:

1. Fair market valuation
2. 1 year forecasted returns
3. Price/Earnings ratio
4. Momentum
5. Market capitalization

Only two percent of the over 4,000 stocks that we cover receive the highest 5 rating. The ratings are the result of the cumulative of the above factors. As such, stocks with relatively poor results for any one of the five variables can still be attractive if the other four factors are strong enough. Top 5 rated stocks can be expected to outperform the overall market by 15% or more, with average annualized returns from Jan. 2000 through Jan. 2006 of over 30% per year.

FAIR MARKET VALUATION PRICE

Based on available data as of Jan 25, 2011, we believe that INTC should be trading at \$23.04. This makes INTC 7.80% undervalued. Fair Value indicates what we believe the stock should be trading at today if the stock market were perfectly efficient and everything traded at its true worth. For INTC, we base this on actual earnings per share (EPS) for the previous four quarters of \$1.99, forecasted EPS for the next four quarters of \$1.93, and correlations to the 30-year Treasury bond yield of 4.56%. There are an additional 10 firm specific and interest rate related parameters, each playing a role in the valuation analysis.

FORECASTED TARGET PRICES

The predictive variables used in Valuengine's forecast target price models include both proprietary and well-established forecasting variables derived from credible financial research studies and publications. Our forecasting models capture, among other things, several important tendencies that stock prices consistently exhibit: Short-term price reversals, Intermediate-term momentum continuation, and Long-term price reversals. We use a distinct forecasting model for each time horizon and for every industry. We then apply the most advanced statistical/econometric techniques to ensure that our stock return forecasts are as reliable as possible.

Company Analysis

Intel Corporation develops integrated digital technology products, primarily integrated circuits, for industries, such as computing and communications. The company also develops platforms, which define as integrated suites of digital computing technologies that are designed and configured to work together to provide an optimized user computing solution.

Products

The company's computing and communications components include microprocessors, chipsets, motherboards, and wireless and wired connectivity products, as well as platforms that incorporate these components.

Components

Microprocessors: The company offers microprocessors with one or multiple processor cores designed for notebooks, netbooks, desktops, servers, workstations, storage products, embedded applications, communications products, consumer electronics devices, and handhelds.

The company also offers System on Chip (SoC) products that integrate its core processing functionalities with other system components, such as graphics, audio, and video, onto a single chip to form a purpose-built solution.

Chipsets: The company offers chipsets designed for notebooks, netbooks, desktops, servers, workstations, storage products, embedded applications, communications products, consumer electronics devices, and handhelds. Chipsets extend the audio, video, and other capabilities of systems and perform essential logic functions, such as balancing the performance of the system and removing bottlenecks.

Motherboards: The company offers motherboard products designed for its desktop, server, and workstation platforms. A motherboard is the principal board within a system, and typically contains the microprocessor, chipset, memory, and other components. The motherboard also has connectors for attaching devices to the bus, which is the subsystem that transfers data between various components of a computer.

Wireless and Wired Connectivity: The company offers wireless and wired connectivity products, including network adapters and embedded wireless cards, based on industry-standard protocols used to translate and transmit data across networks. It also has developed wireless connectivity products for both mobile and fixed networks based on WiMAX, a standards-based wireless technology providing broadband connectivity that can link users and networks up to various miles apart.

Platforms

In developing its platforms, the company may include components made by other companies. The company refers to certain platform brands within its product offerings as processor technologies.

Microprocessor and Platform Technologies

The company offers technologies that can help information technology managers maintain, manage, and protect enabled systems that are plugged into a power source and connected to a network. Additional features can enable virtualization, in which a single computer system can function

as multiple virtual systems by running multiple operating systems and applications.

Additional Product Offerings

NAND flash memory is a specialized type of memory component primarily used in portable memory storage devices, digital camera memory cards, solid-state drives, and other devices.

Network processors are advanced, fully programmable processors used in networking equipment to manage and direct data moving across networks and the Internet.

Software products include operating systems, middleware, and tools used to develop, run, and manage various enterprise, consumer, embedded, and handheld devices. In addition, the company offers software development tools, designed to complement its hardware technologies that help enable the creation of applications.

Healthcare products are technology-enabled devices for healthcare providers and personal healthcare that are designed to connect people and information to improve patient care and safety.

Segments

The company's segments include the PC Client Group (PCCG), the Data Center Group (DCG), and the other Intel architecture (Other IA). Other IA includes the Embedded and Communications Group, the Digital Home Group, and the Ultra-Mobility Group segments.

PC Client Group

The PC Client Group (PCCG) offers microprocessors and related chipsets designed for the notebook, netbook, and desktop market segments. In addition, PCCG offers motherboards designed for the desktop market segment, and wireless connectivity products.

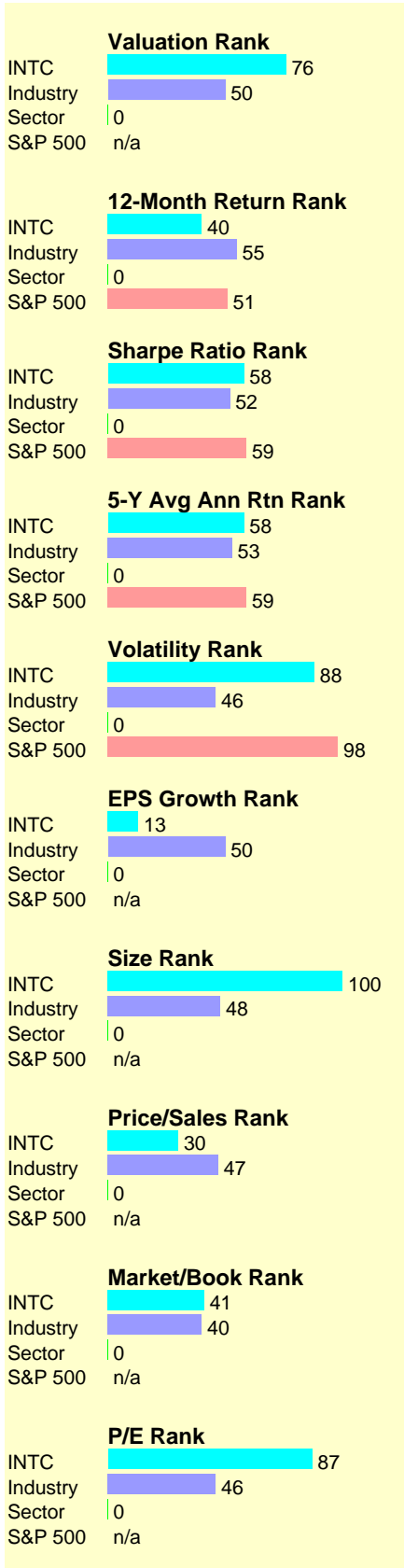
Notebooks and Netbooks

The company's notebook and netbook microprocessor offerings include Intel Core i7 processor Extreme Edition; Intel Core i7 mobile processor; Intel Core i5 mobile processor; Intel Core i3 mobile processor; Intel Core2 Extreme mobile processor; Intel Core2 Quad mobile processor; Intel Core2 Duo mobile processor; Intel Core2 Solo processor; Intel Celeron D processor; Intel Celeron M processor; Intel Celeron processor; and Intel Atom processor.

The company offers microprocessors for notebooks from the Intel Core i7 processor Extreme Edition—a quad-core processor based on its latest generation Intel Core microarchitecture designed for processor-intensive tasks in demanding multitasking environments—to the Intel Celeron processor. In addition, ... [more description](#).

ValuEngine Rankings

Just as important as the percentages shown for our ten predictive variables for each stock is the way they are ranked against the 7000 plus stocks in our database. Each of these quantitative measurements is ranked on a scale of 1 to 100. Generally the higher the ranking, the more positive the influence each measurement has on the overall attractiveness of the stock. In other words a high rank is always better. The below data points show how the rank for each data point for INTC relates to the overall industry, sector, and S&P 500 averages.



The ValuEngine Valuation Rank measures the relationship between a company's stock price and its Fair Value. The higher the Valuation rank, the more undervalued the stock. With a Valuation Rank of 76, INTC is moderately higher than the average of its industry group, which carries a Valuation Rank of 50.

The ValuEngine 12-Month Return Rank reflects the relative stock performance of a stock over the recent 12 months. On a scale of 1 to 100, a higher 12-Month Return rank indicates a stronger performance. With a 12-Month Return Rank of 40, INTC is slightly lower than the industry's rank score of 55.

The ValuEngine Sharpe Ratio Rank measures the risk return tradeoff offered by a stock. Sharpe ratio is the stock's average annual return (over the last five years) divided by its annualized volatility over the same 5 years. With a rank of 58, INTC is in line with the industry, which has a rank of 52.

The ValuEngine 5-Years Average Return Rank reflects a stock's average annual return over the last 5 years, in comparison with the coverage universe. A higher rank indicates a better return performance. With a rank of 58, INTC is in line with the industry, which has a rank of 53.

The ValuEngine Volatility Rank reflects the volatility associated with the stock. A higher Volatility Rank indicates a lower volatile percentile of stocks. INTC has a Volatility Rank of 88, which is significantly higher than the industry Rank of 46.

The ValuEngine EPS Growth Rank indicates a stock's expected EPS growth rate. A high rank indicates a high growth rate expectation. INTC has an EPS Growth Rank of 13. This is substantially lower than the industry rank of 50.

The ValuEngine Size rank signifies the company's size in terms of market capitalization. A higher. Higher rank denotes a larger market capitalization within ValuEngine's stock universe. With a Size rank of 100, INTC is significantly higher than the industry, which has a rank of 48.

The ValuEngine Price/Sales rank signifies the relative position of the company based on its P/S ratio. Stocks with the lowest P/S ratio are assigned a rank of 100 while stocks with the highest P/S ratio are ranked 1. At a Price/Sales rank of 30, INTC is slightly lower than the industry rank of 47.

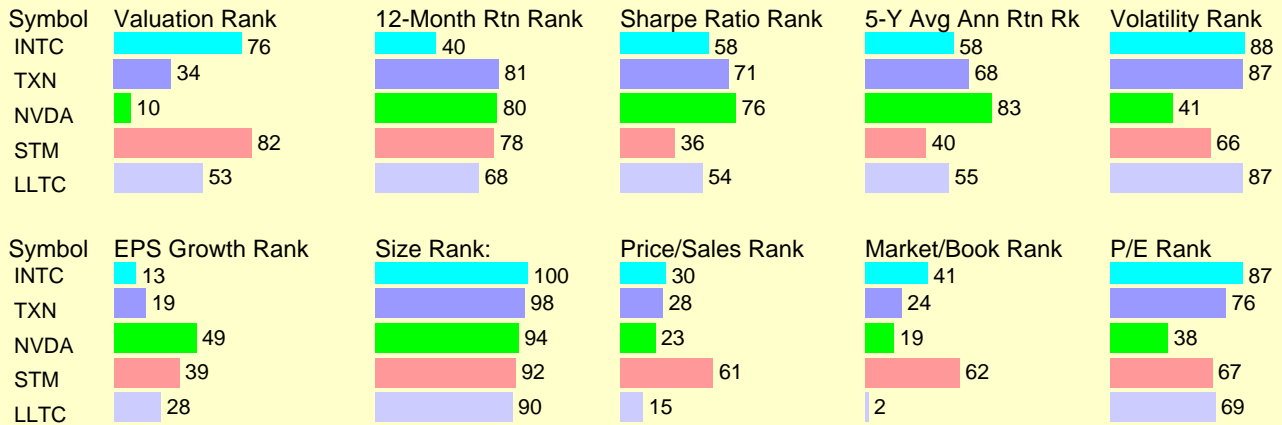
The Market/ Book Rank is a measure of a stock's market to book ratio relative to the stock universe. A higher rank corresponds to a lower market book value. INTC has a Market/Book rank of 41, which is in line with the industry rank of 40.

The ValuEngine P/E Rank signifies the relative standing of a company on its P/E ratio, relative to the universe. Stocks in the top P/E percentile are each assigned a rank of 1 (highest P/E stocks) while those in the bottom P/E percentile are assigned a rank of 100 (traditional value stocks). With a P/E rank of 87, INTC is significantly higher than the industry P/E rank of 46.

INTEL CORP(INTC)

Comparables and Financials

Comparing INTC to its Peers



Income Statement (millions)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Revenues	35127	37586	38334	35382	38826	34209	30141	26764	26539	33726
Gross Profit	19561	20844	19904	18567	23189	19908	17119	13579	13052	21076
Operation Income	8639	9664	8732	6207	12230	10292	8180	4790	2578	10504
Interest Expense	167	584	789	612	558	251	186	214	559	885
Net Income	4369	5292	6976	5044	8664	7516	5641	3117	1291	10535

Balance Sheet (millions)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Cash	13920	11843	15363	10002	12772	17172	16164	12587	11550	13823
Total Receivables	2273	1823	2576	2709	3914	2999	2960	2574	2607	4129
Current Assets	21157	19871	23885	18280	21194	24058	22882	18925	17633	21150
Total Assets	53095	50715	55651	48368	48314	48143	47143	44224	44395	47945
Current Liability	7591	7818	8571	8514	9234	8006	6879	6595	6570	8650
LT Debt	2058	1886	1980	1848	2106	703	936	929	1050	707
Total Liability	11391	11627	12889	11616	12132	9564	9297	8756	8565	10623
Common Equity	41704	39088	42762	36752	36182	38579	37846	35468	35830	37322
Total Equity	41704	39088	42762	36752	36182	38579	37846	35468	35830	37322

Cash Flow Statement (millions)

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Cash From	11170	10926	12625	10620	14823	13119	11515	9129	8654	12827
Cash From Invest	-7965	-5865	-9926	-4907	-6362	-5032	-7090	-5765	-195	-10035
Dividends Paid	-3108	-3100	-2618	-2320	-1958	-1022	-524	-533	-538	-470
Cash From	-2568	-9018	-1990	-6439	-9544	-7651	-3858	-3930	-3465	-3511
Net Change In	637	-3957	709	-726	-1083	436	567	-566	4994	-719

ValuEngine's research, led by Dr. Zhiwu Chen, professor of finance at Yale University's School of Management, combines the most advanced academic concepts with real world Wall Street practice. The result is state-of-the-art fair market valuation and price forecasting technologies.

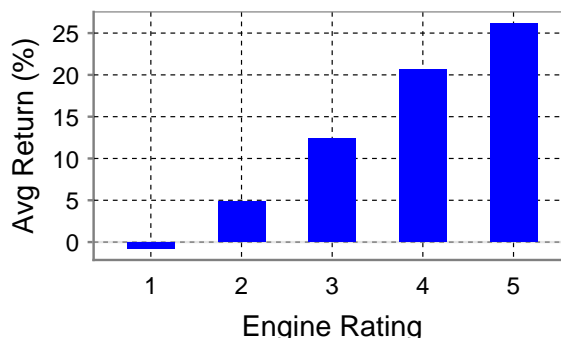
ValuEngine's stock valuation employs a sophisticated, three-factor approach. Fundamental variables, such as a company's trailing 12-month Earnings-Per-Share (EPS), the analyst consensus estimate of the company's future 12-month EPS, and the 30-year Treasury yield, are all used to create a more accurate reflection of a company's fair value. Together with eleven additional variables, ValuEngine paints a detailed picture of a company's fair value, represented by the model price.

ValuEngine's stock forecasts examine, among other things, short-term price reversals, intermediate-term momentum continuation, and long-term price reversals over six time horizons for every industry to ensure forecasts are established relative to a stock's proper peer groups. Advanced statistical/econometric techniques are used to run thousands of simulations estimating the probability of a double in stock price, as well as the probability of meeting and exceeding any given portfolio or stock investment target.

The stock's engine rating is an assessment of its overall attractiveness. It combines valuation, risk-return trade-off, momentum, market capitalization and forecasted future returns. Only two percent of the stock universe receives the highest 5-engine rating. The lowest rating is a single engine.

For more information on ValuEngine, its models and performance, go to www.ValuEngine.com

Engine Rating and Average Annual Return
(Jan 2001 - Dec 2010)



DISCLOSURES

ValuEngine offers equity recommendations and related return estimates to investors and their advisors. It uses a three-class Buy-Hold-Sell rating system. This is a consolidated version of the firm's five class rating system: most favorable and favorable ratings are buys; neutral ratings are holds and the categories unfavorable and most unfavorable are sells.

STOCK RATINGS: The terms below are used to rate a stock's 12-month performance:

1. Buy: Expected to outperform the SP500 producing above average returns.
2. Hold: Expected to perform in line with the SP500 with average returns.
3. Sell: Expected to underperform the SP500 producing below-average returns.

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Below is a brief description of some of our additional products and services

ValuEngine Premium Web Site Stock Analysis Service:

A subscription to our website allows access to ValuEngine's proprietary real-time quantitative analysis tools for more than 5,500 U.S., foreign, and ADR stocks which trade on U.S. Markets. You can sign up for a free 14 day no-risk trial period: <http://www.valuengine.com/pub/main?p=33>

The ValuEngine Weekly Newsletter:

The ValuEngine Weekly Newsletter features market research, analysis, and commentary from ValuEngine Chief Market Strategist Richard Suttmeier and Senior Analyst Steve Hach. The Weekly includes quantitative market and sector overviews of the entire ValuEngine U.S. stock universe as well as VE data points for hot stocks and industries. Chief Market Strategist Suttmeier provides technical levels for key commodities, indices, and U.S. Treasuries. The ValuEngine Weekly Newsletter also includes tips and tricks for getting the most out of VE's quant-based investment tools. To receive this free newsletter every Friday, sign up here: <http://www.valuengine.com/nl/WeeklyNewsletter>

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ValuEngine Institutional (VEI):

VEI is a software package designed to meet the demanding requirements of Finance Professionals. VEI deploys the power of ValuEngine's quant-based valuation, forecast, portfolio creation/optimization, customization, and database capabilities to your desktop. The software provides access to our proprietary market neutral portfolio strategies and the ability to extract the entire universe database of ValuEngine model outputs each day. Full access to more than 4,000 individual stock reports--like this one--is included with every VEI subscription. VEI provides the finance professional with a fast, objective, accurate, and consistent computerized research department whenever and wherever needed.

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