



# Stock Selection Guide<sup>®</sup>

The most widely used aid to good investment judgment

Company INTEL CORPORATION Date 10/08/04

Prepared by MG Data taken from NAIC Data

Where traded NASDAQ Major product/service Semiconduct

CAPITALIZATION --- Outstanding Amounts Reference

Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	6,415.0	7.0	55.4
Debt (\$M)	1,114.0	% to Tot.Cap.	2.9 % Potential Dil. None

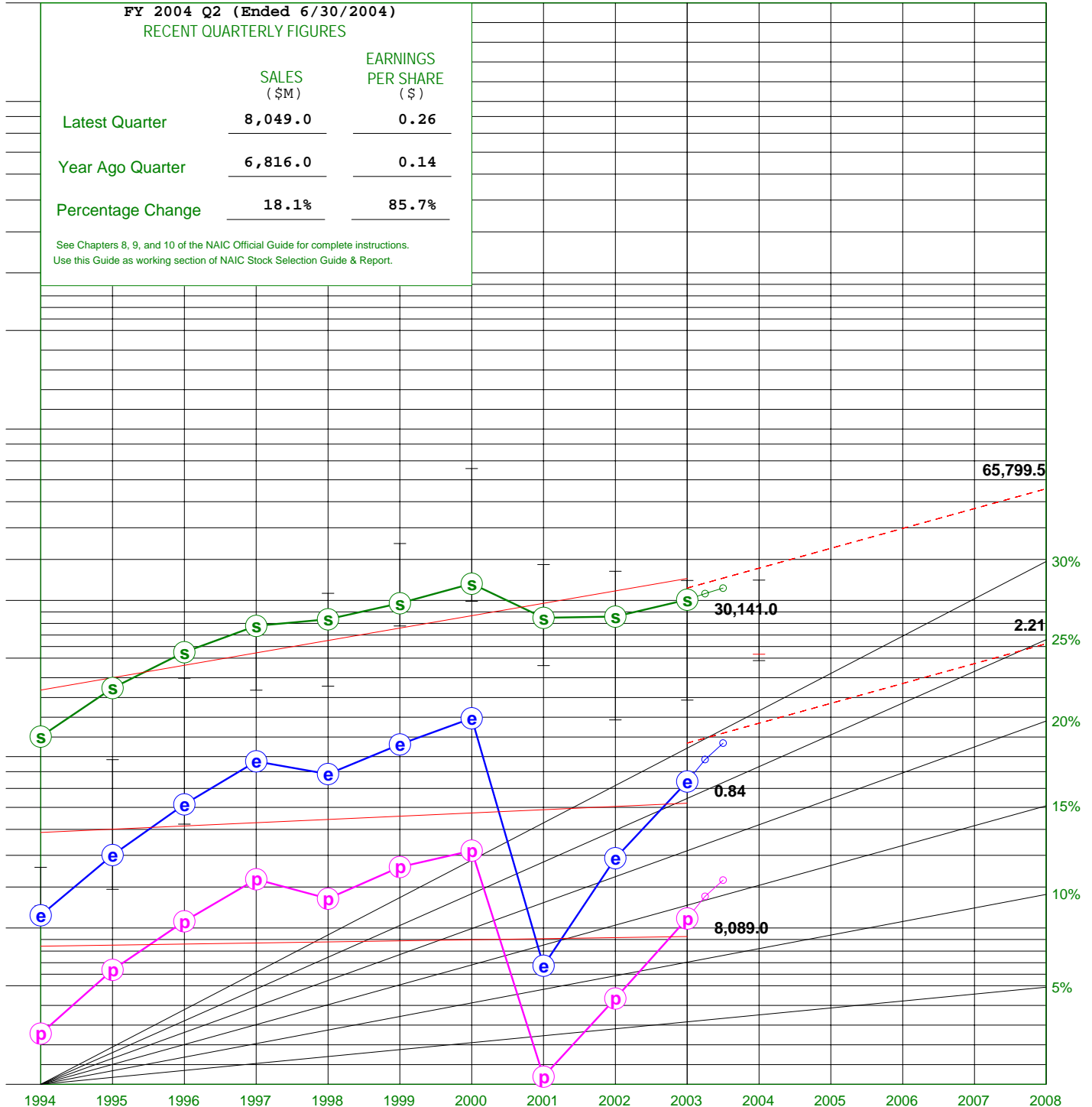
## 1 VISUAL ANALYSIS of Sales, Earnings and Price

INTC

FY 2004 Q2 (Ended 6/30/2004)  
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	8,049.0	0.26
Year Ago Quarter	6,816.0	0.14
Percentage Change	18.1%	85.7%

See Chapters 8, 9, and 10 of the NAIC Official Guide for complete instructions.  
Use this Guide as working section of NAIC Stock Selection Guide & Report.



- (1) Historical Sales Growth 9.1 %
- (2) Estimated Future Sales Growth 15.0 %
- (3) Historical Earnings Per Share Growth 2.3 %
- (4) Estimated Future Earnings Per Share Growth 15.0 %

## 2 EVALUATING MANAGEMENT

Company **INTEL CORPORATION**

(INTC)

10/08/04

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
<b>A</b> % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	31.3	34.8	38.1	42.5	35.4	39.5	38.6	10.0	17.2	26.8	26.5	EVEN	
<b>B</b> % Earned on Equity (E/S ÷ Book Value)	23.4	27.1	27.4	29.5	24.9	22.2	23.6	4.3	9.1	14.4	14.7	EVEN	

## 3 PRICE-EARNINGS HISTORY as an indicator of the future

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

		PRESENT PRICE		20.550	HIGH THIS YEAR		34.600	LOW THIS YEAR		19.640	
Year	A	PRICE B		C Earnings Per Share	D Price Earnings Ratio E		F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100		
		HIGH	LOW		HIGH A ÷ C	LOW B ÷ C					
1	1999	44.8	25.1	1.09	41.1	23.0	0.055	5.0	0.2		
2	2000	75.8	29.8	1.31	57.9	22.8	0.070	5.3	0.2		
3	2001	38.6	19.0	0.23	<del>167.8</del>	<del>82.4</del>	0.080	34.8	0.4		
4	2002	36.8	13.0	0.49	<del>75.1</del>	<del>26.4</del>	0.080	16.3	0.6		
5	2003	34.5	14.9	0.84	41.1	17.7	0.080	9.5	0.5		
6	TOTAL		101.7		140.1	63.5		70.9			
7	AVERAGE		20.3		46.7	21.2		14.2			
8	AVERAGE PRICE EARNINGS RATIO				34.0	9	CURRENT PRICE EARNINGS RATIO				18.7

## 4 EVALUATING RISK AND REWARD over the next 5 years

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

### A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~46.7~~ **24.0** X Estimate High Earnings/Share **2.21** = Forecast High Price \$ **53.0** (4A1)

### B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~21.2~~ **12.3** X Estimated Low Earnings/Share ~~0.84~~ **1.10** = \$ **13.5** (3E7 as adj.)

(b) Avg. Low Price of Last 5 Years = **20.3** (3B7)

(c) Recent Severe Market Low Price = **13.0**

(d) Price Dividend Will Support  $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{0.160}{0.006} = 25.9$

Selected Estimate Low Price = \$ **13.5** (4B1)

### C ZONING

**53.0** (4A1) High Forecast Price Minus **13.5** (4B1) Low Forecast Price Equals **39.5** (C) Range. 1/3 of Range = **9.9** (4CD)

(4C2) Lower 1/3 = **13.5** (4B1) to **23.4** (Buy) Note: Ranges changed to 25%/50%/25%

(4C3) Middle 1/3 = **23.4** to **43.1** (Maybe)

(4C4) Upper 1/3 = **43.1** to **53.0** (4A1) (Sell)

Present Market Price of **20.550** is in the **Buy** (4C5) Range

### D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) **53.0** Minus Present Price **20.550** = **32.5** = **4.6** To 1 (4D)

Present Price **20.550** Minus Low Price (4B1) **13.5** = **7.0**

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

High Price (4A1) **53.0** = ( **2.579** ) X 100 = ( **257.9** ) - 100 = **157.9** % Appreciation (4E)

Present Market Price **20.550**

Relative Value: 55.0% Proj. Relative Value: 47.8%

## 5 5-YEAR POTENTIAL

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

Note: Results are expressed as a simple rate; use the table below to convert to a compound rate.

**A** Present Full Year's Dividend \$ **0.160**  
Present Price of Stock \$ **20.550** = **0.008** X 100 = **0.8** (5A) Present Yield or % Returned on Purchase Price

### B AVERAGE YIELD OVER NEXT 5 YEARS

Avg. Earnings Per Share Next 5 Years **1.67** X Avg. % Payout (3G7) **14.2** = **23.7** = **1.2** % (5B)

Present Price \$ **20.550**

### C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential (4E)		P.A.R.	Tot. Ret.
5	<b>157.9</b>	<b>31.6</b> %	<b>0.8%</b>	<b>0.6%</b>
Average Yield (5B)		<b>1.2</b> %	<b>14.3%</b>	<b>20.9%</b>
Average Total Annual Return Over the Next 5 Years (5C)		<b>32.8</b> %	<b>15.1%</b>	<b>21.5%</b>

# PERT Worksheet-A

Company INTEL CORPORATION (INTC)

QUARTERLY DATA									LAST 12 MONTHS DATA								
PERIOD	EPS		PRE-TAX PROFIT			SALES		INCOME TAX RATE	EPS \$	PRE-TAX PROFIT		SALES MIL	INCOME TAX		% CHANGE		
	\$	% CHANGE	\$ MIL	% SALES	% CHANGE	\$ MIL	% CHANGE			\$ MIL	% SALES		\$ MIL	% RATE	EPS	PRE-TAX PROFIT	SALES
03/98								33.1						34.4			
06/98								33.1						33.9			
09/98	0.22		2,342.00	34.8		6,731.00		33.0						33.5			
12/98	0.30		3,120.00	41.0		7,614.00		33.0						33.0			
03/99	0.29		2,984.00	42.0		7,103.00		33.6						33.2			
06/99	0.26		2,610.00	38.7		6,746.00		32.7	1.06	11,056.00	39.2	28,194.0	3,654.8	33.1			
09/99	0.24	7.1	2,705.00	36.9	15.5	7,328.00	8.9	38.4	1.08	11,419.00	39.7	28,791.0	3,928.7	34.4			
12/99	0.31	4.4	3,321.00	40.4	6.4	8,212.00	7.9	35.0	1.09	11,620.00	39.5	29,389.0	4,054.7	34.9			
03/00	0.40	38.6	3,256.00	40.7	9.1	7,993.00	12.5	15.2	1.20	11,892.00	39.3	30,279.0	3,602.2	30.3			
06/00	0.26	0.0	2,670.00	32.2	2.3	8,300.00	23.0	33.1	1.20	11,952.00	37.5	31,833.0	3,633.1	30.4	13.1	8.1	12.9
09/00	0.36	50.0	3,831.00	43.9	41.6	8,731.00	19.1	34.2	1.32	13,078.00	39.3	33,236.0	3,836.9	29.3	22.6	14.5	15.4
12/00	0.31	0.0	3,276.00	37.6	-1.4	8,702.00	6.0	34.3	1.32	13,033.00	38.6	33,726.0	3,803.8	29.2	21.1	12.2	14.8
03/01	0.09	-77.2	1,069.00	16.0	-67.2	6,677.00	-16.5	41.9	1.02	10,846.00	33.5	32,410.0	3,891.2	35.9	-15.4	-8.8	7.0
06/01	0.04	-84.3	469.00	7.4	-82.4	6,334.00	-23.7	41.2	0.80	8,645.00	28.4	30,444.0	3,277.8	37.9	-33.3	-27.7	-4.4
09/01	0.02	-94.4	137.00	2.1	-96.4	6,545.00	-25.0	-0.4	0.46	4,951.00	17.5	28,258.0	1,449.8	29.3	-65.2	-62.1	-15.0
12/01	0.08	-74.2	987.00	14.1	-69.9	6,983.00	-19.8	44.5	0.23	2,662.00	10.0	26,539.0	846.9	31.8	-82.6	-79.6	-21.3
03/02	0.15	66.7	1,472.00	21.7	37.7	6,781.00	1.6	30.1	0.29	3,065.00	11.5	26,643.0	884.4	28.9	-71.4	-71.7	-17.8
06/02	0.08	100.0	855.00	13.5	82.3	6,319.00	-0.2	36.3	0.33	3,451.00	13.0	26,628.0	953.5	27.6	-58.7	-60.1	-12.5
09/02	0.10	400.0	923.00	14.2	573.7	6,504.00	-0.6	27.3	0.41	4,237.00	15.9	26,587.0	1,463.7	34.5	-10.9	-14.4	-5.9
12/02	0.16	100.0	1,362.00	19.0	38.0	7,160.00	2.5	21.8	0.49	4,612.00	17.2	26,764.0	1,331.4	28.9	113.0	73.3	0.8
03/03	0.14	-6.7	1,338.00	19.8	-9.1	6,751.00	-0.4	30.8	0.48	4,478.00	16.8	26,734.0	1,301.2	29.1	65.5	46.1	0.3
06/03	0.14	75.0	1,280.00	18.8	49.7	6,816.00	7.9	28.0	0.54	4,903.00	18.0	27,231.0	1,322.7	27.0	63.6	42.1	2.3
09/03	0.23	130.0	2,280.00	29.1	147.0	7,833.00	20.4	33.2	0.67	6,260.00	21.9	28,560.0	1,781.0	28.4	63.4	47.7	7.4
12/03	0.33	106.3	3,191.00	36.5	134.3	8,741.00	22.1	31.0	0.84	8,089.00	26.8	30,141.0	2,488.3	30.8	71.4	75.4	12.6
03/04	0.28	100.0	2,706.00	33.4	102.2	8,091.00	19.8	31.5	0.98	9,457.00	30.0	31,481.0	2,923.9	30.9	104.2	111.2	17.8
06/04	0.26	85.7	2,420.00	30.1	89.1	8,049.00	18.1	29.5	1.10	10,597.00	32.4	32,714.0	3,316.4	31.3	103.7	116.1	20.1
09/04								25.9						29.5			
12/04								25.9						28.2			

A B C D E F G H I J K L M N O P Q R S T

Trailing 4 quarters

# PERT Worksheet-A Graph

Company INTEL CORPORATION (INTC)

