DIAWONDS

INTEL Corp., a US company with global presence, designs and manufactures microprocessors and chipsets used in a wide range of computing applications. It has four main operating segments: "PC Client Group" (62.7% of revenues) - manufacturing of microprocessors, chipsets, motherboards for notebooks, netbooks and desktops; "Data Center Group" (21.3%) – manufacturing of microprocessors, chipsets, motherboards for servers, workstations, and storage platforms; "Other Intel architecture"(7.8%); "Software and services" and other (8.2%). Total revenues and income for FY2013 were respectively $52.7 B and $9.6 B. It has roughly $58.3 B of total equity and $126 B in market capitalization. It employs just over 100,000 employees. Indebtedness is relatively contained (d/e 0.23) and the Zscore value is good (4.35). The dividend yield (ttm dividends over current price) is around 3.3%. In a DCF model, with $9.7 B of FCF (FY2013) as a starting point, given an estimated long term growth rate for the FCF of 2.8%† per year. Taking into account a total estimated value of operating leases, stock options, unfunded retirements and post retirement obligations equal to roughly $3.7 B, and applying an estimated WACC value of 11.5%, it is possible to infer from the current market price a 3.9% perspective annual FCFs growth rate for the next 10 years. Considered that, among other things, revenues, operating income and net income were falling during the last three years, more recent quarterly revenues improvement doesn't seem to currently justify the attribution to the FCFs of a different perspective annual growth rate than the one inferred from the market. It's therefore the opinion of the author that, based on assumptions and estimates made, the company is actually fairly valued at current market prices (USD 25.36 at H15.02 GMT of 17JAN14).

DATE OF FIRST RELEASE	17 JAN 2014		**DATE OF LAST UPDATE**						
COMPANY NAME	Intel Corp		**LOCATION**				United States		
INDUSTRY	Semiconductors		**SIZE**				XXL		
ESTIMATED Value VS Price	Close to fair value		**OPINION**				hold		
METHODOLOGY NOTES	REF. TO WWW.DIAWONDS.COM		**CURRENT PRICE**				25.36		USD
ESTIMATES-FORECASTS-MATERIAL ASSUMPTIONS	OCF#‡	20,900	CAPEX#	11,205	FCF#	9,695	WACC	11.5%	CFG	3.9%
	TG	2.8%	UPO#*	1,925	OLC#*	871	SOV#*	941	ZSCORE	4.35
NOTES	Market price refers to one ordinary share on the Nasdaq stock exchange on the date of first opinion release or of the update. #Data in millions of USD. †Annual world economy forecasted growth rate towards the year 2040. *Estimates based on the balance-sheet figures FY2012. ‡Approximate value indicated by the Company.									

SIZE (market cap. US Billions)

XXS extra extra small from $0.5 to $1.9
XS extra small from $2.0 to $5.9
S small from $6.0 to $10.9
M medium from $11.0 to $20.9
L large from $21.0 to $30.9
XL extra large from $31.0 to $59.9
XXL extra extra large over $60.0

MAIN ABBREVIATIONS AND ACRONYMS

OCF - Operating Cash Flow
CAPEX - Capital Expenditures
FCF - Free Cash Flow (OCF - CAPEX)
WACC – Estimated Weighted Average Cost of Capital
ZSCORE - The Altman Z-score
CFG – Estimated annual growth rate of the free cash flows up to a 10 years horizon
PGR – Estimated perpetual annual growth rate of the free cash flows beyond 10 Ys.
OLC – Estimated operating leases converted into debt
UPO - Retirement/Postretirement unfunded obligations
SOV – Estimated Stock Options Value
CAGR - Compounded Annual Growth Rate
MPR – Estimated Modified Dividends Payout Ratio
ROE - Return on equity
COE – Cost of capital
TG – Estimated perpetual annual growth rate of the excess return beyond 10 years
ttm - Trailing Twelve Months

About ZScore. The Altman Z-Score is a measure of bankruptcy risk in the coming years based on multiple corporate income, balance sheet values and market capitalization and it is useful to measure the financial health of a company. This score places companies into three groups: "safe" (Z-score > 2.99), "grey" (Z-score between 2.99 and 1.81), and "distressed" (Z-score < 1.81). It's not based on price volatility. Beyond credit risk prediction, companies with higher Z-scores have historically outperformed companies with lower Z-scores, on average. The bankruptcy risk of financial companies has not been accurately modelled by this score. "Distressed", a label coined by researchers, should not be taken to mean that any company is in default or bankrupt on the basis of this score alone. Credit scoring is not fate, only prediction based on relative past performance of companies grouped by key variables.

DISCLOSURES LAID DOWN IN ACCORDANCE WITH ITALIAN LAW

NAME OF THE PERSON RESPONSIBLE FOR THE PRODUCTION OF THE RECOMMENDATION AND INDIVIDUAL WHO PREPARES THE RECOMMENDATION: SIMONE LUIGI MARIA FUMAGALLI ROMARIO (herein after referred as “the Analyst”), AN INDEPENDENT FINANCIAL ANALYST (JOB TITLE) SUBJECT TO SELF-REGULATORY STANDARDS/CODES OF CONDUCT OF THE ITALIAN ASSOCIATION OF FINANCIAL ANALYSTS (A.I.A.F.) WHICH CAN BE DIRECTLY ACCESSED BY THE PUBLIC AT http://www.aiaf.it/codice-e-regolamenti (ONLY IN ITALIAN). The recommendation is produced by the Analyst taking care to ensure that: facts are clearly distinguished from interpretations, estimates, opinions and other types of non-factual information; all sources are reliable or, where there is any doubt as to whether a source is reliable, this is clearly indicated; all projections, forecasts and price targets are clearly labelled as such and that the material assumptions made in producing or using them are indicated. **Substantially used material sources:** publicly available information about the relevant issuer (for example, reports known as 10-ks, 10-qs, 20-fs, along with the relevant issuer’s quarterly and annual reports, recent conference call transcripts and presentations the relevant issuer has held. The recommendation isn’t by rule, disclosed to the relevant issuer. If the recommendation is disclosed to the relevant issuer and amended following this disclosure before its dissemination, it is indicated along with the recommendation. **Basis of valuation or methodology used to evaluate a financial instrument or an issuer of a financial instrument, or to set a price target for a financial instrument:** 1) Fundamental analysis – Intrinsic Valuation (an assessment of the fair value of the company by itself [discounted cash flow]). Future cash flows are estimated and a number of variables including risk assessment and structure of the company’s capital are incorporated. Then the present value of a company’s stock is determined and compared to its current price. The result: the intrinsic value of a company’s stock. In respect of financial service firms, the excess return model is used. In such a model, the value of a firm can be written as the sum of capital invested currently in the firm and the present value of excess returns that the firm expects to make in the future. The excess returns may be defined as follows: Excess Equity return = (Return on equity – Cost of equity) (Equity capital invested); 2) Fundamental analysis – Relative Valuation (assessment of the company value compared to its peers based on my industry classification using appropriate financial ratios (care is taken to categorize companies with similar characteristics such as size.) and a proprietary evaluation model (PEA© – Peers Evaluation Analysis). Sometimes the SWOT (Strengths, Weaknesses, Opportunities and Threats) methodology may be used to evaluate firms. **Meaning of recommendation made:** buy – actual price should be higher; sell – actual price should be lower; hold – actual price is believed to be fair or roughly fair. Ranking system of estimated value versus price: under 16% / from 11% to 16% lower / from 6% to 10% lower / close / from 6% to 10% higher / from 11% to 16% higher / over 16%. **Principles of valuation:** the valuation process is kept as fast and simple as possible. In respect of non-financial services firms and non-insurance services firms, the main focus is on the free cash flows for the last twelve trailing months or FCF (defined as net cash provided by operating activities or OCF less purchases of property, plant and equipment or CAPEX) and on the estimate of a sustainable annual growth rate of the firm for the short and medium term or CFG, based primarily on the observation of the evolution of its past data. The projection of the sustainable growth rate to the future is intended as a substitute of more sophisticated forecasts methods. FCF is a useful measure of performance that may be used as an indication of the strength of a company and its ability to generate cash. Any disclosure of a “target price” lies outside the recommendation scope given its clear aleatory nature. Among relevant assumptions, the following are usually also estimated: WACC - Weighted Average Cost of Capital; CFG – sustainable annual growth rate of the free cash flows up to a 10 year projection; PGR – perpetual annual growth rate of the free cash flows beyond 10 years; OLC - operating lease converted into debt; UPO - Retirement/Postretirement unfunded obligations; SOV - Stock Options Value. In respect of financial and insurance services firms: MPR – modified dividend payout ratio; ROE – return on Equity; COE – cost of Equity; Spread – ROE minus COE; PGR – perpetual annual growth rate of the excess return. Time horizon of the investment to which the recommendation relates: usually less than a quarter given that most of the companies report their results quarterly. **Risk warning:** general risks in the investments may be accessed here. Specific risks are disclosed within the companies’ reports. Every reasonable investor should always bear in mind that investors may not get back the full amount invested, as prices of shares and the income from them may fall as well as rise. Equity securities are more volatile than bonds and subject to greater risks. Small and mid-sized company stocks involve greater risks than those customarily associated with larger companies. Bonds are subject to interest-rate, price and credit risks. Prices tend to be inversely affected by changes in interest rates. Exchange rate changes may cause the value of any overseas investments to rise or fall. Past performance is not a guide to future performance and may not be repeated. **Sensitivity analysis of the relevant assumptions:** here omitted because it implies the disclosure of a “target price” which lies outside the recommendation scope. Available upon request. **Frequency of updates of the recommendations:** No specific frequency of updates of the recommendation has been planned. The coverage policy has not been changed so far. ~~The coverage policy previously announced has been changed as follows: ____.~~ DATE AT WHICH THE RECOMMENDATION WAS FIRST RELEASED FOR DISTRIBUTION: 17 JAN 2014. DATE AND TIME FOR INSTRUMENT PRICE: 17 JAN 2014 - H15.02 GMT. ~~THE RECOMMENDATION DIFFERS FROM A RECOMMENDATION CONCERNING THE SAME FINANCIAL INSTRUMENT OR ISSUER, ISSUED DURING THE LAST 12-MONTH PERIOD. CHANGE HAPPENED: ____________________________________ ; DATE OF THE EARLIER RECOMMENDATION: ____________.~~ **Relationships and circumstances that may reasonably be expected to impair objectivity of the recommendation:** THE ANALYST DOESN’T HAVE ANY SIGNIFICANT FINANCIAL INTEREST IN ANY FINANCIAL INSTRUMENT WHICH IS THE SUBJECT OF THE RECOMMENDATION, OR A SIGNIFICANT CONFLICT OF INTEREST WITH THE ISSUER. NO MAJOR SHAREHOLDINGS EXISTS BETWEEN THE ANALYST AND THE ISSUER (SHAREHOLDINGS ARE MAJOR SHAREHOLDINGS AT LEAST WHEN SHAREHOLDINGS EXCEEDING 2% OF THE TOTAL ISSUED SHARE CAPITAL IN THE ISSUER ARE HELD BY THE ANALYST). NO SIGNIFICANT FINANCIAL INTERESTS HELD BY THE ANALYST EXISTS IN RELATION TO THE ISSUER. THE ANALYST ISN’T PARTY TO ANY AGREEMENT WITH THE ISSUER RELATING TO THE PROVISION OF INVESTMENT BANKING SERVICES AND ANY AGREEMENT HAS BEEN IN EFFECT OVER THE LAST 12 MONTHS OR HAS GIVEN RISE DURING THE SAME PERIOD TO THE PAYMENT OF A COMPENSATION OR TO THE PROMISE TO GET A COMPENSATION PAID. THE ANALYST ISN’T PARTY TO ANY AGREEMENT WITH THE ISSUER RELATING TO THE PRODUCTION OF THE RECOMMENDATION.

***

FURTHER VOLUNTARY DISCLOSURES

INFORMATION EXPRESSED ISN'T CONTRARY TO MY OWN OPINION OR BETTER JUDGEMENT AND IN GOOD FAITH I BELIEVE THAT IT ISN'T FALSE OR MISLEADING; IT ISN'T EXPRESSED TO THE DETRIMENT OF INVESTORS AND ISSUERS. RESEARCH, ESTIMATES AND OPINIONS ARE BASED ON PUBLICLY AVAILABLE DATA. THE PUBLICATION OR DISTRIBUTION OF INFORMATION ISN'T ROUTINELY EXPECTED BY THE MARKET AND DOESN'T CONTRIBUTE TO THE PRICE-FORMATION PROCESS OF FINANCIAL INSTRUMENTS. THE INFORMATION PROVIDES VIEWS FROM A MARKET COMMENTATOR WHICH DOES NOT INFORM THE PRICES OF RELATED FINANCIAL INSTRUMENTS. NO FALSE OR MISLEADING INFORMATION DISSEMINATED; NO MANIFESTLY FALSE INFORMATION INVENTED; NO WILFUL OMISSION OF MATERIAL FACTS OCCUR; NO KNOWINGLY INACCURATE REPORTING OF INFORMATION OCCURS. NO SPREADING OF FALSE OR MISLEADING INFORMATION, NEITHER IN THE FORM OF RUMOURS OR FALSE OR MISLEADING NEWS, OCCURS. I BELIEVE INFORMATION TO BE OBJECTIVELY PRESENTED. **Disclosure of conflicts of interest concerning the financial instruments to which that information relates:** NONE. **Disclosure of my interests concerning the financial instruments to which that information relates that is disclosure of positions taken on the financial instrument before the opinion about the financial instrument was voiced:** NONE.

GENERAL DISCLAIMER

THIS PUBLICATION IS NOT APPROPRIATE FOR THE PURPOSES OF MAKING AN INVESTMENT DECISION OR TO CARRY OUT A TRANSACTION OR TRADE. THE MATERIALS DO NOT ATTEMPT TO TAKE INTO ACCOUNT ALL CIRCUMSTANCES OR ESTIMATES, WHETHER FINANCIAL, COMPETITIVE, ECONOMIC OR OF ANY OTHER NATURE. THIS OPINION IS HOSTED ONTO A PLATFORM ESTABLISHED WITHIN ITALY. THIS OPINION MAY NOT CIRCULATE OUTSIDE OF ITALY. SHOULD YOU ACCESS AND/OR DOWNLOAD THE OPINION FROM OUTSIDE OF ITALY YOU ARE SOLELY RESPONSIBLE FOR COMPLYING WITH ANY OR ALL APPLICABLE REGULATIONS, LAWS, RULES, CIRCULARS, CODES AND GUIDELINES ESTABLISHED BY YOUR LOCAL AND/OR REGIONAL REGULATORY AUTHORITIES. THIS PUBLICATION IS NOT DIRECTED TO U.S. PERSONS. THIS PUBLICATION IS NOT DIRECTED AT, OR INTENDED FOR DISTRIBUTION TO, OR TO BE USED BY ANY PERSON OR ENTITY WHO IS A CITIZEN OR RESIDENT OF, OR LOCATED IN ANY JURISDICTION WHERE SUCH DISTRIBUTION, PUBLICATION, AVAILABILITY OR USE WOULD BE CONTRARY TO APPLICABLE LAW OR REGULATION. THIS PUBLICATION IS NOT AVAILABLE TO U.S. PERSONS. THE RECOMMENDATION IS A PERSONAL OPINION AS TO THE PRESENT PRICE OF A FINANCIAL INSTRUMENT AND IS INTENDED FOR DISTRIBUTION CHANNELS OR FOR THE PUBLIC. ALL OF THE VIEWS EXPRESSED IN THIS OPINION ACCURATELY REFLECT THE ANALYST'S PERSONAL VIEWS REGARDING ANY AND ALL OF THE SUBJECT SECURITIES OR ISSUERS. THE ANALYST HAS EXPRESSED HIS OWN VIEWS AND OPINIONS IN THIS DOCUMENT AND THESE MAY CHANGE. THE OPINION IS FOR GENERAL INFORMATION PURPOSES ONLY. THE ANALYST ASSUMES NO RESPONSIBILITY TO UPDATE SUCH OPINIONS. IT SHOULD NOT BE CONSTRUED AS RECOMMENDATIONS, BUT AS ILLUSTRATIONS OF BROADER ECONOMIC THEMES. ALL INFORMATION IS SUBJECT TO CHANGE. INFORMATION REGARDING EXPECTED MARKET RETURNS AND MARKET OUTLOOKS ARE BASED ON THE RESEARCH, ANALYSIS AND OPINIONS OF THE ANALYST. THESE CONCLUSIONS ARE SPECULATIVE IN NATURE, MAY NOT COME TO PASS AND ARE NOT INTENDED TO PREDICT THE FUTURE PERFORMANCE OF ANY SPECIFIC FINANCIAL INSTRUMENT. NOTHING ON THIS PUBLICATION SHALL CONSTITUTE A SOLICITATION OR OFFER, OR RECOMMENDATION, TO BUY OR SELL ANY PRODUCTS OR SERVICES, INCLUDING BUT NOT LIMITED TO ANY SECURITIES, FINANCIAL INSTRUMENTS OR OTHER INVESTMENTS OR INVESTMENT ADVICE, TO EFFECT ANY TRANSACTION OR TO CONCLUDE ANY LEGAL ACT OF ANY KIND WHATSOEVER. NOTHING CONTAINED IN THIS PUBLICATION CONSTITUTES FINANCIAL, LEGAL, TAX OR OTHER ADVICE, NOR SHOULD ANY INVESTMENT OR ANY OTHER DECISIONS BE BASED ON THE CONTENT OF THIS PUBLICATION. YOU SHOULD OBTAIN RELEVANT AND SPECIFIC PROFESSIONAL ADVICE BEFORE MAKING ANY INVESTMENT DECISION. THIS PUBLICATION DISCUSSES MY OPINION ON SOME FINANCIAL PRODUCTS AND REASONABLE EFFORT HAS BEEN USED TO ENSURE ACCURACY OF THE INFORMATION PROVIDED. HOWEVER, THERE MAY BE INACCURACIES DUE TO HUMAN OR OTHER ERROR. THOSE INACCURACIES INCLUDE, BUT ARE NOT LIMITED TO, INCONSISTENCIES, OMISSIONS, AND SPELLING MISTAKES. NO RESPONSIBILITY IS ASSUMED FOR ANY ERRORS OR FOR THE CONSEQUENCES OF RELYING OR ACTING ON THE INFORMATION PROVIDED IN THIS PUBLICATION. IN NO EVENT WILL THE ANALYST BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES, NO MATTER WHAT THE CAUSE. THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO ANYONE, OR A SOLICITATION BY ANY-ONE, TO BUY ANY FINANCIAL PRODUCT. NOTHING IN THIS DOCUMENT SHOULD BE CONSTRUED AS ADVICE AND IS THEREFORE NOT A RECOMMENDATION TO BUY OR SELL FINANCIAL PRODUCTS. THE ANALYST HAS EXPRESSED ITS OWN VIEW SAND OPINIONS IN THIS DOCUMENT AND THESE MAY CHANGE.

DEFINITIONS

"RECOMMENDATION": shall mean research or other information, recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers of such financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public./"RESEARCH OR OTHER INFORMATION RECOMMENDING OR SUGGESTING AN INVESTMENT STRATEGY": shall mean information produced by an independent analyst that, directly or indirectly, expresses a particular investment recommendation in respect of a financial instrument or an issuer of financial instruments./"RELEVANT PERSON": shall mean a natural or legal person producing or disseminating recommendations in the exercise of his profession or the conduct of his business./"ISSUER": shall mean the issuer of a financial instrument to which a recommendation relates, directly or indirectly.