Sarah Wolff 04/29/2026

Dr. Krolikowski, FIN 316 (Series L)

Extra-Credit Assignment

"Intel Is Making Progress. But It Isn't Out of the Woods Yet."

The *Wall Street Journal* article I chose, published the morning of April 19, 2026, and written by Dan Gallagher, is titled "Intel Is Making Progress. But It Isn't Out of the Woods Yet." The article mainly examines Intel's current position in the market as it continues to navigate how to recover after years of letting its dominance in the semiconductor industry slip away. The article makes the argument that although Intel has made important steps, such as the partnership with Nvidia and its newfound importance in the AI sector, investors are making bold assumptions about how successful this turnaround will be, solely based on the rise in its stock price. Because of this, we see an interesting case evolve with Intel, where investors' expectations of the market may outperform the overall company performance.

Something that was not very emphasized in the article, but I find to be important context to the argument at hand, is the change in leadership that occurred a little over a year ago at Intel. Lip-Bu Tan was the new Intel CEO as of March of last year, but before that, he was a long-time board member of the company. However, he did not agree with the previous CEO and the strategies. As a result, he planned to leave until the board decided to make Tan the CEO. Since then, he has been committed to helping turn around and refocus Intel, making his first steps to regain the confidence of investors and strong stock movement.

There has been a lot of evidence recently regarding Intel's momentum in the stock market. The article cites that the company's stock price this year has risen 88% and in the past 12

months has more than tripled, sitting at a market cap of about $350 billion for the first time since 2000. However, because of this fast increase in the stock price, Intel is now trading over 130 times its projected earnings. The article says that the stock “is a risky price for a company still trying to pull off an ambitious turnaround. And even if fully successful, Intel’s stock is pricing in a level of earnings power that looks hard to achieve, given the company’s shifting business model and the competitive realities of the AI chip market.” This shows us how investors are continuing to expect very high future growth from Intel, although they may still be facing some setbacks that the stock price is leaving little room for.

Intel is navigating a very complicated and challenging turnaround as it is working to reclaim the top spot in the semiconductor industry. There are a few things that Intel is trying to achieve simultaneously. First, they are trying to catch up to competitors, such as TSMC, which now holds the title of being the biggest chip manufacturer globally. However, their big shift can be attributed to their change in business model. The obstacle for Intel is that nobody is very sure about these manufacturing facilities and whether or not they are going to be able to make chips for other customers in their foundry business. The majority of Intel production is for themselves; they are typically the designers and manufacturers. However, in order to use all the capacity from a manufacturing standpoint, they are going to have to attract other customers to their foundry business, adding significant performance risk. Although they may be facing some challenges, Intel is making some positive changes as well, such as their major deals with Nvidia and Google, in hopes of having more long-term growth security. The article also mentions some external factors that have played a role, such as Donald Trump making a social media post praising Lip-Bu Tan and saying that the U.S. government “is proud to be a shareholder of Intel”, which then made the company's stock jump 11% in one day. Also, the product that Intel produces,

semiconductors called CPUs, have all of a sudden become very much in demand because you need those chips to help in the data center, trying to develop AI. The product that Intel has been producing for a long time is suddenly in very high demand in the artificial intelligence market. However, competition may keep Intel from reaching its full capacity.

I was able to connect the article well to concepts from Chapters 1 and 5, specifically being able to understand how stocks are valued and how investors see risk. In Chapter 1, Intel is a common stock example, and its recent performance in the market helps us understand how stock prices are based not only on current earnings but also on future expectations. Intel seems to be valued by investors based on what it could become, especially where it will fit into the AI sector. I was similarly able to relate the article to Chapter 5, as Intel is a perfect example to illustrate the trade-off between risk and return. Although there is very strong potential for growth, assuming the company is successful in its turnaround, it is accompanied by major uncertainties, such as competition and possible challenges with execution. As a result, the stock holds the golden rule: a higher level of risk means the possibility of higher returns. Intel serves as a strong example of how investors have to closely manage their risk and reward when it comes to decision-making.

On a more personal note, I was able to specifically connect to this article because my brother works for Hoffman Construction as an industrial engineer and was sent to Arizona in 2021 to build two new semiconductor fabs for Intel. I found this connection to be interesting as it highlights how these facilities have huge financial and time commitments. My brother spent over three years in Arizona, and in that time, they opened one fab, and I believe the second one has been mothballed, at least for the moment. As an investor, this reinforces the idea that Intel has

little control over how immediate this turnaround will be, and instead, it depends on long-term budgeting decisions where the outcomes are unknown.

I found this article to be extremely vital because, currently, I would make the claim that the most important conversations happening in business right now are surrounding AI development. It also provides a realistic view of a company that is too often surrounded by hype and confidence. It is such a media frenzy, with so many stories and attention that are moving stocks one way or another, and you really begin questioning how to make sense of all that. It's been very challenging for the professionals, so for an average individual investor, it’s becoming impossible. It is so incredibly difficult to follow the news flow of which companies will be winners or not, and Intel is no exception. To be quite honest, Intel was getting its butt handed to it from an innovation standpoint. But now, they seem like they are in the right place at the right time, ready to rebound as a company. Intel reflects a lot of key concepts from our course, including important things about price valuation and the relationship between risk and return. The company’s turnaround makes a pretty convincing case of how difficult and tedious it can be to regain competitiveness, even for such a historically dominant company like Intel.