

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 **September 28, 2024**

☐ 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

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

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

Title of each class
Common stock, \$0.001 par value

Trading symbol(s)
INTC

Name of each exchange on which registered
Nasdaq Global Select Market

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer



Accelerated filer



Non-accelerated filer



Smaller reporting company



Emerging growth company



If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of October 25, 2024, the registrant had outstanding 4,313 million shares of common stock.

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Organization of Our Form 10-Q

The order and presentation of content in our Form 10-Q differs from the traditional SEC Form 10-Q format. Our format is designed to improve readability and better present how we organize and manage our business. See "Form 10-Q Cross-Reference Index" within Risk Factors and Other Key Information for a cross-reference index to the traditional SEC Form 10-Q format.

We have defined certain terms and abbreviations used throughout our Form 10-Q in "Key Terms" within the Consolidated Condensed Financial Statements and Supplemental Details.

The preparation of our Consolidated Condensed Financial Statements is in conformity with US GAAP. Our Form 10-Q includes key metrics that we use to measure our business, some of which are non-GAAP measures. See "Non-GAAP Financial Measures" within MD&A for an explanation of these measures and why management uses them and believes they provide investors with useful supplemental information.

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Forward-Looking Statements

This Form 10-Q contains forward-looking statements that involve a number of risks and uncertainties. Words such as "accelerate", "achieve", "aim", "ambitions", "anticipate", "believe", "committed", "continue", "could", "designed", "estimate", "expect", "forecast", "future", "goals", "grow", "guidance", "intend", "likely", "may", "might", "milestones", "next generation", "objective", "on track", "opportunity", "outlook", "pending", "plan", "position", "possible", "potential", "predict", "progress", "ramp", "roadmap", "seek", "should", "strive", "targets", "to be", "upcoming", "will", "would", and variations of such words and similar expressions are intended to identify such forward-looking statements, which may include statements regarding:

- our business plans and strategy and anticipated benefits therefrom, including with respect to our IDM2.0 strategy, Smart Capital strategy, partnerships with Apollo and Brookfield, internal foundry model, updated reporting structure, and AI strategy;
- projections of our future financial performance, including future revenue, gross margins, capital expenditures, and cash flows;
- projected costs and yield trends;
- future cash requirements, the availability, uses, sufficiency, and cost of capital resources, and sources of funding, including for future capital and R&D investments and for returns to stockholders, such as stock repurchases and dividends, and credit ratings expectations;
- future products, services, and technologies, and the expected goals, timeline, ramps, progress, availability, production, regulation, and benefits of such products, services, and technologies, including future process nodes and packaging technology, product roadmaps, schedules, future product architectures, expectations regarding process performance, per-watt parity, and metrics, and expectations regarding product and process leadership;
- investment plans and impacts of investment plans, including in the US and abroad;
- internal and external manufacturing plans, including future internal manufacturing volumes, manufacturing expansion plans and the financing therefor, and external foundry usage;
- future production capacity and product supply;
- supply expectations, including regarding constraints, limitations, pricing, and industry shortages;
- plans and goals related to Intel's foundry business, including with respect to anticipated customers, future manufacturing capacity and service, technology, and IP offerings;
- expected timing and impact of acquisitions, divestitures, and other significant transactions, including the sale of our NAND memory business;
- expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives;
- future social and environmental performance goals, measures, strategies, and results;
- our anticipated growth, future market share, and trends in our businesses and operations;
- projected growth and trends in markets relevant to our businesses;
- anticipated trends and impacts related to industry component, substrate, and foundry capacity utilization, shortages, and constraints;
- expectations regarding government incentives;
- future technology trends and developments, such as AI;
- future macro environmental and economic conditions;
- geopolitical tensions and conflicts and their potential impact on our business;
- tax- and accounting-related expectations;
- expectations regarding our relationships with certain sanctioned parties; and
- other characterizations of future events or circumstances.

Such statements involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied, including those associated with:

- the high level of competition and rapid technological change in our industry;
- the significant long-term and inherently risky investments we are making in R&D and manufacturing facilities that may not realize a favorable return;
- the complexities and uncertainties in developing and implementing new semiconductor products and manufacturing process technologies;
- our ability to time and scale our capital investments appropriately and successfully secure favorable alternative financing arrangements and government grants;
- implementing new business strategies and investing in new businesses and technologies;
- changes in demand for our products;
- macroeconomic conditions and geopolitical tensions and conflicts, including geopolitical and trade tensions between the US and China, the impacts of Russia's war on Ukraine, tensions and conflict affecting Israel and the Middle East, and rising tensions between mainland China and Taiwan;
- the evolving market for products with AI capabilities;



- our complex global supply chain, including from disruptions, delays, trade tensions and conflicts, or shortages;
- product defects, errata and other product issues, particularly as we develop next-generation products and implement next-generation manufacturing process technologies;
- potential security vulnerabilities in our products;
- increasing and evolving cybersecurity threats and privacy risks;
- IP risks including related litigation and regulatory proceedings;
- the need to attract, retain, and motivate key talent;
- strategic transactions and investments;
- sales-related risks, including customer concentration and the use of distributors and other third parties;
- our significantly reduced return of capital in recent years;
- our debt obligations and our ability to access sources of capital;
- complex and evolving laws and regulations across many jurisdictions;
- fluctuations in currency exchange rates;
- changes in our effective tax rate;
- catastrophic events;
- environmental, health, safety, and product regulations;
- our initiatives and new legal requirements with respect to corporate responsibility matters; and
- other risks and uncertainties described in this report, our 2023 Form 10-K and our other filings with the SEC.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this Form 10-Q and in other documents we file from time to time with the SEC that disclose risks and uncertainties that may affect our business.

Unless specifically indicated otherwise, the forward-looking statements in this Form 10-Q do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that have not been completed as of the date of this filing. In addition, the forward-looking statements in this Form 10-Q are based on management's expectations as of the date of this filing, unless an earlier date is specified, including expectations based on third-party information and projections that management believes to be reputable. We do not undertake, and expressly disclaim any duty, to update such statements, whether as a result of new information, new developments, or otherwise, except to the extent that disclosure may be required by law.

Availability of Company Information

We use our Investor Relations website, www.intc.com, as a routine channel for distribution of important, and often material, information about us, including our quarterly and annual earnings results and presentations, press releases, announcements, information about upcoming webcasts, analyst presentations, and investor days, archives of these events, financial information, corporate governance practices, and corporate responsibility information. We also post our filings on this website the same day they are electronically filed with, or furnished to, the 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. All such information is available free of charge. Our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we post financial information and issue press releases, and to receive information about upcoming events. We encourage interested persons to follow our Investor Relations website in addition to our filings with the SEC to timely receive information about the company.

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** Other names and brands may be claimed as the property of others.*



A Quarter in Review

Total revenue of \$13.3 billion was down \$874 million from Q3 2023, as CCG revenue decreased 7%, Altera® revenue decreased 44%, and external Intel Foundry revenue decreased 79%, partially offset by an increase in DCAI revenue of 9%. Our consolidated results of operations were materially impacted by non-cash impairments and the acceleration of depreciation for certain manufacturing assets, a substantial majority of which related to our Intel 7 process node, restructuring charges resulting from our 2024 Restructuring Plan, non-cash impairments of goodwill and certain other assets, as well as non-cash charges related to a valuation allowance recognized against our net deferred tax assets in Q3 2024.

Revenue	Gross Margin	Diluted EPS attributable to Intel	Cash Flows
■ GAAP \$B	■ GAAP ■ Non-GAAP	■ GAAP ■ Non-GAAP	■ Operating Cash Flow \$B ■ Adjusted Free Cash Flow \$B
729	732	735	736

\$13.3B	15.0%	18.0%	\$(3.88)	\$(0.46)	\$5.1B	\$(0.7)B
GAAP	GAAP	non-GAAP ¹	GAAP	non-GAAP ¹	GAAP	non-GAAP ¹
Revenue down \$874M or 6% from Q3 2023	Gross margin down 27.5 pts from Q3 2023	Gross margin down 27.8 pts from Q3 2023	Diluted EPS attributable to Intel down \$3.95 from Q3 2023	Diluted EPS attributable to Intel down \$0.87 from Q3 2023	Operating cash flow down \$1.7B or 25% from Q3 2023	Adjusted free cash flow improved by \$9.8B or 93% from Q3 2023
Lower CCG, Altera, and external Intel Foundry revenue, partially offset by higher DCAI revenue.	Lower GAAP gross margin from non-cash impairments and accelerated depreciation, and higher unit costs.		Lower GAAP EPS attributable to non-cash charges related to valuation allowances recorded against our net deferred tax assets, higher cash and non-cash restructuring and other charges, and non-cash impairments and accelerated depreciation for certain manufacturing assets.		Lower cash provided by operating activities was driven by higher net loss, partially offset by favorable non-cash operating cash flow adjustments and changes in working capital.	

Key Developments

- We continued to advance our previously-announced cost-reduction measures by effectuating the 2024 Restructuring Plan, including reductions in headcount by 16,500 employees, other operating expenditures, capital expenditures, and cost of sales, with respect to which we recognized restructuring charges of \$2.8 billion in Q3 2024.
- Our consolidated results of operations were also materially impacted in Q3 2024 by the following charges:
 - \$3.1 billion of charges, substantially all of which were recognized in cost of sales, related to non-cash impairments and the acceleration of depreciation for certain manufacturing assets, a substantial majority of which related to our Intel 7 process node;
 - \$2.9 billion of non-cash charges associated with the impairment of goodwill for certain of our reporting units as well as certain acquired intangible assets; and
 - \$9.9 billion of non-cash charges that substantially related to valuation allowances recorded to our net deferred tax assets.
- We announced our intention to establish Intel Foundry as an independent subsidiary. This structure provides clearer separation for external foundry customers and suppliers between Intel Foundry and our Intel Products businesses. It also gives us future flexibility to evaluate independent sources of funding and optimize the capital structure of Intel Foundry and our Intel Products businesses to maximize growth and stockholder value.
- We were awarded up to \$3.0 billion in direct funding under the CHIPS and Science Act for the Secure Enclave program, which is designed to expand the trusted manufacturing of leading-edge semiconductors for the U.S. government.
- We launched our latest family of x86 processors, the Intel® Core™ Ultra 200V series processors, which deliver exceptional performance, breakthrough x86 power efficiency, improved graphics performance, no-compromise application compatibility, enhanced security and competitive AI compute capabilities.
- We announced our next-generation of AI solutions with the launch of the Intel® Xeon® 6 processor with Performance-cores and the Intel® Gaudi® 3 AI accelerator.

¹ See "Non-GAAP Financial Measures" within MD&A.

Consolidated Condensed Statements of Income

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Net revenue	\$ 13,284	\$ 14,158	\$ 38,841	\$ 38,822
Cost of sales	11,287	8,140	27,080	24,158
Gross margin	1,997	6,018	11,761	14,664
Research and development	4,049	3,870	12,670	12,059
Marketing, general, and administrative	1,383	1,340	4,268	4,017
Restructuring and other charges	5,622	816	6,913	1,080
Operating expenses	11,054	6,026	23,851	17,156
Operating income (loss)	(9,057)	(8)	(12,090)	(2,492)
Gains (losses) on equity investments, net	(159)	(191)	(74)	(46)
Interest and other, net	130	147	355	512
Income (loss) before taxes	(9,086)	(52)	(11,809)	(2,026)
Provision for (benefit from) taxes	7,903	(362)	7,271	(1,041)
Net income (loss)	(16,989)	310	(19,080)	(985)
Less: net income (loss) attributable to non-controlling interests	(350)	13	(450)	(5)
Net income (loss) attributable to Intel	\$ (16,639)	\$ 297	\$ (18,630)	\$ (980)
Earnings (loss) per share attributable to Intel—basic	\$ (3.88)	\$ 0.07	\$ (4.37)	\$ (0.23)
Earnings (loss) per share attributable to Intel—diluted	\$ (3.88)	\$ 0.07	\$ (4.37)	\$ (0.23)
Weighted average shares of common stock outstanding:				
Basic	4,292	4,202	4,267	4,180
Diluted	4,292	4,229	4,267	4,180

See accompanying notes.

Consolidated Condensed Statements of Comprehensive Income

(In Millions; Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Net income (loss)	\$ (16,989)	\$ 310	\$ (19,080)	\$ (985)
Changes in other comprehensive income (loss), net of tax:				
Net unrealized holding gains (losses) on derivatives	512	(320)	32	(310)
Actuarial valuation and other pension benefits (expenses), net	—	2	—	5
Translation adjustments and other	(1)	1	(2)	6
Other comprehensive income (loss)	511	(317)	30	(299)
Total comprehensive income (loss)	(16,478)	(7)	(19,050)	(1,284)
Less: comprehensive income (loss) attributable to non-controlling interests	(350)	13	(450)	(5)
Total comprehensive income (loss) attributable to Intel	\$ (16,128)	\$ (20)	\$ (18,600)	\$ (1,279)

See accompanying notes.

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Consolidated Condensed Balance Sheets

(In Millions; Unaudited)	Sep 28, 2024	Dec 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,785	\$ 7,079
Short-term investments	15,301	17,955
Accounts receivable, net	3,121	3,402
Inventories	12,062	11,127
Other current assets	6,868	3,706
Total current assets	46,137	43,269
Property, plant, and equipment, net of accumulated depreciation of \$101,124 (\$98,010 as of December 30, 2023)	104,248	96,647
Equity investments	5,496	5,829
Goodwill	24,680	27,591
Identified intangible assets, net	3,975	4,589
Other long-term assets	9,006	13,647
Total assets	\$ 193,542	\$ 191,572
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 11,074	\$ 8,578
Accrued compensation and benefits	5,015	3,655
Short-term debt	3,765	2,288
Income taxes payable	2,440	1,107
Other accrued liabilities	12,865	12,425
Total current liabilities	35,159	28,053
Debt	46,471	46,978
Other long-term liabilities	7,048	6,576
Contingencies (Note 14)		
Stockholders' equity:		
Common stock and capital in excess of par value, 4,309 issued and outstanding (4,228 issued and outstanding as of December 30, 2023)	50,665	36,649
Accumulated other comprehensive income (loss)	(185)	(215)
Retained earnings	49,052	69,156
Total Intel stockholders' equity	99,532	105,590
Non-controlling interests	5,332	4,375
Total stockholders' equity	104,864	109,965
Total liabilities and stockholders' equity	\$ 193,542	\$ 191,572

See accompanying notes.

Consolidated Condensed Statements of Cash Flows

(In Millions; Unaudited)	Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023
Cash and cash equivalents, beginning of period	\$ 7,079	\$ 11,144
Cash flows provided by (used for) operating activities:		
Net income (loss)	(19,080)	(985)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	7,651	5,753
Share-based compensation	2,759	2,433
Restructuring and other charges	3,626	718
Amortization of intangibles	1,081	1,336
(Gains) losses on equity investments, net	75	47
Deferred taxes	6,368	(1,376)
Impairments and net (gain) loss on retirement of property, plant, and equipment	2,290	(87)
Changes in assets and liabilities:		
Accounts receivable	282	1,290
Inventories	(969)	1,758
Accounts payable	566	(1,082)
Accrued compensation and benefits	1,384	(1,171)
Income taxes	(930)	(1,300)
Other assets and liabilities	20	(487)
Total adjustments	24,203	7,832
Net cash provided by (used for) operating activities	5,123	6,847
Cash flows provided by (used for) investing activities:		
Additions to property, plant, and equipment	(18,110)	(19,054)
Proceeds from capital-related government incentives	725	649
Purchases of short-term investments	(31,519)	(37,287)
Maturities and sales of short-term investments	34,268	36,725
Other investing	144	244
Net cash provided by (used for) investing activities	(14,492)	(18,723)
Cash flows provided by (used for) financing activities:		
Issuance of commercial paper, net of issuance costs	7,349	—
Repayment of commercial paper	(7,349)	(3,944)
Payments on finance leases	—	(96)
Partner contributions	12,278	1,106
Proceeds from sales of subsidiary shares	—	2,423
Issuance of long-term debt, net of issuance costs	2,975	11,391
Repayment of debt	(2,288)	(423)
Proceeds from sales of common stock through employee equity incentive plans	986	1,037
Payment of dividends to stockholders	(1,599)	(2,561)
Other financing	(1,277)	(580)
Net cash provided by (used for) financing activities	11,075	8,353
Net increase (decrease) in cash and cash equivalents	1,706	(3,523)
Cash and cash equivalents, end of period	\$ 8,785	\$ 7,621
Non-cash supplemental disclosures:		
Acquisition of property, plant, and equipment	\$ 6,595	\$ 5,234
Recognition of capital-related government incentives	\$ 2,211	\$ 514
Cash paid during the period for:		
Interest, net of capitalized interest	\$ 1,099	\$ 663
Income taxes, net of refunds	\$ 1,880	\$ 1,649

See accompanying notes.

Consolidated Condensed Statements of Stockholders' Equity

(In Millions, Except Per Share Amounts; Unaudited)	Common Stock and Capital in Excess of Par Value		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non- Controlling Interests	Total
	Shares	Amount				
Three Months Ended						
Balance as of June 29, 2024	4,276	\$ 49,763	\$ (696)	\$ 66,162	\$ 5,205	\$ 120,434
Net income (loss)	—	—	—	(16,639)	(350)	(16,989)
Other comprehensive income (loss)	—	—	511	—	—	511
Net proceeds from partner contributions	—	—	—	—	417	417
Employee equity incentive plans and other	38	355	—	—	—	355
Share-based compensation	—	740	—	—	60	800
Restricted stock unit withholdings	(5)	(193)	—	65	—	(128)
Cash dividends declared (\$0.13 per share of common stock)	—	—	—	(536)	—	(536)
Balance as of September 28, 2024	4,309	\$ 50,665	\$ (185)	\$ 49,052	\$ 5,332	\$ 104,864
Balance as of July 1, 2023	4,188	\$ 34,330	\$ (544)	\$ 67,231	\$ 3,454	\$ 104,471
Net income (loss)	—	—	—	297	13	310
Other comprehensive income (loss)	—	—	(317)	—	—	(317)
Net proceeds from sales of subsidiary shares and partner contributions	—	388	—	—	371	759
Employee equity incentive plans and other	33	372	—	—	—	372
Share-based compensation	—	737	—	—	35	772
Restricted stock unit withholdings	(5)	(174)	—	18	—	(156)
Cash dividends declared (\$0.13 per share of common stock)	—	—	—	(525)	—	(525)
Balance as of September 30, 2023	4,216	\$ 35,653	\$ (861)	\$ 67,021	\$ 3,873	\$ 105,686
Nine Months Ended						
Balance as of December 30, 2023	4,228	\$ 36,649	\$ (215)	\$ 69,156	\$ 4,375	\$ 109,965
Net income (loss)	—	—	—	(18,630)	(450)	(19,080)
Other comprehensive income (loss)	—	—	30	—	—	30
Net proceeds from partner contributions	—	11,012	—	—	1,266	12,278
Employee equity incentive plans and other	96	986	—	—	—	986
Share-based compensation	—	2,618	—	—	141	2,759
Restricted stock unit withholdings	(15)	(600)	—	125	—	(475)
Cash dividends declared (\$0.38 per share of common stock)	—	—	—	(1,599)	—	(1,599)
Balance as of September 28, 2024	4,309	\$ 50,665	\$ (185)	\$ 49,052	\$ 5,332	\$ 104,864
Balance as of December 31, 2022	4,137	\$ 31,580	\$ (562)	\$ 70,405	\$ 1,863	\$ 103,286
Net income (loss)	—	—	—	(980)	(5)	(985)
Other comprehensive income (loss)	—	—	(299)	—	—	(299)
Net proceeds from sales of subsidiary shares and partner contributions	—	1,254	—	—	1,912	3,166
Employee equity incentive plans and other	91	1,037	—	—	—	1,037
Share-based compensation	—	2,330	—	—	103	2,433
Restricted stock unit withholdings	(12)	(548)	—	157	—	(391)
Cash dividends declared (\$0.62 per share of common stock)	—	—	—	(2,561)	—	(2,561)
Balance as of September 30, 2023	4,216	\$ 35,653	\$ (861)	\$ 67,021	\$ 3,873	\$ 105,686

See accompanying notes.

Notes to Consolidated Condensed Financial Statements

Note 1 : Basis of Presentation

We prepared our interim Consolidated Condensed Financial Statements that accompany these notes in conformity with US GAAP, consistent in all material respects with those applied in our 2023 Form 10-K.

We have made estimates and judgments affecting the amounts reported in our Consolidated Condensed Financial Statements and the accompanying notes. The actual results that we experience may differ materially from our estimates. The interim financial information is unaudited, and reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This report should be read in conjunction with our 2023 Form 10-K where we include additional information on our critical accounting estimates, policies, and the methods and assumptions used in our estimates.

We made certain reclassifications within our Consolidated Condensed Financial Statements during 2024, and, in certain cases, adjusted prior periods to conform to the current period presentation. These reclassifications had no impact on previously reported net income (loss), cash flows, or stockholders' equity.

Note 2 : Operating Segments

We previously announced the implementation of our internal foundry operating model, which took effect in the first quarter of 2024, and creates a foundry relationship between our Intel Products business (collectively CCG, DCAI, and NEX) and our Intel Foundry business. Intel Products consists substantially of design and development of CPUs and related solutions for third party customers. Intel Foundry consists substantially of process engineering, manufacturing, and foundry services groups that provide manufacturing, test, and assembly services to our Intel Products business and to third party customers. Both businesses utilize marketing, sales, and other support functions.

Our internal foundry model is a key component of our strategy and is designed to reshape our operational dynamics and drive greater transparency, accountability, and focus on costs and efficiency. We also previously announced our intent to operate Altera as a standalone business, with segment reporting beginning in the first quarter of 2024. Altera was previously included in our DCAI segment results. As a result of these changes, we modified our segment reporting in the first quarter of 2024 to align to this new operating model. All prior period segment data has been retrospectively adjusted to reflect the way our Chief Operating Decision Maker (CODM) internally receives information and manages and monitors our operating segment performance starting in fiscal year 2024. There are no changes to our consolidated financial statements for any prior periods.

We organize our business as follows:

- Intel Products:
 - Client Computing Group (CCG)
 - Data Center and AI (DCAI)
 - Network and Edge (NEX)
- Intel Foundry
- All other
 - Altera
 - Mbbileye
 - Other

CCG, DCAI, and Intel Foundry qualify as reportable operating segments. NEX, Altera, and Mbbileye do not qualify as reportable operating segments; however, we have elected to disclose their results. When we enter into federal contracts, they are aligned to the sponsoring operating segment.

The accounting policies applied to our segments follow those applied to Intel as a whole. A summary of the basis for which we report our operating segment revenues and operating margin is as follows:

Intel Products: CCG, DCAI, and NEX

- **Segment revenue:** consists of revenues from third party customers. The Intel Products operating segments represent a substantial majority of Intel consolidated revenue and are derived from our principal products that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone SoC, or a multichip package, which are based on Intel architecture.
- **Segment expenses:** consists of intersegment charges for product manufacturing and related services from Intel Foundry, external foundry and other manufacturing expenses, product development costs, allocated expenses as described below, and direct operating expenses.

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Intel Foundry

- **Segment revenue:** consists substantially of intersegment product and services revenue for wafer fabrication, substrates and other related products, and services sold to Intel Products, Altera, and certain other Intel internal businesses. We recognize intersegment revenue based on the completion of performance obligations. Product revenue is recognized upon delivery and transfer of ownership which is generally at the completion of wafer sorting. Backend service revenue is recognized upon the completion of assembly and test milestones, which approximates the recognition of revenue over the service period. Intersegment sales are recorded at prices that are intended to approximate market pricing. Intel Foundry also includes certain third party foundry and assembly and test revenues from external customers that were \$67 million in the three months ended September 28, 2024 and \$171 million in the first nine months of 2024, compared to \$312 million in the three months ended September 30, 2023 and \$661 million in the first nine months of 2023.
- **Segment expenses:** consists of direct expenses for technology development, product manufacturing and services provided by Intel Foundry to internal and external customers, allocated expenses as described below, and direct operating expenses. Direct expenses for product manufacturing includes excess capacity charges.

All Other: Altera & Mobileye

- **Segment revenue:** consists of product revenues from third party customers. Altera revenue is derived from programmable semiconductors, primarily FPGAs, CPLDs, acceleration platforms, software, IP, and related products. Mobileye revenue is derived from advanced driver-assistance systems (ADAS) and autonomous driving technologies and solutions.
- **Segment expenses:** Altera expenses consist of intersegment charges for product manufacturing and related services from Intel Foundry, third party manufacturing expenses, allocated expenses as described below, and direct operating expenses. Mobileye expenses consists of third party direct expenses for product manufacturing and related services for the manufacturing of Mobileye products and direct operating expenses.

Our "all other" category also consists of "other", which includes:

- results of operations from non-reportable segments not otherwise presented, and from start-up businesses that support our initiatives; and
- historical results of operations from divested businesses.

We allocate operating expenses from our sales and marketing group to the Intel Products operating segments and allocate operating expenses from our finance and administration groups to all of our operating segments, except Mobileye.

We estimate that the substantial majority of our consolidated depreciation expense was incurred by Intel Foundry in the first nine months of 2024 and 2023. Intel Foundry depreciation expense is substantially included in overhead cost pools and then combined with other costs, and subsequently absorbed into inventory as each product passes through the manufacturing process and is sold to Intel Products or other customers. As a result, it is impracticable to determine the total depreciation expense included as a component of each Intel Products operating segment's operating income (loss).

We do not allocate to our operating segments corporate operating expenses that primarily consist of:

- restructuring and other charges;
- share-based compensation;
- certain impairment charges; and
- certain acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

We do not allocate to our operating segments non-operating items such as:

- gains and losses from equity investments;
- interest and other income; and
- income taxes.

The CODM, who is our CEO, allocates resources to and assesses the performance of each operating segment using information about the operating segment's revenue and operating income (loss). Although the CODM uses operating income (loss) to evaluate the segments, operating costs included in one segment may benefit other segments. The measures regularly provided to and used by our CODM under our new operating model continue to evolve; currently, our CODM does not regularly review or receive discrete asset information by segment.

Intersegment eliminations: Intersegment sales and related gross margin on inventory recorded at the end of the period or sold through to third party customers is eliminated for consolidation purposes. The Intel Products operating segments and Intel Foundry are meant to reflect separate fabless semiconductor and foundry companies, respectively. Thus, certain intersegment activity is captured within the intersegment eliminations upon consolidation and presented at the Intel consolidated level. This activity primarily relates to inventory reserves, which are determined and recorded based on our accounting policies for Intel as a whole but are only recorded by the Intel Products operating segments upon transfer of inventory from Intel Foundry. If a reserve is identified which relates to neither Intel Products operating segments nor Intel Foundry, the reserve is recognized as activity within the intersegment eliminations for Intel on a consolidated basis.

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Operating segment and consolidated net revenue and operating income (loss) for each period were as follows:

(In Millions)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Operating segment revenue:				
Intel Products:				
Client Computing Group				
Desktop	\$ 2,070	\$ 2,753	\$ 7,058	\$ 7,002
Notebook	4,888	4,503	14,049	11,806
Other	372	611	1,166	1,606
	<u>7,330</u>	<u>7,867</u>	<u>22,273</u>	<u>20,414</u>
Data Center and AI	<u>3,349</u>	<u>3,076</u>	<u>9,430</u>	<u>9,132</u>
Network and Edge	<u>1,511</u>	<u>1,450</u>	<u>4,219</u>	<u>4,303</u>
Total Intel Products revenue	<u>\$ 12,190</u>	<u>\$ 12,393</u>	<u>\$ 35,922</u>	<u>\$ 33,849</u>
Intel Foundry	<u>\$ 4,352</u>	<u>\$ 4,732</u>	<u>\$ 13,041</u>	<u>\$ 13,735</u>
All other				
Altera	412	735	1,115	2,399
Mobileye	485	530	1,164	1,442
Other	142	187	503	470
Total all other revenue	<u>1,039</u>	<u>1,452</u>	<u>2,782</u>	<u>4,311</u>
Total operating segment revenue	<u>\$ 17,581</u>	<u>\$ 18,577</u>	<u>\$ 51,745</u>	<u>\$ 51,895</u>
Intersegment eliminations	(4,297)	(4,419)	(12,904)	(13,073)
Total net revenue	<u>\$ 13,284</u>	<u>\$ 14,158</u>	<u>\$ 38,841</u>	<u>\$ 38,822</u>
Segment operating income (loss):				
Intel Products:				
Client Computing Group	<u>\$ 2,722</u>	<u>\$ 2,780</u>	<u>\$ 7,864</u>	<u>\$ 5,946</u>
Data Center and AI	<u>347</u>	<u>391</u>	<u>1,105</u>	<u>882</u>
Network and Edge	<u>268</u>	<u>100</u>	<u>591</u>	<u>95</u>
Total Intel Products operating income (loss)	<u>\$ 3,337</u>	<u>\$ 3,271</u>	<u>\$ 9,560</u>	<u>\$ 6,923</u>
Intel Foundry	<u>\$ (5,844)</u>	<u>\$ (1,407)</u>	<u>\$ (11,148)</u>	<u>\$ (5,636)</u>
All Other				
Altera	9	263	(55)	899
Mobileye	78	170	82	422
Other	(42)	(198)	(229)	(384)
Total all other operating income (loss)	<u>\$ 45</u>	<u>\$ 235</u>	<u>\$ (202)</u>	<u>\$ 937</u>
Total segment operating income (loss)	<u>\$ (2,462)</u>	<u>\$ 2,099</u>	<u>\$ (1,790)</u>	<u>\$ 2,224</u>
Intersegment eliminations	(79)	5	124	48
Corporate unallocated expenses	(6,516)	(2,112)	(10,424)	(4,764)
Total operating income (loss)	<u>\$ (9,057)</u>	<u>\$ (8)</u>	<u>\$ (12,090)</u>	<u>\$ (2,492)</u>

Corporate Unallocated Expenses

Corporate unallocated expenses include certain operating and non-operating costs not allocated to specific operating segments. The nature of these expenses may vary, but primarily consist of restructuring and other charges, share-based compensation, certain impairment charges, and certain acquisition-related costs.

(In Millions)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Acquisition-related costs	\$ (266)	\$ (344)	\$ (796)	\$ (1,065)
Share-based compensation	(800)	(772)	(2,759)	(2,433)
Restructuring and other charges ¹	(5,622)	(816)	(6,913)	(1,080)
Other	172	(180)	44	(186)
Total corporate unallocated expenses	\$ (6,516)	\$ (2,112)	\$ (10,424)	\$ (4,764)

¹ See "Note 6: Restructuring and Other Charges" within Notes to Consolidated Condensed Financial Statements for further information.

Note 3 : Non-Controlling Interests

(\$ In Millions)	Sep 28, 2024		Dec 30, 2023	
	Non-Controlling Interests	Non-Controlling Ownership %	Non-Controlling Interests	Non-Controlling Ownership %
Ireland SCIP	\$ 51	49 %	\$ —	— %
Arizona SCIP	3,518	49 %	2,359	49 %
Mbbileye	1,617	12 %	1,838	12 %
IMS Nanofabrication	146	32 %	178	32 %
Total non-controlling interests	\$ 5,332		\$ 4,375	

Semiconductor Co-Investment Program

Ireland SCIP

In the second quarter of 2024, we closed a transaction with Apollo Global Management, Inc., involving the sale of 49% of our interest in an Irish limited liability company (Ireland SCIP) for net proceeds of \$11.0 billion, substantially all of which increased our capital in excess of par value. Ireland SCIP is a VE that we consolidate into our consolidated financial statements because we are the primary beneficiary. Generally, distributions will be received from Ireland SCIP based on both parties' proportional ownership. Ireland SCIP has the rights to operate Fab 34 in Leixlip, Ireland, and has the rights to the related factory output. We have the right to purchase 100% of the related factory output from Ireland SCIP. We will retain sole ownership of Fab 34, will be engaged as the Fab 34 operator in exchange for variable payments from Ireland SCIP based on the related factory output, and will be required to maintain certain performance standards in our capacity as operator. Once Fab 34 construction is complete, we will be required to purchase minimum quantities of the related factory output from Ireland SCIP, or we will be subject to pay certain penalties to Ireland SCIP.

As of September 28, 2024, other than cash and cash equivalents held by Ireland SCIP, most of the remaining assets and liabilities of Ireland SCIP were eliminated in our consolidated financial statements.

Arizona SCIP

We consolidate the results of an Arizona limited liability company (Arizona SCIP), a VE, into our consolidated financial statements because we are the primary beneficiary. Generally, contributions will be made to, and distributions will be received from Arizona SCIP based on both parties' proportional ownership. We will be the sole operator and main beneficiary of two new chip factories that will be constructed by Arizona SCIP, and we will have the right to purchase 100% of the related factory output. Once production commences, we will be required to operate Arizona SCIP at minimum production levels measured in wafer starts per week and will be required to limit excess inventory held on site or we will be subject to certain penalties.

We have an unrecognized commitment to fund our respective share of the total construction costs of Arizona SCIP of \$29.0 billion.

As of September 28, 2024, substantially all of the assets of Arizona SCIP consisted of property, plant, and equipment. The remaining assets and liabilities of Arizona SCIP were eliminated in our consolidated financial statements. The assets held by Arizona SCIP, which can be used only to settle obligations of the VE and are not available to us, were \$9.3 billion as of September 28, 2024 (\$4.8 billion as of December 30, 2023).

Mobileye

In 2022, Mobileye completed its IPO and certain other equity financing transactions. During 2023, we converted 38.5 million of our Mobileye Class B shares into Class A shares, representing 5% of Mobileye's outstanding capital stock, and subsequently sold the Class A shares for \$42 per share as part of a secondary offering, receiving net proceeds of \$1.6 billion and increasing our capital in excess of par value by \$663 million, net of tax. We continue to consolidate the results of Mobileye into our consolidated financial statements. In the third quarter of 2024, the non-cash impairment of goodwill related to our Mobileye reporting unit was attributed to Intel and to non-controlling interest holders based on our proportional ownership (see "Note 10: Goodwill" within Notes to Consolidated Condensed Financial Statements).

IMS Nanofabrication

In 2023, we closed agreements to sell a combined 32% minority stake in our IMS business, a business within our Intel Foundry operating segment — including a 20% stake to Bain Capital and a 10% stake to Taiwan Semiconductor Manufacturing Company. Net proceeds resulting from the minority stake sales totaled \$1.4 billion, and our capital in excess of par value increased by \$958 million, net of tax. We continue to consolidate the results of IMS into our consolidated financial statements.

Note 4 : Earnings (Loss) Per Share

We computed basic earnings (loss) per share of common stock based on the weighted average number of shares of common stock outstanding during the period. We computed diluted earnings (loss) per share of common stock based on the weighted average number of shares of common stock outstanding plus potentially dilutive shares of common stock outstanding during the period.

(In Millions, Except Per Share Amounts)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Net income (loss)	\$ (16,989)	\$ 310	\$ (19,080)	\$ (985)
Less: net income (loss) attributable to non-controlling interests	(350)	13	(450)	(5)
Net income (loss) attributable to Intel	\$ (16,639)	\$ 297	\$ (18,630)	\$ (980)
Weighted average shares of common stock outstanding—basic	4,292	4,202	4,267	4,180
Dilutive effect of employee equity incentive plans	—	27	—	—
Weighted average shares of common stock outstanding—diluted	4,292	4,229	4,267	4,180
Earnings (loss) per share attributable to Intel—basic	\$ (3.88)	\$ 0.07	\$ (4.37)	\$ (0.23)
Earnings (loss) per share attributable to Intel—diluted	\$ (3.88)	\$ 0.07	\$ (4.37)	\$ (0.23)

Potentially dilutive shares of common stock from employee equity incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding RSUs, and the assumed issuance of common stock under the stock purchase plan. The potentially dilutive impact from the assumed issuance of common stock associated with the contractual conversion feature is determined by applying the if-converted method to the assumed exercise of the outstanding conversion feature.

In the three and nine months ended September 28, 2024 and in the nine months ended September 30, 2023, the assumed exercise of outstanding stock options, the assumed vesting of outstanding RSUs, the assumed issuance of common stock under the stock purchase plan, and the assumed issuance of common stock associated with a contractual conversion feature, as applicable, had an anti-dilutive effect on diluted loss per share and were excluded from the computation of diluted loss per share. During the three months ended September 28, 2024, 160 million anti-dilutive shares were excluded from the computation of diluted earnings per share. In all other periods presented, securities that would have been anti-dilutive were insignificant.

Note 5 : Other Financial Statement Details

Accounts Receivable

We sell certain of our accounts receivable on a non-recourse basis to third-party financial institutions. We record these transactions as sales of receivables and present cash proceeds as *cash provided by operating activities* in the Consolidated Condensed Statements of Cash Flows. Accounts receivable sold under non-recourse factoring arrangements were \$1.5 billion during the first nine months of 2024 and 2023. After the sale of our accounts receivable, we expect to collect payment from the customers and remit it to the third-party financial institution.

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Inventories

(In Millions)	Sep 28, 2024	Dec 30, 2023
Raw materials	\$ 1,434	\$ 1,166
Work in process	6,971	6,203
Finished goods	3,657	3,758
Total inventories	\$ 12,062	\$ 11,127

Property, Plant, and Equipment

We invest in and deploy manufacturing assets in response to manufacturing capacity requirements based upon short- and long-term demand forecasts and economic returns relative to capital outlays. We regularly monitor, evaluate, and adjust our manufacturing capacity footprint in response to a number of volatile factors that impact our business, including demand for our products and services and the state of the semiconductor industry as a whole. In connection with the preparation of our Consolidated Condensed Financial Statements for the third quarter of 2024, we evaluated our current process technology node capacities relative to projected market demand for our products and services, concluding that our manufacturing asset portfolio, primarily for our Intel 7 process node, exceeded manufacturing capacity requirements. Upon performing a re-use assessment, we impaired and accelerated depreciation for certain manufacturing assets. In total, we recorded non-cash impairments and accelerated depreciation charges of \$2.1 billion and \$945 million, respectively, in the third quarter of 2024, substantially all of which were recognized in *cost of sales* within our Intel Foundry operating segment.

We also incurred certain other non-cash asset impairment charges of \$442 million as a direct result of the 2024 Restructuring Plan (see "Note 6: Restructuring and Other Charges" within Notes to Consolidated Condensed Financial Statements). These charges were included as a component of "corporate unallocated expenses" within the *restructuring and other* category presented in "Note 2: Operating Segments" within Notes to Consolidated Condensed Financial Statements.

Coinciding with the analysis described above and due to the reduction in our market capitalization relative to the net book value of our assets, we tested our asset groupings for impairment. As a result of that testing, which evaluated whether the carrying value of our asset group is recoverable through the related undiscounted cash flows, we concluded that the remaining carrying value of property, plant, and equipment is recoverable as of September 28, 2024.

Other Accrued Liabilities

Other accrued liabilities include deferred compensation of \$3.2 billion as of September 28, 2024 (\$2.9 billion as of December 30, 2023).

Interest and Other, Net

(In Millions)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Interest income	\$ 340	\$ 332	\$ 983	\$ 979
Interest expense	(248)	(204)	(800)	(611)
Other, net	38	19	172	144
Total interest and other, net	\$ 130	\$ 147	\$ 355	\$ 512

Interest expense is net of \$392 million of interest capitalized in the third quarter of 2024 and \$1.1 billion in the first nine months of 2024 (\$395 million in the third quarter of 2023 and \$1.1 billion in the first nine months of 2023).

Note 6 : Restructuring and Other Charges

(In Millions)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Employee severance and benefit arrangements	\$ 2,193	\$ 59	\$ 2,487	\$ 191
Litigation charges and other	36	757	814	854
Asset impairment charges	3,393	—	3,612	35
Total restructuring and other charges	\$ 5,622	\$ 816	\$ 6,913	\$ 1,080

In the third quarter of 2024, the 2024 Restructuring Plan was announced, subsequently approved and committed to by our management team, and initiated to implement cost-reduction measures, including reductions in employee headcount, other operating and non-operating expenditures, and capital expenditures. Restructuring charges are primarily comprised of employee severance and benefit arrangements, non-cash charges related to asset impairments associated with exit activities, as well as charges relating to real estate exits and consolidations. These charges were included as "corporate unallocated expenses" within the *restructuring and other* category presented in "Note 2: Operating Segments" within Notes to Consolidated Condensed Financial Statements. We expect to recognize total charges of approximately \$3.0 billion under the 2024 Restructuring Plan, the substantial majority of which will be cash settled in future periods. The cumulative cost of the 2024 Restructuring Plan as of September 28, 2024 was \$2.8 billion. Any changes to our estimates or timing will be reflected in our results of operations in future periods. We expect actions pursuant to the 2024 Restructuring Plan to be substantially complete by the fourth quarter of 2025, which is subject to change.

Employee severance and benefit arrangements includes charges of \$2.2 billion in the third quarter of 2024 relating to the 2024 Restructuring Plan. Charges relating to other actions taken to streamline operations and to reduce costs were \$294 million in the nine months ended September 28, 2024, which we expect will be substantially complete by the fourth quarter of 2024. We expect employee severance and benefit-related actions resulting from our 2024 Restructuring Plan to be substantially complete by the fourth quarter of 2025, which is subject to change. Charges accrued as of September 28, 2024 were recorded as current liabilities within *accrued compensation and benefits* on the Consolidated Condensed Balance Sheets. Charges in the three and nine months ended September 30, 2023 primarily related to the 2022 Restructuring Program, which was completed in the first quarter of 2024.

Litigation charges and other includes a charge of \$780 million in the second quarter of 2024 arising out of the R2 litigation. In the third quarter of 2023, we recorded a \$401 million charge for an EC-imposed fine. Refer to "Note 14: Contingencies" within Notes to Consolidated Condensed Financial Statements for information about these items. Also, in the third quarter of 2023, we incurred and paid a termination fee of \$353 million in connection with our inability to timely obtain required regulatory approvals needed to acquire Tower Semiconductor, Ltd. (Tower).

Asset impairment charges in the third quarter of 2024 primarily includes cash and non-cash charges associated with the 2024 Restructuring Plan, including \$442 million of non-cash impairments of construction in progress assets associated with our decision to exit and outsource manufacturing capabilities for certain internal test hardware; and \$86 million of non-cash impairments of operating leased assets and related leasehold improvements resulting from real estate consolidations and exits. Real estate consolidations and exits did not materially change our operating lease liabilities and may result in future cash outlays for facility restoration or the relocation of operations. These impairments were recorded within *property, plant, and equipment, net of accumulated depreciation*, except for the impairment of operating leased assets of \$72 million which were recorded within *other long-term assets* on the Consolidated Condensed Balance Sheets as of September 28, 2024.

In addition, we recorded non-cash goodwill impairment charges of \$2.8 billion and \$3.0 billion in the three and nine months ended September 28, 2024, respectively (see "Note 10: Goodwill" within Notes to Consolidated Condensed Financial Statements). Further, in the third quarter of 2024, as a result of a decline in the actual and projected undiscounted cash flows for certain acquired intangible assets, we concluded the assets were not recoverable and recognized a non-cash impairment charge of \$108 million. Goodwill and intangible asset impairment charges were included as "corporate unallocated expenses" within the *restructuring and other* category presented in "Note 2: Operating Segments" within Notes to Consolidated Condensed Financial Statements.

Note 7 : Income Taxes

(\$ In Millions)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Income (loss) before taxes	\$ (9,086)	\$ (52)	\$ (11,809)	\$ (2,026)
Provision for (benefit from) taxes	\$ 7,903	\$ (362)	\$ 7,271	\$ (1,041)
Effective tax rate	(87.0)%	696.2 %	(61.6)%	51.4 %

In the three and nine months ended September 28, 2024, we established a valuation allowance of \$9.9 billion as a discrete non-cash tax expense against our US deferred tax assets. We assess the recoverability of our deferred tax assets quarterly, weighing available positive and negative evidence. As a result of our assessment in the third quarter of 2024, we determined it is more likely than not that the deferred tax assets will not be recoverable based upon our three-year cumulative historical loss position as of September 28, 2024, largely resulting from the asset impairment and restructuring and other charges incurred during the current quarter. Deferred tax liabilities of \$1.7 billion and \$186 million were included within *other long-term liabilities* on the Consolidated Condensed Balance Sheets as of September 28, 2024 and December 30, 2023, respectively, and deferred tax assets of \$634 million and \$5.5 billion were included within *other long-term assets* on the Consolidated Condensed Balance Sheets as of September 28, 2024 and December 30, 2023, respectively.

In the three and nine months ended September 28, 2024 and September 30, 2023, our provisions for, or benefit from, income taxes were determined using an actual annual effective tax rate, adjusted for discrete items, if any, as we were unable to make a reliable estimate of our annual effective tax rate as a result of fluctuations in forecasted annual income and the effects of being taxed in multiple tax jurisdictions.

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Note 8 : Investments

Short-term Investments

Short-term investments include marketable debt investments in corporate debt, government debt, and financial institution instruments, and are recorded within *cash and cash equivalents* and *short-term investments* on the Consolidated Condensed Balance Sheets. Government debt includes instruments such as non-US government bills and bonds and US agency securities. Financial institution instruments include instruments issued or managed by financial institutions in various forms, such as commercial paper, fixed- and floating-rate bonds, money market fund deposits, and time deposits. As of September 28, 2024 and December 30, 2023, substantially all time deposits were issued by institutions outside the US.

For certain of our marketable debt investments, we economically hedge market risks at inception with a related derivative instrument or the marketable debt investment itself is used to economically hedge currency exchange rate risk from remeasurement. These hedged investments are reported at fair value with gains or losses from the investments and the related derivative instruments recorded in *interest and other, net*. The fair value of our hedged investments was \$14.9 billion as of September 28, 2024 (\$17.1 billion as of December 30, 2023). For hedged investments still held at the reporting date, we recorded net gains of \$406 million in the third quarter of 2024 and net gains of \$195 million in the first nine months of 2024 (\$329 million of net losses in the third quarter of 2023 and \$336 million of net losses in the first nine months of 2023).

Our remaining unhedged marketable debt investments are reported at fair value, with unrealized gains or losses, net of tax, recorded in *accumulated other comprehensive income (loss)* and realized gains or losses recorded in *interest and other, net*. The adjusted cost of our unhedged investments was \$5.2 billion as of September 28, 2024 (\$4.7 billion as of December 30, 2023), which approximated the fair value for these periods.

The fair value of marketable debt investments, by contractual maturity, as of September 28, 2024, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	\$ 7,508
Due in 1–2 years	2,322
Due in 2–5 years	6,537
Due after 5 years	215
Instruments not due at a single maturity date ¹	3,544
Total	\$ 20,126

¹ Instruments not due at a single maturity date is comprised of money market fund deposits, which are classified as either short-term investments or cash and cash equivalents.

Equity Investments

(In Millions)	Sep 28, 2024	Dec 30, 2023
Marketable equity securities ¹	\$ 980	\$ 1,194
Non-marketable equity securities	4,513	4,630
Equity method investments	3	5
Total	\$ 5,496	\$ 5,829

¹ Most of our marketable equity securities are subject to trading-volume or market-based restrictions, which limit the number of shares we may sell in a specified period of time, impacting our ability to liquidate these investments. Certain of the trading volume restrictions generally apply for as long as we own more than 1% of the outstanding shares. Market-based restrictions result from the rules of the respective exchange.

The components of gains (losses) on equity investments, net for each period were as follows:

(In Millions)	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Ongoing mark-to-market adjustments on marketable equity securities	\$ (51)	\$ (267)	\$ (185)	\$ (164)
Observable price adjustments on non-marketable equity securities	—	7	49	17
Impairment charges	(110)	(53)	(269)	(127)
Sale of equity investments and other ¹	2	122	331	228
Total gains (losses) on equity investments, net	\$ (159)	\$ (191)	\$ (74)	\$ (46)

¹ Sale of equity investments and other includes initial fair value adjustments recorded upon a security becoming marketable, realized gains (losses) on sales of non-marketable equity investments and equity method investments, and our share of equity method investee gains (losses) and distributions.

Note 9 : Divestitures

NAND Memory Business

We sold our NAND memory technology and manufacturing business (the NAND OpCo Business) to SK hynix Inc. (SK hynix) which we deconsolidated upon closing the first phase of the transaction on December 29, 2021. We have a receivable within *other current assets* for the transaction's remaining proceeds of \$2.0 billion, which remains outstanding as of September 28, 2024 and will be received upon the second closing of the transaction, expected to be in March 2025.

In connection with the transaction, we have a wafer manufacturing and sale agreement that includes incentives and penalties that are contingent on the cost of operation and output of the NAND OpCo Business. These incentives and penalties present a maximum exposure of up to \$500 million annually, and \$1.5 billion in the aggregate. We are currently in negotiations with SK hynix to update the operating plan of the NAND OpCo Business, which may impact the metrics associated with the incentives and penalties and our expectations of the performance of the NAND OpCo Business against those metrics.

We were reimbursed for costs that we incurred on behalf of the NAND OpCo Business for corporate function services, which include human resources, information technology, finance, supply chain, and other compliance requirements. We recorded a receivable related to these reimbursable costs due from the NAND OpCo Business, a deconsolidated entity, of \$92 million within *other current assets* as of September 28, 2024 (\$145 million recorded as of December 30, 2023).

Note 10 : Goodwill

Our quarterly qualitative impairment assessment for the third quarter of 2024 indicated that a more detailed quantitative analysis was necessary for certain of our reporting units, primarily due to the decline in our market capitalization below the carrying value of our net assets, as well as the decline in our Mobileye reporting unit's market capitalization below the carrying value of Mobileye's net assets. Our quantitative assessment was performed by measuring each reporting unit's fair value using either the income approach, the market approach, or a combination of both. When using the income approach, we tested the reasonableness of the inputs and outcomes of our discounted cash flow analysis against available market data. As a result of our impairment tests, we recognized a non-cash goodwill impairment charge of \$2.8 billion in the third quarter of 2024 within restructuring and other, most of which related to our Mobileye reporting unit, as the estimated fair value of the reporting unit was lower than the assigned carrying value. The process of valuing each reporting unit is inherently subjective as valuation models require the application of significant estimates and the use of unobservable inputs, including market segment share, projected financial information, and discount rates. No impairment was required for our other reporting units, even when considering a hypothetical increase in the discount rate of 1%, which would cause a material decrease in the estimated fair value of the respective non-impaired reporting units. Finally, to corroborate our estimated fair value, we performed a market capitalization reconciliation as of September 28, 2024, concluding that the implied control premium was reasonable.

In the first quarter of 2024, as a result of modifying our segment reporting, we reallocated goodwill among our affected reporting units on a relative fair value basis. We performed a quantitative goodwill impairment assessment for each of our reporting units immediately before and after our business reorganization. We concluded based on our pre-reorganization impairment test that goodwill was not impaired. As a result of our post-reorganization impairment test, we recognized a non-cash goodwill impairment loss of \$222 million in the first quarter of 2024 related to our Intel Foundry reporting unit as the estimated fair value of the new reporting unit was lower than the assigned carrying value, which now includes substantially all of our allocated property, plant, and equipment. The Intel Foundry reporting unit has no remaining goodwill. At the conclusion of our impairment assessment performed during the first quarter of 2024, the fair value substantially exceeded the carrying value for all remaining reporting units.

Note 11 : Borrowings

In the second quarter of 2024, we remarketed \$438 million aggregate principal amount of bonds issued by the Industrial Development Authority of the City of Chandler, Arizona. In accordance with loan agreements we entered into with the Industrial Development Authority of the City of Chandler, Arizona, the bonds are unsecured general obligations. The bonds mature in 2049 and have a 4.00% coupon. The bonds are subject to optional tender starting in February 2029 and mandatory tender in June 2029, at which time we may remarket the bonds for a new term period.

In the first quarter of 2024, we issued a total of \$2.6 billion aggregate principal amount of senior notes comprised of \$500 million in 5.00% senior notes due 2031, \$900 million in 5.15% senior notes due 2034 and \$1.2 billion in 5.60% senior notes due 2054. All of our senior fixed rate notes pay interest semiannually. We may redeem the fixed rate notes prior to their maturity at our option at specified redemption prices and subject to certain restrictions. The obligations under our senior fixed rate notes rank equally in the right of payment with all of our other existing and future senior unsecured indebtedness and effectively rank junior to all liabilities of our subsidiaries.

In the first quarter of 2024, we expanded both our 5-year \$5.0 billion revolving credit facility agreement and our 364-day \$5.0 billion credit facility agreement, to \$7.0 billion and \$8.0 billion, respectively, and the maturity dates were extended by one year to February 2029 and January 2025, respectively. These credit facilities are unsecured general obligations. The revolving credit facilities had no borrowings outstanding as of September 28, 2024 and December 30, 2023.

We have an ongoing authorization from our Board of Directors to borrow up to \$10.0 billion under our commercial paper program. In the first nine months of 2024, we borrowed \$7.3 billion and settled in cash \$7.3 billion of our commercial paper and had no commercial paper outstanding as of September 28, 2024 and December 30, 2023. Borrowings under the commercial paper program are unsecured general obligations.

Note 12 : Fair Value

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

(In Millions)	Sep 28, 2024				Dec 30, 2023			
	Fair Value Measured and Recorded at Reporting Date Using				Fair Value Measured and Recorded at Reporting Date Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents:								
Corporate debt	\$ —	\$ 213	\$ —	\$ 213	\$ —	\$ 769	\$ —	\$ 769
Financial institution instruments ¹	3,415	1,197	—	4,612	2,241	835	—	3,076
Reverse repurchase agreements	—	3,295	—	3,295	—	2,554	—	2,554
Short-term investments:								
Corporate debt	—	5,777	—	5,777	—	6,951	—	6,951
Financial institution instruments ¹	129	3,301	—	3,430	33	4,215	—	4,248
Government debt ²	20	6,074	—	6,094	—	6,756	—	6,756
Other current assets:								
Derivative assets	261	653	—	914	366	809	—	1,175
Marketable equity securities	980	—	—	980	1,194	—	—	1,194
Other long-term assets:								
Derivative assets	—	5	—	5	—	21	—	21
Total assets measured and recorded at fair value	\$ 4,805	\$ 20,515	\$ —	\$ 25,320	\$ 3,834	\$ 22,910	\$ —	\$ 26,744
Liabilities								
Other accrued liabilities:								
Derivative liabilities	\$ —	\$ 457	\$ 96	\$ 553	\$ —	\$ 541	\$ 99	\$ 640
Other long-term liabilities:								
Derivative liabilities	—	212	—	212	—	479	—	479
Total liabilities measured and recorded at fair value	\$ —	\$ 669	\$ 96	\$ 765	\$ —	\$ 1,020	\$ 99	\$ 1,119

¹ Level 1 investments consist of money market funds. Level 2 investments consist primarily of certificates of deposit, time deposits, commercial paper, notes, and bonds issued by financial institutions.

² Level 1 investments consist of US Treasury securities. Level 2 investments consist primarily of non-US government debt.

Assets Measured and Recorded at Fair Value on a Non-Recurring Basis

Our non-marketable equity securities, equity method investments, and certain non-financial assets—such as intangible assets, goodwill, and property, plant, and equipment—are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. If an observable price adjustment or impairment is recognized on our non-marketable equity securities during the period, we classify these assets as Level 3. Similarly, impairments recognized on our goodwill, intangible assets, and property, plant, and equipment are categorized as Level 3 within the fair value hierarchy as we utilize unobservable inputs such as prospective financial information, market segment growth rates, and discount rates in the fair value measurement process.

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

Financial instruments not recorded at fair value on a recurring basis include non-marketable equity securities and equity method investments that have not been remeasured or impaired in the current period, grants receivable, certain other receivables, and issued debt. We classify the fair value of grants receivable as Level 2. The estimated fair value of these financial instruments approximates their carrying value. The aggregate carrying value of grants receivable as of September 28, 2024 was \$1.1 billion (the aggregate carrying value as of December 30, 2023 was \$559 million).

We classify the fair value of issued debt (excluding any commercial paper) as Level 2. The fair value of our issued debt was \$46.0 billion as of September 28, 2024 (\$47.6 billion as of December 30, 2023).

Note 13 : Derivative Financial Instruments

Volume of Derivative Activity

Total gross notional amounts for outstanding derivatives (recorded at fair value) at the end of each period were as follows:

(In Millions)	Sep 28, 2024	Dec 30, 2023
Foreign currency contracts	\$ 28,674	\$ 30,064
Interest rate contracts	18,105	18,363
Other	2,539	2,103
Total	\$ 49,318	\$ 50,530

The total notional amount of outstanding pay-variable, receive-fixed interest rate swaps was \$12.0 billion as of September 28, 2024 and December 30, 2023.

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

(In Millions)	Sep 28, 2024		Dec 30, 2023	
	Assets ¹	Liabilities ²	Assets ¹	Liabilities ²
Derivatives designated as hedging instruments:				
Foreign currency contracts ³	\$ 290	\$ 54	\$ 255	\$ 142
Interest rate contracts	—	353	—	578
Total derivatives designated as hedging instruments	\$ 290	\$ 407	\$ 255	\$ 720
Derivatives not designated as hedging instruments:				
Foreign currency contracts ³	\$ 224	\$ 252	\$ 314	\$ 363
Interest rate contracts	144	106	261	36
Equity contracts	261	—	366	—
Total derivatives not designated as hedging instruments	\$ 629	\$ 358	\$ 941	\$ 399
Total derivatives	\$ 919	\$ 765	\$ 1,196	\$ 1,119

¹ Derivative assets are recorded as other assets, current and long-term.

² Derivative liabilities are recorded as other liabilities, current and long-term.

³ A substantial majority of these instruments mature within 12 months.

Amounts Offset in the Consolidated Condensed Balance Sheets

Agreements subject to master netting arrangements with various counterparties, and cash and non-cash collateral posted under such agreements at the end of each period were as follows:

Sep 28, 2024						
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	
Assets:						
Derivative assets subject to master netting arrangements	\$ 767	\$ —	\$ 767	\$ (319)	\$ (448)	\$ —
Reverse repurchase agreements	3,295	—	3,295	—	(3,295)	—
Total assets	\$ 4,062	\$ —	\$ 4,062	\$ (319)	\$ (3,743)	\$ —
Liabilities:						
Derivative liabilities subject to master netting arrangements	\$ 737	\$ —	\$ 737	\$ (319)	\$ (331)	\$ 87
Total liabilities	\$ 737	\$ —	\$ 737	\$ (319)	\$ (331)	\$ 87

Dec 30, 2023						
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	
Assets:						
Derivative assets subject to master netting arrangements	\$ 1,047	\$ —	\$ 1,047	\$ (617)	\$ (430)	\$ —
Reverse repurchase agreements	2,554	—	2,554	—	(2,554)	—
Total assets	\$ 3,601	\$ —	\$ 3,601	\$ (617)	\$ (2,984)	\$ —
Liabilities:						
Derivative liabilities subject to master netting arrangements	\$ 1,111	\$ —	\$ 1,111	\$ (617)	\$ (399)	\$ 95
Total liabilities	\$ 1,111	\$ —	\$ 1,111	\$ (617)	\$ (399)	\$ 95

We obtain and secure available collateral from counterparties against obligations, including securities lending transactions and reverse repurchase agreements, when we deem it appropriate.

Derivatives in Cash Flow Hedging Relationships

The before-tax net gains or losses attributed to cash flow hedges recognized in *other comprehensive income (loss)* were \$609 million net gains in the third quarter of 2024 and \$49 million net losses in the first nine months of 2024 (\$454 million net losses in the third quarter of 2023 and \$646 million net losses in the first nine months of 2023). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first nine months of 2024 and 2023, the amounts excluded from effectiveness testing were insignificant.

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Derivatives in Fair Value Hedging Relationships

The effects of derivative instruments designated as fair value hedges, recognized in *interest and other, net* for each period were as follows:

(In Millions)	Gains (Losses) on Derivatives Recognized in Consolidated Condensed Statements of Income			
	Three Months Ended		Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Interest rate contracts	\$ 345	\$ (168)	\$ 225	\$ (189)
Hedged items	(345)	168	(225)	189
Total	\$ —	\$ —	\$ —	\$ —

The amounts recorded on the Consolidated Condensed Balance Sheets related to cumulative basis adjustments for fair value hedges for each period were as follows:

Line Item in the Consolidated Condensed Balance Sheets in Which the Hedged Item is Included (In Millions)	Carrying Amount of the Hedged Item Assets/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)	
	Sep 28, 2024	Dec 30, 2023	Sep 28, 2024	Dec 30, 2023
Long-term debt	\$ (11,644)	\$ (11,419)	\$ 353	\$ 578

Derivatives Not Designated as Hedging Instruments

The effects of derivative instruments not designated as hedging instruments on the Consolidated Condensed Statements of Income for each period were as follows:

(In Millions)	Location of Gains (Losses) Recognized in Income on Derivatives	Three Months Ended		Nine Months Ended	
		Sep 28, 2024	Sep 30, 2023	Sep 28, 2024	Sep 30, 2023
Foreign currency contracts	Interest and other, net	\$ (344)	\$ 255	\$ 192	\$ 467
Interest rate contracts	Interest and other, net	(127)	85	24	175
Other	Various	97	(112)	290	103
Total		\$ (374)	\$ 228	\$ 506	\$ 745

Note 14 : Contingencies

Legal Proceedings

We are regularly party to various ongoing claims, litigation, and other proceedings, including those noted in this section. We have accrued a charge of \$1.0 billion related to litigation involving VLSI (see VLSI Technology LLC v. Intel below), and a charge of \$401 million related to an EC-imposed fine (see European Commission Competition Matter below). Excluding the VLSI claims, management at present believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations, cash flows, or overall trends; however, legal proceedings and related government investigations are subject to inherent uncertainties, and unfavorable rulings, excessive verdicts, or other events could occur. Unfavorable resolutions could include substantial monetary damages, fines, or penalties. Certain of these outstanding matters include speculative, substantial, or indeterminate monetary awards. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices, or requiring other remedies. An unfavorable outcome may result in a material adverse impact on our business, results of operations, financial position, and overall trends. We might also conclude that settling one or more such matters is in the best interests of our stockholders, employees, and customers, and any such settlement could include substantial payments. Unless specifically described below, we have not concluded that settlement of any of the legal proceedings noted in this section is appropriate at this time.

In addition, in the second quarter of 2024, we accrued a charge of \$780 million related to three separate confidential settlement agreements with R2, Third Point, and TRGP that we entered into in the third quarter of 2024 (see R2 Semiconductor Patent Litigation below).

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European Commission Competition Matter

In 2009, the EC found that we had used unfair business practices to persuade customers to buy microprocessors in violation of Article 82 of the EC Treaty (later renumbered Article 102) and Article 54 of the European Economic Area Agreement. In general, the EC found that we violated Article 82 by offering alleged “conditional rebates and payments” that required customers to purchase all or most of their x86 microprocessors from us and by making alleged “payments to prevent sales of specific rival products.” The EC ordered us to end the alleged infringement referred to in its decision and imposed a €1.1 billion fine, which we paid in the third quarter of 2009.

We appealed the EC decision to the European Court of Justice in 2014, after the General Court (then called the Court of First Instance) rejected our appeal of the EC decision in its entirety. In September 2017, the Court of Justice sent the case back to the General Court to examine whether the rebates at issue were capable of restricting competition. In January 2022, the General Court annulled the EC’s 2009 findings against us regarding rebates, as well as the €1.1 billion fine imposed on Intel, which was returned to us in February 2022. The General Court’s January 2022 decision did not annul the EC’s 2009 finding that we made payments to prevent sales of specific rival products.

In April 2022 the EC appealed the General Court’s findings regarding rebates to the Court of Justice. In October 2024 the Court of Justice dismissed the EC’s appeal, upholding the judgment of the General Court.

In September 2023 the EC imposed a €376 million (\$401 million) fine against us based on its 2009 finding that we made payments to prevent sales of specific rival products. We have appealed the EC’s decision. We have accrued a charge for the fine and are unable to make a reasonable estimate of the potential loss or range of losses in excess of this amount given the procedural posture and the nature of these proceedings.

In a related matter, in April 2022 we filed applications with the General Court seeking an order requiring the EC to pay us approximately €593 million in default interest on the original €1.1 billion fine that was held by the EC for 12 years, which applications were stayed pending the EC’s appeal of the General Court’s January 2022 decision.

Litigation Related to Security Vulnerabilities

In June 2017, a Google research team notified Intel and other companies that it had identified security vulnerabilities, the first variants of which are now commonly referred to as “Spectre” and “Meltdown,” that affect many types of microprocessors, including our products. As is standard when findings like these are presented, we worked together with other companies in the industry to verify the research and develop and validate software and firmware updates for impacted technologies. In January 2018, information on the security vulnerabilities was publicly reported, before software and firmware updates to address the vulnerabilities were made widely available.

Consumer class action lawsuits against us were pending in the US and Canada. The plaintiffs, who purport to represent various classes of purchasers of our products, generally claim to have been harmed by our actions and/or omissions in connection with Spectre, Meltdown, and other variants of this class of security vulnerabilities that have been identified since 2018, and assert a variety of common law and statutory claims seeking monetary damages and equitable relief. In the US, class action suits filed in various jurisdictions between 2018 and 2021 were consolidated for all pretrial proceedings in the US District Court for the District of Oregon, which entered final judgment in favor of Intel in July 2022 based on plaintiffs’ failure to plead a viable claim. The Ninth Circuit Court of Appeals affirmed the district court’s judgment in November 2023, ending the litigation. In November 2023, new plaintiffs filed a consumer class action complaint in the US District Court for the Northern District of California with respect to a further vulnerability variant disclosed in August 2023 and commonly referred to as “Downfall.” In August 2024, the district court dismissed plaintiffs’ complaint for failure to plead a viable claim. Plaintiffs filed an amended complaint in September 2024, which we moved to dismiss in October 2024. In Canada, an initial status conference has not yet been scheduled in one case relating to Spectre and Meltdown pending in the Superior Court of Justice of Ontario, and a stay of a second case pending in the Superior Court of Justice of Quebec is in effect. Additional lawsuits and claims may be asserted seeking monetary damages or other related relief. Given the procedural posture and the nature of these cases, including that the pending proceedings are in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class or classes being certified or the ultimate size of any class or classes if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from these matters.

Litigation Related to Segment Reporting and Internal Foundry Model

A securities class action lawsuit was filed in the US District Court for the Northern District of California in May 2024 against us and certain officers following the modification of our segment reporting in the first quarter of 2024 to align to our new internal foundry operating model. The plaintiff seeks monetary damages on behalf of all persons and entities that purchased or otherwise acquired our common stock from January 25, 2024 through April 25, 2024, and generally alleges that defendants violated the federal securities laws by making false or misleading statements about the growth and prospects of the Foundry business. In August 2024, the court ordered the case consolidated with a second, similar lawsuit in which the plaintiff seeks monetary damages on behalf of all purchasers of our common stock from January 25, 2024 through August 1, 2024. In September 2024, the court appointed co-lead counsel for the consolidated lawsuit and ordered them to file an amended consolidated complaint by the end of October 2024. Given the procedural posture and the nature of the case, including that it is in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class being certified or the ultimate size of any class if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from the matter.

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Several stockholder derivative lawsuits were filed in the Delaware state and federal courts since the filing of the securities class action lawsuit, alleging that our directors and certain officers breached their fiduciary duties and violated the federal securities laws by making or allowing the statements that are challenged in the securities class action lawsuit. The complaints seek to recover damages from the defendants on behalf of Intel. By stipulation of the parties, the courts have ordered the derivative lawsuits stayed pending certain developments in the securities class action lawsuit.

Litigation Related to Patent and IP Claims

We have had IP infringement lawsuits filed against us, including but not limited to those discussed below. Most involve claims that certain of our products, services, and technologies infringe others' IP rights. Adverse results in these lawsuits may include awards of substantial fines and penalties, costly royalty or licensing agreements, or orders preventing us from offering certain features, functionalities, products, or services. As a result, we may have to change our business practices, and develop non-infringing products or technologies, which could result in a loss of revenue for us and otherwise harm our business. In addition, certain agreements with our customers require us to indemnify them against certain IP infringement claims, which can increase our costs as a result of defending such claims, and may require that we pay significant damages, accept product returns, or supply our customers with non-infringing products if there were an adverse ruling in any such claims. In addition, our customers and partners may discontinue the use of our products, services, and technologies, as a result of injunctions or otherwise, which could result in loss of revenue and adversely affect our business.

VLSI Technology LLC v. Intel

In October 2017, VLSI Technology LLC (VLSI) filed a complaint against us in the US District Court for the Northern District of California alleging that various Intel FPGA and processor products infringe eight patents VLSI acquired from NXP Semiconductors, N.V. (NXP). VLSI sought damages, attorneys' fees, costs and interest. Intel prevailed on all eight patents and the court entered final judgment in April 2024. In April 2019, VLSI filed three infringement suits against us in the US District Court for the Western District of Texas accusing various of our processors of infringement of eight additional patents it had acquired from NXP:

- The first Texas case went to trial in February 2021, and the jury awarded VLSI \$1.5 billion for literal infringement of one patent and \$675 million for infringement of another patent under the doctrine of equivalents. In April 2022, the court entered final judgment, awarding VLSI \$2.2 billion in damages and approximately \$162 million in pre-judgment and post-judgment interest. We appealed the judgment to the Federal Circuit Court of Appeals, including the court's rejection of Intel's claim to have a license from Fortress Investment Group's acquisition of Finjan. The Federal Circuit Court heard oral argument in October 2023. In December 2023, the Federal Circuit reversed the finding of infringement as to the patent for which VLSI was awarded \$675 million. The Federal Circuit affirmed the finding of infringement as to the patent for which VLSI had been awarded \$1.5 billion, but vacated the damages award and sent the case back to the trial court for further damages proceedings on that patent. The Federal Circuit also ruled that Intel can advance the defense that it is licensed to VLSI's patents. In December 2021 and January 2022 the Patent Trial and Appeal Board (PTAB) instituted Inter Partes Reviews (IPR) on the claims found to have been infringed in the first Texas case, and in May and June 2023 found all of those claims unpatentable; VLSI has appealed the PTAB's decisions. In April 2024, Intel moved to add the defense that it is licensed to VLSI's patents. No trial dates have been set.
- The second Texas case went to trial in April 2021, and the jury found that we do not infringe the asserted patents. VLSI had sought approximately \$3.0 billion for alleged infringement, plus enhanced damages for willful infringement. In September 2024, the court denied VLSI's motion for a new trial. Other post-trial motions remain pending, and the court has not yet entered final judgment.
- The third Texas case went to trial in November 2022, with VLSI asserting one remaining patent. The jury found the patent valid and infringed, and awarded VLSI approximately \$949 million in damages, plus interest and a running royalty. The court has not yet entered final judgment. In February 2023, we filed motions for a new trial and for judgment as a matter of law notwithstanding the verdict on various grounds. Further appeals are possible. In April 2024, Intel moved to add the defense that it is licensed to VLSI's patents, and the court granted Intel's motion that same month.

In May 2019, VLSI filed a case in Shenzhen Intermediate People's Court against Intel, Intel (China) Co., Ltd., Intel Trading (Shanghai) Co., Ltd., and Intel Products (Chengdu) Co., Ltd. VLSI asserted one patent against certain Intel Core processors. Defendants filed an invalidation petition in October 2019 with the China National Intellectual Property Administration (CNIPA) which held a hearing in September 2021. The Shenzhen court held trial proceedings in July 2021, and September 2023. VLSI sought an injunction as well as RMB 1.3 million in costs and expenses, but no damages. In September 2023, the CNIPA invalidated every claim of the asserted patent. In November 2023, the trial court dismissed VLSI's case.

In May 2019, VLSI filed a case in Shanghai Intellectual Property Court against Intel (China) Co., Ltd., Intel Trading (Shanghai) Co., Ltd., and Intel Products (Chengdu) Co., Ltd. asserting one patent against certain Intel core processors. The court held a trial hearing in December 2020, where VLSI requested expenses (RMB 300 thousand) and an injunction. In December 2022, we filed a petition to invalidate the patent at issue. The court held a second trial hearing in May 2022, and in October 2023, issued a decision finding no infringement and dismissing all claims. In November 2023, VLSI appealed the finding of non-infringement to the Supreme People's Court. The Supreme People's Court has set an evidentiary hearing in October 2024.

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In July 2024, Intel filed suit against VLSI in U.S. District Court for the District of Delaware requesting the court find Intel is licensed to VLSI's patents. In September 2024, VLSI filed motions requesting that Intel's complaint be dismissed, transferred, or stayed.

As of September 28, 2024, we have accrued a charge of approximately \$1.0 billion related to the VLSI litigation. While we dispute VLSI's claims and intend to vigorously defend against them, we are unable to make a reasonable estimate of losses in excess of recorded amounts given recent developments and future proceedings.

R2 Semiconductor Patent Litigation

In November 2022, R2 Semiconductor, Inc. (R2) filed a lawsuit in the High Court of Justice in the UK against Intel Corporation (UK) Limited and Intel Corporation, and a lawsuit in the Dusseldorf Regional Court in Germany against Intel Deutschland GmbH and certain Intel customers. R2 asserts one European patent is infringed by Intel's Ice Lake, Tiger Lake, Alder Lake and Ice Lake Server (Xeon) processors (the accused products), and customer servers and laptops that contain those processors. In July 2024, the UK High Court of Justice found the UK part of R2's European patent invalid. In February 2024, the Dusseldorf court found Intel's processors infringe and issued an injunction and recall order against Intel and its customers. In March 2024, R2 asserted the same patent against Fujitsu and Amazon Web Services in Dusseldorf Regional Court, accusing Ice Lake and Sapphire Rapids in the AWS suit; and Tiger Lake, Ice Lake, Alder Lake, Raptor Lake, and Sapphire Rapids in the Fujitsu suit. R2 seeks an injunction, recall and damages. Intel is indemnifying and defending its customers. In March 2024, Intel Corporation Italia S.P.A filed an action in the Tribunale di Milano seeking an order that Intel processors do not infringe R2's patent. In May 2024, R2 filed suit in Milan against Intel Corporation Italia S.P.A and Italian affiliates of customers Dell, HP, and HPE, accusing Intel's Ice Lake (server and client), Tiger Lake, Alder Lake, and Raptor Lake processors of infringing its patent, and requesting that its suit be consolidated with Intel Corporation Italia S.P.A's suit. R2 is requesting an injunction and damages. In April 2024, R2 filed an action against Intel and its customers Dell, HP, and HPE for patent infringement before the Tribunal Judiciaire of Paris. Intel and its customers filed a nullity action against the patent in France.

In light of the potential disruption to Intel's and its customers' businesses in Europe were the Dusseldorf Regional Court's injunction and recall order to be enforced before a decision by the appeals court was expected, the significant delay expected before a decision by the appeals court, and the additional ongoing and potential litigation across other jurisdictions and with respect to other Intel processors and customers, in August 2024 Intel entered into three separate confidential agreements with R2, Third Point (the controlling shareholder) and TRGP Capital (a third-party organization funding the lawsuits) to resolve the injunction enforcement risk and related pending litigation, and provide for broad-based litigation peace with these entities, which included rights to other technology and services to Intel. Across the three agreements, Intel will pay an aggregate amount of \$780 million.

Key Terms

We use terms throughout our document that are specific to Intel or that are abbreviations that may not be commonly known or used. Below is a list of these terms used in our document.

Term	Definition
2024 Restructuring Plan	Cost and capital reduction initiatives approved by management, the board of directors or the Audit & Finance Committee of the board of directors designed to adjust spending to current business trends and achieve objectives announced in Q3 2024 with respect to reducing operating expenses, reducing capital expenditures and reducing cost of sales while enabling Intel's new operating model and continuing to fund investments in Intel's core strategy.
5G	The fifth-generation mobile network, which brings dramatic improvements in network speeds and latency, and which we view as a transformative technology and opportunity for many industries
AI	Artificial intelligence
ASC	Accounting Standards Codification
ASP	Average selling price
Back end services	Includes assembly, test and packaging services
CCG	Client Computing Group operating segment
CODM	Chief operating decision maker
CPU	Processor or central processing unit
CPLD	Complex programmable logic device
DCAI	Data Center and Artificial Intelligence operating segment
EC	European Commission
EPS	Earnings per share
2023 Form 10-K	Annual Report on Form 10-K for the year ended December 30, 2023
Form 10-Q	Quarterly Report on Form 10-Q for the quarter ended June 29, 2024
FPGA	Field-programmable gate array
HPC	High performance computing
IDM 2.0	Evolution of our IDM model that combines our internal factory network, strategic use of foundry capacity and our IFS business to position us to drive technology and product leadership
IP	Intellectual property
IPO	Initial public offering
MD&A	Management's Discussion and Analysis
MG&A	Marketing, general, and administrative
NAND	NAND flash memory
NEX	Networking and Edge operating segment
R&D	Research and development
RSU	Restricted stock unit
SCIP	Semiconductor Co-Investment Program
SEC	US Securities and Exchange Commission
Smart Capital	Our Smart Capital approach accelerates progress on our IDM 2.0 strategy. This approach is designed to enable us to adjust quickly to opportunities in the market, while managing our margin structure and capital spending. The elements of Smart Capital include capacity investments, government incentives, customer commitments, continued use of external foundries.
SoC	A system on a chip, which integrates most of the components of a computer or other electronic system into a single silicon chip. We offer a range of SoC products in CCG, DCAI, and NEX. Our DCAI and NEX businesses offer SoCs across many market segments for a variety of applications, including products targeted for 5G base stations and network infrastructure
US	United States
US GAAP	US Generally Accepted Accounting Principles
VE	Variable interest entity

Management's Discussion and Analysis

This report should be read in conjunction with our 2023 Form 10-K where we include additional information on our business, operating segments, risk factors, critical accounting estimates, policies, and the methods and assumptions used in our estimates, among other important information.

In Q3 2024, we announced our intention to implement a series of cost and capital reduction initiatives designed to adjust our spending to current business trends while enabling our new operating model and continuing to fund investments in our core strategy - returning to process leadership. These initiatives include reducing headcount by approximately 16,500 employees as of Q3 2024, consolidating and reducing our global real estate footprint, conducting portfolio reviews of our businesses under a 'clean sheet' view, rationalizing capital investments and deployments based upon demand signals and capacity requirements, and reducing our overall operating expenses. We expect the total impact from headcount reduction initiatives to exceed 15% of our core Intel workforce by year end. As a result of initiating and deploying our 2024 Restructuring Plan, we recognized restructuring charges of \$2.8 billion in Q3 2024 as follows:

- cash-based employee severance and related employee exit charges of \$2.2 billion;
- non-cash charges directly resulting from our decision to exit manufacturing capabilities for internal-use test hardware, resulting in the impairment of certain construction in progress assets of \$442 million; and
- non-cash charges associated with real estate consolidation and exits that resulted in the impairment of certain operating leased assets and related leasehold improvements of \$86 million.

In Q3 2024, our consolidated results of operations were also materially impacted by the following:

- \$3.1 billion of charges, substantially all of which were recorded to cost of sales, related to non-cash impairments and the acceleration of depreciation for certain manufacturing assets, a substantial majority of which related to our Intel 7 process node;
- \$2.9 billion of non-cash charges, all of which were recorded as other charges in the restructuring and other line as presented in our Consolidated Condensed Statements of Income, which were associated with the impairment of goodwill for certain of our reporting units as well as certain acquired intangible assets (combined with the restructuring charges associated with the 2024 Restructuring Plan, our restructuring and other charges totaled \$5.6 billion in Q3 2024 — see "Note 6: Restructuring and Other Charges" within Notes to Consolidated Condensed Financial Statements); and
- \$9.9 billion of non-cash charges recorded to provision for (benefit from) income taxes that substantially related to valuation allowances recorded to our net deferred tax assets (see "Note 7: Income Taxes" within Notes to Consolidated Condensed Financial Statements).

Our discussion regarding our segments' results of operations presented below excludes the \$5.6 billion of restructuring and other charges and \$9.9 billion of charges resulting from valuation allowances recorded against our net deferred tax assets, in addition to certain other items, as our chief operating decision maker receives, views and uses information for decision making purposes based upon segment results that exclude such items.

"Note 2: Operating Segments" within Notes to Consolidated Condensed Financial Statements of this Form 10-Q provides additional information about our operating segments, including the nature of segment revenues and expenses, and reconciles our segment revenues presented below to our total consolidated net revenues and our segment operating income (loss) presented below to our total consolidated operating income (loss) for each of the periods presented.

Separately, during and following Q3 2024, there has been a significant escalation in hostilities in Israel and the surrounding region. We continue to monitor the impact the geopolitical conflict could have on our operations in Israel, including potential disruption of our wafer fabrication facility and our product development centers. To date, while we have had a substantial number of our employees called for active military duty, we have not had a material interruption in either our manufacturing operations or our product development centers. As a significant portion of our revenues are generated from products on Intel 7 manufactured at our fabrication facility in Israel and we are not insured for business interruptions, a disruption of that facility could have a significant adverse impact on our business. Additionally, our property, plant, and equipment assets in Israel are self-insured and could be impacted from the conflict.

For additional key highlights of our results of operations, see "A Quarter in Review."

Operating Segment Trends and Results

Intel Products

Intel Products consists substantially of the design, development, marketing, sale, support, and servicing of CPUs and related solutions for third party customers. Intel Products is comprised of three operating segments: CCG, DCAI, and NEX.

Financial Performance

Intel Products Operating Segments Revenue \$B

241

Intel Products Segments Operating Income \$B

247

248

Operating Segments Revenue and Segments Operating Income Summary

Q3 2024 vs. Q3 2023

Total Intel Products revenue was \$12.2 billion in Q3 2024 and \$12.4 billion in Q3 2023. Revenue decreased in Q3 2024 due to our CCG operating segment. Total Intel Products operating income was \$3.3 billion in Q3 2024, roughly flat with Q3 2023.

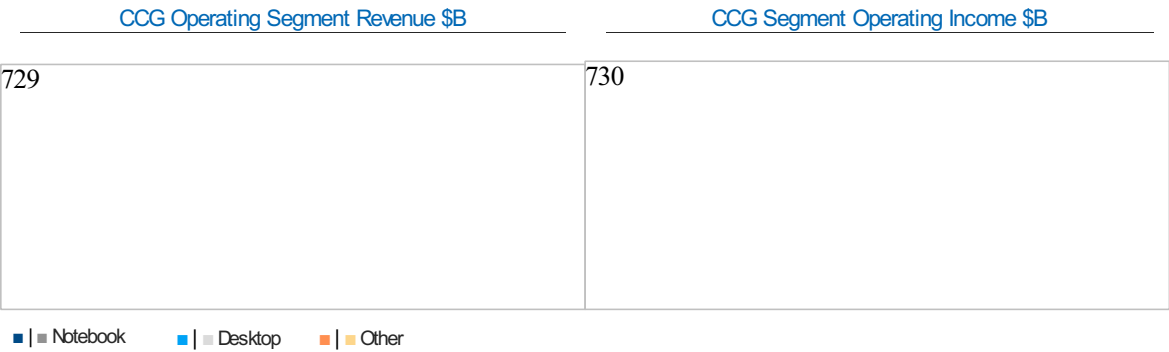
YTD 2024 vs. YTD 2023

Total Intel Products revenue was \$35.9 billion in YTD 2024 and \$33.8 billion in YTD 2023. Revenue increased in YTD 2024 due to our CCG and DCAI operating segments. Total Intel Products operating income increased to \$9.6 billion, or 27% operating margin for YTD 2024 from \$6.9 billion, or 20% operating margin in YTD 2023. This YTD 2024 operating margin increase is primarily due to higher YTD 2024 CCG revenue, lower YTD 2024 period charges across each of the Intel Products' operating segments due to the sell-through of previously reserved inventory and lower reserves taken, partially offset by higher YTD 2024 unit costs in CCG and DCAI.

Client Computing Group

We are committed to advancing PC experiences by delivering an annual cadence of leadership products and deepening our relationships with industry partners to co-engineer and deliver leading platform innovation. We engage in an intentional effort to bring together the operating system, system architecture, hardware, and software application integration to enable industry-leading PC experiences. We embrace these opportunities by focusing our roadmap, delivering innovative PC capabilities, and designing advanced PC experiences. By doing this, we believe we help continue to fuel innovation across the industry, providing a solid source of IP, scale, and cash flow for Intel.

Financial Performance



■ | ■ Notebook ■ | ■ Desktop ■ | ■ Other

Operating Segment Revenue Summary

Q3 2024 vs. Q3 2023

- Notebook revenue was \$4.9 billion, up \$385 million from Q3 2023. Notebook volume increased 6% in Q3 2024 as customer inventory levels improved compared to Q3 2023. Notebook ASPs increased 3% in Q3 2024 primarily driven by the ramp of newly introduced products based upon Intel 4 process technology and higher ASPs on older generation products, partially offset by a higher mix of small core products.
- Desktop revenue was \$2.1 billion, down \$683 million from Q3 2023. Desktop volume decreased 26% in Q3 2024 primarily due to customers tempering purchases to reduce existing inventories and lower demand compared to Q3 2023. Desktop ASPs in Q3 2024 were roughly flat with Q3 2023.
- Other revenue was \$372 million, down \$239 million from Q3 2023 primarily driven by the exit of legacy businesses.

YTD 2024 vs. YTD 2023

- Notebook revenue was \$14.0 billion, up \$2.2 billion from YTD 2023. Notebook volume increased 17% in YTD 2024 as customer inventory levels improved compared to higher levels in YTD 2023. Notebook ASPs increased 2% in YTD 2024 primarily driven by the ramp of newly introduced products based upon Intel 4 process technology, partially offset by a higher mix of small core products.
- Desktop revenue was \$7.1 billion, up \$56 million from YTD 2023. Desktop volume and ASPs were roughly flat with YTD 2023.
- Other revenue was \$1.2 billion, down \$440 million from YTD 2023 primarily driven by the exit of legacy businesses.

Segment Operating Income Summary

Operating income decreased 2% from Q3 2023, with an operating margin of 37% in Q3 2024.
Operating income increased 32% from YTD 2023, with an operating margin of 35% in YTD 2024.

(In Millions)	
\$ 2,722	Q3 2024 Operating Income
(389)	Lower product profit primarily from lower desktop revenue
260	Higher product profit primarily from higher notebook revenue
71	Other
\$ 2,780	Q3 2023 Operating Income
\$ 7,864	YTD 2024 Operating Income
1,305	Higher product profit primarily from higher notebook and desktop revenue
413	Lower other period charges primarily driven by lower inventory reserves taken, higher sell-through of previously reserved inventory and lower samples
(150)	Higher unit cost primarily from increased mix of Intel 4 and Intel 7 products
350	Other
\$ 5,946	YTD 2023 Operating Income

Data Center and AI

DCAI delivers cutting-edge workload-optimized solutions to cloud service providers and enterprises, along with silicon devices for communications service providers, network and edge, and HPC customers. Our unique capabilities enable us to help solve our customers' most complex challenges with the depth and breadth of our hardware and software portfolio, advanced packaging, and at-scale manufacturing made possible through a resilient, global supply chain. Our global customers and partners encompass cloud hyperscalers, multinational corporations, small-and medium-sized enterprises, independent software vendors, systems integrators, communications service providers, and governments.

Financial Performance

DCAI Operating Segment Revenue \$B	DCAI Segment Operating Income \$B
736	737

Operating Segment Revenue Summary

Q3 2024 vs. Q3 2023

Revenue was \$3.3 billion, up \$273 million from Q3 2023, primarily driven by an increase in server revenue. Server volume increased 6% in Q3 2024 due to increased hyperscale customer-related demand. Server ASPs in Q3 2024 were roughly flat with Q3 2023.

YTD 2024 vs. YTD 2023

Revenue was \$9.4 billion, up \$298 million from YTD 2023, driven by an increase in server revenue. Server ASPs increased 16% in YTD 2024 primarily due to a higher mix of high core count products. Server volume decreased 11% in YTD 2024 due to lower demand in a competitive environment and a higher mix of high core count products.

Segment Operating Income Summary

Operating income decreased 11% from Q3 2023, with an operating margin of 10% in Q3 2024.
Operating income increased 25% from YTD 2023, with an operating margin of 12% in YTD 2024.

(In Millions)	
\$ 347	Q3 2024 Operating Income
(313)	Higher period charges due to higher accelerator inventory reserves taken and other direct spending charges incurred
(192)	Higher server unit cost primarily driven by an increased mix of Intel 7 products
249	Lower period charges primarily driven by the sell-through of previously reserved inventory and lower non-accelerator inventory reserves taken
116	Higher product profit primarily from higher server revenue
96	Other
\$ 391	Q3 2023 Operating Income
\$ 1,105	YTD 2024 Operating Income
752	Lower period charges primarily driven by the sell-through of previously reserved inventory and lower non-accelerator inventory reserves taken
573	Higher product profit on higher ASPs, net of reduced profit on lower volumes
(788)	Higher server unit cost primarily driven by an increased mix of Intel 7 products
(313)	Higher period charges due to higher accelerator inventory reserves taken and other direct spending charges incurred
(240)	Higher operating expenses primarily driven by increased product development costs
239	Other
\$ 882	YTD 2023 Operating Income

Network & Edge

NEX lifts the world's networks and edge compute systems from inflexible fixed-function hardware to general-purpose compute, acceleration, and networking devices running cloud native software on programmable hardware. We work with partners and customers to deliver and deploy intelligent edge platforms that allow software developers to achieve agility and to drive automation using AI for efficient operations while securing the integrity of their data at the edge. We have a broad portfolio of hardware and software platforms, tools, and ecosystem partnerships for the rapid digital transformation happening from the cloud to the edge. We are leveraging our core strengths in process, software, and manufacturing at scale to grow traditional markets and to accelerate entry into emerging ones.

Financial Performance

NEX Operating Segment Revenue \$B	NEX Segment Operating Income \$B
841	842

Operating Segment Revenue Summary

Q3 2024 vs. Q3 2023 and YTD 2024 vs. YTD 2023

Revenue was \$1.5 billion, up \$61 million from Q3 2023. YTD 2024 revenue was \$4.2 billion, down \$84 million from YTD 2023, primarily due to 5G customers tempering purchases to reduce existing inventories, partially offset by higher Edge and Network revenue.

Segment Operating Income Summary

Operating income increased 168% from Q3 2023, with an operating margin of 18% in Q3 2024.
Operating income increased \$496 million from YTD 2023, with an operating margin of 14% in YTD 2024.

(In Millions)	
\$ 268	Q3 2024 Operating Income
116	Lower period charges primarily driven by the sell-through of previously reserved inventory and lower reserves taken
52	Other
\$ 100	Q3 2023 Operating Income
\$ 591	YTD 2024 Operating Income
371	Lower period charges primarily driven by the sell-through of previously reserved inventory and lower reserves taken
125	Other
\$ 95	YTD 2023 Operating Income

Intel Foundry

Intel Foundry, comprising our Foundry Technology Development, Foundry Manufacturing and Supply Chain, and Foundry Services organizations, is on a mission to deliver the best systems foundry capabilities to our customers and reshape the world's semiconductor industry. As the stewards of Moore's law, we continually innovate and advance world-class silicon process and advanced packaging technologies for customers. Our systems foundry offerings are strengthened by a robust design ecosystem with key industry partners, our systems of chips capabilities, and our secure, resilient and more sustainable supply chain. Our systems foundry is built on the foundation of our silicon process and advanced packaging technology offerings and enables co-optimized solutions for our customers in the AI era. We are strengthening the resilience of the global semiconductor supply chain for leading-edge and mature node semiconductor products by investing in geographically balanced and more sustainable manufacturing capacity. As a systems foundry for the AI era, Intel Foundry brings together these critical components to help our global customers drive the next phase of technology innovation.

Financial Performance

Intel Foundry Operating Segment Revenue \$B	Intel Foundry Segment Operating Loss \$B
1227	1228

Operating Segment Revenue Summary

Q3 2024 vs. Q3 2023

Revenue was \$4.4 billion, down \$380 million from Q3 2023. Intersegment revenue was \$4.3 billion, down \$135 million from Q3 2023 driven by lower intersegment ASPs and lower back end services revenue, partially offset by higher intersegment revenue from higher wafer volume primarily from Intel 3, Intel 4, and Intel 7 process nodes, and higher advanced packaging revenue. External revenue was \$67 million, down \$245 million from Q3 2023 driven by lower traditional packaging services and lower equipment sales.

YTD 2024 vs. YTD 2023

Revenue was \$13.0 billion, down \$694 million from YTD 2023. Intersegment revenue was \$12.9 billion, down \$204 million from YTD 2023 driven by lower intersegment ASPs, lower back end services revenue, and higher intersegment credits in YTD 2024. These intersegment revenue decreases were partially offset by higher intersegment revenue from higher wafer volume primarily from Intel 3, Intel 4, and Intel 7 process nodes, and higher advanced packaging revenue. External revenue was \$171 million, down \$490 million from YTD 2023, driven by lower traditional packaging services and lower equipment sales.

Segment Operating Loss Summary

Operating loss was \$5.8 billion in Q3 2024, compared to an operating loss of \$1.4 billion in Q3 2023.

Operating loss was \$11.1 billion in YTD 2024, compared to an operating loss of \$5.6 billion in YTD 2023.

(In Millions)

\$	(5,844)	Q3 2024 Operating Loss
	(3,095)	Higher period charges related to non-cash impairments and the acceleration of depreciation for certain manufacturing assets, a substantial majority of which related to our Intel 7 process node
	(976)	Lower intersegment product and services profit primarily due to lower intersegment ASPs, lower intersegment samples, and lower external revenue
	(297)	Higher operating expenses primarily driven by increased investments in process technology
	(136)	Higher period charges primarily related to factory start-up costs
	67	Other
\$	(1,407)	Q3 2023 Operating Loss
\$	(11,148)	YTD 2024 Operating Loss
	(3,262)	Higher period charges related to non-cash impairments and the acceleration of depreciation for certain manufacturing assets, a substantial majority of which related to our Intel 7 process node
	(1,855)	Lower intersegment product and services profit primarily due to lower intersegment ASPs, higher intersegment credits, lower intersegment samples, and lower external revenue
	(684)	Higher operating expenses primarily driven by increased investments in process technology
	(530)	Higher period charges primarily related to factory start-up costs
	610	Lower period charges related to excess capacity charges
	209	Lower period charges driven by lower intersegment inventory reserves taken
\$	(5,636)	YTD 2023 Operating Loss



MD&A

All Other

Our "all other" category includes results of operations from our Altera and Mobileye businesses, from "other" non-reportable segments not otherwise presented, from start-up businesses that support our initiatives, and historical results of operations from divested businesses. Altera offers programmable semiconductors, primarily FPGAs, CPLDs, acceleration platforms, software, IP, and related products, for a broad range of applications across our embedded, communications, cloud, and enterprise market segments. Mobileye is a global leader in driving assistance and self-driving solutions, with a product portfolio designed to encompass the entire stack required for assisted and autonomous driving, including compute platforms, computer vision, and machine learning-based perception, mapping and localization, driving policy, and active sensors in development.

Financial Performance

All Other Operating Segments Revenue \$B	All Other Segments Operating Income (Loss) \$B
902	903

Operating Segments Revenue and Segments Operating Income (Loss) Summary

Q3 2024 vs. Q3 2023

All other revenue was \$1.0 billion, down \$413 million from Q3 2023. Altera revenue decreased \$323 million from Q3 2023, as customers tempered purchases to reduce existing inventories across all product lines. Mobileye revenue decreased \$45 million from Q3 2023. All other operating income was \$45 million, down \$190 million from Q3 2023, primarily due to lower Altera Q3 2024 revenue.

YTD 2024 vs. YTD 2023

All other revenue was \$2.8 billion, down \$1.5 billion from YTD 2023. Altera revenue decreased \$1.3 billion from YTD 2023, as customers tempered purchases to reduce existing inventories across all product lines. Mobileye revenue decreased \$278 million from YTD 2023, as customers tempered purchases to reduce existing inventories of EyeQ™ products. All other operating loss was \$202 million compared to operating income of \$937 million in YTD 2023 primarily due to lower Altera and Mobileye YTD 2024 revenue.

Consolidated Condensed Results of Operations

(In Millions, Except Per Share Amounts)	Three Months Ended				Nine Months Ended			
	Q3 2024		Q3 2023		YTD 2024		YTD 2023	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	\$ 13,284	100.0 %	\$ 14,158	100.0 %	\$ 38,841	100.0 %	\$ 38,822	100.0 %
Cost of sales	11,287	85.0 %	8,140	57.5 %	27,080	69.7 %	24,158	62.2 %
Gross margin	1,997	15.0 %	6,018	42.5 %	11,761	30.3 %	14,664	37.8 %
Research and development	4,049	30.5 %	3,870	27.3 %	12,670	32.6 %	12,059	31.1 %
Marketing, general, and administrative	1,383	10.4 %	1,340	9.5 %	4,268	11.0 %	4,017	10.3 %
Restructuring and other charges	5,622	42.3 %	816	5.8 %	6,913	17.8 %	1,080	2.8 %
Operating income (loss)	(9,057)	(68.2) %	(8)	(0.1) %	(12,090)	(31.1) %	(2,492)	(6.4) %
Gains (losses) on equity investments, net	(159)	(1.2) %	(191)	(1.3) %	(74)	(0.2) %	(46)	(0.1) %
Interest and other, net	130	1.0 %	147	1.0 %	355	0.9 %	512	1.3 %
Income (loss) before taxes	(9,086)	(68.4) %	(52)	(0.4) %	(11,809)	(30.4) %	(2,026)	(5.2) %
Provision for (benefit from) taxes	7,903	59.5 %	(362)	(2.6) %	7,271	18.7 %	(1,041)	(2.7) %
Net income (loss)	(16,989)	(127.9) %	310	2.2 %	(19,080)	(49.1) %	(985)	(2.5) %
Less: net income (loss) attributable to non-controlling interests	(350)	(2.6) %	13	0.1 %	(450)	(1.2) %	(5)	— %
Net income (loss) attributable to Intel	\$ (16,639)	(125.3) %	\$ 297	2.1 %	\$ (18,630)	(48.0) %	\$ (980)	(2.5) %
Earnings (loss) per share attributable to Intel—diluted	\$ (3.88)		\$ 0.07		\$ (4.37)		\$ (0.23)	

Consolidated Revenue

Consolidated Revenue Walk \$B¹

26	27

Q3 2024 vs. Q3 2023

Our Q3 2024 revenue was \$13.3 billion, down \$874 million from Q3 2023. CCG revenue decreased 7% from Q3 2023 primarily due to lower desktop volume from customers tempering purchases to reduce existing inventories and lower demand compared to Q3 2023. CCG other revenue decreased from Q3 2023 due to the exit of legacy businesses. These Q3 2024 CCG revenue decreases were partially offset by higher notebook revenues in Q3 2024 due to higher volume as customer inventory levels improved compared to Q3 2023 and higher notebook ASPs. DCAI revenue increased 9% from Q3 2023 primarily due to increased hyperscale customer-related demand. Intel Foundry external revenue decreased 79% from Q3 2023 due to lower traditional packaging services and lower equipment sales. Altera revenue decreased 44% from Q3 2023 due to customers tempering purchases to reduce existing inventories across all product lines.

YTD 2024 vs. YTD 2023

Our YTD 2024 revenue was \$38.8 billion, roughly flat with YTD 2023. CCG revenue increased 9% from YTD 2023 primarily due to higher notebook revenue resulting from higher volume and higher ASPs compared to YTD 2023. Other CCG revenue decreased from YTD 2023 due to the exit of legacy businesses. DCAI revenue increased 3% from YTD 2023 driven by an increase in server revenue primarily from high core count products, which increased ASPs and lowered volume compared to YTD 2023. Intel Foundry external revenue decreased 74% from YTD 2023 due to lower equipment sales and lower traditional packaging services. Altera revenue decreased 54% from YTD 2023 as customers tempered purchases to reduce existing inventories across all product lines. Mobileye revenue decreased 19% from YTD 2023 as customers tempered purchases to reduce existing inventories of EyeQ products.

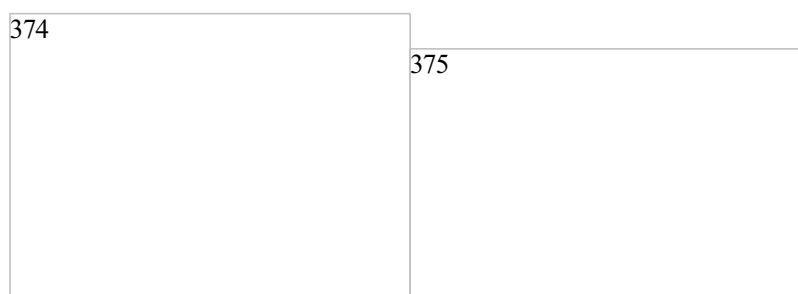
¹ Excludes intersegment revenue; totals may not sum due to rounding

Consolidated Gross Margin

We derived a majority of our consolidated gross margin in Q3 2024 and in YTD 2024 from our Intel Products business sales through our CCG, DCAI, and NEX operating segments. Our consolidated gross margin dollars in Q3 2024 decreased by \$4.0 billion, or 67%, compared to Q3 2023, and YTD 2024 decreased by \$2.9 billion, or 20%, compared to YTD 2023. We regularly evaluate our process technology node capacities relative to projected market demand for our products and services. During Q3 2024, we concluded that our manufacturing asset portfolio, primarily for our Intel 7 process node, exceeded manufacturing capacity requirements. Upon concluding an asset re-use assessment, we impaired certain construction in progress assets and accelerated depreciation for certain in use manufacturing assets that resulted in \$3.1 billion of charges in Q3 2024.

Consolidated Gross Margin \$B¹

(Percentages in chart indicate gross margin as a percentage of total revenue)



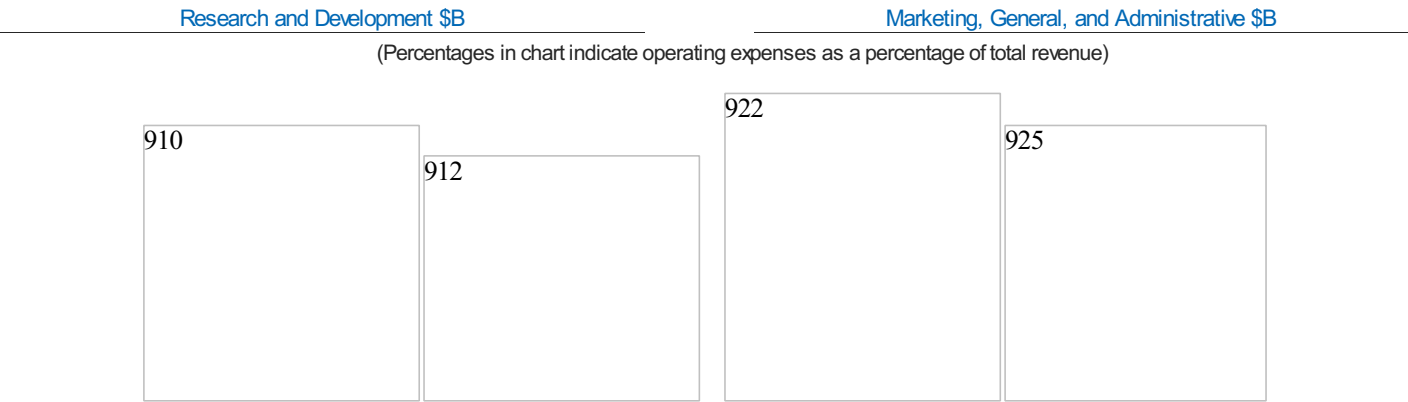
(In Millions)

\$ 1,997	Q3 2024 Gross Margin
(3,030)	Higher period charges related to non-cash impairments and the acceleration of depreciation for certain manufacturing assets, a substantial majority of which related to our Intel 7 process node
(375)	Higher unit cost primarily from increased mix of Intel 4 and Intel 7 products
(320)	Lower product profit primarily from lower Intel Foundry revenue
(313)	Higher period charges due to higher accelerator inventory reserves taken and other direct spending charges incurred
(272)	Lower product profit primarily from lower Altera revenue
(209)	Lower product profit primarily from lower desktop revenue, partially offset by higher product profit from higher notebook revenue
(136)	Higher period charges primarily related to factory start-up costs
280	Lower period charges primarily driven by the sell-through of previously reserved inventory and lower non-accelerator reserves taken
257	Higher product profit primarily from higher server revenue
97	Other
\$ 6,018	Q3 2023 Gross Margin
\$ 11,761	YTD 2024 Gross Margin
(3,197)	Higher period charges related to non-cash impairments and the acceleration of depreciation for certain manufacturing assets, a substantial majority of which related to our Intel 7 process node
(1,389)	Higher unit cost primarily from increased mix of Intel 4 and Intel 7 products
(1,294)	Lower product profit primarily from lower Altera and Mobileye revenue
(545)	Higher period charges primarily related to factory start-up costs
(513)	Lower product profit primarily from lower Intel Foundry revenue
(313)	Higher period charges due to higher accelerator inventory reserves taken and other direct spending charges incurred
1,355	Higher product profit primarily due to higher notebook revenue
1,223	Lower period charges driven by the sell-through of previously reserved inventory and lower non-accelerator reserves taken
827	Higher product profit primarily due to higher server revenue
610	Lower period charges related to excess capacity charges
333	Other
\$ 14,664	YTD 2023 Gross Margin

¹ Excludes intersegment activity

Operating Expenses

Total R&D and MG&A expenses for Q3 2024 were \$5.4 billion, up 4% from Q3 2023, and \$16.9 billion for YTD 2024, up 5% from YTD 2023. These expenses represent 40.9% of revenue for Q3 2024 and 36.8% of revenue for Q3 2023, and 43.6% of revenue for YTD 2024 and 41.4% of revenue for YTD 2023. In support of our strategy, described in our 2023 Form 10-K, we continue to make significant investments to accelerate our process technology roadmap. This requires continued investments in R&D and focused efforts to attract and retain talent. As a result of our 2024 Restructuring Plan and related cost reduction measures, we expect a decrease in total R&D and MG&A expenses in future periods while creating capacity for sustained investment in technology and manufacturing leadership.



Research and Development

Q3 2024 vs. Q3 2023

R&D increased by \$179 million, or 5%, driven by the following:

- + Investments in our process technology and leadership products
- Lower incentive-based cash compensation

YTD 2024 vs. YTD 2023

R&D increased by \$611 million, or 5%, driven by the following:

- + Investments in our process technology and leadership products
- + Higher share-based compensation
- Lower incentive-based compensation

Marketing, General, and Administrative

Q3 2024 vs. Q3 2023 and YTD 2024 vs. YTD 2023

Q3 2024 MG&A increased by \$43 million, or 3%, and YTD 2024 MG&A increased by \$251 million, or 6%, driven by the following:

- + Higher corporate spending, primarily driven by our IDM 2.0 transformation
- Lower incentive-based cash compensation

Restructuring and Other Charges

(In Millions)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Employee severance and benefit arrangements	\$ 2,193	\$ 59	\$ 2,487	\$ 191
Litigation charges and other	36	757	814	854
Asset impairment charges	3,393	—	3,612	35
Total restructuring and other charges	\$ 5,622	\$ 816	\$ 6,913	\$ 1,080

In Q3 2024, the 2024 Restructuring Plan was announced to implement cost-reduction measures, including reductions in employee headcount, other operating and non-operating expenditures and capital expenditures (see "Note 6: Restructuring and Other Charges" within Notes to Consolidated Condensed Financial Statements). We expect that our 2024 Restructuring Plan, in conjunction with other initiatives, will reduce our cost structure while we continue our investments to develop, manufacture, market, sell, and deliver process and product leadership initiatives in furtherance of our strategy. We expect actions pursuant to the 2024 Restructuring Plan to be substantially complete by the fourth quarter of 2025, but this is subject to change. Any changes to the estimates or timing will be reflected in our results of operations.

Employee severance and benefit arrangements includes charges of \$2.2 billion in Q3 2024 relating to the 2024 Restructuring Plan. Charges relating to other actions taken to streamline operations and to reduce costs were \$294 million in YTD 2024. The charges in Q3 2023 and YTD 2023 primarily related to the 2022 Restructuring Program, which was completed in Q1 2024.

Litigation charges and other includes a charge of \$780 million that we recorded in YTD 2024 arising out of the R2 litigation. In Q3 2023, we recorded a \$401 million charge for an EC-imposed fine. Refer to "Note 14: Contingencies" within Notes to Consolidated Condensed Financial Statements for information about these items. Also, in Q3 2023, we incurred a \$353 million termination fee as we mutually agreed with Tower to terminate the agreement we entered into during 2022 to acquire Tower due to our inability to obtain required regulatory approvals in a timely manner.

Asset impairment charges in Q3 2024 primarily includes cash and non-cash charges associated with the 2024 Restructuring Plan, including \$442 million of non-cash impairments of construction in progress assets associated with our decision to exit and outsource manufacturing capabilities for certain internal test hardware; and \$86 million of non-cash impairments of operating leased assets and related leasehold improvements resulting from real estate consolidations and exits. Real estate consolidations and exits did not materially change our operating lease liabilities and may result in future cash outlays for facility restoration or the relocation of operations. In addition, we incurred non-cash impairments related to goodwill and acquired intangible assets of \$2.9 billion and \$3.1 billion in Q3 2024 and YTD 2024, respectively. Refer to "Note 10: Goodwill" and "Note 6: Restructuring and Other Charges" within Notes to Consolidated Condensed Financial Statements for further information about these items.

Gains (Losses) on Equity Investments and Interest and Other, Net

(In Millions)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Ongoing mark-to-market adjustments on marketable equity securities	\$ (51)	\$ (267)	\$ (185)	\$ (164)
Observable price adjustments on non-marketable equity securities	—	7	49	17
Impairment charges	(110)	(53)	(269)	(127)
Sale of equity investments and other	2	122	331	228
Total gains (losses) on equity investments, net	\$ (159)	\$ (191)	\$ (74)	\$ (46)
Interest and other, net	\$ 130	\$ 147	\$ 355	\$ 512

In Q3 2024 and YTD 2024, losses resulted primarily from impairment charges of non-marketable securities and on-going mark-to-market losses on marketable equity securities. For YTD 2024, we recognized a \$336 million initial fair value adjustment within *sale of equity investments and other* upon Astera Labs, Inc. shares becoming marketable.

In Q3 2023 and YTD 2023, losses were primarily due to on-going mark to market losses on marketable equity securities.

Provision for (Benefit from) Taxes

(\$ In Millions)	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Income (loss) before taxes	\$ (9,086)	\$ (52)	\$ (11,809)	\$ (2,026)
Provision for (benefit from) taxes	\$ 7,903	\$ (362)	\$ 7,271	\$ (1,041)
Effective tax rate	(87.0)%	696.2 %	(61.6)%	51.4 %

In Q3 2024, we established a valuation allowance of \$9.9 billion as a discrete non-cash tax expense against our US deferred tax assets. We assess the recoverability of our deferred tax assets quarterly, weighing available positive and negative evidence. As a result of our assessment in Q3 2024, we determined it is more likely than not that the deferred tax assets will not be recoverable based upon our three-year cumulative historical loss position as of September 28, 2024, largely resulting from the asset impairment and restructuring and other charges incurred during the quarter.

Our provision for taxes increased in YTD 2024 compared to YTD 2023, primarily driven by the effects associated with the establishment of a valuation allowance against our US deferred tax assets in Q3 2024. Additionally, our YTD 2024 provision for taxes and YTD 2023 benefit from taxes included R&D tax credits, which provide a tax benefit based on our eligible R&D spending and are not dependent on income before taxes.

Our provision for, or benefit from, income taxes for all periods presented were determined using an actual annual effective tax rate, adjusted for discrete items, if any, as we were unable to make a reliable estimate of our annual effective tax rate as a result of fluctuations in forecasted annual income and the effects of being taxed in multiple tax jurisdictions.

Liquidity and Capital Resources

We consider the following when assessing our liquidity and capital resources:

(In Millions)	Sep 28, 2024	Dec 30, 2023
Cash and cash equivalents	\$ 8,785	\$ 7,079
Short-term investments	15,301	17,955
Total cash and short-term investments	\$ 24,086	\$ 25,034
Total debt	\$ 50,236	\$ 49,266

We believe we have sufficient sources of funding to meet our business requirements for the next 12 months and in the longer term. Cash generated by operations, and total cash and short-term investments as shown in the preceding table, are our primary sources of liquidity for funding our strategic business requirements. These sources are further supplemented by our committed credit facilities and other borrowing capacity and certain other Smart Capital initiatives that we have undertaken, including our Ireland SCIP transaction that closed in the second quarter of 2024 that resulted in \$11.0 billion of net cash inflows to us (see "Note 3: Non-Controlling Interests" within Notes to Consolidated Condensed Financial Statements). Our short-term funding requirements include capital expenditures for worldwide manufacturing and assembly and test, including investments in our process technology roadmap; working capital requirements including cash outlays associated with the 2024 Restructuring Plan; non-controlling interest distributions; and potential acquisitions and strategic investments. We expect reductions in operating expenditures, capital expenditures, and cost of sales after implementing our 2024 Restructuring Plan and related cost-reduction measures, including reductions in headcount, which are designed to enable further operational efficiency and agility and create capacity for sustained investment in technology and manufacturing leadership. Our long-term funding requirements incrementally contemplate investments in significant manufacturing expansion plans and investments to accelerate our process technology.

Our total cash and short-term investments and related cash flows may be affected by certain discretionary actions we may take with customers and suppliers to accelerate or delay certain cash receipts or payments to manage liquidity for our strategic business requirements. These actions can include, among others, negotiating with suppliers to optimize our payment terms and conditions, adjusting the timing of cash flows associated with customer sales programs and collections, managing inventory levels and purchasing practices, and selling certain of our accounts receivables on a non-recourse basis to third party financial institutions.

We expect to continue to benefit from government incentives. These incentives typically require that we make significant capital investments in new facilities or expand existing facilities, and our related workforce. To the extent we delay or cancel any such projects, such as the delays we announced during Q3 2024 to our projects in Germany, Poland and Malaysia, there may be a delay in our receipt of, or we may lose, the associated government incentives.

Recognizing the importance of prioritizing liquidity to support the investments needed to execute our strategy, on August 1, 2024, we announced our Board of Directors suspended the declaration of quarterly dividends on our common stock starting in Q4 2024. The Board of Directors reiterated our long-term commitment to a competitive dividend as cash flows improve to sustainably higher levels.

In YTD 2024, we issued a total of \$2.6 billion aggregate principal amount of senior notes and remarketed \$438 million aggregate principal amount of other bonds for general corporate purposes, including, but not limited to, refinancing of outstanding debt and funding for working capital and capital expenditures. In YTD 2024, we also expanded both our 5-year \$5.0 billion revolving credit facility agreement and our 364-day \$5.0 billion credit facility agreement, to \$7.0 billion and \$8.0 billion, respectively, and the maturity dates were extended to February 2029 and January 2025, respectively. We have other potential sources of liquidity including our commercial paper program and our automatic shelf registration statement on file with the SEC, pursuant to which we may offer an unspecified amount of debt, equity, and other securities. Under our commercial paper program, we have an ongoing authorization from our Board of Directors to borrow up to \$10.0 billion. As of September 28, 2024, we had no commercial paper obligations outstanding and no outstanding borrowings on the revolving credit facilities. See "Note 11: Borrowings" within Notes to Consolidated Condensed Financial Statements for further information.

We maintain a diverse investment portfolio that we continually analyze based on issuer, industry, and country. Substantially all of our investments in debt instruments were in investment-grade securities.

Cash flows from operating, investing and financing activities were as follows:

(In Millions)	Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023
Net cash provided by (used for) operating activities	\$ 5,123	\$ 6,847
Net cash provided by (used for) investing activities	(14,492)	(18,723)
Net cash provided by (used for) financing activities	11,075	8,353
Net increase (decrease) in cash and cash equivalents	\$ 1,706	\$ (3,523)

Operating Activities

Operating cash flows consist of net income (loss) adjusted for certain non-cash items and changes in certain assets and liabilities.

Cash provided by operations in the first nine months of 2024 was lower compared to the first nine months of 2023 as we incurred a higher net loss that was partially offset by a higher amount of favorable operating cash flow adjustments, in each case in the first nine months of 2024 relative to the first nine months of 2023.

Investing Activities

Investing cash flows consist primarily of capital expenditures; investment purchases, sales, maturities, and disposals; and proceeds from capital-related government incentives.

Cash used for investing activities was lower in the first nine months of 2024 compared to the first nine months of 2023, primarily due to a reduction in cash flows used for the purchases of short-term investments, and lower capital additions, in each case during the first nine months of 2024 relative to the first nine months of 2023.

Financing Activities

Financing cash flows consist primarily of proceeds from strategic initiatives including partner contributions and equity-related issuances, issuance and repayment of short-term and long-term debt, and payment of dividends to stockholders.

Cash provided by financing activities was higher in the first nine months of 2024 compared to the first nine months of 2023, primarily due to higher SCIP partner contributions and reduced dividend payments. These cash favorable activities were partially offset by lower proceeds from debt issuances, net of repayments; the absence of proceeds from sales of subsidiary shares; and certain other cash unfavorable financing activities in the first nine months of 2024.



Non-GAAP Financial Measures

In addition to disclosing financial results in accordance with US GAAP, this document contains references to the non-GAAP financial measures below. We believe these non-GAAP financial measures provide investors with useful supplemental information about our operating performance, enable comparison of financial trends and results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business and measuring our performance. These non-GAAP financial measures are used in our performance-based RSUs and our cash bonus plans.

Our non-GAAP financial measures reflect adjustments based on one or more of the following items, as well as the related effects to income taxes and net income (loss) attributable to non-controlling interests effects. Income tax effects are calculated using a fixed long-term projected tax rate of 13% across all adjustments. We project this long-term non-GAAP tax rate on at least an annual basis using a five-year non-GAAP financial projection that excludes the income tax effects of each adjustment. The projected non-GAAP tax rate also considers factors such as our tax structure, our tax positions in various jurisdictions, and key legislation in significant jurisdictions where we operate. This long-term non-GAAP tax rate may be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix, or changes to our strategy or business operations. Management uses this non-GAAP tax rate in managing internal short- and long-term operating plans and in evaluating our performance; we believe this approach facilitates comparison of our operating results and provides useful evaluation of our current operating performance. Non-GAAP adjustments attributable to non-controlling interests are calculated by adjusting for the minority stockholder portion of non-GAAP adjustments we make for relevant acquisition-related costs, share-based compensation, restructuring and other charges, and income tax effects, as applicable to each majority-owned subsidiary.

Our non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with US GAAP, and the financial results calculated in accordance with US GAAP and reconciliations from these results should be carefully evaluated.

Non-GAAP adjustment or measure	Definition	Usefulness to management and investors
Acquisition-related adjustments	Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology, brands, and customer relationships acquired in connection with business combinations. Charges related to the amortization of these intangibles are recorded within both cost of sales and MG&A in our US GAAP financial statements. Amortization charges are recorded over the estimated useful life of the related acquired intangible asset, and thus are generally recorded over multiple years.	We exclude amortization charges for our acquisition-related intangible assets for purposes of calculating certain non-GAAP measures because these charges are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions. These adjustments facilitate a useful evaluation of our current operating performance and comparison to our past operating performance and provide investors with additional means to evaluate cost and expense trends.
Share-based compensation	Share-based compensation consists of charges related to our employee equity incentive plans.	We exclude charges related to share-based compensation for purposes of calculating certain non-GAAP measures because we believe these adjustments provide comparability to peer company results and because these charges are not viewed by management as part of our core operating performance. We believe these adjustments provide investors with a useful view, through the eyes of management, of our core business model, how management currently evaluates core operational performance, and additional means to evaluate expense trends, including in comparison to other peer companies.

Restructuring and other charges	Restructuring charges are costs associated with a restructuring plan and are primarily related to employee severance and benefit arrangements. Q3 2024 includes charges associated with the 2024 Restructuring Plan primarily comprised of cash-based employee severance and benefit arrangements, and cash and non-cash charges related to real estate exits and consolidations, as well as non-cash construction in progress asset impairments resulting from business exit activities. Other charges include periodic goodwill and asset impairments, and other costs associated with certain non-core activities. Q3 2024 includes non-cash charges resulting from the impairment of goodwill and certain acquired intangible assets. Q3 2023 includes two legal related fees, which we do not expect to recur, relating to an EC-imposed fine and a termination fee relating to Tower.	We exclude restructuring and other charges, including any adjustments to charges recorded in prior periods, for purposes of calculating certain non-GAAP measures because these costs do not reflect our core operating performance. These adjustments facilitate a useful evaluation of our core operating performance and comparisons to past operating results and provide investors with additional means to evaluate expense trends.
(Gains) losses on equity investments, net	(Gains) losses on equity investments, net consists of ongoing mark-to-market adjustments on marketable equity securities, observable price adjustments on non-marketable equity securities, related impairment charges, and the gains (losses) from the sale of equity investments and other.	We exclude these non-operating gains and losses for purposes of calculating certain non-GAAP measures because it provides comparability between periods. The exclusion reflects how management evaluates the core operations of the business.
(Gains) losses from divestiture	(Gains) losses are recognized at the close of a divestiture, or over a specified deferral period when deferred consideration is received at the time of closing. Based on our ongoing obligation under the NAND wafer manufacturing and sale agreement entered into in connection with the first closing of the sale of our NAND memory business on December 29, 2021, a portion of the initial closing consideration was deferred and will be recognized between first and second closing.	We exclude gains or losses resulting from divestitures for purposes of calculating certain non-GAAP measures because they do not reflect our current operating performance. These adjustments facilitate a useful evaluation of our current operating performance and comparisons to past operating results.
Deferred tax assets valuation allowances	A non-cash charge recorded to provision for (benefit from) income taxes related to a discrete valuation allowance recorded against our US deferred tax assets.	We excluded a discrete non-cash charge in Q3 2024 related to a valuation allowance established against our US deferred tax assets due to a historical cumulative loss for GAAP purposes. We excluded the discrete valuation allowance when calculating certain non-GAAP measures as there is no such historical cumulative loss on a non-GAAP basis; and because of the size of the charge, the adjustment facilitates a useful evaluation of our core operating performance and comparisons to our past operating results.
Adjusted free cash flow	We reference a non-GAAP financial measure of adjusted free cash flow, which is used by management when assessing our sources of liquidity, capital resources, and quality of earnings. Adjusted free cash flow is operating cash flow adjusted for (1) purchases of property, plant, and equipment, including purchases where the vendor has extended payment terms to us, net of proceeds from capital-related government incentives and partner contributions, and (2) payments on finance leases.	This non-GAAP financial measure is helpful in understanding our capital requirements and sources of liquidity by providing an additional means to evaluate the cash flow trends of our business.

Following are the reconciliations of our most comparable US GAAP measures to our non-GAAP measures presented:

	Three Months Ended	
	Sep 28, 2024	Sep 30, 2023
Gross margin percentage	15.0 %	42.5 %
Acquisition-related adjustments	1.7 %	2.1 %
Share-based compensation	1.3 %	1.2 %
Non-GAAP gross margin percentage	18.0 %	45.8 %
Earnings (loss) per share attributable to Intel—diluted	\$ (3.88)	\$ 0.07
Acquisition-related adjustments	0.06	0.08
Share-based compensation	0.19	0.18
Restructuring and other charges	1.31	0.19
(Gains) losses on equity investments, net	0.04	0.05
(Gains) losses from divestiture	(0.01)	(0.01)
Adjustments attributable to non-controlling interest	(0.08)	—
Deferred tax assets valuation allowances	2.31	—
Income tax effects	(0.40)	(0.15)
Non-GAAP earnings per share attributable to Intel—diluted	\$ (0.46)	\$ 0.41

(In Millions)	Nine Months Ended	
	Sep 28, 2024	Sep 30, 2023
Net cash provided by (used for) operating activities	\$ 5,123	\$ 6,847
Net purchase of property, plant, and equipment	(5,848)	(17,299)
Payments on finance leases	—	(96)
Adjusted free cash flow	\$ (725)	\$ (10,548)
Net cash provided by (used for) investing activities	\$ (14,492)	\$ (18,723)
Net cash provided by (used for) financing activities	\$ 11,075	\$ 8,353

Risk Factors and Other Key Information

Risk Factors

The risks described in "Risk Factors" within Other Key Information in our 2023 Form 10-K could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face—our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Refer also to the other information set forth in this Form 10-Q, including in the Forward-Looking Statements, MD&A and the Consolidated Condensed Financial Statements and Supplemental Details sections.

Quantitative and Qualitative Disclosures About Market Risk

We are affected by changes in currency exchange and interest rates, as well as equity and commodity prices. Our risk management programs are designed to reduce, but may not entirely eliminate, the impacts of these risks. For a discussion about market risk and sensitivity analysis related to changes in currency exchange rates, interest rates, equity prices, and commodity prices refer to "Quantitative and Qualitative Disclosures About Market Risk" within MD&A in our 2023 Form 10-K.

Controls and Procedures

Inherent Limitations on Effectiveness of Controls

Our management, including the principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation (with the participation of our principal executive officer and principal financial officer), as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 28, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Issuer Purchases of Equity Securities

We have an ongoing authorization, originally approved by our Board of Directors in 2005 and subsequently amended, to repurchase shares of our common stock in open market or negotiated transactions. No shares were repurchased during the quarter ending September 28, 2024. As of September 28, 2024, we were authorized to repurchase up to \$110.0 billion, of which \$7.2 billion remained available.

We issue RSUs as part of our equity incentive plans. In our Consolidated Condensed Financial Statements, we treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of RSUs as common stock repurchases because they reduce the number of shares that would have been issued upon vesting. These withheld shares of common stock are not considered common stock repurchases under our authorized common stock repurchase program.

Rule 10b5-1 Trading Arrangements

Our directors and officers (as defined in Rule 16a-1 under the Exchange Act) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the quarter ended September 28, 2024, no such plans or arrangements were adopted or terminated, including by modification.

Disclosure Pursuant to Section 13(r) of the Securities Exchange Act of 1934

Section 13(r) of the Exchange Act requires an issuer to disclose certain information in its periodic reports if it or any of its affiliates knowingly engaged in certain activities, transactions, or dealings with individuals or entities subject to specific US economic sanctions during the reporting period, even when the activities, transactions, or dealings are conducted in compliance with applicable law. On March 2, 2021, the US Secretary of State designated the Federal Security Service of the Russian Federation (FSB) as a party subject to one such sanction. Though Intel has suspended sales in Russia, there may be a need to file documents or engage with FSB as Intel winds up our local Russian offices. All such dealings are explicitly authorized by General License 1B issued by the US Department of the Treasury's Office of Foreign Assets Control (OFAC), and there are no gross revenues or net profits directly associated with any such dealings by us with the FSB.

On April 15, 2021, the US Department of the Treasury designated Pozitiv Teknologhiy, AO (Positive Technologies), a Russian IT security firm, as a party subject to one of the sanctions specified in Section 13(r). Prior to the designation, we communicated with Positive Technologies regarding its IT security research and coordinated disclosure of security vulnerabilities identified by the firm. Based on a license issued by OFAC, we resumed such communications. There are no gross revenues or net profits directly associated with any such activities. We plan to continue these communications in accordance with the terms and conditions of the OFAC license.

Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	<u>Corrected Third Restated Certificate of Incorporation of Intel Corporation, dated October 23, 2023</u>	10-Q	000-06217	3.1	10/27/2023	
3.2	<u>Intel Corporation Bylaws, as amended and restated on November 29, 2023</u>	8-K	000-06217	3.2	12/5/2023	
10.1 [†]	<u>Altera Corporation 2024 Equity Incentive Plan</u>					X
10.2 [†]	<u>Form of Altera Corporation Restricted Stock Unit Agreement (for Long-Term Incentive Awards for senior executives of Altera Corporation)</u>					X
10.3 [†]	<u>Form of Altera Corporation Restricted Stock Unit Agreement (for Staking Grants for senior executives of Altera Corporation)</u>					X
10.4 [†]	<u>Form of Altera Corporation Performance-Based Restricted Stock Unit Agreement (for Long-Term Incentive Awards for senior executives of Altera Corporation)</u>					X
10.5 [†]	<u>Form of Altera Corporation Performance-Based Restricted Stock Unit Agreement (for Staking Grants for senior executives of Altera Corporation)</u>					X
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act</u>					X
31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act</u>					X
32.1	<u>Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350</u>					X
101	Inline XBRL Document Set for the consolidated condensed financial statements and accompanying notes in Consolidated Condensed Financial Statements and Supplemental Details					X
104	Cover Page Interactive Data File - formatted in Inline XBRL and included as Exhibit 101					X

[†] Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.

Form 10-Q Cross-Reference Index

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTEL CORPORATION
(Registrant)

Date: October 31, 2024

By: /s/ DAVID ZINSNER
 David Zinsner
 Executive Vice President, Chief Financial Officer, and
 Principal Financial Officer

Date: October 31, 2024

By: /s/ SCOTT GAWEL
 Scott Gawel
 Corporate Vice President, Chief Accounting Officer, and
 Principal Accounting Officer