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[Table of Contents](#)**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-K**

(Mark One)

 **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**For the fiscal year ended December 31, 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**94-1672743**(I.R.S. Employer  
Identification No.)**2200 Mission College Boulevard, Santa Clara, California**

(Address of principal executive offices)

**95054-1549**

(Zip Code)

Registrant's telephone number, including area code **(408) 765-8080**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
Common stock, \$0.001 par valueName of each exchange on which registered  
The NASDAQ Global Select Market\*

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. 

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

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**REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

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***The Board of Directors and Stockholders of Intel Corporation***

We have audited the accompanying consolidated balance sheets of Intel Corporation as of December 31, 2011 and December 25, 2010, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Part IV, Item 15. These financial statements and schedule are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intel Corporation at December 31, 2011 and December 25, 2010, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Intel Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2012 expressed an unqualified opinion thereon.

The signature of Ernst + Young LLP is written in a cursive, handwritten style in black ink.

San Jose, California  
February 23, 2012

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 24: Employee Equity Incentive Plans**

Our equity incentive plans are broad-based, long-term programs intended to attract and retain talented employees and align stockholder and employee interests.

In May 2011, stockholders approved an extension of the 2006 Equity Incentive Plan (the 2006 Plan). Stockholders approved 168 million additional shares for issuance, increasing the total shares of common stock available for issuance as equity awards to employees and non-employee directors to 596 million shares. The approval also extended the expiration date of the 2006 Plan to June 2014. The maximum shares to be awarded as non-vested shares (restricted stock) or non-vested share units (restricted stock units) was increased to 394 million shares. As of December 31, 2011, 307 million shares remained available for future grant under the 2006 Plan. We may assume the equity incentive plans and the outstanding equity awards of certain acquired companies. Once they are assumed, we do not grant additional shares under those plans.

In connection with our completed acquisitions of McAfee and Wind River Systems, we assumed their equity incentive plans and issued replacement awards in 2011 and 2009, respectively. The stock options and restricted stock units issued generally retain the terms and conditions of the respective plans under which they were originally granted.

In May 2009, stockholders approved an employee stock option exchange program (Option Exchange) to give employees (not listed officers) the opportunity to exchange eligible stock options for a lesser number of new stock options that have approximately the same fair value as the options surrendered, as of the date of the exchange. The Option Exchange commenced on September 28, 2009 and expired on October 30, 2009. Eligible options included stock options granted under any Intel stock option or equity incentive plan between October 1, 2000 and September 28, 2008 that had an exercise price above \$20.83, which was the 52-week closing-price high as of October 30, 2009. A total of 217 million eligible stock options were tendered and cancelled in exchange for 83 million new stock options granted. The new stock options have an exercise price of \$19.04, which is equal to the market price of Intel common stock (defined as the average of the high and low trading prices) on October 30, 2009. The new stock options were issued under the 2006 Plan and are subject to its terms and conditions. The new stock options vest in equal annual increments over a four-year period from the date of grant and will expire seven years from the grant date. Using the Black-Scholes option pricing model, we determined that the fair value of the surrendered stock options on a grant-by-grant basis was approximately equal, as of the date of the exchange, to the fair value of the eligible stock options exchanged, resulting in insignificant incremental share-based compensation.

We issue restricted stock units with both a market condition and a service condition (market-based restricted stock units), referred to in our 2011 Proxy Statement as outperformance stock units, to a small group of senior officers and non-employee directors. For market-based restricted stock units issued in 2011, the number of shares of Intel common stock to be received at vesting will range from 50% to 200% of the target amount, based on total stockholder return (TSR) on Intel common stock measured against the benchmark TSR of a peer group over a three-year period. TSR is a measure of stock price appreciation plus any dividends paid in this performance period. As of December 31, 2011, there were 4 million market-based restricted stock units outstanding. These market-based restricted stock units accrue dividend equivalents and generally vest three years and one month from the grant date.

Equity awards granted to employees in 2011 under our equity incentive plans generally vest over 4 years from the date of grant, and options expire 7 years from the date of grant, with the exception of market-based restricted stock units, a small number of restricted stock units granted to executive-level employees, and replacement awards related to acquisitions.

The 2006 Stock Purchase Plan allows eligible employees to purchase shares of our common stock at 85% of the value of our common stock on specific dates. In May 2011, stockholders approved an extension of the 2006 Stock Purchase Plan. Stockholders approved 133 million additional shares for issuance, increasing the total shares of common stock available for issuance to 373 million shares. The approval also extended the expiration date of the 2006 Stock Purchase Plan to August 2016. As of December 31, 2011, 254 million shares were available for issuance under the 2006 Stock Purchase Plan.

**Share-Based Compensation**

Share-based compensation recognized in 2011 was \$1.1 billion (\$917 million in 2010 and \$889 million in 2009).

On a quarterly basis, we assess changes to our estimate of expected equity award forfeitures based on our review of recent forfeiture activity and expected future employee turnover. We recognize the effect of adjustments made to the forfeiture rates, if any, in the period that we change the forfeiture estimate. The effect of forfeiture adjustments in 2011, 2010, and 2009 was not significant.

The total share-based compensation cost capitalized as part of inventory as of December 31, 2011 was \$38 million (\$48 million as of December 25, 2010 and \$33 million as of December 26, 2009). During 2011, the tax benefit that we realized for the tax deduction from share-based awards totaled \$327 million (\$266 million in 2010 and \$119 million in 2009).

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**INTEL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We estimate the fair value of restricted stock unit awards with time-based vesting using the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. We estimate the fair value of market-based restricted stock units using a Monte Carlo simulation model on the date of grant. We based the weighted average estimated values of restricted stock unit grants, as well as the weighted average assumptions that we used in calculating the fair value, on estimates at the date of grant, as follows:

	2011	2010	2009
Estimated values	\$ 19.86	\$ 22.56	\$ 14.63
Risk-free interest rate	0.7%	1.1%	0.9%
Dividend yield	3.4%	2.6%	3.5%
Volatility	27%	31%	46%

We use the Black-Scholes option pricing model to estimate the fair value of options granted under our equity incentive plans and rights to acquire stock granted under our stock purchase plan. We based the weighted average estimated values of employee stock option grants (excluding stock option grants in connection with the Option Exchange in 2009) and rights granted under the stock purchase plan, as well as the weighted average assumptions used in calculating these values, on estimates at the date of grant, as follows:

	Stock Options			Stock Purchase Plan		
	2011	2010	2009	2011	2010	2009
Estimated values	\$ 3.91	\$ 4.82	\$ 4.72	\$ 4.69	\$ 4.71	\$ 4.14
Expected life (in years)	5.4	4.9	4.9	0.5	0.5	0.5
Risk-free interest rate	2.2%	2.5%	1.8%	0.2%	0.2%	0.4%
Volatility	27%	28%	46%	26%	32%	44%
Dividend yield	3.4%	2.7%	3.6%	3.6%	3.1%	3.6%

We base the expected volatility on implied volatility because we have determined that implied volatility is more reflective of market conditions and a better indicator of expected volatility than historical volatility. Prior to 2011, we used the simplified method of calculating expected life due to significant differences in the vesting terms and contractual life of current option grants compared to our historical grants. In 2011, we began using historical option exercise data as the basis for determining expected life, as we believe we have sufficient historical data to provide a reasonable basis upon which to estimate the expected life input for valuing options using the Black-Scholes model.

**Restricted Stock Unit Awards**

Information with respect to outstanding restricted stock unit (RSU) activity is as follows:

<u>(In Millions, Except Per RSU Amounts)</u>	<u>Number of RSUs</u>	<u>Weighted Average Grant-Date Fair Value</u>
<b>December 27, 2008</b>	<b>67.3</b>	<b>\$ 20.18</b>
Granted	60.0	\$ 14.63
Assumed in acquisition	1.6	\$ 17.52
Vested	(20.1)	\$ 20.24
Forfeited	(3.4)	\$ 18.19
<b>December 26, 2009</b>	<b>105.4</b>	<b>\$ 17.03</b>
Granted	32.4	\$ 22.56
Vested	(34.6)	\$ 17.70
Forfeited	(3.4)	\$ 17.98
<b>December 25, 2010</b>	<b>99.8</b>	<b>\$ 18.56</b>
Granted	43.3	\$ 19.86
Assumed in acquisition	5.8	\$ 20.80
Vested	(37.5)	\$ 18.60
Forfeited	(4.4)	\$ 19.07
<b>December 31, 2011</b>	<b>107.0</b>	<b>\$ 19.18</b>
<b>Expected to vest as of December 31, 2011</b>	<b>101.0</b>	<b>\$ 19.16</b>

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**INTEL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The aggregate fair value of awards that vested in 2011 was \$753 million (\$808 million in 2010 and \$320 million in 2009), which represents the market value of Intel common stock on the date that the restricted stock units vested. The grant date fair value of awards that vested in 2011 was \$697 million (\$612 million in 2010 and \$407 million in 2009). The number of restricted stock units vested includes shares that we withheld on behalf of employees to satisfy the minimum statutory tax

withholding requirements. Restricted stock units that are expected to vest are net of estimated future forfeitures.

As of December 31, 2011, there was \$1.3 billion in unrecognized compensation costs related to restricted stock units granted under our equity incentive plans. We expect to recognize those costs over a weighted average period of 1.2 years.

**Stock Option Awards**

As of December 31, 2011, options outstanding that have vested and are expected to vest are as follows:

	Number of Options (In Millions)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value (In Millions)
Vested	203.6	\$ 20.44	2.2	\$ 835
Expected to vest	89.5	\$ 19.40	5.0	\$ 434
<b>Total</b>	<b>293.1</b>	<b>\$ 20.12</b>	<b>3.1</b>	<b>\$ 1,269</b>

Aggregate intrinsic value represents the difference between the exercise price and \$24.25, the closing price of Intel common stock on December 30, 2011, as reported on The NASDAQ Global Select Market, for all in-the-money options outstanding. Options outstanding that are expected to vest are net of estimated future option forfeitures.

Options with a fair value of \$226 million completed vesting during 2011 (\$240 million during 2010 and \$288 million during 2009). As of December 31, 2011, there was \$161 million in unrecognized compensation costs related to stock options granted under our equity incentive plans. We expect to recognize those costs over a weighted average period of 1.0 years.

Additional information with respect to stock option activity is as follows:

(In Millions, Except Per Option Amounts)	Number of Options	Weighted Average Exercise Price
<b>December 27, 2008</b>	<b>612.0</b>	<b>\$ 27.70</b>
Grants	118.5	\$ 18.01
Assumed in acquisition	9.0	\$ 15.42
Exercises	(3.6)	\$ 15.90
Cancellations and forfeitures	(29.6)	\$ 28.16
Exchanged	(217.4)	\$ 26.75
Expirations	(37.6)	\$ 31.92
<b>December 26, 2009</b>	<b>451.3</b>	<b>\$ 25.08</b>
Grants	20.2	\$ 23.25
Exercises	(16.6)	\$ 18.36
Cancellations and forfeitures	(16.1)	\$ 24.76
Expirations	(52.4)	\$ 60.68
<b>December 25, 2010</b>	<b>386.4</b>	<b>\$ 20.45</b>
Grants	14.7	\$ 21.49
Assumed in acquisition	12.0	\$ 15.80
Exercises	(86.3)	\$ 20.06
Cancellations and forfeitures	(8.6)	\$ 20.47
Expirations	(19.9)	\$ 24.85
<b>December 31, 2011</b>	<b>298.3</b>	<b>\$ 20.12</b>
Options exercisable as of:		
December 26, 2009	297.7	\$ 28.44
December 25, 2010	263.0	\$ 21.03
December 31, 2011	203.6	\$ 20.44



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**INTEL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The aggregate intrinsic value of stock option exercises in 2011 was \$318 million (\$65 million in 2010 and \$13 million in 2009), which represents the difference between the exercise

price and the value of Intel common stock at the time of exercise. Grants in 2009 include new stock options granted in connection with the Option Exchange.

The following table summarizes information about options outstanding as of December 31, 2011:

Range of Exercise Prices	Outstanding Options			Exercisable Options	
	Number of Shares (In Millions)	Weighted Average Remaining Contractual Life (In Years)	Weighted Average Exercise Price	Number of Shares (In Millions)	Weighted Average Exercise Price
\$1.12–\$15.00	4.9	4.7	\$ 11.78	3.1	\$ 11.52
\$15.01–\$20.00	156.9	3.6	\$ 18.24	97.8	\$ 18.37
\$20.01–\$25.00	119.3	2.5	\$ 21.84	85.8	\$ 21.68
\$25.01–\$30.00	15.7	1.8	\$ 27.47	15.6	\$ 27.47
\$30.01–\$35.46	1.5	0.9	\$ 31.23	1.3	\$ 31.16
<b>Total</b>	<b>298.3</b>	<b>3.1</b>	<b>\$ 20.12</b>	<b>203.6</b>	<b>\$ 20.44</b>

These options will expire if they are not exercised by specific dates through April 2021. Option exercise prices for options exercised during the three-year period ended December 31, 2011 ranged from \$0.05 to \$24.54.

### Stock Purchase Plan

Approximately 70% of our employees were participating in our stock purchase plan as of December 31, 2011. Employees purchased 18.5 million shares in 2011 for \$318 million under the 2006 Stock Purchase Plan (17.2 million shares for \$281 million in 2010 and 30.9 million shares for \$344 million in 2009). As of December 31, 2011, there was \$13 million in unrecognized compensation costs related to rights to acquire common stock under our stock purchase plan. We expect to recognize those costs over a period of approximately one and a half months.

### Note 25: Common Stock Repurchases

#### Common Stock Repurchase Program

We have an ongoing authorization, since October 2005, as amended, from our Board of Directors to repurchase up to \$45 billion in shares of our common stock in open market or negotiated transactions. This amount includes \$20 billion of increases in the authorization limit approved by our Board of Directors in 2011. As of December 31, 2011, \$10.1 billion remained available for repurchase under the existing repurchase authorization limit. During 2011, we repurchased 642.3 million shares of common stock at a cost of \$14.1 billion. During 2010, we repurchased 70.3 million shares of common stock at a cost of \$1.5 billion. We utilized the

majority of the proceeds from the issuance of the 2009 debentures to repurchase 88.2 million shares at a cost of \$1.7 billion during 2009 (for further information on the issuance of the 2009 debentures, see “Note 21: Borrowings”). We have repurchased 4.1 billion shares at a cost of \$84 billion since the program began in 1990.

#### Restricted Stock Unit Withholdings

We issue restricted stock units as part of our equity incentive plans. For the majority of restricted stock units granted, the number of shares issued on the date the restricted stock units vest is net of the minimum statutory withholding requirements that we pay in cash to the appropriate taxing authorities on behalf of our employees. During 2011, we withheld 10.3 million shares (10.1 million shares during 2010 and 5.8 million shares during 2009) to satisfy \$207 million (\$236 million during 2010 and \$92 million during 2009) of employees’ tax obligations. Although shares withheld are not issued, they are treated as common stock repurchases in our consolidated financial statements, as they reduce the number of shares that would have been issued upon vesting.