



Stock Selection Guide®

The most widely used aid to good investment judgment

Company	INTEL CORPORATION			Date	06/30/06	
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)		5,808.0		7.0	61.2	
Debt (\$M)	2,264.0	% to Tot.Cap.	6.0	% Potential Dil.	None	

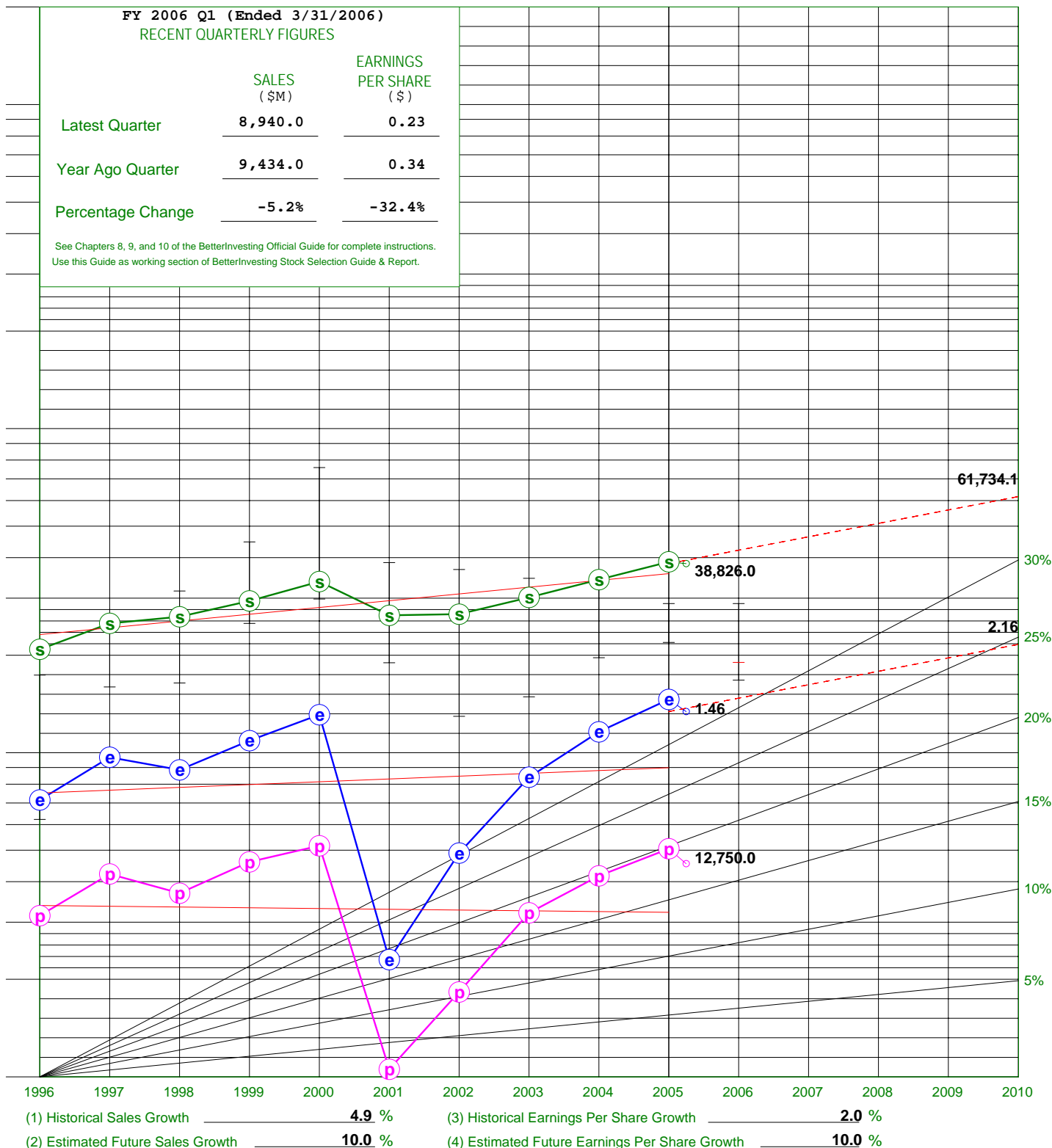
1 VISUAL ANALYSIS of Sales, Earnings and Price

INTC

FY 2006 Q1 (Ended 3/31/2006)
RECENT QUARTERLY FIGURES

	SALES (\$M)	EARNINGS PER SHARE (\$)
Latest Quarter	8,940.0	0.23
Year Ago Quarter	9,434.0	0.34
Percentage Change	-5.2%	-32.4%

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



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	LAST 5 YEAR AVG.	TREND	
												UP	DOWN
A % Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	38.1	42.5	35.4	39.5	38.6	10.0	17.2	26.8	30.7	32.8	23.5	UP	
B % Earned on Equity (E/S ÷ Book Value)	27.4	29.5	24.9	22.2	23.6	4.3	9.1	14.4	18.8	23.9	14.1	UP	

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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		19.000	HIGH THIS YEAR		28.840	LOW THIS YEAR		16.750	
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		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	2001	38.6	19.0	0.23	167.8	82.6	0.080	34.8	0.4		
2	2002	36.8	13.0	0.49	75.1	26.5	0.080	16.3	0.6		
3	2003	34.5	14.9	0.84	41.1	17.7	0.080	9.5	0.5		
4	2004	34.6	19.6	1.16	29.8	16.9	0.160	13.8	0.8		
5	2005	28.8	21.9	1.46	19.7	15.0	0.320	21.9	1.5		
6	TOTAL		88.4		90.6	49.6		96.3			
7	AVERAGE		17.7		30.2	16.5		19.3			
8	AVERAGE PRICE EARNINGS RATIO				23.4	9	CURRENT PRICE EARNINGS RATIO				14.2

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Proj. P/E [12.89] Based on Next 4 qtr. EPS [1.47] Current P/E Based on Last 4 qtr. EPS [1.34] PEG=129

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 ~~30.2~~ 20.0 X Estimate High Earnings/Share 2.16 = Forecast High Price \$ 43.2
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~16.5~~ 15.0 X Estimated Low Earnings/Share ~~1.46~~ 1.34 = \$ 20.1
(3E7 as adj.)
(b) Avg. Low Price of Last 5 Years = 17.7
(3B7)
(c) Recent Severe Market Low Price = 16.8
(d) Price Dividend Will Support Present Divd. = 0.400 = 27.4
High Yield (H) 0.015
Selected Estimate Low Price = \$ 16.8
(4B1)

C ZONING

~~43.2~~ High Forecast Price Minus ~~16.8~~ Low Forecast Price Equals ~~26.5~~ Range. 1/3 of Range = ~~6.6~~
(4A1) (4B1) (C) (4CD)
(4C2) Lower 1/3 = (4B1) 16.8 to 23.4 (Buy) Note: Ranges changed to 25%/50%/25%
(4C3) Middle 1/3 = 23.4 to 36.6 (Maybe)
(4C4) Upper 1/3 = 36.6 to 43.2 (4A1) (Sell)

Present Market Price of 19.000 is in the Buy Range
(4C5)

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

High Price (4A1) 43.2 Minus Present Price 19.000
Present Price 19.000 Minus Low Price (4B1) 16.8 = 24.2 = 10.8 To 1
2.3 (4D)

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

High Price (4A1) 43.2
Present Market Price 19.000 = (2.274) X 100 = (227.4) - 100 = 127.4 % Appreciation
(4E)

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5-YEAR POTENTIAL

Relative Value: 60.7% Proj. Relative Value: 55.1%

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.

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A Present Full Year's Dividend \$		0.400							
Present Price of Stock		\$	19.000	=	0.021	X 100 =	2.1	Present Yield or % Returned on Purchase Price	
							(5A)		
B AVERAGE YIELD OVER NEXT 5 YEARS									
Avg. Earnings Per Share Next 5 Years		1.78		X Avg. % Payout	(3G7)	19.3	=	34.4	= 1.8 %
								(5B)	
C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS									
5 Year Appreciation Potential		(4E)	127.4			Present Price \$		19.000	
		5						P.A.R.	Tot. Ret.
Average Yield		(5B)		25.5	%	Average Yield		1.1%	1.0%
Average Total Annual Return Over the Next 5 Years		(5C)		1.8	%	Annual Appreciation		14.7%	17.9%
				27.3	%	% Compd Ann Rate of Ret		15.9%	18.8%

INTEL NDQ-INTC				RECENT PRICE	19.48	P/E RATIO	17.5	(Trailing: 13.9 Median: 26.0)	RELATIVE P/E RATIO	0.91	DIV'D YLD	2.1%	VALUE LINE							
TIMELINESS	4	Lowered 3/10/06	High: 9.8	17.7	25.5	31.5	44.8	75.8	38.6	36.8	34.5	34.6	28.8	26.6	Target Price Range	2009	2010	2011		
SAFETY	3	New 7/27/90	Low: 3.9	6.2	15.7	16.4	25.1	29.8	19.0	13.0	14.9	19.6	21.9	19.3						
TECHNICAL	4	Raised 4/14/06	LEGENDS 13.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 6/93 2-for-1 split 6/95 2-for-1 split 7/97 2-for-1 split 4/99 2-for-1 split 7/00 Options: Yes Shaded area indicates recession																	
BETA	1.35	(1.00 = Market)																		
2009-11 PROJECTIONS			Ann'l Total																	
Price	Gain	Ann'l Total																		
High	50	(+155%)																		
Low	35	(+80%)																		
Insider Decisions			M J J A S O N D J																	
to Buy	0	0	1	0	0	0	0	1	2											
Options	0	0	5	0	0	0	0	0	2											
to Sell	2	0	5	0	0	0	0	0	4											
Institutional Decisions			202005 302005 402005																	
to Buy	577	611	612																	
to Sell	679	652	678																	
Hld's(000)	351763534310213364637																			
Percent shares traded			36 24 12																	
															% TOT. RETURN 3/06					
															THIS STOCK			VL ARITH. INDEX		
															1 yr. -15.0			20.7		
															3 yr. 22.8			114.0		
															5 yr. -23.5			88.6		
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11	
.61	.73	.87	1.31	1.74	2.47	3.17	3.85	3.96	4.41	5.02	3.97	4.07	4.65	5.47	6.55	6.50	7.20	Sales per sh	9.25	
.15	.19	.24	.45	.54	.74	1.07	1.40	1.36	1.68	2.07	1.16	1.24	1.59	1.94	2.20	2.00	2.30	"Cash Flow" per sh	3.25	
.10	.12	.16	.32	.37	.49	.73	.97	.89	1.17	1.53	.53	.51	.86	1.16	1.40	1.15	1.35	Earnings per sh ^A	2.10	
--	--	.00	.01	.01	.02	.02	.03	.03	.05	.07	.08	.08	.08	.16	.32	.40	.40	Div'ds Decl'd per sh ^B	.50	
.11	.15	.18	.29	.37	.54	.46	.69	.54	.51	.99	1.09	.72	.56	.61	1.00	1.15	1.20	Cap'l Spending per sh	1.40	
.56	.68	.81	1.12	1.40	1.85	2.57	2.96	3.53	4.88	5.55	5.36	5.40	5.83	6.17	6.10	6.30	6.75	Book Value per sh	9.50	
6388.8	6525.5	6697.3	6688.0	6608.0	6568.0	6568.0	6512.0	6630.0	6668.0	6721.0	6690.0	6570.0	6487.0	6253.0	5919.0	5950.0	5900.0	Common Shs Outst'g ^C	5850.0	
12.3	12.2	12.3	11.3	10.7	13.9	14.2	20.6	24.3	29.5	36.1	55.0	45.8	27.5	22.1	17.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0	
.91	.78	.75	.67	.70	.93	.89	1.19	1.26	1.68	2.35	2.82	2.50	1.57	1.17	.95			Relative P/E Ratio	1.35	
--	--	.2%	.3%	.4%	.3%	.2%	.1%	.1%	.1%	.1%	.3%	.3%	.3%	.6%	1.3%			Avg Ann'l Div'd Yield	1.2%	
CAPITAL STRUCTURE as of 12/31/05						20847	25070	26273	29389	33726	26539	26764	30141	34209	38826	38600	42500	Sales (\$mill)	54000	
Total Debt \$2419 mill. Due in 5 Yrs \$1310 mill.						45.3%	48.2%	43.2%	46.8%	45.2%	33.6%	36.0%	43.5%	43.6%	42.3%	40.0%	41.0%	Operating Margin	46.0%	
LT Debt \$2106 mill. LT Interest \$125 mill. (6% of Cap'l)						1888.0	2192.0	2807.0	3186.0	3249.0	4131.0	4676.0	4651.0	4590.0	4345.0	4700	5000	Depreciation (\$mill) ^D	5900	
Leases, Uncapitalized Annual rentals \$124.0 mill.						5157.0	6945.0	6178.0	8044.0	10669	3631.0	3457.0	5641.0	7516.0	8675.7	7265	8525	Net Profit (\$mill)	13225	
Pension Assets-12/04 \$279 mill. Oblig. \$369 mill.						35.0%	34.8%	33.6%	34.3%	30.2%	37.2%	25.9%	24.2%	27.8%	31.3%	32.0%	31.0%	Income Tax Rate	31.0%	
Pfd Stock None						24.7%	27.7%	23.5%	27.4%	31.6%	13.7%	12.9%	18.7%	22.0%	22.3%	18.8%	20.1%	Net Profit Margin	24.5%	
Com. Stock 5,919,000,000 shs.						8821.0	9847.0	7671.0	10720	12500	11063	12330	16003	16052	11960	10900	8205	Working Cap'l (\$mill)	9225	
MARKET CAP: \$115 billion (Large Cap)						728.0	448.0	702.0	955.0	707.0	1050.0	929.0	936.0	703.0	2105	2000	2000	Long-Term Debt (\$mill)	2000	
CURRENT POSITION						16872	19295	32377	32535	37322	35830	35468	37846	38579	36180	37430	43995	43995	Shr. Equity (\$mill)	56605
2003						29.4%	35.2%	25.7%	24.1%	28.1%	9.9%	9.6%	14.6%	19.2%	22.7%	18.5%	22.0%	Return on Total Cap'l	23.0%	
2004						30.6%	36.0%	26.4%	24.7%	28.6%	10.1%	9.7%	14.9%	19.5%	24.0%	19.5%	23.0%	Return on Shr. Equity	24.0%	
2005						29.7%	35.1%	25.5%	23.6%	27.3%	8.6%	8.2%	13.5%	16.8%	18.5%	12.5%	17.0%	Retained to Com Eq	18.0%	
2006						3%	3%	4%	5%	4%	15%	15%	9%	14%	23%	35%	25%	All Div'ds to Net Prof	24%	
2007						16164	17172	12772												
Cash Assets						2960	2999	3914												
Receivables						2519	2621	3126												
Inventory (FIFO)						1239	1540	1382												
Other						22882	24332	21194												
Current Assets						1660	1943	2249												
Accts Payable						305	201	313												
Debt Due						4914	5862	6672												
Other						6879	8006	9234												
Current Liab.																				
ANNUAL RATES						Past 10 Yrs	Past 5 Yrs	Est'd '02-'04												
of change (per sh)						13.5%	3.0%	10.0%												
Sales						14.5%	1.5%	11.0%												
"Cash Flow"						11.5%	-3.5%	14.0%												
Earnings						26.5%	25.5%	24.5%												
Dividends						18.0%	9.0%	7.5%												
Book Value																				
Cal-endar	QUARTERLY SALES (\$mill.)				Full Year															
Mar.31	Jun.30	Sep.30	Dec.31																	
2003	6751	6816	7833	8741	30141															
2004	8091	8049	8471	9598	34209															
2005	9434	9231	9960	10201	38826															
2006	8900	9000	10000	10700	38600															
2007	9800	10000	11000	11700	42500															
Cal-endar	EARNINGS PER SHARE ^A				Full Year															
Mar.31	Jun.30	Sep.30	Dec.31																	
2003	.14	.14	.25	.33	.86															
2004	.26	.27	.30	.33	1.16															
2005	.35	.33	.32	.40	1.40															
2006	.22	.23	.26	.44	1.15															
2007	.27	.28	.31	.49	1.35															
Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year															
Mar.31	Jun.30	Sep.30	Dec.31																	
2002	.02	.02	.02	.02	.08															
2003	.02	.02	.02	.02	.08															
2004	.04	.04	.04	.04	.16															
2005	.08	.08	.08	.08	.32															
2006	.10																			

BUSINESS: Intel Corporation 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 81% of '04 sales. R&D: 14.0% of sales. '04 depreciation rate: 11.5%. Has about 85,000 employees; 230,000 shareholders. Officers/directors own 3.5% of stock (3/06 proxy). Chairman: Craig Barrett. Pres. and CEO: Paul Otellini. In-corp.: Delaware. Address: 2200 Mission College Blvd., Santa Clara, CA 95052-8119. Telephone: 408-765-8080. Web: www.intc.com.

We have lowered Intel stock's Timeliness rank by 2 notches since our January review. Thus, these shares are now ranked to be market laggards in the year ahead. In early March, management announced that first-quarter revenues would be in a range of \$8.7 billion–\$9.1 billion, compared to its prior guidance of \$9.1 billion–\$9.7 billion. We attribute the revenue reduction to lackluster end demand and market-share losses to arch rival Advanced Micro Devices. INTC shares have fallen in price by about 25% over the past three months.

We don't look for comparisons to be favorable until the December quarter. It will likely take Intel a couple of quarters to iron out its short-term difficulties. It appears that AMD has been taking market share away from the company in the business computing (server) market, as its product (*Opteron*) has registered strong demand in that arena compared to Intel's *Itanium* brand. What's more, we look for industrywide sales growth of personal computers to slow from 15.5% in 2005, to about 10% this year. Nevertheless, Intel has encountered problems such

as this before, where AMD appeared to have gained the upper hand with superior products and/or service. Nevertheless, most times, Intel has battled back and fared very well against its arch rival. We see no reason why this time should be any different. Intel has a stellar balance sheet with strong cash flow and little debt. Its capital spending budget of about \$6.9 billion this year will likely result in a strong new product pipeline across many different segments, which should help it regain lost market share. Not only that, the company is ramping up 65-nanometer microprocessor production, which will result in cost savings and increased yields.

Intel's 3- to 5-year earnings prospects are still strong, in our opinion. Likely avenues for growth over that timeframe include Intel's *Hermon* processor, which will be used in next-generation Blackberry devices. Too, the Digital Home segment should receive a boost from strong demand for digital televisions and digital media recorders in the years ahead. **These shares offer solid recovery potential for the 3- to 5-year pull.**

Alan G. House
April 14, 2006

PERT Worksheet-A Graph

Company INTEL CORPORATION (INTC)

