

Selected Financial Data

Five Years Ended December 29, 2007

<u>(In Millions, Except Per Share Amounts)</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net revenue	\$ 38,334	\$ 35,382	\$ 38,826	\$ 34,209	\$ 30,141
Gross margin	\$ 19,904	\$ 18,218	\$ 23,049	\$ 19,746	\$ 17,094
Research and development	\$ 5,755	\$ 5,873	\$ 5,145	\$ 4,778	\$ 4,360
Operating Income	\$ 8,216	\$ 5,652	\$ 12,090	\$ 10,130	\$ 7,533
Net Income	\$ 6,976	\$ 5,044	\$ 8,664	\$ 7,516	\$ 5,641
Earnings per common share					
Basic	\$ 1.20	\$ 0.87	\$ 1.42	\$ 1.17	\$ 0.86
Diluted	\$ 1.18	\$ 0.86	\$ 1.40	\$ 1.16	\$ 0.85
Weighted average diluted shares outstanding	5,936	5,880	6,178	6,494	6,621
Dividends per share					
Declared	\$ 0.45	\$ 0.40	\$ 0.32	\$ 0.16	\$ 0.08
Paid	\$ 0.45	\$ 0.40	\$ 0.32	\$ 0.16	\$ 0.08
Share-based compensation ¹	\$ 952	\$ 1,375	\$ —	\$ —	\$ —

<u>(Dollars in Millions)</u>	<u>Dec. 29, 2007</u>	<u>Dec. 30, 2006</u>	<u>Dec. 31, 2005</u>	<u>Dec. 25, 2004</u>	<u>Dec. 27, 2003</u>
Property, plant and equipment, net	\$ 16,918	\$ 17,602	\$ 17,111	\$ 15,768	\$ 16,661
Total assets	\$ 55,651	\$ 48,368	\$ 48,314	\$ 48,143	\$ 47,143
Long-term debt	\$ 1,980	\$ 1,848	\$ 2,106	\$ 703	\$ 936
Stockholders' equity	\$ 42,762	\$ 36,752	\$ 36,182	\$ 38,579	\$ 37,846
Additions to property, plant and equipment	\$ 5,000	\$ 5,860	\$ 5,871	\$ 3,843	\$ 3,656
Employees (in thousands)	86.3	94.1	99.9	85.0	79.7

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 2007 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 29, 2007 was as follows:

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
72x	50x	169x	107x	72x

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

Consolidated Statements of Income

Three Years Ended December 29, 2007

(In Millions, Except Per Share Amounts)

	2007 ¹	2006 ¹	2005
Net revenue	\$ 38,334	\$ 35,382	\$ 38,826
Cost of sales	18,430	17,164	15,777
Gross margin	19,904	18,218	23,049
Research and development	5,755	5,873	5,145
Marketing, general and administrative	5,401	6,096	5,688
Restructuring and asset impairment charges	516	555	—
Amortization of acquisition-related intangibles and costs	16	42	126
Operating expenses	11,688	12,566	10,959
Operating income	8,216	5,652	12,090
Gains (losses) on equity securities, net	157	214	(45)
Interest and other, net	793	1,202	565
Income before taxes	9,166	7,068	12,610
Provision for taxes	2,190	2,024	3,946
Net income	\$ 6,976	\$ 5,044	\$ 8,664
Basic earnings per common share	\$ 1.20	\$ 0.87	\$ 1.42
Diluted earnings per common share	\$ 1.18	\$ 0.86	\$ 1.40
Weighted average shares outstanding:			
Basic	5,816	5,797	6,106
Diluted	5,936	5,880	6,178

¹ Cost of sales and operating expenses for the years ended December 29, 2007 and December 30, 2006 include share-based compensation. See "Note 2: Accounting Policies" and "Note 3: Employee Equity Incentive Plans" in Part II, Item 8 of the 2007 Form 10-K filed with the SEC.

See Notes to Consolidated Financial Statements in the 2007 Form 10-K filed with the SEC.

Consolidated Balance Sheets

December 29, 2007 and December 30, 2006

(In Millions, Except Par Value)

	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,307	\$ 6,598
Short-term investments	5,490	2,270
Trading assets	2,566	1,134
Accounts receivable, net of allowance for doubtful accounts of \$27 (\$32 in 2006)	2,576	2,709
Inventories	3,370	4,314
Deferred tax assets	1,186	997
Other current assets	1,390	258
Total current assets	23,885	18,280
Property, plant and equipment, net	16,918	17,602
Marketable equity securities	987	398
Other long-term investments	4,398	4,023
Goodwill	3,916	3,861
Other long-term assets	5,547	4,204
Total assets	\$ 55,651	\$ 48,368
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 142	\$ 180
Accounts payable	2,361	2,256
Accrued compensation and benefits	2,417	1,644
Accrued advertising	749	846
Deferred income on shipments to distributors	625	599
Other accrued liabilities	1,938	1,192
Income taxes payable	339	1,797
Total current liabilities	8,571	8,514
Long-term income taxes payable	785	—
Deferred tax liabilities	411	265
Long-term debt	1,980	1,848
Other long-term liabilities	1,142	989
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; 5,818 issued and outstanding (5,766 in 2006) and capital in excess of par value	11,653	7,825
Accumulated other comprehensive income (loss)	261	(57)
Retained earnings	30,848	28,984
Total stockholders' equity	42,762	36,752
Total liabilities and stockholders' equity	\$ 55,651	\$ 48,368

See Notes to Consolidated Financial Statements in the 2007 Form 10-K filed with the SEC.

Consolidated Statements of Cash Flows

Three Years Ended December 29, 2007

(In Millions)	2007	2006	2005
Cash and cash equivalents, beginning of year	\$ 6,598	\$ 7,324	\$ 8,407
Cash flows provided by (used for) operating activities:			
Net income	6,976	5,044	8,664
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	4,546	4,654	4,345
Share-based compensation	952	1,375	—
Restructuring, asset impairment, and net loss on retirement of assets	564	635	74
Excess tax benefit from share-based payment arrangements	(118)	(123)	—
Amortization of intangibles and other acquisition-related costs	252	258	250
(Gains) losses on equity investments, net	(157)	(214)	45
(Gains) on divestitures	(21)	(612)	—
Deferred taxes	(443)	(325)	(413)
Tax benefit from employee equity incentive plans	—	—	351
Changes in assets and liabilities:			
Trading assets	(1,429)	324	1,606
Accounts receivable	316	1,229	(912)
Inventories	700	(1,116)	(500)
Accounts payable	102	7	303
Income taxes payable and receivable	(248)	(60)	797
Other assets and liabilities	633	(444)	241
Total adjustments	<u>5,649</u>	<u>5,588</u>	<u>6,187</u>
Net cash provided by operating activities	<u>12,625</u>	<u>10,632</u>	<u>14,851</u>
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(5,000)	(5,860)	(5,871)
Acquisitions, net of cash acquired	(76)	—	(191)
Purchases of available-for-sale investments	(11,728)	(5,272)	(8,475)
Maturities and sales of available-for-sale investments	8,011	7,147	8,433
Investments in non-marketable equity instruments	(1,459)	(1,722)	(193)
Net proceeds from divestitures	32	752	—
Other investing activities	294	(33)	(118)
Net cash used for investing activities	<u>(9,926)</u>	<u>(4,988)</u>	<u>(6,415)</u>
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	(39)	(114)	126
Proceeds from government grants	160	69	25
Excess tax benefit from share-based payment arrangements	118	123	—
Additions to long-term debt	125	—	1,742
Repayments and retirement of debt	—	—	(19)
Repayment of notes payable	—	(581)	—
Proceeds from sales of shares through employee equity incentive plans	3,052	1,046	1,202
Repurchase and retirement of common stock	(2,788)	(4,593)	(10,637)
Payment of dividends to stockholders	(2,618)	(2,320)	(1,958)
Net cash used for financing activities	<u>(1,990)</u>	<u>(6,370)</u>	<u>(9,519)</u>
Net increase (decrease) in cash and cash equivalents	<u>709</u>	<u>(726)</u>	<u>(1,083)</u>
Cash and cash equivalents, end of year	<u>\$ 7,307</u>	<u>\$ 6,598</u>	<u>\$ 7,324</u>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized of \$57 in 2007 and \$60 in 2006	\$ 15	\$ 25	\$ 27
Income taxes, net of refunds	\$ 2,762	\$ 2,432	\$ 3,218

See Notes to Consolidated Financial Statements in the 2007 Form 10-K filed with the SEC.

Consolidated Statements of Stockholders' Equity

Three Years Ended December 29, 2007 (In Millions, Except Per Share Amounts)	Common Stock and Capital in Excess of Par Value		Acquisition- Related Unearned Stock Compensation	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Amount				
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
Cumulative-effect adjustments, net of tax ¹ :						
Adoption of EITF 06-02	—	—	—	—	(181)	(181)
Adoption of FIN 48	—	—	—	—	181	181
Components of comprehensive income, net of tax:						
Net income	—	—	—	—	6,976	6,976
Other comprehensive income	—	—	—	318	—	318
Total comprehensive income						7,294
Proceeds from sales of shares through employee equity incentive plans, net excess tax benefit, and other	165	3,170	—	—	—	3,170
Share-based compensation	—	952	—	—	—	952
Repurchase and retirement of common stock	(113)	(294)	—	—	(2,494)	(2,788)
Cash dividends declared (\$0.45 per share)	—	—	—	—	(2,618)	(2,618)
Balance at December 29, 2007	5,818	\$ 11,653	\$ —	\$ 261	\$ 30,848	\$ 42,762

¹ See "Accounting Changes" in "Note 2: Accounting Policies" in Part II, Item 8 of the 2007 Form 10-K filed with the SEC for further discussion of the cumulative-effect adjustments recorded at the beginning of fiscal year 2007.

See Notes to Consolidated Financial Statements in the 2007 Form 10-K filed with the SEC.

Financial Information by Quarter (Unaudited)

2007 For Quarter Ended

(In Millions, Except Per Share Amounts)	December 29	September 29	June 30	March 31
Net revenue	\$ 10,712	\$ 10,090	\$ 8,680	\$ 8,852
Gross margin	\$ 6,226	\$ 5,171	\$ 4,075	\$ 4,432
Net income ¹	\$ 2,271	\$ 1,791	\$ 1,278	\$ 1,636
Basic earnings per common share ¹	\$ 0.39	\$ 0.31	\$ 0.22	\$ 0.28
Diluted earnings per common share ¹	\$ 0.38	\$ 0.30	\$ 0.22	\$ 0.28
Dividends per share				
Declared	\$ —	\$ 0.225	\$ —	\$ 0.225
Paid	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125
Market price range common stock ²				
High	\$ 27.98	\$ 26.33	\$ 24.29	\$ 22.30
Low	\$ 24.37	\$ 23.10	\$ 19.13	\$ 18.86

2006 For Quarter Ended

(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 common share	\$ 0.26	\$ 0.23	\$ 0.15	\$ 0.23
Diluted earnings per common 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

¹ In connection with IRS settlements reached in 2007, we recorded a \$326 million tax benefit (including \$50 million of accrued interest) in the first quarter of 2007 and a \$155 million tax benefit in the second quarter of 2007. For further information, see "Note 17: Taxes" in Part II, Item 8 of the 2007 Form 10-K filed with the SEC. We did not have any significant settlements and related tax benefits in the third and fourth quarters of 2007.

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 29, 2007, there were approximately 185,000 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.