

# Financial summary

Ten years ended December 25, 1999



(In millions- except employees)	Employees at year-end (in thousands)	Net investment in property, plant & equipment	Total assets	Long-term debt & put warrants	Stock- holders' equity	Additions to property, plant & equipment <sup>A</sup>	Weighted average diluted shares outstanding
1999	70.2	\$ 11,715	\$ 43,849	\$ 1,085	\$ 32,535	\$ 3,403	3,470
1998	64.5	\$ 11,609	\$ 31,471	\$ 903	\$ 23,377	\$ 4,032	3,517
1997	63.7	\$ 10,666	\$ 28,880	\$ 2,489	\$ 19,295	\$ 4,501	3,590
1996	48.5	\$ 8,487	\$ 23,735	\$ 1,003	\$ 16,872	\$ 3,024	3,551
1995	41.6	\$ 7,471	\$ 17,504	\$ 1,125	\$ 12,140	\$ 3,550	3,536
1994	32.6	\$ 5,367	\$ 13,816	\$ 1,136	\$ 9,267	\$ 2,441	3,496
1993	29.5	\$ 3,996	\$ 11,344	\$ 1,114	\$ 7,500	\$ 1,933	3,528
1992	25.8	\$ 2,816	\$ 8,089	\$ 622	\$ 5,445	\$ 1,228	3,436
1991	24.6	\$ 2,163	\$ 6,292	\$ 503	\$ 4,418	\$ 948	3,344
1990	23.9	\$ 1,658	\$ 5,376	\$ 345	\$ 3,592	\$ 680	3,247

(In millions- except per share amounts)	Net revenues	Cost of sales <sup>B</sup>	Research & devel- opment <sup>C</sup>	Amortization of goodwill & other acquisition- related intangibles	Operating income	Net income	Basic earnings per share	Diluted earnings per share	Dividends declared per share
1999	\$ 29,389	\$ 11,836	\$ 3,111	\$ 411	\$ 9,767	\$ 7,314	\$ 2.20	\$ 2.11	\$ .110
1998	\$ 26,273	\$ 12,088	\$ 2,509	\$ 56	\$ 8,379	\$ 6,068	\$ 1.82	\$ 1.73	\$ .050
1997	\$ 25,070	\$ 9,945	\$ 2,347	\$ -	\$ 9,887	\$ 6,945	\$ 2.12	\$ 1.93	\$ .058
1996	\$ 20,847	\$ 9,164	\$ 1,808	\$ -	\$ 7,553	\$ 5,157	\$ 1.57	\$ 1.45	\$ .048
1995	\$ 16,202	\$ 7,811	\$ 1,296	\$ -	\$ 5,252	\$ 3,566	\$ 1.08	\$ 1.01	\$ .038
1994	\$ 11,521	\$ 5,576	\$ 1,111	\$ -	\$ 3,387	\$ 2,288	\$ .69	\$ .65	\$ .029
1993	\$ 8,782	\$ 3,252	\$ 970	\$ -	\$ 3,392	\$ 2,295	\$ .69	\$ .65	\$ .025
1992	\$ 5,844	\$ 2,557	\$ 780	\$ -	\$ 1,490	\$ 1,067	\$ .32	\$ .31	\$ .013
1991	\$ 4,779	\$ 2,316	\$ 618	\$ -	\$ 1,080	\$ 819	\$ .25	\$ .24	\$ -
1990	\$ 3,921	\$ 1,930	\$ 517	\$ -	\$ 858	\$ 650	\$ .21	\$ .20	\$ -

Share and per share amounts shown have been adjusted for stock splits through 1999.

<sup>A</sup> Additions to property, plant and equipment in 1998 include \$475 million for capital assets acquired from Digital Equipment Corporation.

<sup>B</sup> Cost of sales for 1998 reflects the reclassification of amortization of goodwill and other acquisition-related intangibles to a separate line item.

<sup>C</sup> Research and development excludes in-process research and development of \$392 million and \$165 million for 1999 and 1998, respectively.

# Consolidated statements of income



## Three years ended December 25, 1999

(In millions--except per share amounts)

	1999	1998	1997
<b>Net revenues</b>	<b>\$ 29,389</b>	<b>\$ 26,273</b>	<b>\$ 25,070</b>
Cost of sales	11,836	12,088	9,945
Research and development	3,111	2,509	2,347
Marketing, general and administrative	3,872	3,076	2,891
Amortization of goodwill and other acquisition-related intangibles	411	56	-
Purchased in-process research and development	392	165	-
Operating costs and expenses	19,622	17,894	15,183
<b>Operating income</b>	<b>9,767</b>	<b>8,379</b>	<b>9,887</b>
Interest expense	(36)	(34)	(27)
Interest income and other, net	1,497	792	799
<b>Income before taxes</b>	<b>11,228</b>	<b>9,137</b>	<b>10,659</b>
Provision for taxes	3,914	3,069	3,714
<b>Net income</b>	<b>\$ 7,314</b>	<b>\$ 6,068</b>	<b>\$ 6,945</b>
<b>Basic earnings per common share</b>	<b>\$ 2.20</b>	<b>\$ 1.82</b>	<b>\$ 2.12</b>
<b>Diluted earnings per common share</b>	<b>\$ 2.11</b>	<b>\$ 1.73</b>	<b>\$ 1.93</b>
<b>Weighted average common shares outstanding</b>	<b>3,324</b>	<b>3,336</b>	<b>3,271</b>
<b>Weighted average common shares outstanding, assuming dilution</b>	<b>3,470</b>	<b>3,517</b>	<b>3,590</b>

See accompanying notes.

**Note:** Share and per share amounts shown have been adjusted for stock splits through 1999.  
Certain prior year amounts have been reclassified to conform to the 1999 presentation.

# Consolidated balance sheets

December 25, 1999 and December 26, 1998



(In millions--except per share amounts)

	1999	1998
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,695	\$ 2,038
Short-term investments	7,705	5,272
Trading assets	388	316
Accounts receivable, net of allowance for doubtful accounts of \$67 (\$62 in 1998)	3,700	3,527
Inventories	1,478	1,582
Deferred tax assets	673	618
Other current assets	180	122
<b>Total current assets</b>	<b><u>17,819</u></b>	<b><u>13,475</u></b>
Property, plant and equipment:		
Land and buildings	7,246	6,297
Machinery and equipment	14,851	13,149
Construction in progress	1,460	1,622
	<u>23,557</u>	<u>21,068</u>
Less accumulated depreciation	11,842	9,459
<b>Property, plant and equipment, net</b>	<b><u>11,715</u></b>	<b><u>11,609</u></b>
<b>Marketable strategic equity securities</b>	<b>7,121</b>	<b>1,757</b>
<b>Other long-term investments</b>	<b>790</b>	<b>3,608</b>
<b>Goodwill and other acquisition-related intangibles</b>	<b>4,934</b>	<b>111</b>
<b>Other assets</b>	<b>1,470</b>	<b>911</b>
<b>Total assets</b>	<b><u>\$ 43,849</u></b>	<b><u>\$ 31,471</u></b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Short-term debt	\$ 230	\$ 159
Accounts payable	1,370	1,244
Accrued compensation and benefits	1,454	1,285
Deferred income on shipments to distributors	609	606
Accrued advertising	582	458
Other accrued liabilities	1,159	1,094
Income taxes payable	1,695	958
<b>Total current liabilities</b>	<b><u>7,099</u></b>	<b><u>5,804</u></b>
<b>Long-term debt</b>	<b>955</b>	<b>702</b>
<b>Deferred tax liabilities</b>	<b>3,130</b>	<b>1,387</b>
<b>Put warrants</b>	<b>130</b>	<b>201</b>
<b>Commitments and contingencies</b>		
Stockholders' equity:		
Preferred stock, \$.001 par value, 50 shares authorized; none issued	-	-
Common stock, \$.001 par value, 4,500 shares authorized; 3,334 issued and outstanding (3,315 in 1998) and capital in excess of par value	7,316	4,822
Retained earnings	21,428	17,952
Accumulated other comprehensive income	3,791	603
<b>Total stockholders' equity</b>	<b><u>32,535</u></b>	<b><u>23,377</u></b>
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 43,849</u></b>	<b><u>\$ 31,471</u></b>

See accompanying notes.

**Note:** Share and per share amounts shown have been adjusted for stock splits through 1999.  
Certain prior year amounts have been reclassified to conform to the 1999 presentation.

# Consolidated statements of cash flows

Three years ended December 25, 1999



(In millions)

	1999	1998	1997
<b>Cash and cash equivalents, beginning of year</b>	<b>\$ 2,038</b>	<b>\$ 4,102</b>	<b>\$ 4,165</b>
Cash flows provided by (used for) operating activities:			
Net income	7,314	6,068	6,945
Adjustments to reconcile net income to net cash provided by (used for) operating activities:			
Depreciation	3,186	2,807	2,192
Amortization of goodwill and other acquisition-related intangibles	411	56	-
Purchased in-process research and development	392	165	-
Gains on sales of marketable strategic equity securities	(883)	(185)	(106)
Net loss on retirements of property, plant and equipment	193	282	130
Deferred taxes	(219)	77	6
Changes in assets and liabilities:			
Accounts receivable	153	(38)	285
Inventories	169	167	(404)
Accounts payable	79	(180)	438
Accrued compensation and benefits	127	17	140
Income taxes payable	726	(211)	179
Tax benefit from employee stock plans	506	415	224
Other assets and liabilities	(819)	(249)	(21)
Total adjustments	4,021	3,123	3,063
<b>Net cash provided by operating activities</b>	<b>11,335</b>	<b>9,191</b>	<b>10,008</b>
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(3,403)	(3,557)	(4,501)
Acquisitions, net of cash acquired	(2,979)	(906)	-
Purchases of available-for-sale investments	(7,055)	(10,925)	(9,224)
Sales of available-for-sale investments	831	201	153
Maturities and other changes in available-for-sale investments	7,156	8,681	6,713
<b>Net cash used for investing activities</b>	<b>(5,450)</b>	<b>(6,506)</b>	<b>(6,859)</b>
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	69	(83)	(177)
Additions to long-term debt	118	169	172
Retirement of long-term debt	-	-	(300)
Proceeds from sales of shares through employee stock plans and other	543	507	317
Proceeds from exercise of 1998 step-up warrants	-	1,620	40
Proceeds from sales of put warrants	20	40	288
Repurchase and retirement of common stock	(4,612)	(6,785)	(3,372)
Payment of dividends to stockholders	(366)	(217)	(180)
<b>Net cash used for financing activities</b>	<b>(4,228)</b>	<b>(4,749)</b>	<b>(3,212)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,657</b>	<b>(2,064)</b>	<b>(63)</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,695</b>	<b>\$ 2,038</b>	<b>\$ 4,102</b>
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	\$ 40	\$ 40	\$ 37
Income taxes	\$ 2,899	\$ 2,784	\$ 3,305

See accompanying notes.

Note: Certain prior year amounts have been reclassified to conform to the 1999 presentation.

# Consolidated statements of stockholders' equity

Three years ended December 25, 1999



(In millions-except per share amounts)	<i>Common stock and capital in excess of par value</i>		<i>Retained earnings</i>	<i>Accumulated other com- prehensive income</i>	<i>Total</i>
	<i>Number of shares</i>	<i>Amount</i>			
<b>Balance at December 28, 1996</b>	<b>3,283</b>	<b>\$ 2,897</b>	<b>\$ 13,853</b>	<b>\$ 122</b>	<b>\$ 16,872</b>
Components of comprehensive income:					
Net income	-	-	6,945	-	6,945
Change in unrealized gain on available-for-sale investments, net of tax	-	-	-	(64)	(64)
Total comprehensive income					<u>6,881</u>
Proceeds from sales of shares through employee stock plans, tax benefit of \$224 and other	61	581	(1)	-	580
Proceeds from sales of put warrants	-	288	-	-	288
Reclassification of put warrant obligation, net	-	(144)	(1,622)	-	(1,766)
Repurchase and retirement of common stock	(88)	(311)	(3,061)	-	(3,372)
Cash dividends declared (\$.058 per share)	-	-	(188)	-	(188)
<b>Balance at December 27, 1997</b>	<b>3,256</b>	<b>3,311</b>	<b>15,926</b>	<b>58</b>	<b>19,295</b>
Components of comprehensive income:					
Net income	-	-	6,068	-	6,068
Change in unrealized gain on available-for-sale investments, net of tax	-	-	-	545	545
Total comprehensive income					<u>6,613</u>
Proceeds from sales of shares through employee stock plans, tax benefit of \$415 and other	66	922	-	-	922
Proceeds from exercise of 1998 step-up warrants	155	1,620	-	-	1,620
Proceeds from sales of put warrants	-	40	-	-	40
Reclassification of put warrant obligation, net	-	53	588	-	641
Repurchase and retirement of common stock	(162)	(1,124)	(4,462)	-	(5,586)
Cash dividends declared (\$.050 per share)	-	-	(168)	-	(168)
<b>Balance at December 26, 1998</b>	<b>3,315</b>	<b>4,822</b>	<b>17,952</b>	<b>603</b>	<b>23,377</b>
Components of comprehensive income:					
Net income	-	-	7,314	-	7,314
Change in unrealized gain on available-for-sale investments, net of tax	-	-	-	3,188	3,188
Total comprehensive income					<u>10,502</u>
Proceeds from sales of shares through employee stock plans, tax benefit of \$506 and other	56	1,049	-	-	1,049
Proceeds from sales of put warrants	-	20	-	-	20
Reclassification of put warrant obligation, net	-	7	64	-	71
Repurchase and retirement of common stock	(71)	(1,076)	(3,536)	-	(4,612)
Issuance of common stock in connection with Level One Communications acquisition	34	1,963	-	-	1,963
Stock options assumed in connection with acquisitions	-	531	-	-	531
Cash dividends declared (\$.110 per share)	-	-	(366)	-	(366)
<b>Balance at December 25, 1999</b>	<b>3,334</b>	<b>\$ 7,316</b>	<b>\$ 21,428</b>	<b>\$ 3,791</b>	<b>\$ 32,535</b>

See accompanying notes.

**Note:** Share and per share amounts shown have been adjusted for stock splits through 1999.

# Financial information by quarter

(unaudited)



(In millions--except per share amounts)

1999 for quarter ended		December 25	September 25	June 26	March 27
Net revenues		\$ 8,212	\$ 7,328	\$ 6,746	\$ 7,103
Cost of sales		\$ 3,176	\$ 3,026	\$ 2,740	\$ 2,894
Net income <sup>A</sup>		\$ 2,108	\$ 1,458	\$ 1,749	\$ 1,999
Basic earnings per share		\$ .63	\$ .44	\$ .53	\$ .60
Diluted earnings per share		\$ .61	\$ .42	\$ .51	\$ .57
Dividends per share <sup>B</sup>	Declared	\$ -	\$ .060	\$ -	\$ .050
	Paid	\$ .030	\$ .030	\$ .030	\$ .020
Market price range common stock <sup>C</sup>	High	\$ 83.13	\$ 89.31	\$ 66.06	\$ 70.47
	Low	\$ 65.13	\$ 57.00	\$ 50.50	\$ 54.91

(In millions--except per share amounts)

1998 for quarter ended		December 26	September 26	June 27	March 28
Net revenues		\$ 7,614	\$ 6,731	\$ 5,927	\$ 6,001
Cost of sales <sup>D</sup>		\$ 3,160	\$ 3,176	\$ 3,012	\$ 2,740
Net income <sup>A</sup>		\$ 2,064	\$ 1,559	\$ 1,172	\$ 1,273
Basic earnings per share		\$ .62	\$ .46	\$ .35	\$ .39
Diluted earnings per share		\$ .59	\$ .44	\$ .33	\$ .36
Dividends per share <sup>B</sup>	Declared	\$ -	\$ .035	\$ -	\$ .015
	Paid	\$ .020	\$ .015	\$ .015	\$ .015
Market price range common stock <sup>C</sup>	High	\$ 62.50	\$ 45.72	\$ 42.41	\$ 47.09
	Low	\$ 39.22	\$ 35.59	\$ 32.97	\$ 35.13
Market price range step-up warrants <sup>C</sup>	High	\$ -	\$ -	\$ -	\$ 36.56
	Low	\$ -	\$ -	\$ -	\$ 24.73

<sup>A</sup> Net income for the third and fourth quarters of 1999 reflects charges of \$333 million and \$59 million, respectively, for purchased in-process research and development related to acquisitions. Net income for the first quarter of 1998 reflects a similar charge of \$165 million.

<sup>B</sup> As of the second quarter of 1998, the company had adopted a new dividend declaration schedule which results in the Board of Directors considering two dividend declarations in the first and third quarters of the year and no declarations in the second and fourth quarters. A dividend was paid in each quarter of 1999 and 1998.

<sup>C</sup> Intel's common stock (symbol INTC) trades on The Nasdaq Stock Market\* and is quoted in the Wall Street Journal and other newspapers. Intel's 1998 step-up warrants traded on The Nasdaq Stock Market prior to their March 1998 expiration. Intel's common stock also trades on The Swiss Exchange. At December 25, 1999, there were approximately 238,000 registered holders of common stock. All stock and warrant prices are closing prices per The Nasdaq Stock Market, as adjusted for stock splits.

<sup>D</sup> Cost of sales for 1998 reflects the reclassification of amortization of goodwill and other acquisition-related intangibles to a separate line item.

\* Other brands and names are the property of their respective owners.

**Note:** Share and per share amounts shown have been adjusted for stock splits through 1999.