

INTEL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

Three Years Ended December 27, 2014 (In Millions, Except Per Share Amounts)	2014	2013	2012
Net revenue	\$ 55,870	\$ 52,708	\$ 53,341
Cost of sales	20,261	21,187	20,190
Gross margin	35,609	31,521	33,151
Research and development	11,537	10,611	10,148
Marketing, general and administrative	8,136	8,088	8,057
Restructuring and asset impairment charges	295	240	—
Amortization of acquisition-related intangibles	294	291	308
Operating expenses	20,262	19,230	18,513
Operating income	15,347	12,291	14,638
Gains (losses) on equity investments, net	411	471	141
Interest and other, net	43	(151)	94
Income before taxes	15,801	12,611	14,873
Provision for taxes	4,097	2,991	3,868
Net income	\$ 11,704	\$ 9,620	\$ 11,005
Basic earnings per share of common stock	\$ 2.39	\$ 1.94	\$ 2.20
Diluted earnings per share of common stock	\$ 2.31	\$ 1.89	\$ 2.13
Weighted average shares of common stock outstanding:			
Basic	4,901	4,970	4,996
Diluted	5,056	5,097	5,160

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three Years Ended December 27, 2014 (In Millions)	2014	2013	2012
Net income	\$ 11,704	\$ 9,620	\$ 11,005
Other comprehensive income, net of tax:			
Change in net unrealized holding gains (losses) on available-for-sale investments	577	1,181	470
Change in deferred tax asset valuation allowance	(41)	(26)	(11)
Change in net unrealized holding gains (losses) on derivatives	(427)	(89)	85
Change in net prior service costs (credits)	(33)	18	—
Change in actuarial valuation	(402)	520	(172)
Change in net foreign currency translation adjustment	(251)	38	10
Other comprehensive income (loss)	(577)	1,642	382
Total comprehensive income	\$ 11,127	\$ 11,262	\$ 11,387

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED BALANCE SHEETS

December 27, 2014, and December 28, 2013 (In Millions, Except Par Value)	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,561	\$ 5,674
Short-term investments	2,430	5,972
Trading assets	9,063	8,441
Accounts receivable, net of allowance for doubtful accounts of \$38 (\$38 in 2013)	4,427	3,582
Inventories	4,273	4,172
Deferred tax assets	1,958	2,594
Other current assets	3,018	1,649
Total current assets	27,730	32,084
Property, plant and equipment, net	33,238	31,428
Marketable equity securities	7,097	6,221
Other long-term investments	2,023	1,473
Goodwill	10,861	10,513
Identified intangible assets, net	4,446	5,150
Other long-term assets	6,561	5,489
Total assets	\$ 91,956	\$ 92,358
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 1,604	\$ 281
Accounts payable	2,748	2,969
Accrued compensation and benefits	3,475	3,123
Accrued advertising	1,092	1,021
Deferred income	2,205	2,096
Other accrued liabilities	4,895	4,078
Total current liabilities	16,019	13,568
Long-term debt	12,107	13,165
Long-term deferred tax liabilities	3,775	4,397
Other long-term liabilities	3,278	2,972
Commitments and contingencies (Notes 17 and 25)		
Temporary equity	912	—
Stockholders' equity:		
Preferred stock, \$0.001 par value, 50 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 10,000 shares authorized; 4,752 shares issued and 4,748 shares outstanding (4,967 issued and outstanding in 2013) and capital in excess of par value	21,781	21,536
Accumulated other comprehensive income (loss)	666	1,243
Retained earnings	33,418	35,477
Total stockholders' equity	55,865	58,256
Total liabilities, temporary equity, and stockholders' equity	\$ 91,956	\$ 92,358

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Years Ended December 27, 2014 (In Millions)	2014	2013	2012
Cash and cash equivalents, beginning of year	\$ 5,674	\$ 8,478	\$ 5,065
Cash flows provided by (used for) operating activities:			
Net income	11,704	9,620	11,005
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	7,380	6,790	6,357
Share-based compensation	1,148	1,118	1,102
Restructuring and asset impairment charges	295	240	—
Excess tax benefit from share-based payment arrangements	(122)	(49)	(142)
Amortization of intangibles	1,169	1,242	1,165
(Gains) losses on equity investments, net	(354)	(425)	(141)
Deferred taxes	(703)	(900)	(242)
Changes in assets and liabilities:			
Accounts receivable	(861)	271	(176)
Inventories	(98)	563	(626)
Accounts payable	(249)	267	67
Accrued compensation and benefits	4	155	192
Income taxes payable and receivable	(286)	1,019	229
Other assets and liabilities	1,391	865	94
Total adjustments	8,714	11,156	7,879
Net cash provided by operating activities	20,418	20,776	18,884
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(10,105)	(10,711)	(11,027)
Acquisitions, net of cash acquired	(934)	(925)	(638)
Purchases of available-for-sale investments	(7,007)	(12,493)	(8,694)
Sales of available-for-sale investments	1,227	934	2,282
Maturities of available-for-sale investments	8,944	8,336	5,369
Purchases of trading assets	(14,397)	(16,718)	(16,892)
Maturities and sales of trading assets	13,165	13,677	15,786
Origination of loans receivable	—	(200)	(216)
Investments in non-marketable equity investments	(1,377)	(440)	(475)
Proceeds from the sale of IM Flash Singapore, LLP assets and certain IM Flash Technologies, LLC assets	—	—	605
Purchases of licensed technology and patents	(92)	(36)	(815)
Other investing	671	503	655
Net cash used for investing activities	(9,905)	(18,073)	(14,060)
Cash flows provided by (used for) financing activities:			
Increase (decrease) in short-term debt, net	235	(31)	65
Proceeds from government grants	104	129	63
Excess tax benefit from share-based payment arrangements	122	49	142
Issuance of long-term debt, net of issuance costs	—	—	6,124
Proceeds from sales of common stock through employee equity incentive plans	1,660	1,588	2,111
Repurchase of common stock	(10,792)	(2,147)	(4,765)
Restricted stock unit withholdings	(332)	(293)	(345)
Payment of dividends to stockholders	(4,409)	(4,479)	(4,350)
Collateral associated with repurchase of common stock	(325)	—	—
Increase in liability due to collateral associated with repurchase of common stock	325	—	—
Other financing	(199)	(314)	(453)

Net cash used for financing activities	(13,611)	(5,498)	(1,408)
Effect of exchange rate fluctuations on cash and cash equivalents	(15)	(9)	(3)
Net increase (decrease) in cash and cash equivalents	(3,113)	(2,804)	3,413
Cash and cash equivalents, end of year	\$ 2,561	\$ 5,674	\$ 8,478

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest, net of capitalized interest

\$ 167 \$ 204 \$ 71

Income taxes, net of refunds

\$ 4,639 \$ 2,874 \$ 3,930

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Three Years Ended December 27, 2014 (In Millions, Except Per Share Amounts)	Common Stock and Capital in Excess of Par Value		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Amount			
Balance as of December 31, 2011	5,000	\$ 17,036	\$ (781)	\$ 29,656	\$ 45,911
Components of comprehensive income, net of tax:					
Net income	—	—	—	11,005	11,005
Other comprehensive income (loss)	—	—	382	—	382
Total comprehensive income					11,387
Proceeds from sales of common stock through employee equity incentive plans, net excess tax benefit, and other	148	2,257	—	—	2,257
Share-based compensation	—	1,108	—	—	1,108
Repurchase of common stock	(191)	(592)	—	(4,173)	(4,765)
Restricted stock unit withholdings	(13)	(345)	—	—	(345)
Cash dividends declared (\$0.87 per share of common stock)	—	—	—	(4,350)	(4,350)
Balance as of December 29, 2012	4,944	19,464	(399)	32,138	51,203
Components of comprehensive income, net of tax:					
Net income	—	—	—	9,620	9,620
Other comprehensive income (loss)	—	—	1,642	—	1,642
Total comprehensive income					11,262
Proceeds from sales of common stock through employee equity incentive plans, net tax deficiency, and other	130	1,593	—	—	1,593
Share-based compensation	—	1,117	—	—	1,117
Repurchase of common stock	(94)	(345)	—	(1,802)	(2,147)
Restricted stock unit withholdings	(13)	(293)	—	—	(293)
Cash dividends declared (\$0.90 per share of common stock)	—	—	—	(4,479)	(4,479)
Balance as of December 28, 2013	4,967	21,536	1,243	35,477	58,256
Components of comprehensive income, net of tax:					
Net income	—	—	—	11,704	11,704
Other comprehensive income (loss)	—	—	(577)	—	(577)
Total comprehensive income					11,127
Proceeds from sales of common stock through employee equity incentive plans, net excess tax benefit, and other	125	1,787	—	—	1,787
Share-based compensation	—	1,140	—	—	1,140
Temporary equity reclassification	—	(912)	—	—	(912)
Repurchase of common stock	(332)	(1,438)	—	(9,354)	(10,792)
Restricted stock unit withholdings	(12)	(332)	—	—	(332)
Cash dividends declared (\$0.90 per share of common stock)	—	—	—	(4,409)	(4,409)
Balance as of December 27, 2014	4,748	\$ 21,781	\$ 666	\$ 33,418	\$ 55,865

See accompanying notes.