

Appendix A: Non-GAAP Reconciliation Historic ROIC

- We define Return on Invested Capital (ROIC) as adjusted net operating profit after taxes divided by beginning invested capital. Management believes that ROIC provides greater visibility into how effectively Intel deploys capital. Management uses ROIC as a high level target to help ensure that overall performance is understood and acceptable. ROIC is not a measure of financial performance under accounting principles generally accepted in the United States (GAAP), and may not be defined and calculated by other companies in the same manner as Intel does. ROIC should not be considered in isolation or as an alternative to net income as an indicator of company performance.

Appendix A: Non-GAAP Reconciliation Historic ROIC (Continued)

(\$m)	1998		1999		2000		2001	
Net income (GAAP)	\$	6,068	\$	7,314	\$	10,535	\$	1,291
Interest expense		34		36		35		56
Income tax adjustment (1)		(11)		(13)		(11)		(23)
Net operating profit after taxes	\$	6,091	\$	7,337	\$	10,559	\$	1,324
		1997		1998		1999		2000
Total assets (GAAP)	\$	28,880	\$	31,471	\$	43,849	\$	47,945
Current liabilities		(6,020)		(5,804)		(7,099)		(8,650)
Invested capital	\$	22,860	\$	25,667	\$	36,750	\$	39,295
		1998		1999		2000		2001
Return on invested capital (Net operating profit after taxes / prior year end invested capital)		26.6%		28.6%		28.7%		3.4%
Net income/ prior year end total assets		21.0%		23.2%		24.0%		2.7%

(1) Assumed tax effect of interest expense based on the effective tax rate

Source: Intel



Appendix A: Non-GAAP Reconciliation Historic ROIC (Continued)

(\$m)	2002		2003		2004		2005	
Net income (GAAP)	\$	3,117	\$	5,641	\$	7,516	\$	8,664
Interest expense		84		62		50		19
Income tax adjustment (1)		(22)		(15)		(14)		(6)
Net operating profit after taxes	\$	3,179	\$	5,688	\$	7,552	\$	8,677
		2001		2002		2003		2004
Total assets (GAAP)	\$	44,395	\$	44,224	\$	47,143	\$	48,143
Current liabilities		(6,570)		(6,595)		(6,879)		(8,006)
Invested capital	\$	37,825	\$	37,629	\$	40,264	\$	40,137
		2002		2003		2004		2005
Return on invested capital (Net operating profit after taxes / prior year end invested capital)		8.4%		15.1%		18.8%		21.6%
Net income/ prior year end total assets		7.0%		12.8%		15.9%		18.0%

(1) Assumed tax effect of interest expense based on the effective tax rate

Source: Intel



Appendix A: Non-GAAP Reconciliation Historic ROIC (Continued)

(\$m)	2006		2007	
Net income (GAAP)	\$	5,044	\$	6,976
Interest expense		24		15
Income tax adjustment (1)		(7)		(4)
Net operating profit after taxes	\$	5,061	\$	6,987
		2005		2006
Total assets (GAAP)	\$	48,314	\$	48,368
Current liabilities		(9,234)		(8,514)
Invested capital	\$	39,080	\$	39,854
		2006	2007	<u>10 year avg.</u>
Return on invested capital (Net operating profit after taxes / prior year end invested capital)		13.0%	17.5%	18.2%
Net income/ prior year end total assets		10.4%	14.4%	15.0%

(1) Assumed tax effect of interest expense based on the effective tax rate

Source: Intel

