PART I

ITEM 1.   BUSINESS

Company Overview

We are a world leader in the design and manufacturing of essential products and technologies that power the cloud and an increasingly smart, connected world. Intel delivers computer, networking, and communications platforms to a broad set of customers including original equipment manufacturers (OEMs), original design manufacturers (ODMs), cloud and communications service providers, as well as industrial, communications and automotive equipment manufacturers. We are expanding the boundaries of technology through our relentless pursuit of Moore's Law and computing breakthroughs that make amazing experiences possible. We were incorporated in California in 1968 and reincorporated in Delaware in 1989.

Company Strategy

Our vision is if it is smart and connected, it is best with Intel ®. As a result, our strategy is to drive a "Virtuous Cycle of Growth" that enables the expansion of the data center as well as the proliferation of smart, connected things and devices, while continuing to fuel technology with the economics of Moore's Law.

People are experiencing a dramatic shift in their relationship to technology as things and devices become increasingly connected to each other and the cloud, merging the digital and physical worlds. Computing is becoming pervasive everywhere and in everything. The Virtuous Cycle of Growth leverages Intel's core assets to power the cloud and drive the increasingly smart and connected world.

Virtuous Cycle of Growth

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Our businesses across the cloud and data center, through things and devices, are accelerated by memory and field-programmable gate array (FPGA) technologies—all of which are bound together by connectivity and enhanced by the economics of Moore's Law. We further transform these technologies to deliver compelling user experiences.

• *The Cloud and Data Center.* We believe that the most important trend shaping the future of the smart and connected world is the cloud. We design and optimize our products to deliver industry leading performance and best in class total cost of ownership for cloud workloads. Intel is adding new products and features to our portfolio to address emerging, high growth workloads such as artificial intelligence, media, and 5G.

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- *Things and Devices.* Things and devices encompass all smart devices, including PCs, sensors, consoles, and other edge devices that are connected to the cloud. When a "thing" is connected to the cloud, the data it captures can be measured in real time and accessed virtually from anywhere. We will continue to deliver leadership, performance, and innovation in PCs. In our Internet of Things business, we focus our investments on areas where we see growth potential, such as the autonomous vehicle, industrial, and retail market segments.

- *Memory and Programmable Solutions.* Advancements in memory technology and programmable solutions, such as FPGAs, make possible entirely new classes of products for the data center and Internet of Things. The need for faster storage and greater memory capacity unlocks value in the cloud as the demand to automate and analyze exponential quantities of data increases. FPGAs can efficiently manage the changing workload demands of next-generation data centers and offer the flexibility for users to change their workloads real-time. FPGAs are also used in a wide range of other applications, such as machine learning and Advanced Driver Assistance Systems.

- *Connectivity.* As the connectivity technologies continue to evolve, more things and devices are able to connect with each other and the cloud. The ability to connect, and to derive actionable insights from massive amounts of data brings new experiences to our daily lives and transforms businesses.

- *Moore's Law.* Our co-founder Gordon Moore predicted, in what is known as Moore's Law, that transistor density on integrated circuits would double about every two years. Intel's advancement of Moore's Law has driven significant computing power growth and increasingly better economics and pricing. We will continue to harness the value of Moore's Law by enabling new devices with higher functionality and complexity while controlling power, cost, and size.

Leveraging our core assets enhances our strategy and provides us with the scale, capacity, and global reach to establish new technologies and respond to customers' needs quickly. Our core assets include the following:

- *Silicon and Manufacturing Technology Leadership.* We have long been the leader in silicon manufacturing process technology and we aim to continue our lead through investment and innovation in this critical area. Unlike many other semiconductor companies, we primarily manufacture our products in our own manufacturing facilities, which enables us to optimize performance, shorten our time-to-market, and scale new products more rapidly. We believe this competitive advantage will be extended in the future as the costs to build leading-edge fabrication facilities increase over time.

- *Architecture and Platforms.* We are able to share intellectual property across our platforms and operating segments, which reduces our costs and provides a higher return on capital in our growth market segments. The combination of our shared intellectual property portfolio and our interchangeable manufacturing assets allows us to seamlessly shift our production capabilities to respond to market demand. We continue to invest in improving Intel architecture and product platforms to deliver increased value to our customers and expand the capabilities of the architecture in adjacent market segments.

- *Software and Services.* We offer software and services that provide solutions through a combination of hardware and software for consumer and corporate environments and that assist software developers in creating software applications that take advantage of our platforms.

- *Customer Orientation.* We focus on providing compelling user experiences by developing our next generation of products based on customer needs and expectations. In turn, our products help enable the design and development of new user experiences, form factors, and usage models. We offer platforms that incorporate various components and capabilities designed and configured to work together to provide an optimized solution that customers can easily integrate into their products.

- *Acquisitions and Strategic Investments.* We invest in companies around the world that we believe will further our strategic objectives, stimulate growth in the digital economy, create new business opportunities for Intel, and generate financial returns. Our investments take different forms, including acquisition of companies to further advance our strategic objectives, which is exemplified by our acquisition of Altera Corporation (Altera) in Q1 2016. Through the Altera acquisition, we are able to combine programmable solutions with our leading-edge products and manufacturing process to enable new classes of products for the data center and Internet of Things market segments.

- *Corporate Responsibility.* Throughout our history, Intel has expanded the reach, influence, and power of computing to improve people's everyday lives. We set ambitious goals and make strategic investments to drive improvements in environmental sustainability, supply chain responsibility, diversity and inclusion, and social impact that benefit the environment and society. We believe that our focus on corporate responsibility—built on a strong foundation of transparency, governance, and ethics—creates value for Intel and our stockholders by helping us mitigate risks, reduce costs, build brand value, and identify new market opportunities. To understand our performance and the progress we are making toward our corporate responsibility goals, refer to "Corporate Responsibility and Sustainability" below and our Corporate Responsibility Report on our website.

Business Organization

We manage our business through the following operating segments:

Client Computing Group (CCG)

Includes platforms designed for notebooks, 2 in 1 systems, desktops (including all-in-ones and high-end enthusiast PCs), tablets, phones, wireless and wired connectivity products, and mobile communication components.

Data Center Group (DCG)

Includes workload-optimized platforms and related products designed for enterprise, cloud, and communication infrastructure market segments.

Internet of Things Group (IOTG)

Includes platforms designed for Internet of Things market segments, including retail, transportation, industrial, video, buildings and smart cities, along with a broad range of other market segments.

Non-Volatile Memory Solutions Group (NSG)

Includes NAND flash memory products primarily used in solid-state drives.

Intel Security Group (ISecG)

Includes security software products designed to deliver innovative solutions that secure computers, mobile devices, and networks around the world.

Programmable Solutions Group (PSG)

Includes programmable semiconductors (primarily FPGAs) and related products for a broad range of market segments, including communications, data center, industrial, military, and automotive.

All Other

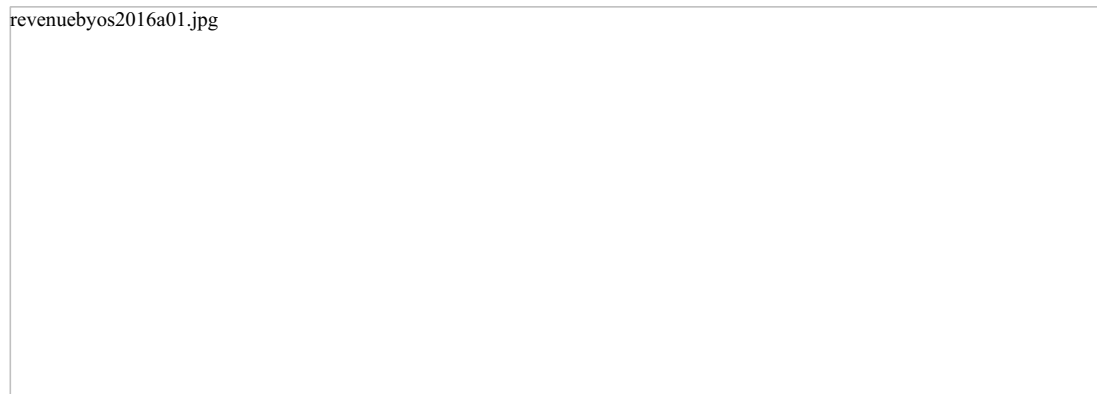Includes results from our other non-reportable segment and corporate-related charges.

For additional information regarding our operating segments, including the planned divestiture of ISecG, see " Note 4: Operating Segments and Geographic Information" and "Note 10: Acquisitions and Divestitures" in Part II, Item 8 of this Form 10-K.

Revenue by Major Operating Segment

Net revenue for each of our reported operating segments is presented below.

Percentage of Revenue by Major Operating Segment
(Dollars in Millions)

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Products

Platforms

We offer platforms that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone System-on-Chip (SoC), or a multichip package. A platform may be enhanced by additional hardware, software, and services offered by Intel. Platforms are used in various form factors across our CCG, DCG, and IOTG operating segments. We derive a substantial majority of our revenue from platforms, which is our principal product.

A microprocessor—the central processing unit (CPU) of a computer system—processes system data and controls other devices in the system. We offer microprocessors with one or multiple processor cores. Multi-core microprocessors can enable improved multitasking and energy-efficient performance by distributing computing tasks across two or more cores. In addition, many of our processor families integrate graphics functionality onto the processor die. In 2016, we released our 7th generation Intel® Core™ processor, formerly code-named Kaby Lake as well as Intel ® Xeon® processor E5 v4 family, formerly code-named Broadwell.

A chipset sends data between the microprocessor and input, display, and storage devices, such as the keyboard, mouse, monitor, hard drive or solid-state drive, and optical disc drives. Chipsets extend the audio, video, and other capabilities of many systems and perform essential logic functions, such as balancing the performance of the system and removing bottlenecks.

We offer and develop SoC and multichip packaging products that integrate our CPUs with other system components, such as graphics, audio, imaging, communication and connectivity, and video, onto a single product. SoC and multichip packaging products are designed to reduce total cost of ownership, provide improved performance due to higher integration and lower power consumption, and enable a variety of our form factors.

We offer a range of platforms based upon the following microprocessors:

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For additional product information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of this Form 10-K.

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Competition

The computing industry continuously evolves with new and enhanced technologies and products from existing and new providers. The marketplace can change quickly in response to the introduction of such technologies and products and other factors such as changes in customer and end-user requirements, expectations, and preferences. As technologies evolve and new market segments emerge, the boundaries between the market segments that we compete in are also subject to change.

Intel faces significant competition in the development and market acceptance of our products in this environment. Our platforms, based on Intel architecture, are positioned to compete across the compute continuum, from the lowest power and mobile devices to the most powerful data center servers. These platforms have integrated hardware and software and offer customers benefits such as ease of use, savings in total cost of ownership, and the ability to scale systems to accommodate increased usage.

Competitors

We compete against other companies that make and sell platforms, other silicon components, and software to businesses that build and sell computing and communications systems to end users. Our competitors also include companies that sell goods and services to businesses that use them for their internal and/or customer-facing processes (e.g., businesses running large data centers). In addition, we face competition from OEMs, ODMs, and other industrial and communications equipment manufacturers that, to some degree, choose to vertically integrate their own proprietary semiconductor and software assets. By doing so, these competitors may be attempting to offer greater differentiation in their products and to increase their share of the profits for each finished product they sell. Continuing changes in industry participants through, for example, acquisitions or business collaborations could also have a significant impact on our competitive position.

In the PC market segment, we are a leading provider of platforms for traditional desktops and notebooks. We face existing and emerging competition in these product areas. Tablets, phones, and other mobile devices offered by numerous vendors are significant competitors to traditional PCs for many usages and considerable blurring of system form factors currently exists in the marketplace. We are a relatively recent provider of platforms for tablets and phones, and we face strong competition from vendors that use applications processors based on the ARM* architecture, feature low-power, long battery-life operation, and are built in SoC formats that integrate numerous functions on one chip.

In the data center market segment, we are a leading provider of data center platforms and face competition from companies using ARM architecture or other technologies. Internet cloud computing, storage, and networking are areas of significant targeted growth for us in the data center segment, and we face strong competition in these market segments.

In the Internet of Things market segment, we have a long-standing position as a supplier of components and software for embedded products. This marketplace continues to expand significantly with increasing types and numbers of smart and connected devices for industrial, commercial, and consumer uses such as wearables. As this market segment evolves, we face numerous large and small incumbent processor competitors, as well as new entrants that use ARM architecture and other operating systems and software. In addition, the Internet of Things requires a broad range of connectivity solutions and we face competition from companies providing traditional wireless solutions such as cellular, WiFi, and Bluetooth, as well as several new entrants who are taking advantage of new focused communications protocols.

In the memory market segment, we compete against other providers of NAND flash memory products. We focus our efforts primarily on incorporating NAND flash memory into solution products, such as solid-state drives supporting enterprise and consumer applications. We believe that our memory offerings, including innovative developments such as Intel® Optane™ technology, complement our product offerings in our other segments.

Our security business operates in highly competitive, fragmented, and rapidly changing market segments. We are a major provider of cybersecurity products and services to both businesses and consumers. For businesses, we compete with companies selling individual point security products and companies selling multiple security products. We offer businesses a portfolio of products that are integrated into a comprehensive security solution. For consumers, we primarily compete against other major security companies and providers of free security products. Our consumer offerings are designed to protect user data, identity, and devices across the compute continuum.

In the programmable solutions market segment, we are a leading provider of programmable semiconductors and related products, including FPGAs and SoC FPGAs. We face competition from other programmable logic companies, as well as companies that make other types of semiconductor products, such as application-specific integrated circuits (ASICs), application-specific standard products (ASSPs), graphics processing units (GPUs), digital signal processors (DSPs), and CPUs. Targeted growth areas for our programmable solutions include communications, data center, and automotive applications. The FPGA life cycle is long, relative to other Intel products—from the time that a design win is secured, it generally takes three or more years before a customer starts volume production and we receive the associated revenue from such design win.

Our products primarily compete based on performance, energy efficiency, integration, innovative design, features, price, quality, reliability, brand recognition, technical support, and availability. The importance of these factors varies by the type of end system for the products. For example, performance might be among the most important factors for our products for data center servers, while price and integration might be among the most important factors for our products for tablets, phones, and other mobile devices.

Competitive Advantages

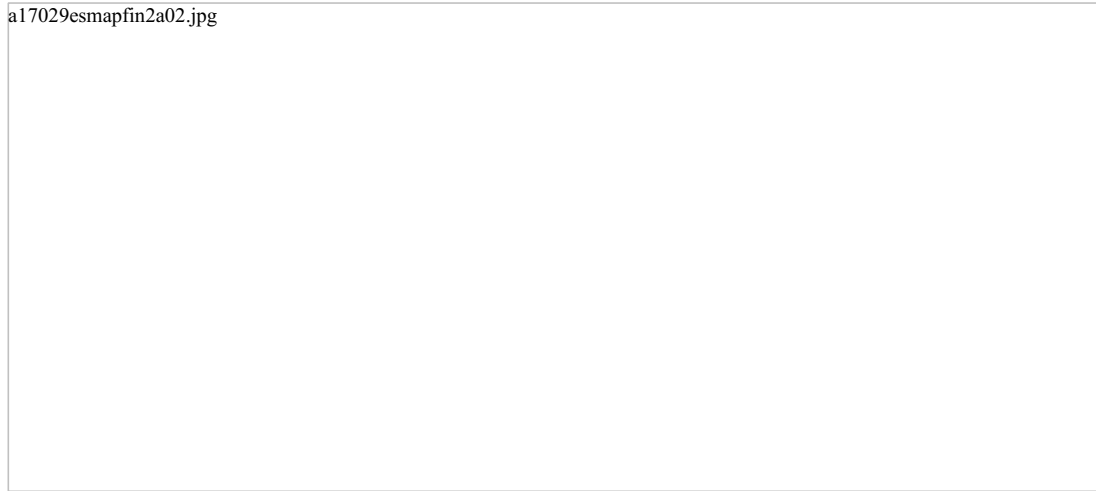Our key competitive advantages include:

- *Well-positioned for growth in smart, connected world* . We offer solutions across every segment of the smart, connected world—from the cloud, to the network, to devices—and believe that we are well-positioned for growth through our strategy of the Virtuous Cycle of Growth. The expansion and proliferation of the cloud and data center, Internet of Things, memory, and FPGAs—all of which are connected—help grow our business. As more devices connect to the cloud, we have increased opportunities for growth.

- *Transitions to next-generation technologies* . We have a market lead in transitioning to the next-generation process technology and bringing products to market using such technology. Our products utilizing our 14-nanometer (nm) process technology are in the market and we are continuing to work on the development of our next-generation 10nm process technology. We believe that these advancements will offer significant improvements in one or more of the following areas: performance, new features, energy efficiency, and cost.

- *Combination of our network of manufacturing and assembly and test facilities with our global architecture design teams* . We have made significant capital and research and development (R&D) investments into our integrated manufacturing network, which enables us to have more direct control over our design, development, and manufacturing processes; quality control; product cost; production timing; performance; power consumption; and manufacturing yield. The increased cost of constructing new fabrication facilities to support smaller transistor geometries and larger wafers has led to a reduced number of companies that can build and equip leading-edge manufacturing facilities. Most of our competitors rely on third-party foundries and subcontractors for manufacturing and assembly and test needs. We provide foundry services as an alternative to such foundries.

Manufacturing and Assembly and Test

In 2016, the majority of our wafer manufacturing was conducted within the U.S. Manufacturing conducted within and outside the U.S. may be impacted by the timing of a facility's transition to a newer process technology, as well as a facility's capacity utilization.

We manufacture our products in facilities at the following locations:

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As of December 31, 2016, our microprocessors were manufactured on 300mm wafers, with a substantial majority manufactured using our 14nm and 22nm process technologies. We continue to develop new generations of manufacturing process technology and realize the benefits which enable silicon designs with less space per transistor, reduced heat output from each transistor, and increased number of integrated features on each chip. These advancements make possible innovations of new products with higher functionality while controlling power, cost, and size. We incur factory start-up costs as we ramp our facilities for a new process technology. In 2017, we announced plans to complete our Arizona facility which is targeted for 7nm process technology.

We use third-party foundries to manufacture wafers for certain components, including communications, connectivity, networking, FPGA, and memory products. In addition, we primarily use subcontractors to manufacture board-level products and systems. We purchase certain communications and connectivity products from external vendors primarily in the Asia-Pacific region. In addition to the assembly and test facilities presented on the map, we use subcontractors to augment capacity to perform assembly and test of certain products, primarily chipsets and communications, FPGAs, connectivity, and memory products.

We utilize a multi-source strategy for our memory business to enable a robust and flexible supply chain. In 2016, we began ramping our facility in Dalian, China to produce leading-edge non-volatile memory. This expansion enables us to maintain a cost-effective strategy to best serve our customers in 3D NAND. In addition to our strategic investments to manufacture memory internally, we have a supplemental supply agreement with Micron Technology, Inc. (Micron), as well as capacity from the joint venture, IM Flash Technologies, LLC (IMFT) factory in Lehi, Utah. For further information on IMFT, see "Note 9: Investments" in Part II, Item 8 of this Form 10-K.

Our employment and operating practices are consistent with, and we expect our suppliers and subcontractors to abide by, local country law. Intel expects all suppliers to comply with the Intel Code of Conduct and the Electronic Industry Citizenship Coalition (EICC) Code of Conduct, both of which set standards that address the rights of workers to safe and healthy working conditions, environmental responsibility, compliance with privacy and data security obligations, and compliance with applicable laws. For more information about supply-chain responsibility, refer to "Corporate Responsibility and Sustainability" below and our Corporate Responsibility Report available on Intel's website.

We have thousands of suppliers, including subcontractors, fulfilling our various materials, equipment, and service needs. We set expectations for supplier performance and reinforce those expectations with periodic assessments and audits. We regularly communicate those expectations and work with our suppliers to implement improvements when necessary. Where possible, we seek to have several sources of supply for all materials and resources. However, we may rely on a single or limited number of suppliers, or upon suppliers in a single country. In those cases, we develop and implement plans and actions to reduce the exposure that would result from a disruption in supply. We have entered into long-term contracts with certain suppliers to help ensure a stable supply of silicon and semiconductor manufacturing tools.

Our products are typically manufactured at multiple Intel facilities around the world or by subcontractors. However, some products are manufactured in only one Intel or subcontractor facility, and we seek to reduce the exposure that would result from a disruption at any such facility.

Employees

As of December 31, 2016, we had 106,000 employees worldwide, with approximately 50% of those employees located in the U.S.

Research and Development

We are committed to investing in world-class technology development, particularly in the design and manufacture of integrated circuits. R&D expenditures were $12.7 billion in 2016 ($12.1 billion in 2015 and $11.5 billion in 2014).

Our R&D activities are directed toward the delivery of solutions consisting of hardware and software platforms and supporting services across a wide range of computing devices. We are focused on developing the technology innovations that we believe will deliver our next generation of products, which will in turn enable new form factors and usage models for businesses and consumers. We focus our R&D efforts on advanced computing technologies, developing new microarchitectures, advancing our silicon manufacturing process technology, delivering the next generation of platforms, improving our platform initiatives, developing new solutions in emerging technologies (including memory and the Internet of Things), and developing software solutions and tools. Our R&D efforts are intended to enable new levels of performance and address areas such as energy efficiency, system-level integration, security, scalability for multi-core architectures, system manageability, and ease of use.

As part of our R&D efforts, we plan to introduce new microarchitectures for our various products on a regular cadence. We expect to lengthen the amount of time we will utilize our 14nm and our next-generation 10nm process technologies with multiple waves of product offerings, further optimizing our technologies while meeting the yearly market cadence for product introductions.

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Advances in our silicon technology have enabled us to continue making Moore's Law a reality. In 2014, we began manufacturing our 5th generation Intel Core processor family using our 14 nm process technology. In 2015, we released a new microarchitecture (our 6th generation Intel Core processor family), using our 14nm process technology. We enhanced the 14nm process on our 7th generation Intel Core processor family in 2016 and plan to further optimize our technologies with the upcoming 8th generation Intel Core processor family in 2017. We continue to make progress on developing our next-generation 10nm manufacturing process technology.

We have continued expanding on the advances anticipated by Moore's Law by bringing new capabilities into silicon and producing new products optimized for a wider variety of applications. We expect that these advances will result in a significant reduction in transistor leakage, lower active power, and an increase in transistor density. These advances in our process technologies will enable new classes of products, from smart and connected things and devices to high performance systems that power data centers. For instance, we offer the Intel® Atom™ processor-based Intel® Joule™ compute module, a high-performance system-on-module designed to enable developers and entrepreneurs to go from concept to prototype to production in less time and at lower cost than with traditional system development.

With our continued focus on silicon and manufacturing technology leadership, we entered into a series of agreements with ASML Holding N.V. (ASML) in 2012, certain of which were amended in 2014 to further define the commercial terms between the parties. These amended agreements, in which Intel agreed to provide R&D funding over five years, are intended to accelerate the development of extreme ultraviolet (EUV) lithography projects and deep ultraviolet immersion lithography projects, including generic developments applicable to both 300mm and 450mm.

Our R&D activities include initiatives that further enhance our platform solutions, for example:
- The development of multi-mode LTE* and 5G technology, which brings connectivity capability to smart and connected devices and will power the 5G network infrastructure;
- Memory technology innovation with 3D XPoint™ and 3D NAND technologies, which enables higher density and high performance storage and system memory solutions;
- Integration of FPGA technology, which enables new classes of products for the data center and Internet of Things market segments; and
- Other initiatives, such as leading-edge foundry platforms, ecosystem partner development, graphics, and high-performance computing.

Our R&D model is based on a global organization that emphasizes a collaborative approach to identifying and developing new technologies, leading standards initiatives, and influencing regulatory policies to accelerate the adoption of new technologies, including joint pathfinding conducted between researchers at Intel Labs and our business groups. We centrally manage key cross-business group product initiatives to align and prioritize our R&D activities across these groups. In addition, we may augment our R&D activities by investing in companies or entering into agreements with companies that have similar R&D focus areas, as well as directly purchasing or licensing technology applicable to our R&D initiatives. To drive innovation and gain efficiencies, we intend to utilize our investments in intellectual property and R&D across our market segments.

Sales and Marketing

Customers

We sell our products primarily to OEMs and ODMs. ODMs provide design and manufacturing services to branded and unbranded private-label resellers. In addition, our customers include other manufacturers and service providers, such as industrial and communication equipment manufacturers and cloud service providers, who buy our products through distributor, reseller, retail, and OEM channels throughout the world. For more information about our customers, including customers who accounted for greater than 10% of our net consolidated revenue, see "Note 4: Operating Segments and Geographic Information" in Part II, Item 8 of this Form 10-K.

Our worldwide reseller sales channel consists of thousands of indirect customers—systems builders that purchase Intel ® processors and other products from our distributors. We have a program that allows distributors to sell our microprocessors and other products in small quantities to customers of systems builders. Our microprocessors and other products are also available in direct retail outlets.

Sales Arrangements

Our products are sold through sales offices throughout the world. Sales of our products are frequently made via purchase order acknowledgments that contain standard terms and conditions covering matters such as pricing, payment terms, and warranties, as well as indemnities for issues specific to our products, such as patent and copyright indemnities. From time to time, we may enter into additional agreements with customers covering, for example, changes from our standard terms and conditions, new product development and marketing, private-label branding, and other matters. Our sales are routinely made using electronic and web-based processes that allow the customer to review inventory availability and track the progress of specific goods ordered. Pricing on particular products may vary based on volumes ordered and other factors. We also offer discounts, rebates, and other incentives to customers to increase acceptance of our products and technology.

Our products are generally shipped under terms that transfer title to the customer, even in arrangements for which the recognition of revenue and related cost of sales is deferred. Our standard terms and conditions of sale typically provide that payment is due at a later date, usually 30 days after shipment or delivery. We assess credit risk through quantitative and qualitative analysis. From this analysis, we establish shipping and credit limits, and determine whether we will seek to use one or more credit support protection devices, such as obtaining a parent guarantee, standby letter of credit, or credit insurance. Credit losses may still be incurred due to bankruptcy, fraud, or other failure of the customer to pay.

Our sales to distributors are typically made under agreements allowing for price protection on unsold merchandise and a right of return on stipulated quantities of unsold merchandise. Under the price protection program, we give distributors credits for the difference between the original price paid and the current price that we offer. Our products typically have no contractual limit on the amount of price protection, nor is there a limit on the time horizon under which price protection is granted. The right of return granted generally consists of a stock rotation program in which distributors are able to exchange certain products based on the number of qualified purchases made by the distributor.

Distribution

Distributors typically handle a wide variety of products, including those that compete with our products, and fill orders for many customers. Customers may place orders directly with us or through distributors. We have several distribution warehouses that are located in proximity to key customers.

Backlog

Over time, our larger customers have generally moved to lean-inventory or just-in-time operations rather than maintaining larger inventories of our products. As our customers continue to lower their inventories, our processes to fulfill their orders have evolved to meet their needs. As a result, our manufacturing production is based on estimates and advance non-binding commitments from customers as to future purchases. Our order backlog as of any particular date is a mix of these commitments and specific firm orders that are primarily made pursuant to standard purchase orders for delivery of products. Only a small portion of our orders are non-cancelable, and the dollar amount associated with the non-cancelable portion is not significant.

Seasonal Trends

Historically, our net revenue has typically been higher in the second half of the year than in the first half of the year, accelerating in the third quarter and peaking in the fourth quarter.

Marketing

Our global marketing objectives are to build a strong, well-known Intel corporate brand that connects with businesses and consumers, and to offer a limited number of meaningful and valuable brands in our portfolio to aid businesses and consumers in making informed choices about technology purchases. The Intel Core processor family and the Intel® Quark™, Intel® Atom™, Intel® Celeron®, Intel® Pentium®, Intel® Xeon®, Intel® Xeon Phi™, and Intel® Itanium® trademarks make up our processor brands.

We promote brand awareness and preference, and generate demand through our own direct marketing as well as through co-marketing programs. Our direct marketing activities primarily include advertising through digital and social media and television, as well as consumer and trade events, industry and consumer communications, and press relations. We market to consumer and business audiences, and focus on building awareness and generating demand for new form factors such as all-in-one devices and 2 in 1 systems powered by Intel. Our key messaging focuses on increased performance, improved energy efficiency, and other capabilities such as connectivity and communications.

Purchases by customers often allow them to participate in cooperative advertising and marketing programs such as the Intel Inside ® program. This program broadens the reach of our brands beyond the scope of our own direct marketing. Through the Intel Inside program, certain customers are licensed to place Intel® logos on computing devices containing our microprocessors and processor technologies, and to use our brands in their marketing activities. The program includes a market development component that accrues funds based on purchases and partially reimburses customers for marketing activities for products featuring Intel® brands, subject to customers meeting defined criteria. These marketing activities primarily include advertising through digital and social media and television, as well as press relations. We have also entered into joint marketing arrangements with certain customers.

Intellectual Property Rights and Licensing

Intel owns significant intellectual property (IP) and related IP rights around the world that relate to our products, services, R&D, and other activities and assets. Our IP portfolio includes patents, copyrights, trade secrets, trademarks, trade dress rights, and maskwork rights. We actively seek to protect our global IP rights and to deter unauthorized use of our IP and other assets. Such efforts can be difficult, however, particularly in countries that provide less protection to IP rights and in the absence of harmonized international IP standards. While our IP rights are important to our success, our business as a whole is not significantly dependent on any single patent, copyright, or other IP right.

We have obtained patents in the U.S. and other countries. Because of the fast pace of innovation and product development, and the comparative pace of governments' patenting processes, our products are often obsolete before the patents related to them expire; in some cases, our products may be obsolete before the patents related to them are granted. As we expand our products into new industries, we also seek to extend our patent development efforts to patent such products. In addition to developing patents based on our own R&D efforts, we purchase patents from third parties to supplement our patent portfolio. Established competitors in existing and new industries, as well as companies that purchase and enforce patents and other IP, may already have patents covering similar products. There is no assurance that we will be able to obtain patents covering our own products, or that we will be able to obtain licenses from other companies on favorable terms or at all.

The software that we distribute, including software embedded in our component-level and platform products, is entitled to copyright and other IP protection. To distinguish our products from our competitors' products, we have obtained trademarks and trade names for our products, and we maintain cooperative advertising programs with customers to promote our brands and to identify products containing genuine Intel components. We also protect details about our processes, products, and strategies as trade secrets, keeping confidential the information that we believe provides us with a competitive advantage.

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Corporate Responsibility and Sustainability

We have a long history of leadership in corporate responsibility and set ambitious goals and drive improvements in key focus areas of environmental sustainability, supply chain responsibility, diversity and inclusion, and social impact.

We are committed to environmental sustainability and take a leadership position in promoting voluntary environmental initiatives by working proactively with governments, environmental groups, and industry. To minimize the environmental impact of our global manufacturing operations, we invest in conservation projects and set company-wide environmental targets, seeking to drive reductions in greenhouse gas emissions, energy use, water use, and waste generation. For the past nine years, we have been the largest voluntary corporate purchaser of green power in the U.S. according to the U.S. Environmental Protection Agency, helping to stimulate the market for green power and reduce energy costs. We seek to reduce the environmental impact of our products through product ecology and e-waste initiatives and by designing products with improved energy-efficient performance, which helps us meet customer needs and identify market expansion opportunities. We believe that technology will be fundamental to finding solutions to the world's environmental challenges, and we are joining forces with others to find and promote ways that technology can be used as a tool to address climate change and water conservation.

We are committed to advancing supply chain responsibility, as we believe this creates value by reducing risk, improving product quality, and raising the overall performance of our suppliers. Our efforts are designed to protect vulnerable workers throughout the global supply chain and include setting clear supplier expectations, investing in assessments, audits, and capability-building programs, and collectively addressing issues through our leadership in the Electronic Industry Citizenship Coalition (EICC). We have also led the industry on the conflict minerals issue and have worked extensively since 2008 to put in place processes and systems to develop ethical sourcing of tin, tantalum, tungsten, and gold for Intel and to prevent profits from the sale of those minerals from funding conflict in the Democratic Republic of the Congo (DRC) and adjoining countries. Since 2013, we have manufactured microprocessors that are DRC conflict-free for tantalum, tin, tungsten, and gold. We continue our work to establish responsible mineral supply chains for our company as well as our industry.

Diversity and inclusion are integral parts of our corporate strategy and vision. We believe that investing in training, diversity, benefits programs, and education helps us to attract and retain a talented workforce. In 2015, Intel set a goal to achieve full representation of women and underrepresented minorities in our U.S. workforce by 2020, reflecting talent available in the marketplace. We plan to spend $300 million to support this goal and accelerate diversity and inclusion—not just at Intel, but across the technology industry at large.

We and the Intel Foundation, a charitable organization, advance social impact initiatives and collaborative engagements to empower the next generation of innovators and expand economic opportunity for young people around the world through programs that increase access to technology skills and provide hands-on innovation experiences. Our social impact initiatives build trust with key stakeholders, support our long-term talent and diversity objectives, and support expansion of future market opportunities.

For more information about our corporate responsibility efforts, refer to our Corporate Responsibility Report available on Intel's website.

Distribution of Company Information

Our Internet address is *www.intel.com*. We publish voluntary reports on our website that outline our performance with respect to corporate responsibility, including environmental, health, and safety compliance.

We use our Investor Relations website, *www.intc.com,* as a routine channel for distribution of important information, including news releases, analyst presentations, financial information, corporate governance practices, and corporate responsibility information. We post filings on our website the same day they are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC), including our annual and quarterly reports on Forms 10-K and 10-Q and current reports on Form 8-K; our proxy statements; and any amendments to those reports or statements. We post our quarterly and annual earnings results at *www.intc.com/results.cfm*, and do not distribute our financial results via a news wire service. All such postings and filings are available on our Investor Relations website free of charge. In addition, our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we post financial information. The SEC's website, *www.sec.gov,* contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The content on any website referred to in this Form 10-K is not incorporated by reference in this Form 10-K unless expressly noted.

Executive Officers of the Registrant

Our executive officers are listed below:

Name	Age	Office(s)
Andy D. Bryant	66	Chairman of the Board
Brian M. Krzanich	56	Chief Executive Officer
Diane M. Bryant	54	Executive Vice President; General Manager, Data Center Group
Dr. Venkata S.M. ("Murthy") Renduchintala	51	Executive Vice President; President, Client and Internet of Things Businesses and System Architecture Group
Stacy J. Smith	54	Executive Vice President, Manufacturing, Operations and Sales
Robert H. Swan	56	Executive Vice President, Chief Financial Officer

Andy D. Bryant has been Chairman of our Board of Directors since May 2012. Mr. Bryant served as Vice Chairman of the Board of Directors of Intel from July 2011 to May 2012. From 2007 to 2012, Mr. Bryant served as Chief Administrative Officer. He was Executive Vice President, Technology, Manufacturing, and Enterprise Services from 2009 to 2012. Mr. Bryant previously served as Executive Vice President, Finance and Enterprise Services from 2007 to 2009; Executive Vice President, Chief Financial and Enterprise Services Officer from 2001 to 2007; Senior Vice President, Chief Financial and Enterprise Services Officer from 1999 to 2001; Senior Vice President, Chief Financial Officer from January 1999 to December 1999; and Vice President, Chief Financial Officer from 1994 to 1999. Mr. Bryant joined Intel in 1981. Mr. Bryant also serves on the Board of Directors of Columbia Sportswear and McKesson Corporation.

Brian M. Krzanich has been Chief Executive Officer and a member of our Board of Directors since May 2013. Mr. Krzanich served as Executive Vice President, Chief Operating Officer from 2012 to 2013. From 2010 to 2012, he was Senior Vice President, General Manager of Manufacturing and Supply Chain. From 2006 to 2010, he was Vice President, General Manager of Assembly and Test. Prior to 2006, Mr. Krzanich held various senior leadership positions within Intel's manufacturing organization. Mr. Krzanich joined Intel in 1982. Mr. Krzanich is also a member of Deere & Company's board of directors, and chairman of the board of directors of the Semiconductor Industry Association.

Diane M. Bryant has been General Manager of DCG since February 2012, and Executive Vice President since April 2016. In her current role, she manages strategy and product development for enterprise and government, cloud service providers, and communications service providers, spanning server, storage, and network solutions. From May 2008 to February 2012, Ms. Bryant was Corporate Vice President and Chief Information Officer, responsible for corporate-wide information technology solutions and services. Ms. Bryant also serves on the board of directors of United Technologies Corp.

Dr. Venkata S.M. ("Murthy") Renduchintala joined Intel in November 2015. Since then, he has served as our Executive Vice President and President,

Client and Internet of Things Businesses and System Architecture Group. In this role, Dr. Renduchintala oversees Intel's Platform Engineering, Client Computing, Internet of Things, Software and Services, and Design and Technology Solutions divisions. From 2004 to 2015, Dr. Renduchintala held various senior positions at Qualcomm Incorporated, most recently as Co-President of Qualcomm CDMA Technologies from June 2012 to November 2015 and Executive Vice President of Qualcomm Technologies Inc. from October 2012 to November 2015. Before joining Qualcomm, Dr. Renduchintala served as Vice President and General Manager of the Cellular Systems Division of Skyworks Solutions Inc./Conexant Systems Inc. and he spent a decade with Philips Electronics, where he held various positions, including Vice President of Engineering for its consumer communications business.

Stacy J. Smith has been Executive Vice President, Manufacturing, Operations and Sales of Intel since October 2016. In that role, Mr. Smith leads the global Technology and Manufacturing Group and worldwide sales organization. From November 2012 to October 2016, he served as Executive Vice President, Chief Financial Officer. Previously, Mr. Smith served as Senior Vice President, Chief Financial Officer from January 2010 to November 2012; Vice President, Chief Financial Officer from 2007 to 2010; and Vice President, Assistant Chief Financial Officer from 2006 to 2007. From 2004 to 2006, Mr. Smith served as Vice President, Finance and Enterprise Services and Chief Information Officer. Mr. Smith joined Intel in 1988. Mr. Smith also serves on the board of directors of Autodesk, Inc.