

**OVTI and INTC Briefs*****OVTI Positive in Barron's, INTC Tilts at TV Windmill***

**OmniVision (OVTI, \$15.55 -0.53, Buy, Target \$30, FY13: \$1.25 on \$1.4B, FY14: \$2.04 on \$1.5B)**

**Positive Barron's Mention:** OVTI gets a positive mention in Barron's this week as a likely beneficiary (along with BRCM) from the coming slowdown and profit squeeze in smartphones while AAPL and QCOM may get hurt. I consider it a bit of an under-handed compliment, but the visibility is positive for OVTI. I prefer a somewhat broader and more positive perspective on the issue: OVTI is a dedicated pure-play in the highly-competitive, high-volume CMOS image sensor market as a low-cost supplier with significant potential gross margin upside.

**Intel (INTC, \$21.12 -0.12, Hold, Target \$24, CY13: \$1.91 on \$52.98B, CY14: \$2.24 on \$57.48B)**

**TV Initiative:** INTC disclosed a TV initiative last week and I predict it will fail—although I give it credit for trying, keeping expectations low, and staying away from a low-end 'value' offering.

An Intel VP/GM disclosed a series of hints about a TV initiative at last week's All Things Digital conference: some kind of settop box along with a TV interface service with camera face-recognition that consolidates live and on-demand video from television and internet for which it is currently negotiating with content providers, is already testing on hundreds of Intel employee families, and hopes to introduce before year-end. I like the fact that Intel has collected a group of specialists from outside the company; that it is pursuing a user experience that only sees one interface (instead of combining cable, on-demand and internet offerings); that it is focused on a quality, high-end experience rather than a low-end value offering; and that it is being uncharacteristically modest in terms of timing and details.

Nevertheless, I predict it will fail. Intel is unbeatable at the intersection of semiconductor technology, microprocessor circuit design, and personal computer markets and applications. Unfortunately this initiative might only include the first of those three factors; the company has never even come close to success for any kind of consumer offering due to its lack of customer-friendliness; and cable and content providers are huge impediments to change that even larger and more successful companies have yet to overcome (read Apple). Oh, and by the way—INTC is a \$53B company, so it will take more than a couple of billion dollars of success before anyone even notices.

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