April 13, 2011

Intel Changes Financial Reporting Structure To Reflect Recent Acquisitions

SANTA CLARA, Calif.--(BUSINESS WIRE)-- Beginning with the publication of Intel's first-quarter earnings report on Tuesday, April 19, the company will revise the presentation of its financial results to reflect the recently closed acquisitions of Infineon Wireless Solutions and McAfee, Inc. Infineon Wireless Solutions will now operate as Intel Mobile Communications. The company is providing this detail now in order to give visibility into the new reporting model.

Operating groups shown below are comprised of the following:

- PC Client Group: Delivering microprocessors and related chipsets and motherboards designed for the notebook and desktop (including high-end enthusiast PCs) market segments; and wireless connectivity products.
- Data Center Group: Delivering microprocessors and related chipsets and motherboards designed for the server, workstation, and storage computing market segments; and wired network connectivity products.
- Other Intel Architecture Group consists of the following:
  - Intel Mobile Communications: Delivering mobile phone components such as baseband processors, radio frequency transceivers, and power management chips.
  - Embedded and Communications Group: Delivering microprocessors and related chipsets for embedded applications.
  - Netbook and Tablet Group: Delivering microprocessors and related chipsets for the netbook and tablet market segments.
  - Digital Home Group:Delivering Intel architecture-based products for next-generation consumer electronics devices.
  - Ultra-Mobility Group: Delivering low-power Intel architecture-based products in the next-generation handheld market segment.
- Software and Services Group consists of the following:
  - McAfee: A wholly owned subsidiary delivering software products for endpoint security, system security, consumer security, network security, and risk and compliance.
  - Wind River Software Group: A wholly owned subsidiary delivering device software optimization products to the embedded and handheld market segments, serving a variety of hardware architectures.
  - Software and Services Group: Delivering software products and services that promote Intel Architecture as the platform of choice for software development.
- All Otherconsists of the following:
  - Non-Volatile Memory Solutions Group: Delivering advanced NAND flash memory products for use in a variety of devices.
  - Corporate: Revenue, expenses and charges such as:
    - A portion of profit-dependent compensation and other expenses not allocated to the operating groups.
    - Divested businesses and the results of seed businesses that support our initiatives.
    - Acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

SUPPLEMENTAL OPERATING GROUP RESULTS

	Three Months Ended		
	Q1 2011	Q4 2010	Q1 2010
Net Revenue			
PC Client Group			
Microprocessor revenue			
Chipset, motherboard and other revenue			
Data Center Group			
Microprocessor revenue			
Chipset, motherboard and other revenue			
Other Intel architecture group			
Intel architecture group revenue			
Software and services group revenue			
All other			
TOTAL NET REVENUE			
Operating income (loss)			
PC Client Group			
Data Center Group			
Other Intel architecture group			
Intel architecture group operating income			
Software and services group operating income			
All other			
TOTAL OPERATING INCOME			

The company will also provide non-GAAP financial measures that exclude certain accounting impacts primarily associated with the acquisition of McAfee, Inc. and Infineon Wireless Solutions, as follows:

SUPPLEMENTAL RECONCILIATIONS OF GAAP TO NON-GAAP RESULTS

	Three Months Ended		
	April 2,	Dec. 25	March 27,

	2011	2010	2010
GAAP NET REVENUE			
Adjustment for deferred revenue write-down			
NON-GAAP NET REVENUE			
GAAP GROSS MARGIN			
Adjustment for:			
Deferred revenue write-down and associated costs			
Amortization of acquisition related intangibles			
Inventory valuation			
NON-GAAP GROSS MARGIN			
GAAP GROSS MARGIN PERCENTAGE			
Adjustment for:			
Deferred revenue write-down and associated costs			
Amortization of acquisition related intangibles			
Inventory valuation			
NON-GAAP GROSS MARGIN PERCENTAGE			
GAAP OPERATING INCOME			
Adjustment for:			
Deferred revenue write-down and associated costs			
Amortization of acquisition related intangibles			
Inventory valuation			
NON-GAAP OPERATING INCOME			
GAAP NET INCOME			
Adjustment for:			
Deferred revenue write-down and associated costs			
Amortization of acquisition related intangibles			
Inventory valuation			
Income tax effect			
NON-GAAP NET INCOME			
GAAP DILUTED EARNINGS PER COMMON SHARE			
Adjustment for:			

Deferred revenue write-down and associated costs

Amortization of acquisition related intangibles

Inventory valuation

Income tax effect

NON-GAAP DILUTED EARNINGS PER COMMON SHARE

Earnings Webcast

Intel plans to report its earnings for the first quarter of 2011 on Tuesday, April 19, 2011. Immediately following the earnings report, the company plans to publish a commentary by Stacy J. Smith, vice president and chief financial officer at www.intc.com/results.cfm. A public webcast of Intel's earnings conference call will follow at 2:30 p.m. PST at www.intc.com.

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