Intel boosts dividend for 2nd time in 6 months

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Intel Corp. has raised its quarterly dividend by 16 percent, boosting what was already one of the highest-yielding shareholder payouts in technology.

Wednesday's hike demonstrates Intel's confidence in the personal computer market, which is still large and growing despite a threat from tablet computers such as Apple Inc.'s iPad. Intel CEO Paul Otellini said rapid growth in worldwide computing demand is putting the company on track to boost revenue by more than 20 percent over last year's $43.6 billion.

More than 1 million PCs are sold every day. Intel's microprocessors — the "brains" of computers — are inside 80 percent of the world's PCs.

The dividend hike is Intel's second in six months and its 16th since the company began paying a dividend in 1992.

It shows Intel's confidence in the moneymaking potential of its industry-leading factories. Intel's techniques for making chips are among the company's most coveted intellectual property. Last week the company revealed that it has developed a new design for its transistors to make chips faster, more energy-efficient and cheaper to make.

Although tablets and smartphones are becoming more popular, the PC market is still huge. The industry is expected to ship more than half a billion computers next year, according to some estimates.

Strong financial results for the first three months of the year show there is still plenty of money to be made in that industry, as computers become cheaper and more affordable, especially in emerging economies. Intel credited strong corporate demand for new PCs and in turn, Intel chips. The company's results and guidance topped Wall Street's expectations.

The dividend increase, to 21 cents per share from 18.12 cents per share, will start with the third quarter of 2011.

Intel shares rose 31 cents to $23.34 in afternoon trading Wednesday. At that price, Intel's annual dividend yield is more than 3 percent, higher than Microsoft Corp., IBM Corp. and others.

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