

Portfolio Management Business Development Corporate Strategy Global Perspective

Ken Copley

21 Desert Juniper LN

Henderson, NV 89011

515-314-2487

kencopley@capitalexecutive.net



Business Combination: Intel Corporation (INTC) merges with Advanced Micro Devices, Inc. (AMD).

Antitrust For the microprocessor (CPU) market, the competitive landscape lies between the x86 and the ARM chip architectures – not INTC and AMD.

The x86 architecture is long in the tooth, and it needs to consolidate resources to defend its market position by developing cutting-edge, manufacturing expertise.

The pandemic revealed serious flaws in our nation's supply chain management, especially relating to critical, microprocessor, manufacturing technology. For whatever reason, our nation has lost the expertise to manufacture cutting-edge, microprocessors.

I believe the business combination of INTC and AMD can efficiently address this weakness in the market. First, combine these organizations and then split them into two separate businesses: Design and Manufacturing.

Dr. Lisa T Su represents the best executive to lead the design business. Examine the shareholder value that she has created at AMD since taking command in October 2014. Now, compare it to the value created by INTC leadership during the same period.

Leadership & Governance - Value Creation Comparison			
INTC US EQUITY	10/8/2014	5/23/2022	% Growth
Market Capitalization \$M	\$ 169,671	\$ 171,738	1.2%
AMD US EQUITY	10/8/2014	5/23/2022	% Growth
Market Capitalization \$M	\$ 2,511	\$ 154,062	6035.8%

It seems like the governance function within INTC has failed its ownership, its employees, and its customers. The following table further illustrates this failure.

Category Comparison	AMD US EQUITY			INTC US EQUITY		
	2014	2021	% Growth	2014	2021	% Growth
Annual Revenue	\$ 5,506	\$ 16,434	198.5%	\$ 55,870	\$ 79,024	41.4%
EBIT	\$ (155)	\$ 3,648	2453.5%	\$ 15,347	\$ 19,456	26.8%
Operating Cash Flow	\$ (98)	\$ 3,521	3692.9%	\$ 20,418	\$ 29,991	46.9%
Capital Expenditures	\$ (95)	\$ (301)	216.8%	\$ (10,105)	\$ (20,329)	101.2%
Cash & Short Term Investments	\$ 1,040	\$ 3,608	246.9%	\$ 21,151	\$ 34,711	64.1%
R&D Expense	\$ 1,072	\$ 2,845	165.4%	\$ 11,537	\$ 15,190	31.7%
Credit						
Total Debt	\$ 2,212	\$ 732	-66.9%	\$ 13,655	\$ 38,576	182.5%
Debt / Mkt Cap	108%	0%	-99.6%	8%	18%	141.2%
Debt / EBITDA	46.08	0.18	-99.6%	0.57	1.23	114.8%
Equity						
Shares Outstanding	\$ 776	\$ 1,207	55.5%	\$ 4,748	\$ 4,070	-14.3%

Dr. Su has positioned AMD to sustainably outperform INTC over the long-term. Examine every line item –

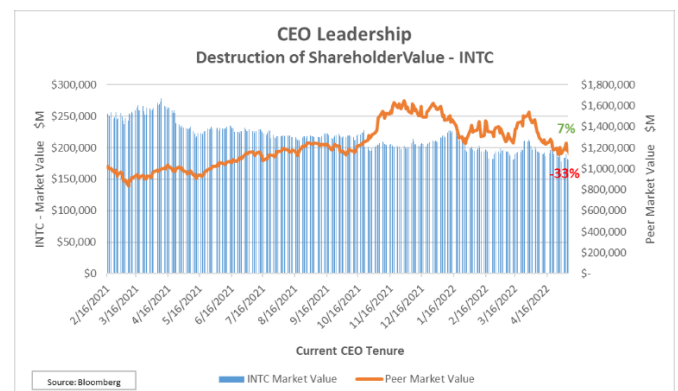
www.capitalexecutive.net

then assess the long-term, viability of each organization, especially from a leadership and governance perspective.

Pat Gelsinger represents the best executive to lead the manufacturing business. To develop a manufacturing expertise like Taiwan Semiconductor, INTC must focus and commit significant resources: investments (~\$20B in Arizona, ~\$20B in Ohio and ~\$18B in Germany).

If democracy and autocracy is truly bifurcating, then democracy must develop this critical manufacturing, technological expertise. For decades, INTC built a solid reputation in the market. But it needs a full-time leader (CEO) absolutely committed to developing this manufacturing expertise, because it's a high-risk, capital-intensive business requiring extreme commitment, especially as an independent supplier.

Since February 2021, CEO leadership has been actively selling his INTC vision to the market. Accordingly, the Capital Markets aren't buying his vision as its currently described (structured). Since assuming leadership, the CEO has destroyed ~33% of the INTC market capitalization. During the same time period, an aggregate peer group (AMD, QCOM, NVDA, AVGO, TXN) market capitalization appreciated by ~7%.



To maximize value creation, combine the organizations (INTC, AMD) and then split the organization into a Design business and a Manufacturing business.

Respectfully,

Ken Copley

Capital Executive LLC

5/29/2022