

## Selected Financial Data

Five Years Ended December 27, 2008

<u>(In Millions, Except Per Share Amounts)</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u> <sup>1</sup>	<u>2004</u> <sup>1</sup>
Net revenue	\$ 37,586	\$ 38,334	\$ 35,382	\$ 38,826	\$ 34,209
Gross margin	\$ 20,844	\$ 19,904	\$ 18,218	\$ 23,049	\$ 19,746
Research and development	\$ 5,722	\$ 5,755	\$ 5,873	\$ 5,145	\$ 4,778
Operating income	\$ 8,954	\$ 8,216	\$ 5,652	\$ 12,090	\$ 10,130
Net income	\$ 5,292	\$ 6,976	\$ 5,044	\$ 8,664	\$ 7,516
Earnings per common share					
Basic	\$ 0.93	\$ 1.20	\$ 0.87	\$ 1.42	\$ 1.17
Diluted	\$ 0.92	\$ 1.18	\$ 0.86	\$ 1.40	\$ 1.16
Weighted average diluted shares outstanding	5,748	5,936	5,880	6,178	6,494
Dividends per share					
Declared	\$ 0.5475	\$ 0.45	\$ 0.40	\$ 0.32	\$ 0.16
Paid	\$ 0.5475	\$ 0.45	\$ 0.40	\$ 0.32	\$ 0.16

<u>(Dollars in Millions)</u>	<u>Dec. 27, 2008</u>	<u>Dec. 29, 2007</u>	<u>Dec. 30, 2006</u>	<u>Dec. 31, 2005</u>	<u>Dec. 25, 2004</u>
Property, plant and equipment, net	\$ 17,544	\$ 16,918	\$ 17,602	\$ 17,111	\$ 15,768
Total assets	\$ 50,715	\$ 55,651	\$ 48,368	\$ 48,314	\$ 48,143
Long-term debt	\$ 1,886	\$ 1,980	\$ 1,848	\$ 2,106	\$ 703
Stockholders' equity	\$ 39,088	\$ 42,762	\$ 36,752	\$ 36,182	\$ 38,579
Additions to property, plant and equipment	\$ 5,197	\$ 5,000	\$ 5,860	\$ 5,871	\$ 3,843
Employees (in thousands)	83.9	86.3	94.1	99.9	85.0

<sup>1</sup> We started recognizing the provisions of SFAS No. 123(R) beginning in fiscal year 2006. See "Note 2: Accounting Policies" and "Note 19: Employee Equity Incentive Plans" in Part II, Item 8 of the 2008 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 27, 2008 was as follows:

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
51x	72x	50x	169x	107x

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

## Consolidated Statements of Income

Three Years Ended December 27, 2008

(In Millions, Except Per Share Amounts)

	2008	2007	2006
<b>Net revenue</b>	<b>\$ 37,586</b>	<b>\$ 38,334</b>	<b>\$ 35,382</b>
Cost of sales	16,742	18,430	17,164
<b>Gross margin</b>	<b>20,844</b>	<b>19,904</b>	<b>18,218</b>
Research and development	5,722	5,755	5,873
Marketing, general and administrative	5,458	5,417	6,138
Restructuring and asset impairment charges	710	516	555
<b>Operating expenses</b>	<b>11,890</b>	<b>11,688</b>	<b>12,566</b>
<b>Operating income</b>	<b>8,954</b>	<b>8,216</b>	<b>5,652</b>
Gains (losses) on equity method investments, net	(1,380)	3	2
Gains (losses) on other equity investments, net	(376)	154	212
Interest and other, net	488	793	1,202
<b>Income before taxes</b>	<b>7,686</b>	<b>9,166</b>	<b>7,068</b>
Provision for taxes	2,394	2,190	2,024
<b>Net income</b>	<b>\$ 5,292</b>	<b>\$ 6,976</b>	<b>\$ 5,044</b>
<b>Basic earnings per common share</b>	<b>\$ 0.93</b>	<b>\$ 1.20</b>	<b>\$ 0.87</b>
<b>Diluted earnings per common share</b>	<b>\$ 0.92</b>	<b>\$ 1.18</b>	<b>\$ 0.86</b>
<b>Weighted average shares outstanding:</b>			
<b>Basic</b>	<b>5,663</b>	<b>5,816</b>	<b>5,797</b>
<b>Diluted</b>	<b>5,748</b>	<b>5,936</b>	<b>5,880</b>

See Notes to Consolidated Financial Statements in the 2008 Form 10-K filed with the SEC.

# Consolidated Balance Sheets

December 27, 2008 and December 29, 2007

(In Millions, Except Par Value)	2008	2007
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,350	\$ 7,307
Short-term investments	5,331	5,490
Trading assets	3,162	2,566
Accounts receivable, net of allowance for doubtful accounts of \$17 (\$27 in 2007)	1,712	2,576
Inventories	3,744	3,370
Deferred tax assets	1,390	1,186
Other current assets	1,182	1,390
<b>Total current assets</b>	<b>19,871</b>	<b>23,885</b>
<b>Property, plant and equipment, net</b>	<b>17,544</b>	<b>16,918</b>
<b>Marketable equity securities</b>	<b>352</b>	<b>987</b>
<b>Other long-term investments</b>	<b>2,924</b>	<b>4,398</b>
<b>Goodwill</b>	<b>3,932</b>	<b>3,916</b>
<b>Other long-term assets</b>	<b>6,092</b>	<b>5,547</b>
<b>Total assets</b>	<b>\$ 50,715</b>	<b>\$ 55,651</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Short-term debt	\$ 102	\$ 142
Accounts payable	2,390	2,361
Accrued compensation and benefits	2,015	2,417
Accrued advertising	807	749
Deferred income on shipments to distributors	463	625
Other accrued liabilities	2,041	2,277
<b>Total current liabilities</b>	<b>7,818</b>	<b>8,571</b>
<b>Long-term income taxes payable</b>	<b>736</b>	<b>785</b>
<b>Deferred tax liabilities</b>	<b>46</b>	<b>411</b>
<b>Long-term debt</b>	<b>1,886</b>	<b>1,980</b>
<b>Other long-term liabilities</b>	<b>1,141</b>	<b>1,142</b>
<b>Commitments and contingencies</b>		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 50 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 10,000 shares authorized; 5,562 issued and outstanding (5,818 in 2007) and capital in excess of par value	12,944	11,653
Accumulated other comprehensive income (loss)	(393)	261
Retained earnings	26,537	30,848
<b>Total stockholders' equity</b>	<b>39,088</b>	<b>42,762</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 50,715</b>	<b>\$ 55,651</b>

See Notes to Consolidated Financial Statements in the 2008 Form 10-K filed with the SEC.

## Consolidated Statements of Cash Flows

Three Years Ended December 27, 2008

(In Millions)

	2008	2007	2006
<b>Cash and cash equivalents, beginning of year</b>	<b>\$ 7,307</b>	<b>\$ 6,598</b>	<b>\$ 7,324</b>
Cash flows provided by (used for) operating activities:			
Net income	5,292	6,976	5,044
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	4,360	4,546	4,654
Share-based compensation	851	952	1,375
Restructuring, asset impairment, and net loss on retirement of assets	795	564	635
Excess tax benefit from share-based payment arrangements	(30)	(118)	(123)
Amortization of intangibles	256	252	258
(Gains) losses on equity method investments, net	1,380	(3)	(2)
(Gains) losses on other equity investments, net	376	(154)	(212)
(Gains) losses on divestitures	(59)	(21)	(612)
Deferred taxes	(790)	(443)	(325)
Changes in assets and liabilities:			
Trading assets	193	(1,429)	324
Accounts receivable	260	316	1,229
Inventories	(395)	700	(1,116)
Accounts payable	29	102	7
Accrued compensation and benefits	(569)	354	(435)
Income taxes payable and receivable	(834)	(248)	(60)
Other assets and liabilities	(189)	279	(9)
Total adjustments	<u>5,634</u>	<u>5,649</u>	<u>5,588</u>
<b>Net cash provided by operating activities</b>	<b><u>10,926</u></b>	<b><u>12,625</u></b>	<b><u>10,632</u></b>
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(5,197)	(5,000)	(5,860)
Acquisitions, net of cash acquired	(16)	(76)	—
Purchases of available-for-sale investments	(6,479)	(11,728)	(5,272)
Maturities and sales of available-for-sale investments	7,993	8,011	7,147
Purchases of trading assets	(2,676)	—	—
Maturities and sales of trading assets	1,766	—	—
Investments in non-marketable equity investments	(1,691)	(1,459)	(1,722)
Return of equity method investment	316	—	—
Proceeds from divestitures	85	32	752
Other investing activities	34	294	(33)
<b>Net cash used for investing activities</b>	<b><u>(5,865)</u></b>	<b><u>(9,926)</u></b>	<b><u>(4,988)</u></b>
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	(40)	(39)	(114)
Proceeds from government grants	182	160	69
Excess tax benefit from share-based payment arrangements	30	118	123
Additions to long-term debt	—	125	—
Repayment of notes payable	—	—	(581)
Proceeds from sales of shares through employee equity incentive plans	1,105	3,052	1,046
Repurchase and retirement of common stock	(7,195)	(2,788)	(4,593)
Payment of dividends to stockholders	(3,100)	(2,618)	(2,320)
<b>Net cash used for financing activities</b>	<b><u>(9,018)</u></b>	<b><u>(1,990)</u></b>	<b><u>(6,370)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(3,957)</u></b>	<b><u>709</u></b>	<b><u>(726)</u></b>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 3,350</u></b>	<b><u>\$ 7,307</u></b>	<b><u>\$ 6,598</u></b>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest, net of amounts capitalized of \$86 in 2008 (\$57 in 2007 and \$60 in 2006)	\$ 6	\$ 15	\$ 25
Income taxes, net of refunds	\$ 4,007	\$ 2,762	\$ 2,432

See Notes to Consolidated Financial Statements in the 2008 Form 10-K filed with the SEC.

## Consolidated Statements of Stockholders' Equity

Three Years Ended December 27, 2008 (In Millions, Except Per Share Amounts)	Common Stock and Capital in Excess of Par Value		Accumulated Other	Retained	Total
	Number of Shares	Amount	Comprehensive Income (Loss)	Earnings	
<b>Balance at December 31, 2005</b>	<b>5,919</b>	<b>\$ 6,245</b>	<b>\$ 127</b>	<b>\$ 29,810</b>	<b>\$ 36,182</b>
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 <sup>1</sup>	—	—	(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)
<b>Balance at December 30, 2006</b>	<b>5,766</b>	<b>7,825</b>	<b>(57)</b>	<b>28,984</b>	<b>36,752</b>
Cumulative-effect adjustments, net of tax <sup>1</sup> :					
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)
<b>Balance at December 29, 2007</b>	<b>5,818</b>	<b>11,653</b>	<b>261</b>	<b>30,848</b>	<b>42,762</b>
Components of comprehensive income, net of tax:					
Net income	—	—	—	5,292	5,292
Other comprehensive income	—	—	(654)	—	(654)
Total comprehensive income					4,638
Proceeds from sales of shares through employee equity incentive plans, net excess tax benefit, and other	72	1,132	—	—	1,132
Share-based compensation	—	851	—	—	851
Repurchase and retirement of common stock	(328)	(692)	—	(6,503)	(7,195)
Cash dividends declared (\$0.5475 per share)	—	—	—	(3,100)	(3,100)
<b>Balance at December 27, 2008</b>	<b>5,562</b>	<b>\$ 12,944</b>	<b>\$ (393)</b>	<b>\$ 26,537</b>	<b>\$ 39,088</b>

<sup>1</sup> For further discussion of the adjustments recorded at the beginning of fiscal years 2006 and 2007, see "Accounting Changes" in "Note 2: Accounting Policies" in Part II, Item 8 of the 2008 Form 10-K filed with the SEC.

See Notes to Consolidated Financial Statements in the 2008 Form 10-K filed with the SEC.

## Financial Information by Quarter (Unaudited)

### 2008 For Quarter Ended

(In Millions, Except Per Share Amounts)	December 27	September 27	June 28	March 29
Net revenue	\$ 8,226	\$ 10,217	\$ 9,470	\$ 9,673
Gross margin	\$ 4,369	\$ 6,019	\$ 5,249	\$ 5,207
Net income	\$ 234 <sup>1</sup>	\$ 2,014	\$ 1,601	\$ 1,443
Basic earnings per common share	\$ 0.04 <sup>1</sup>	\$ 0.36	\$ 0.28	\$ 0.25
Diluted earnings per common share	\$ 0.04 <sup>1</sup>	\$ 0.35	\$ 0.28	\$ 0.25
Dividends per share				
Declared	\$ —	\$ 0.28	\$ —	\$ 0.2675
Paid	\$ 0.14	\$ 0.14	\$ 0.14	\$ 0.1275
Market price range common stock <sup>2</sup>				
High	\$ 18.73	\$ 24.52	\$ 25.00	\$ 26.66
Low	\$ 12.23	\$ 18.50	\$ 20.69	\$ 18.63

### 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	\$ 2,271	\$ 1,791	\$ 1,278 <sup>3</sup>	\$ 1,636 <sup>3</sup>
Basic earnings per common share	\$ 0.39	\$ 0.31	\$ 0.22 <sup>3</sup>	\$ 0.28 <sup>3</sup>
Diluted earnings per common share	\$ 0.38	\$ 0.30	\$ 0.22 <sup>3</sup>	\$ 0.28 <sup>3</sup>
Dividends per share				
Declared	\$ —	\$ 0.225	\$ —	\$ 0.225
Paid	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125
Market price range common stock <sup>2</sup>				
High	\$ 27.98	\$ 26.33	\$ 24.29	\$ 22.30
Low	\$ 24.37	\$ 23.10	\$ 19.13	\$ 18.86

<sup>1</sup> During the fourth quarter of 2008, we recorded a total of \$938 million in impairment charges related to our Clearwire investments. \$762 million was related to our investment in Clearwire LLC and \$176 million was related to our investment in the new Clearwire Corporation. For further information, see "Note 6: Equity Method and Cost Method Investments" and "Note 5: Available-for-Sale Investments," respectively, in Part II, Item 8 of the 2008 Form 10-K filed with the SEC.

<sup>2</sup> 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. As of December 27, 2008, there were approximately 180,000 registered holders of common stock. All stock prices are closing prices per The NASDAQ Global Select Market\*.

<sup>3</sup> 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 23: Taxes" in Part II, Item 8 of the 2008 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.

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