

INTEL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

Years Ended (In Millions, Except Per Share Amounts)	Dec 30, 2017	Dec 31, 2016	Dec 26, 2015
Net revenue	\$ 62,761	\$ 59,387	\$ 55,355
Cost of sales	23,692	23,196	20,676
Gross margin	39,069	36,191	34,679
Research and development	13,098	12,740	12,128
Marketing, general and administrative	7,474	8,397	7,930
Restructuring and other charges	384	1,886	354
Amortization of acquisition-related intangibles	177	294	265
Operating expenses	21,133	23,317	20,677
Operating income	17,936	12,874	14,002
Gains (losses) on equity investments, net	2,651	506	315
Interest and other, net	(235)	(444)	(105)
Income before taxes	20,352	12,936	14,212
Provision for taxes	10,751	2,620	2,792
Net income	\$ 9,601	\$ 10,316	\$ 11,420
Earnings per share—Basic	\$ 2.04	\$ 2.18	\$ 2.41
Earnings per share—Diluted	\$ 1.99	\$ 2.12	\$ 2.33
Weighted average shares of common stock outstanding:			
Basic	4,701	4,730	4,742
Diluted	4,835	4,875	4,894

See accompanying notes.

INTEL CORPORATION

CONSOLIDATED BALANCE SHEETS

(In Millions, Except Par Value)	Dec 30, 2017	Dec 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,433	\$ 5,560
Short-term investments	1,814	3,225
Trading assets	8,755	8,314
Accounts receivable, net of allowance for doubtful accounts of \$25 (\$37 in 2016)	5,607	4,690
Inventories	6,983	5,553
Assets held for sale	—	5,210
Other current assets	2,908	2,956
Total current assets	29,500	35,508
Property, plant and equipment, net	41,109	36,171
Marketable equity securities	4,192	6,180
Other long-term investments	3,712	4,716
Goodwill	24,389	14,099
Identified intangible assets, net	12,745	9,494
Other long-term assets	7,602	7,159
Total assets	\$ 123,249	\$ 113,327
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 1,776	\$ 4,634
Accounts payable	2,928	2,475
Accrued compensation and benefits	3,526	3,465
Deferred income	1,656	1,718
Liabilities held for sale	—	1,920
Other accrued liabilities	7,535	6,090
Total current liabilities	17,421	20,302
Long-term debt	25,037	20,649
Long-term deferred tax liabilities	3,046	1,730
Other long-term liabilities	7,860	3,538
Commitments and Contingencies (Note 20)		
Temporary equity	866	882
Stockholders' equity:		
Preferred stock, \$0.001 par value, 50 shares authorized; none issued	—	—
Common stock, \$0.001 par value, 10,000 shares authorized; 4,687 shares issued and outstanding (4,730 issued and outstanding in 2016) and capital in excess of par value	26,074	25,373
Accumulated other comprehensive income (loss)	862	106
Retained earnings	42,083	40,747
Total stockholders' equity	69,019	66,226
Total liabilities, temporary equity, and stockholders' equity	\$ 123,249	\$ 113,327

See accompanying notes.

INTEL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended (In Millions)	Dec 30, 2017	Dec 31, 2016	Dec 26, 2015
Cash and cash equivalents, beginning of period	\$ 5,560	\$ 15,308	\$ 2,561
Cash flows provided by (used for) operating activities:			
Net income	9,601	10,316	11,420
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	6,752	6,266	7,821
Share-based compensation	1,358	1,444	1,305
Restructuring and other charges	384	1,886	354
Amortization of intangibles	1,377	1,524	890
(Gains) losses on equity investments, net	(2,583)	(432)	(263)
Loss on debt conversion and extinguishment	476	—	—
(Gains) losses on divestitures	(387)	—	—
Deferred taxes	1,548	257	(1,270)
Changes in assets and liabilities: ¹			
Accounts receivable	(781)	65	(355)
Inventories	(1,300)	119	(764)
Accounts payable	191	182	(312)
Accrued compensation and benefits	(73)	(1,595)	(711)
Income taxes payable and receivable	5,230	1,382	386
Other assets and liabilities	317	394	517
Total adjustments	12,509	11,492	7,598
Net cash provided by operating activities	22,110	21,808	19,018
Cash flows provided by (used for) investing activities:			
Additions to property, plant and equipment	(11,778)	(9,625)	(7,326)
Acquisitions, net of cash acquired	(14,499)	(15,470)	(913)
Purchases of available-for-sale investments	(2,764)	(9,269)	(8,259)
Sales of available-for-sale investments	6,978	3,852	2,090
Maturities of available-for-sale investments	3,687	5,654	6,168
Purchases of trading assets	(13,700)	(12,237)	(11,485)
Maturities and sales of trading assets	13,975	10,907	13,372
Investments in non-marketable equity investments	(1,601)	(963)	(2,011)
Proceeds from divestitures	3,124	—	—
Other investing	816	1,334	181
Net cash used for investing activities	(15,762)	(25,817)	(8,183)
Cash flows provided by (used for) financing activities:			
Issuance of long-term debt, net of issuance costs	7,716	2,734	9,476
Repayment of debt and debt conversion	(8,080)	(1,500)	—
Proceeds from sales of common stock through employee equity incentive plans	770	1,108	866
Repurchase of common stock	(3,615)	(2,587)	(3,001)
Payment of dividends to stockholders	(5,072)	(4,925)	(4,556)
Other financing	(194)	(569)	(873)
Net cash provided by (used for) financing activities	(8,475)	(5,739)	1,912
Net increase (decrease) in cash and cash equivalents	(2,127)	(9,748)	12,747
Cash and cash equivalents, end of period	\$ 3,433	\$ 5,560	\$ 15,308
Supplemental disclosures:			
Acquisition of property, plant and equipment included in accounts payable and accrued liabilities	\$ 1,417	\$ 979	\$ 392
Non-marketable equity investment in McAfee from divestiture	\$ 1,078	\$ —	\$ —
Cash paid during the year for:			
Interest, net of capitalized interest and interest rate swap payments/receipts	\$ 624	\$ 682	\$ 186
Income taxes, net of refunds	\$ 3,824	\$ 877	\$ 3,439

¹ The impact of assets and liabilities reclassified as held for sale was not considered in the changes in assets and liabilities within cash flows from operating activities. See "Note 10: Acquisitions and Divestitures" for additional information.

See accompanying notes.