April 17, 2007

Intel First-Quarter Revenue $8.9 Billion

Operating Income $1.7 Billion, EPS 27 Cents

SANTA CLARA, Calif.--(BUSINESS WIRE)--

Intel Corporation today announced first-quarter revenue of $8.9 billion, operating income of $1.7 billion, net income of $1.6 billion and earnings per share (EPS) of 27 cents. The results included the effect of a $300-million reversal of previously accrued taxes that increased EPS by approximately 5 cents.

"The strong momentum of our industry-leading Intel(R) Core(TM) microarchitecture product family, combined with ongoing structural cost improvements, delivered solid financial results in the first quarter," said Intel President and CEO Paul Otellini. "Our product strength is reflected in the fact that average selling prices for the quarter held up well in a very competitive environment."

	Q1 2007	vs. Q1 2006	vs. Q4 2006
Revenue	$8.9 billion	-1%	-9%
Operating Income	$1.7 billion	-3%	+13%
Net Income	$1.6 billion	+19%	+7%
EPS	27 cents	+17%	+4%

Results for the first quarter of 2007 included a tax item that increased EPS by approximately 5 cents. Results for the fourth quarter of 2006 included the effects of a gain as well as restructuring and asset impairment charges that together increased EPS by approximately 1 cent.

Financial and Key Product Trends

- First-quarter gross margin was 50.1 percent, higher than 49.6 percent in the previous quarter as lower microprocessor unit costs and the sale of previously reserved inventory more than offset the effects of higher 45 nanometer (nm) start-up costs and lower revenue.

- The company reached its goal of reducing the workforce to approximately 92,000 people, meeting the target one quarter ahead of schedule.

- Total microprocessor units were lower sequentially. The ASP was slightly lower driven by a lower mix within server processors, with desktop and mobile ASPs approximately flat.

- Chipset, motherboard and flash memory units were lower

sequentially.

Business Outlook

The following expectations do not include the potential impact of any mergers, acquisitions, divestitures or other business combinations that may be completed after April 16.

Q2 2007 Outlook

-- Revenue: Expected to be between $8.2 billion and $8.8 billion.

-- Gross margin: 48 percent plus or minus a couple of points.

-- Spending (R&D plus MG&A): Between $2.6 billion and $2.7 billion. In addition, the company expects a second-quarter restructuring charge of approximately $60 million.

-- Net gains from equity investments and interest and other: Approximately $150 million.

-- Tax rate: Approximately 31 percent.

-- Depreciation: Between $1.1 billion and $1.2 billion.

2007 Outlook

-- Gross margin: 51 percent plus or minus a few points, higher than the previous expectation of 50 percent plus or minus a few points.

-- R&D: Approximately $5.6 billion, higher than the previous expectation of approximately $5.4 billion.

-- MG&A: Approximately $5.1 billion, lower than the previous expectation of approximately $5.3 billion.

-- Capital spending: $5.5 billion plus or minus $200 million, unchanged.

-- Tax rate: Approximately 31 percent in the third and fourth quarters. The previous expectation was approximately 30 percent for the year.

-- Depreciation: $4.8 billion plus or minus $100 million, unchanged.

The above statements and any others in this document that refer to plans and expectations for the second quarter, the year and the future are forward-looking statements that involve a number of risks and uncertainties. Many factors could affect Intel's actual results, and variances from Intel's current expectations regarding such factors could cause actual results to differ materially from those expressed in these forward-looking statements. Intel presently considers the factors set forth below in the section entitled "Risk Factors" to be the important factors that could cause actual results to differ materially from the Corporation's published expectations.

Recent Events

-- Intel announced that its upcoming 45nm transistor technology is based on breakthrough Hi-K metal gate transistor materials

that increase performance and reduce leakage, enabling faster and more energy-efficient microprocessors. The company announced that fifteen 45nm microprocessors are in development and demonstrated pre-production desktop, mobile and server platforms running five operating systems, with shipments scheduled to begin in the second half of 2007.

-- Intel announced that Fab 11X in Rio Rancho, New Mexico will be re-tooled to become the company's fourth 300mm factory capable of producing 45nm microprocessors. Intel also announced plans to build a 300mm factory in China, with production to begin in 2010.

-- Intel expanded its quad-core microprocessor line-up to include its first 50-watt quad-core server processors, first quad-core processors for embedded designs, and fastest-ever quad-core processors for extreme gaming and digital design. The company has now introduced 12 quad-core processors for use in computing, storage and embedded applications.

-- Intel and Sun Microsystems announced a broad strategic alliance that will result in Sun delivering a comprehensive family of enterprise and telecommunications servers and workstations based on Intel(R) Xeon(R) processors, with Intel supporting Solaris(1) as a mainstream operating system.

-- The company's Intel(R) vPro(TM) processor technology, which brings manageability and security benefits to IT managers, has been deployed by more than 200 companies and institutions including 3M, BMW, FujiFilm, ING, Johns Hopkins, Pioneer and Verizon.

-- The company introduced the Intel(R) Centrino(R) Pro processor technology brand, with plans to bring more of the security and manageability capabilities of Intel's business desktop platforms to notebook PCs.

-- The company introduced Wi-Fi connections based on the new 802.11n specification that will give future users of Intel(R) Centrino(R) processor technology up to five times the Wi-Fi performance and twice the range of earlier technologies.

-- The company announced shipments of Intel-powered "classmate PCs," bringing affordable mobile computing to K-12 students in Brazil and Mexico, with plans for pilot programs in 25 countries.

-- Intel announced "solid-state drive" products that use Intel NAND flash chips as an alternative to rotating magnetic disk drive technology.

-- Intel researchers developed an 80-core "tera-scale" processor that brings supercomputer-like performance to a single chip. The experimental processor may lead to future Intel products bringing trillions of calculations per second to PCs and servers.

Risk Factors

-- Intel operates in intensely competitive industries that are characterized by a high percentage of costs that are fixed or difficult to reduce in the short term, significant pricing

pressures, and product demand that is highly variable and difficult to forecast. Revenue and the gross margin percentage are affected by the timing of new Intel product introductions and the demand for and market acceptance of Intel's products; actions taken by Intel's competitors, including product offerings, marketing programs and pricing pressures and Intel's response to such actions; Intel's ability to respond quickly to technological developments and to incorporate new features into its products; and the availability of sufficient components from suppliers to meet demand. Factors that could cause demand to be different from Intel's expectations include customer acceptance of Intel and competitors' products; changes in customer order patterns, including order cancellations; changes in the level of inventory at customers; and changes in business and economic conditions.

-- The gross margin percentage could vary significantly from expectations based on changes in revenue levels; product mix and pricing; capacity utilization; variations in inventory valuation; excess or obsolete inventory; manufacturing yields; changes in unit costs; impairments of long-lived assets, including manufacturing, assembly/test and intangible assets; and the timing and execution of the manufacturing ramp and associated costs, including start-up costs.

-- Expenses, particularly certain marketing and compensation expenses, vary depending on the level of demand for Intel's products, the level of revenue and profits and impairments of long-lived assets.

-- Intel is in the midst of a structure and efficiency program that is resulting in several actions that could have an impact on expected expense levels and gross margin.

-- The tax rate expectation is based on current tax law and current expected income. The tax rate may be affected by the closing of acquisitions or divestitures; the jurisdictions in which profits are determined to be earned and taxed; changes in the estimates of credits, benefits and deductions; the resolution of issues arising from tax audits with various tax authorities, including payment of interest and penalties; and the ability to realize deferred tax assets.

-- Gains or losses from equity securities and interest and other could vary from expectations depending on equity market levels and volatility; gains or losses realized on the sale or exchange of securities; gains or losses from equity method investments; impairment charges related to marketable, non-marketable and other investments; interest rates; cash balances; and changes in fair value of derivative instruments.

-- Intel's results could be affected by the amount, type, and valuation of share-based awards granted as well as the amount of awards cancelled due to employee turnover and the timing of award exercises by employees.

-- Intel's results could be impacted by unexpected economic, social, political and physical/infrastructure conditions in the countries in which Intel, its customers or its suppliers operate, including military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns and fluctuations in currency exchange rates.

-- Intel's results could be affected by adverse effects associated with product defects and errata (deviations from published specifications), and by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust and other issues, such as the litigation and regulatory matters described in Intel's SEC reports.

A detailed discussion of these and other factors that could affect Intel's results is included in Intel's SEC filings, including the report on Form 10-K for the year ended Dec. 30, 2006.

Status of Business Outlook

During the quarter, Intel's corporate representatives may reiterate the Business Outlook during private meetings with investors, investment analysts, the media and others. From the close of business on June 1 until publication of the company's second-quarter 2007 earnings release, Intel will observe a "Quiet Period" during which the Business Outlook disclosed in the company's press releases and filings with the SEC should be considered to be historical, speaking as of prior to the Quiet Period only and not subject to update by the company.

Earnings Webcast

Intel will hold a public webcast at 2:30 p.m. PDT today on its Investor Relations Web site at www.intc.com, with a replay available until May 1.

Intel, the world leader in silicon innovation, develops technologies, products and initiatives to continually advance how people work and live. Additional information about Intel is available at www.intel.com/pressroom.

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INTEL CORPORATION
CONSOLIDATED SUMMARY INCOME STATEMENT DATA
(In millions, except per share amounts)

	Three Months Ended	
	Mar. 31, 2007	Apr. 1, 2006
NET REVENUE	$ 8,852	$ 8,940
Cost of sales	4,420	3,997
GROSS MARGIN	4,432	4,943
Research and development	1,400	1,562
Marketing, general and administrative	1,277	1,644
Restructuring and asset impairment charges	75	--
Amortization of acquisition-related intangibles and costs	5	19

OPERATING EXPENSES	2,757	3,225
OPERATING INCOME	1,675	1,718
Gains on equity securities, net	29	2
Interest and other, net	169	154
INCOME BEFORE TAXES	1,873	1,874
Income taxes	263	517
NET INCOME	$ 1,610	$ 1,357
BASIC EARNINGS PER SHARE	$ 0.28	$ 0.23
DILUTED EARNINGS PER SHARE	$ 0.27	$ 0.23
WEIGHTED AVERAGE SHARES OUTSTANDING:		
BASIC	5,777	5,854
DILUTED	5,874	5,954

INTEL CORPORATION
CONSOLIDATED SUMMARY BALANCE SHEET DATA
(In millions)

	Mar. 31, 2007	Dec. 30, 2006
CURRENT ASSETS		
Cash and short-term investments	$ 7,689	$ 8,868
Trading assets	1,335	1,134
Accounts receivable	2,780	2,709
Inventories:		
Raw materials	670	608
Work in process	2,187	2,044
Finished goods	1,509	1,662
	4,366	4,314
Income taxes receivable	259	-
Deferred taxes and other current assets	1,366	1,255
TOTAL CURRENT ASSETS	17,795	18,280
Property, plant and equipment, net	17,617	17,602
Marketable strategic equity securities	359	398
Other long-term investments	4,496	4,023
Goodwill	3,861	3,861
Other long-term assets	4,729	4,204
TOTAL ASSETS	$ 48,857	$ 48,368
CURRENT LIABILITIES		
Short-term debt	$ 139	$ 180
Accounts payable and accrued liabilities	5,876	5,938
Deferred income on shipments to distributors	611	599
Income taxes payable	-	1,797
TOTAL CURRENT LIABILITIES	6,626	8,514
Long-term taxes payable	1,447	-

Deferred tax liabilities	234	265
Long-term debt	1,848	1,848
Other long-term liabilities	1,202	989
Stockholders' equity	37,500	36,752
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 48,857	$ 48,368

INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

	Q1 2007	Q4 2006	Q1 2006
GEOGRAPHIC REVENUE:			
Asia-Pacific	$4,432	$4,855	$4,293
	50%	50%	48%
Americas	$1,727	$2,003	$1,905
	20%	21%	21%
Europe	$1,722	$1,900	$1,701
	19%	19%	19%
Japan	$971	$936	$1,041
	11%	10%	12%
CASH INVESTMENTS:			
Cash and short-term investments	$7,689	$8,868	$7,854
Trading assets - fixed income (1)	877	684	887
Total cash investments	$8,566	$9,552	$8,741
TRADING ASSETS:			
Trading assets - equity securities offsetting deferred compensation (2)	$458	$450	$378
Total trading assets - sum of 1+2	$1,335	$1,134	$1,265
TOTAL STRATEGIC EQUITY INVESTMENTS	$3,599	$3,192	$2,422
SELECTED CASH FLOW INFORMATION:			
Depreciation	$1,187	$1,166	$1,139
Share-based compensation	$284	$334	$374
Amortization of intangibles and other acquisition-related costs	$64	$61	$75
Capital spending	($1,361)	($1,116)	($1,758)
Stock repurchase program	($400)	($150)	($2,943)
Proceeds from sales of shares to employees, tax benefit & other	$604	$288	$437
Dividends paid	($650)	($576)	($585)
Net cash received(used) for divestitures/acquisitions	$0	$600	$0
SHARE-BASED COMPENSATION CHARGES:			
Cost of sales	$78	$94	$86
Research and development	$114	$119	$135
Marketing, general and administrative	$92	$121	$153
EARNINGS PER SHARE INFORMATION:			
Weighted average common shares outstanding - basic	5,777	5,764	5,854
Dilutive effect of employee equity incentive plans	46	52	49

Dilutive effect of convertible debt	51	51	51
Weighted average common shares outstanding - diluted	5,874	5,867	5,954
STOCK BUYBACK:			
Shares repurchased	19	7	138
Cumulative shares repurchased	2,850	2,831	2,743
Remaining dollars authorized for buyback (in billions)	$16.9	$17.3	$18.9
OTHER INFORMATION:			
Employees (in thousands)	91.8	94.1	103.3

INTEL CORPORATION
SUPPLEMENTAL OPERATING RESULTS AND OTHER INFORMATION
($ in millions)

OPERATING SEGMENT INFORMATION:	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	2006
Digital Enterprise Group						
Microprocessor revenue	3,561	3,855	3,521	3,338	3,892	14,606
Chipset, motherboard and other revenue	1,193	1,307	1,425	1,283	1,255	5,270
Net revenue	4,754	5,162	4,946	4,621	5,147	19,876
Operating income	931	928	655	751	1,175	3,509
Mobility Group						
Microprocessor revenue	2,441	2,668	2,239	1,958	2,347	9,212
Chipset and other revenue	866	925	809	731	632	3,097
Net revenue	3,307	3,593	3,048	2,689	2,979	12,309
Operating income	1,381	1,538	1,156	851	1,050	4,595
Flash Memory Group						
Net revenue	469	576	507	536	544	2,163
Operating loss	(283)	(205)	(139)	(169)	(125)	(638)
All Other						
Net revenue	322	363	238	163	270	1,034
Operating loss	(354)	(773)	(298)	(361)	(382)	(1,814)
Total						
Net revenue	8,852	9,694	8,739	8,009	8,940	35,382
Operating income	1,675	1,488	1,374	1,072	1,718	5,652

The company's operating segments include the Digital Enterprise Group, Mobility Group, Flash Memory Group, Digital Home Group, and Digital Health Group. Beginning in the first quarter of 2007, the Channel Platforms Group will directly support Intel's operating segments. Prior-period amounts have been adjusted retrospectively to reflect certain reorganizations.

The company has sales and marketing, manufacturing, finance, and

administration groups. Expenses for these groups are generally allocated to the operating segments and the expenses are included in the operating results reported above. Additionally, in the first quarter of 2007, the company began allocating share-based compensation to the operating segments and adjusted results retrospectively to reflect this change. Revenue for the "all other" category primarily relates to microprocessors and related chipsets sold by the Digital Home Group. In addition to the operating results for the Digital Home Group and Digital Health Group operating segments, the "all other" category includes certain corporate-level operating expenses. These expenses include:

-- a portion of profit-dependent bonus and other expenses not allocated to the operating segments;
-- results of operations of seed businesses that support the company's initiatives;
-- acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill;
-- charges for purchased in-process research and development; and
-- amounts included within restructuring and asset impairment charges in the consolidated condensed statements of income.

Source: Intel Corporation