

INTEL CORP
Form 10-Q
November 04, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 2011.

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-06217

INTEL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2200 Mission College Boulevard, Santa Clara, California
(Address of principal executive offices)

94-1672743
(I.R.S. Employer
Identification No.)

95054-1549
(Zip Code)

(408) 765-8080

(Registrant's telephone number, including area code)

N/A

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(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Shares outstanding of the Registrant's common stock:

Class	Outstanding as of October 28, 2011
Common stock, \$0.001 par value	5,092 million

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTEL CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited)

(In Millions, Except Per Share Amounts)	Three Months Ended		Nine Months Ended	
	Oct. 1, 2011	Sept. 25, 2010	Oct. 1, 2011	Sept. 25, 2010
Net revenue	\$ 14,233	\$ 11,102	\$ 40,112	\$ 32,166
Cost of sales	5,215	3,781	15,307	11,081
Gross margin	9,018	7,321	24,805	21,085
Research and development	2,140	1,675	6,042	4,905
Marketing, general and administrative	2,017	1,506	5,697	4,604
Amortization of acquisition-related intangibles	76	4	188	11
Operating expenses	4,233	3,185	11,927	9,520
Operating income	4,785	4,136	12,878	11,565
Gains (losses) on equity method investments, net	(40)	126	(148)	163
Gains (losses) on other equity investments, net	132	(49)	243	76
Interest and other, net	15	38	221	78
Income before taxes	4,892	4,251	13,194	11,882
Provision for taxes	1,424	1,296	3,612	3,598
Net income	\$ 3,468	\$ 2,955	\$ 9,582	\$ 8,284
Basic earnings per common share	\$ 0.67	\$ 0.53	\$ 1.80	\$ 1.49
Diluted earnings per common share	\$ 0.65	\$ 0.52	\$ 1.75	\$ 1.45
Cash dividends declared per common share	\$ 0.4200	\$ 0.3150	\$ 0.7824	\$ 0.6300
Weighted average common shares outstanding:				
Basic	5,194	5,575	5,317	5,556
Diluted	5,340	5,694	5,466	5,695

See accompanying notes.

INTEL CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

(In Millions)	0000000 Oct. 1, 2011	0000000 Dec. 25, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,057	\$ 5,498
Short-term investments	3,876	11,294
Trading assets	4,265	5,093
Accounts receivable, net	3,821	2,867
Inventories	3,959	3,757
Deferred tax assets	2,011	1,488
Other current assets	1,709	1,614
Total current assets	26,698	31,611
Property, plant and equipment, net of accumulated depreciation of \$34,660 (\$32,582 as of December 25, 2010)	22,157	17,899
Marketable equity securities	516	1,008
Other long-term investments	858	3,026
Goodwill	9,138	4,531
Identified intangible assets, net	6,445	860
Other long-term assets	4,739	4,251
Total assets	\$ 70,551	\$ 63,186
Liabilities and stockholders equity		
Current liabilities:		
Short-term debt	\$ 66	\$ 38
Accounts payable	2,999	2,290
Accrued compensation and benefits	2,270	2,888
Accrued advertising	1,215	1,007
Deferred income	1,917	747
Other accrued liabilities	3,442	2,357
Total current liabilities	11,909	9,327
Long-term income taxes payable	192	190
Long-term debt	7,076	2,077
Long-term deferred tax liabilities	2,762	926
Other long-term liabilities	2,495	1,236
Contingencies (Note 26)		
Stockholders equity:		
Preferred stock		
Common stock and capital in excess of par value, 5,118 shares issued and outstanding (5,581 issued and 5,511 outstanding as of December 25, 2010)	16,247	16,178
Accumulated other comprehensive income (loss)	(32)	333
Retained earnings	29,902	32,919
Total stockholders equity	46,117	49,430

Total liabilities and stockholders equity

\$ 70,551 \$ 63,186

See accompanying notes.

INTEL CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

(In Millions)	Nine Months Ended	
	Oct. 1, 2011	Sept. 25, 2010
Cash and cash equivalents, beginning of period	\$ 5,498	\$ 3,987
Cash flows provided by (used for) operating activities:		
Net income	9,582	8,284
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,808	3,252
Share-based compensation	812	704
Net loss on retirement of assets	78	26
Excess tax benefit from share-based payment arrangements	(28)	(63)
Amortization of intangibles	667	180
(Gains) losses on equity method investments, net	148	(163)
(Gains) losses on other equity investments, net	(243)	(76)
(Gains) losses on divestitures	(164)	
Deferred taxes	589	(36)
Changes in assets and liabilities:		
Accounts receivable	(856)	(628)
Inventories	(110)	(479)
Accounts payable	645	20
Accrued compensation and benefits	(651)	(205)
Income taxes payable and receivable	194	179
Other assets and liabilities	(138)	147
Total adjustments	4,751	2,858
Net cash provided by operating activities	14,333	11,142
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(7,920)	(3,338)
Acquisitions, net of cash acquired	(8,477)	(70)
Purchases of available-for-sale investments	(7,426)	(11,835)
Sales of available-for-sale investments	9,052	430
Maturities of available-for-sale investments	8,645	8,363
Purchases of trading assets	(6,795)	(6,761)
Maturities and sales of trading assets	7,688	5,949
Origination of loans receivable	(206)	(421)
Investments in non-marketable equity investments	(569)	(242)
Return of equity method investments	172	151
Proceeds from divestitures	50	
Other investing	252	207