

Selected Financial Data

Five Years Ended December 30, 2006

(In Millions)	Net Revenue	Gross Margin	Research & Development	Operating Income	Net Income
2006	\$ 35,382	\$ 18,218	\$ 5,873	\$ 5,652	\$ 5,044
2005	\$ 38,826	\$ 23,049	\$ 5,145	\$ 12,090	\$ 8,664
2004	\$ 34,209	\$ 19,746	\$ 4,778	\$ 10,130	\$ 7,516
2003	\$ 30,141	\$ 17,094	\$ 4,360	\$ 7,533	\$ 5,641
2002	\$ 26,764	\$ 13,318	\$ 4,034	\$ 4,382	\$ 3,117

(In Millions, Except Per Share Amounts)	Basic Earnings Per Share	Diluted Earnings Per Share	Weighted Average Diluted Shares Outstanding	Dividends Declared Per Share	Dividends Paid Per Share	Share-Based Compensation ¹
2006	\$ 0.87	\$ 0.86	5,880	\$.40	\$.40	\$ 1,375
2005	\$ 1.42	\$ 1.40	6,178	\$.32	\$.32	\$ —
2004	\$ 1.17	\$ 1.16	6,494	\$.16	\$.16	\$ —
2003	\$ 0.86	\$ 0.85	6,621	\$.08	\$.08	\$ —
2002	\$ 0.47	\$ 0.46	6,759	\$.08	\$.08	\$ —

(In Millions, Except Employees)	Net Investment in Property, Plant & Equipment	Total Assets	Long-Term Debt	Stockholders' Equity	Additions to Property, Plant & Equipment	Employees at Year-End (In Thousands)
2006	\$ 17,602	\$ 48,368	\$ 1,848	\$ 36,752	\$ 5,779	94.1
2005	\$ 17,111	\$ 48,314	\$ 2,106	\$ 36,182	\$ 5,818	99.9
2004	\$ 15,768	\$ 48,143	\$ 703	\$ 38,579	\$ 3,843	85.0
2003	\$ 16,661	\$ 47,143	\$ 936	\$ 37,846	\$ 3,656	79.7
2002	\$ 17,847	\$ 44,224	\$ 929	\$ 35,468	\$ 4,703	78.7

¹ We began recognizing the provisions of SFAS No. 123(R) beginning in fiscal year 2006. See "Note 2: Accounting Policies" and "Note 3: Employee Equity Incentive Plans" in Part II, Item 8 of the 2006 Form 10-K filed with the SEC.

The ratio of earnings to fixed charges for each of the five years in the period ended December 30, 2006 was as follows:

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
50x	169x	107x	72x	32x

Fixed charges consist of interest expense, the estimated interest component of rent expense, and capitalized interest.

Consolidated Statements of Income

Three Years Ended December 30, 2006

(In Millions, Except Per Share Amounts)

	2006 ¹	2005	2004
Net revenue	\$ 35,382	\$ 38,826	\$ 34,209
Cost of sales	17,164	15,777	14,463
Gross margin	18,218	23,049	19,746
Research and development	5,873	5,145	4,778
Marketing, general and administrative	6,096	5,688	4,659
Restructuring and asset impairment charges	555	—	—
Amortization of acquisition-related intangibles and costs	42	126	179
Operating expenses	12,566	10,959	9,616
Operating income	5,652	12,090	10,130
Gains (losses) on equity securities, net	214	(45)	(2)
Interest and other, net	1,202	565	289
Income before taxes	7,068	12,610	10,417
Provision for taxes	2,024	3,946	2,901
Net income	\$ 5,044	\$ 8,664	\$ 7,516
Basic earnings per common share	\$ 0.87	\$ 1.42	\$ 1.17
Diluted earnings per common share	\$ 0.86	\$ 1.40	\$ 1.16
Weighted average common shares outstanding	5,797	6,106	6,400
Weighted average common shares outstanding, assuming dilution	5,880	6,178	6,494

¹ Cost of sales and operating expenses for the year ended December 30, 2006 includes share-based compensation. See "Note 2: Accounting Policies" and "Note 3: Employee Equity Incentive Plans" in Part II, Item 8 of the 2006 Form 10-K filed with the SEC.

See Notes to Consolidated Financial Statements in the 2006 Form 10-K filed with the SEC.

Consolidated Balance Sheets

December 30, 2006 and December 31, 2005

(In Millions, Except Par Value)

	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,598	\$ 7,324
Short-term investments	2,270	3,990
Trading assets	1,134	1,458
Accounts receivable, net of allowance for doubtful accounts of \$32 (\$64 in 2005)	2,709	3,914
Inventories	4,314	3,126
Deferred tax assets	997	1,149
Other current assets	258	233
Total current assets	18,280	21,194
Property, plant and equipment, net	17,602	17,111
Marketable strategic equity securities	398	537
Other long-term investments	4,023	4,135
Goodwill	3,861	3,873
Other long-term assets	4,204	1,464
Total assets	\$ 48,368	\$ 48,314
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 180	\$ 313
Accounts payable	2,256	2,249
Accrued compensation and benefits	1,644	2,110
Accrued advertising	846	1,160
Deferred income on shipments to distributors	599	632
Other accrued liabilities	1,192	810
Income taxes payable	1,797	1,960
Total current liabilities	8,514	9,234
Long-term debt	1,848	2,106
Deferred tax liabilities	265	703
Other long-term liabilities	989	89
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 50 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 10,000 shares authorized; 5,766 issued and outstanding (5,919 in 2005) and capital in excess of par value	7,825	6,245
Accumulated other comprehensive income (loss)	(57)	127
Retained earnings	28,984	29,810
Total stockholders' equity	36,752	36,182
Total liabilities and stockholders' equity	\$ 48,368	\$ 48,314

See Notes to Consolidated Financial Statements in the 2006 Form 10-K filed with the SEC.

Consolidated Statements of Cash Flows

Three Years Ended December 30, 2006

(In Millions)	2006	2005	2004
Cash and cash equivalents, beginning of year	\$ 7,324	\$ 8,407	\$ 7,971
Cash flows provided by (used for) operating activities:			
Net income	5,044	8,664	7,516
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	4,654	4,345	4,590
Share-based compensation	1,375	—	—
Restructuring, asset impairment, and net loss on retirement of assets	635	74	91
Excess tax benefit from share-based payment arrangements	(123)	—	—
Amortization of intangibles and other acquisition-related costs	258	250	299
(Gains) losses on equity securities, net	(214)	45	2
(Gains) on divestitures	(612)	—	—
Deferred taxes	(325)	(413)	(207)
Tax benefit from employee equity incentive plans	—	351	344
Changes in assets and liabilities:			
Trading assets	324	1,606	(468)
Accounts receivable	1,217	(914)	(39)
Inventories	(1,116)	(500)	(101)
Accounts payable	7	303	283
Income taxes payable	(60)	797	378
Other assets and liabilities	(444)	215	431
Total adjustments	<u>5,576</u>	<u>6,159</u>	<u>5,603</u>
Net cash provided by operating activities	<u>10,620</u>	<u>14,823</u>	<u>13,119</u>
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(5,779)	(5,818)	(3,843)
Acquisitions, net of cash acquired	—	(191)	(53)
Purchases of available-for-sale investments	(5,272)	(8,475)	(16,618)
Maturities and sales of available-for-sale investments	7,147	8,433	15,633
Purchases and investments in non-marketable equity securities	(1,722)	(193)	(137)
Net proceeds from divestitures	752	—	—
Other investing activities	(33)	(118)	(14)
Net cash used for investing activities	<u>(4,907)</u>	<u>(6,362)</u>	<u>(5,032)</u>
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	(114)	126	24
Excess tax benefit from share-based payment arrangements	123	—	—
Additions to long-term debt	—	1,742	—
Repayments and retirement of debt	—	(19)	(31)
Repayment of notes payable	(581)	—	—
Proceeds from sales of shares through employee equity incentive plans	1,046	1,202	894
Repurchase and retirement of common stock	(4,593)	(10,637)	(7,516)
Payment of dividends to stockholders	(2,320)	(1,958)	(1,022)
Net cash used for financing activities	<u>(6,439)</u>	<u>(9,544)</u>	<u>(7,651)</u>
Net increase (decrease) in cash and cash equivalents	<u>(726)</u>	<u>(1,083)</u>	<u>436</u>
Cash and cash equivalents, end of year	<u>\$ 6,598</u>	<u>\$ 7,324</u>	<u>\$ 8,407</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized of \$60 in 2006	\$ 25	\$ 27	\$ 52
Income taxes, net of refunds	\$ 2,432	\$ 3,218	\$ 2,392

See Notes to Consolidated Financial Statements in the 2006 Form 10-K filed with the SEC.

Certain amounts reported in previous periods have been reclassified to conform to the current presentation.

Consolidated Statements of Stockholders' Equity

Three Years Ended December 30, 2006 (In Millions, Except Per Share Amounts)	Common Stock and Capital in Excess of Par Value		Acquisition- Related Unearned	Accumulated Other	Retained	Total
	Number of Shares	Amount	Stock Compensation	Comprehensive Income (Loss)	Earnings	
Balance at December 27, 2003	6,487	\$ 6,754	\$ (20)	\$ 96	\$ 31,016	\$ 37,846
Components of comprehensive income, net of tax:						
Net income	—	—	—	—	7,516	7,516
Other comprehensive income	—	—	—	56	—	56
Total comprehensive income						7,572
Proceeds from sales of shares through employee equity incentive plans, tax benefit of \$789 (including reclassification of \$445 related to prior years), and other	67	1,683	—	—	—	1,683
Amortization of acquisition-related unearned stock compensation, net of adjustments	—	—	16	—	—	16
Repurchase and retirement of common stock	(301)	(2,294)	—	—	(5,222)	(7,516)
Cash dividends declared (\$0.16 per share)	—	—	—	—	(1,022)	(1,022)
Balance at December 25, 2004	6,253	6,143	(4)	152	32,288	38,579
Components of comprehensive income, net of tax:						
Net income	—	—	—	—	8,664	8,664
Other comprehensive income	—	—	—	(25)	—	(25)
Total comprehensive income						8,639
Proceeds from sales of shares through employee equity incentive plans, tax benefit of \$351, and other	84	1,553	—	—	—	1,553
Assumption of acquisition-related stock options and amortization of acquisition-related unearned stock compensation, net of adjustments	—	2	4	—	—	6
Repurchase and retirement of common stock	(418)	(1,453)	—	—	(9,184)	(10,637)
Cash dividends declared (\$0.32 per share)	—	—	—	—	(1,958)	(1,958)
Balance at December 31, 2005	5,919	6,245	—	127	29,810	36,182
Components of comprehensive income, net of tax:						
Net income	—	—	—	—	5,044	5,044
Other comprehensive income	—	—	—	26	—	26
Total comprehensive income						5,070
Adjustment for initially applying SFAS No. 158, net of tax	—	—	—	(210)	—	(210)
Proceeds from sales of shares through employee equity incentive plans, net excess tax benefit, and other	73	1,248	—	—	—	1,248
Share-based compensation	—	1,375	—	—	—	1,375
Repurchase and retirement of common stock	(226)	(1,043)	—	—	(3,550)	(4,593)
Cash dividends declared (\$0.40 per share)	—	—	—	—	(2,320)	(2,320)
Balance at December 30, 2006	5,766	\$ 7,825	\$ —	\$ (57)	\$ 28,984	\$ 36,752

See Notes to Consolidated Financial Statements in the 2006 Form 10-K filed with the SEC.

Financial Information by Quarter (Unaudited)

2006 For Quarter Ended¹

(In Millions, Except Per Share Amounts)	December 30	September 30	July 1	April 1
Net revenue	\$ 9,694	\$ 8,739	\$ 8,009	\$ 8,940
Gross margin	\$ 4,810	\$ 4,294	\$ 4,171	\$ 4,943
Net income	\$ 1,501	\$ 1,301	\$ 885	\$ 1,357
Basic earnings per share	\$ 0.26	\$ 0.23	\$ 0.15	\$ 0.23
Diluted earnings per share	\$ 0.26	\$ 0.22	\$ 0.15	\$ 0.23
Dividends per share				
Declared	\$ —	\$ 0.20	\$ —	\$ 0.20
Paid	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
Market price range common stock ²				
High	\$ 22.33	\$ 20.77	\$ 20.11	\$ 26.47
Low	\$ 20.08	\$ 17.10	\$ 16.86	\$ 19.46

2005 For Quarter Ended

(In Millions, Except Per Share Amounts)	December 31	October 1	July 2	April 2
Net revenue	\$ 10,201	\$ 9,960	\$ 9,231	\$ 9,434
Gross margin	\$ 6,300	\$ 5,948	\$ 5,203	\$ 5,598
Net income	\$ 2,453	\$ 1,995	\$ 2,038	\$ 2,178
Basic earnings per share	\$ 0.41	\$ 0.33	\$ 0.33	\$ 0.35
Diluted earnings per share	\$ 0.40	\$ 0.32	\$ 0.33	\$ 0.35
Dividends per share				
Declared	\$ —	\$ 0.16	\$ —	\$ 0.16
Paid	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
Market price range common stock ²				
High	\$ 27.43	\$ 28.71	\$ 27.70	\$ 25.11
Low	\$ 22.65	\$ 23.83	\$ 22.12	\$ 21.99

¹ The company adopted the provisions of SFAS No. 123(R) in fiscal year 2006. Results for fiscal year 2005 do not include the effects of share-based compensation. For further information, see "Note 2: Accounting Policies" and "Note 3: Employee Equity Incentive Plans" in Part II, Item 8 of the 2006 Form 10-K filed with the SEC.

² Intel's common stock (symbol INTC) trades on The NASDAQ Global Select Market* and is quoted in the Wall Street Journal and other newspapers. Intel's common stock also trades on The Swiss Exchange. At December 30, 2006, there were approximately 195,000 registered holders of common stock. All stock prices are closing prices per The NASDAQ Global Select Market.

* Other names and brands may be claimed as the property of others.