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 October 1, 2022

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission File Number 000-06217

INTEL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	94-1672743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Mission College Boulevard, Santa Clara, California	95054-1549
(Address of principal executive offices)	(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	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.001 par value	INTC	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 1, 2022, the registrant had outstanding 4,127 million shares of common stock.

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The Organization of Our Quarterly Report on 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 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 Consolidated Condensed Financial Statements and Supplemental Details.

The preparation of our Consolidated Condensed Financial Statements is in conformity with U.S. 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.

Forward-Looking Statements

This Form 10-Q contains forward-looking statements that involve a number of risks and uncertainties. Words such as "accelerate," "adjust," "allow," "anticipate," "believe," "committed," "continue," "could," "deliver," "estimate," "expect," "focus," "goals," "grow," "guidance," "improve," "increase," "intend," "likely," "manage," "may," "might," "on track," "opportunity," "plans," "position," "potentially," "roadmap," "seeks," "should," "targets," "to be," "will," "would," and variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to Intel's strategy and its anticipated benefits, including SCIP, our partnership with Brookfield, the transition to an internal foundry model, and updates to our reporting structure; Intel's process and packaging technology, roadmap, and schedules, including future node performance and other metrics; manufacturing expansion and financing plans; investment plans, and impacts of investment plans, including in the U.S. and abroad; future responses to and effects of COVID-19, including manufacturing, transportation, and operational restrictions or disruptions, such as port shutdowns in China; future economic conditions, including regional or global downturns or recessions; projections of our future financial performance; future business, social, and environmental performance, goals, measures and strategies; our anticipated growth and trends in our businesses and operations; projected growth and trends in markets relevant to our businesses; business plans; future products, services and technology, and the expected regulation, availability, production, and benefits of such products, services and technology; projected costs and yield trends; product and manufacturing plans, goals, timelines, ramps, progress and future product and process leadership and performance; geopolitical conditions, including the impacts of Russia's war on Ukraine and the suspension of our operations; expected timing and impact of acquisitions, divestitures, and other significant transactions, including statements relating to the pending acquisition of Tower Semiconductor Ltd., the sale of our NAND memory business, the initial public offering of Mobileye, the wind-down of our Intel® Optane™ memory business, and the close of our transactions with Brookfield; expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives, including related to the 2022 Restructuring Program; availability, uses, sufficiency, and cost of capital and of capital resources, including expected returns to stockholders such as dividends; our valuation; future production capacity and product supply; supply expectations, including regarding constraints, limitations, pricing, and industry shortages; the future purchase, use, and availability of products, components and services supplied by third parties, including third-party IP and manufacturing services; tax- and accounting-related expectations; LIBOR-related expectations; uncertain events or assumptions, including statements relating to total addressable market, product or customer demand or market opportunity; and other characterizations of future events or circumstances are forward-looking statements. Such statements 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. Such statements involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include those described throughout this report, our 2021 Form 10-K, and our Form 10-Q for the quarter ended April 2, 2022, particularly in "Risk Factors" within Other Key Information, including changes in demand for our products, changes in product mix, the complexity of our manufacturing operations, competition, investments in R&D and our business, products, and technologies, vulnerability to product and manufacturing-related risks, the effects of the COVID-19 pandemic, supply chain risks, cybersecurity and privacy risks, investment and transaction risk, evolving regulatory and legal requirements, and the risks of our global operations, among others. 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. Intel does not undertake, and expressly disclaims 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.

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A Quarter in Review

Total revenue of $15.3 billion was down $3.9 billion year over year or 20%, as CCG revenue decreased 17%, DCAI revenue decreased 27%, and NEX revenue increased 14%. Q3 2022 results were impacted by an uncertain macroeconomic environment that continues to deteriorate, with slowing consumer demand, persistent inflation, and higher interest rates, that we believe impacts our target markets and creates a high level of uncertainty with our customers. CCG revenue was down on lower Notebook volume in the consumer and education market segments, though Notebook ASPs were higher due to a resulting change in product mix. DCAI Server volume decreased, led by enterprise customers, and due to customers tempering purchases to reduce existing inventories in a softening datacenter market. Server ASPs decreased due to a higher mix of revenue from hyperscale customers within a competitive environment. NEX revenue increased primarily due to increased demand for 5G products, higher Ethernet demand and ASPs, and accelerated demand for Edge products, partially offset by lower demand for Network Xeon.

Revenue	Gross Margin	Diluted EPS	Cash Flows
■ GAAP $B ■ Non-GAAP $B	■ GAAP ■ Non-GAAP	■ GAAP ■ Non-GAAP	■ Operating Cash Flow $B ■ Adjusted Free Cash Flow $B
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$15.3B	42.6%	45.9%	$0.25	$0.59	$7.7B	$(7.1)B
GAAP	GAAP	non-GAAP[1]	GAAP	non-GAAP[1]	GAAP	non-GAAP[1]
Revenue down $3.9B or 20% from Q3 2021	Gross margin down 13.4 ppts from Q3 2021	Gross margin down 12.4 ppts from Q3 2021	Diluted EPS down $1.42 or 85% from Q3 2021	Diluted EPS down $0.86 or 59% from Q3 2021	Operating cash flow down $16.3B or 68% from YTD 2021	Adjusted free cash flow down $19.7B or 157% from YTD 2021

Revenue	Gross Margin	Diluted EPS	Cash Flows
Lower revenue in CCG and DCAI; higher revenue in NEX; lack of NAND revenue compared to Q3 2021.	Lower gross margin from lower revenue, higher unit cost, higher inventory reserves, and higher period charges from ramp of Intel 4 and Intel 7.	Lower EPS from lower gross margin, higher operating expenses from additional investment in R&D and higher losses on equity investments, partially offset by a tax benefit on the operating loss.	Lower operating cash flow driven by lower income after adjusting for non-cash items, including the gain on the sale of McAfee and the pre-tax gain from the divestiture of our NAND business; also affected by unfavorable working capital changes.

Key Developments

- We began high-volume manufacturing of Sapphire Rapids, Raptor Lake, and Ponte Vecchio and expect to begin shipping to customers in Q4 2022.
- We introduced the Intel® Data Center GPU Flex Series for the intelligent visual cloud, which provides a GPU solution built to flexibly handle a wide range of workloads and helps lower and optimize the total cost of ownership for diverse cloud workloads. We also announced the 12th Gen Intel® Core™ SoC processors for IoT Edge, a new lineup of purpose-built edge products optimized for IoT applications, and we revealed the 13th Gen Intel® Core™ processor family with six new unlocked desktop processors with up to 24 cores and 32 threads and clock speeds up to 5.8 GHz for leading gaming, streaming and recording experiences.
- We announced the Semiconductor Co-Investment Program (SCIP), a program which introduces a new funding model to the capital-intensive semiconductor industry. As part of this program, we signed a definitive agreement with Brookfield Asset Management (Brookfield). SCIP is an element of our Smart Capital approach, which aims to provide innovative ways to fund growth and accelerate our IDM 2.0 strategy. This arrangement represents an equity partnership whereby we and Brookfield will own 51% and 49%, respectively, of what will be a newly-formed entity, Arizona Fab LLC (Arizona Fab), which we will fully consolidate into our consolidated financial statements. We expect Arizona Fab will spend up to $30.0 billion of investments in expanded manufacturing infrastructure at our Ocotillo campus in Chandler, Arizona where we will be the sole operator of the two new chip factories, which will support long-term demand for our products and provide capacity for IFS customers. The definitive agreement includes provisions that require us to utilize these two new chip factories at specified minimum levels or be subject to penalties.
- We expect Mobileye to receive net proceeds of approximately $0.9 billion from completing their IPO and concurrent private placement in Q4 2022. At closing, we expect to own roughly 94% of their common stock and to continue to consolidate their results.

[1] *See "Non-GAAP Financial Measures" within MD&A.*
[2] *See "Key Terms" within Consolidated Condensed Financial Statements and Supplemental Details.*

Consolidated Condensed Statements of Income

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended Oct 1, 2022	Three Months Ended Sep 25, 2021	Nine Months Ended Oct 1, 2022	Nine Months Ended Sep 25, 2021
Net revenue	$ 15,338	$ 19,192	$ 49,012	$ 58,496
Cost of sales	8,803	8,446	27,646	25,690
Gross margin	6,535	10,746	21,366	32,806
Research and development	4,302	3,803	13,064	11,141
Marketing, general and administrative	1,744	1,674	5,296	4,601
Restructuring and other charges	664	42	(460)	2,597
Operating expenses	6,710	5,519	17,900	18,339
Operating income (loss)	(175)	5,227	3,466	14,467
Gains (losses) on equity investments, net	(151)	1,707	4,082	2,370
Interest and other, net	138	(76)	1,016	(328)
Income (loss) before taxes	(188)	6,858	8,564	16,509
Provision for (benefit from) taxes	(1,207)	35	(114)	1,264
Net income	$ 1,019	$ 6,823	$ 8,678	$ 15,245
Earnings per share—basic	$ 0.25	$ 1.68	$ 2.11	$ 3.76
Earnings per share—diluted	$ 0.25	$ 1.67	$ 2.10	$ 3.73
Weighted average shares of common stock outstanding:				
Basic	4,118	4,061	4,104	4,055
Diluted	4,125	4,086	4,123	4,089

See accompanying notes.

Consolidated Condensed Statements of Comprehensive Income

	Three Months Ended		Nine Months Ended	
(In Millions; Unaudited)	**Oct 1, 2022**	**Sep 25, 2021**	**Oct 1, 2022**	**Sep 25, 2021**
Net income	**$ 1,019**	**$ 6,823**	**$ 8,678**	**$ 15,245**
Changes in other comprehensive income, net of tax:				
Net unrealized holding gains (losses) on derivatives	(436)	(46)	(1,178)	(390)
Actuarial valuation and other pension benefits (expenses), net	10	13	37	38
Translation adjustments and other	—	(19)	(30)	(44)
Other comprehensive income (loss)	**(426)**	**(52)**	**(1,171)**	**(396)**
Total comprehensive income	**$ 593**	**$ 6,771**	**$ 7,507**	**$ 14,849**

See accompanying notes.

Consolidated Condensed Balance Sheets

(In Millions; Unaudited)	Oct 1, 2022	Dec 25, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 4,529	$ 4,827
Short-term investments	18,030	24,426
Accounts receivable	7,469	9,457
Inventories	12,831	10,776
Assets held for sale	56	6,942
Other current assets	6,348	2,130
Total current assets	**49,263**	**58,558**
Property, plant and equipment, net of accumulated depreciation of $91,417 ($85,294 as of December 25, 2021)	**75,763**	**63,245**
Equity investments	**5,822**	**6,298**
Goodwill	**27,591**	**26,963**
Identified intangible assets, net	**6,268**	**7,270**
Other long-term assets	**10,134**	**6,072**
Total assets	**$ 174,841**	**$ 168,406**
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$ 2,283	$ 4,591
Accounts payable	7,133	5,747
Accrued compensation and benefits	3,421	4,535
Other accrued liabilities	14,976	12,589
Total current liabilities	**27,813**	**27,462**
Debt	**37,240**	**33,510**
Income taxes payable	**3,782**	**4,305**
Deferred income taxes	**361**	**2,667**
Other long-term liabilities	**5,760**	**5,071**
Commitments and Contingencies (Note 12)		
Stockholders' equity:		
Common stock and capital in excess of par value, 4,127 issued and outstanding (4,070 issued and outstanding as of December 25, 2021)	30,912	28,006
Accumulated other comprehensive income (loss)	(2,051)	(880)
Retained earnings	71,024	68,265
Total stockholders' equity	**99,885**	**95,391**
Total liabilities and stockholders' equity	**$ 174,841**	**$ 168,406**

See accompanying notes.

Consolidated Condensed Statements of Cash Flows

(In Millions; Unaudited)	Nine Months Ended Oct 1, 2022	Nine Months Ended Sep 25, 2021
Cash and cash equivalents, beginning of period	**$ 4,827**	**$ 5,865**
Cash flows provided by (used for) operating activities:		
Net income	8,678	15,245
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,309	7,357
Share-based compensation	2,392	1,587
Restructuring and other charges	665	2,597
Amortization of intangibles	1,439	1,361
(Gains) losses on equity investments, net	(4,075)	(1,113)
(Gains) losses on divestitures	(1,072)	—
Changes in assets and liabilities:		
Accounts receivable	1,991	(1,618)
Inventories	(2,043)	(1,212)
Accounts payable	(485)	1,095
Accrued compensation and benefits	(1,912)	(16)
Prepaid customer supply agreements	(18)	(1,577)
Income taxes	(4,062)	(570)
Other assets and liabilities	(2,077)	917
Total adjustments	**(948)**	**8,808**
Net cash provided by operating activities	**7,730**	**24,053**
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(19,145)	(11,579)
Additions to held for sale NAND property, plant and equipment	(206)	(1,118)
Purchases of short-term investments	(31,669)	(30,326)
Maturities and sales of short-term investments	35,129	22,270
Sales of equity investments	4,880	444
Proceeds from divestitures	6,579	—
Other investing	(2,614)	766
Net cash used for investing activities	**(7,046)**	**(19,543)**
Cash flows provided by (used for) financing activities:		
Payments on finance leases	(341)	—
Issuance of long-term debt, net of issuance costs	6,103	4,974
Repayment of debt	(3,088)	(500)
Proceeds from sales of common stock through employee equity incentive plans	972	1,016
Repurchase of common stock	—	(2,415)
Payment of dividends to stockholders	(4,488)	(4,231)
Other financing	(140)	(1,349)
Net cash used for financing activities	**(982)**	**(2,505)**
Net increase (decrease) in cash and cash equivalents	**(298)**	**2,005**
Cash and cash equivalents, end of period	**$ 4,529**	**$ 7,870**
Supplemental disclosures:		
Acquisition of property, plant, and equipment included in accounts payable and accrued liabilities	$ 3,386	$ 2,693
Cash paid during the period for:		
Interest, net of capitalized interest	$ 315	$ 271
Income taxes, net of refunds	$ 3,960	$ 1,831

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: Shares	Common Stock and Capital in Excess of Par Value: Amount	Accumulated Other Comprehensive Income (Loss)	Retained Earnings[1]	Total
Three Months Ended					
Balance as of July 02, 2022	**4,106**	**$ 29,858**	**$ (1,625)**	**$ 72,985**	**$ 101,218**
Net income	—	—	—	1,019	1,019
Other comprehensive income (loss)	—	—	(426)	—	(426)
Employee equity incentive plans and other	24	399	—	—	399
Share-based compensation	—	793	—	—	793
Restricted stock unit withholdings	(3)	(138)	—	32	(106)
Cash dividends declared ($0.73 per share)	—	—	—	(3,012)	(3,012)
Balance as of October 01, 2022	**4,127**	**$ 30,912**	**$ (2,051)**	**$ 71,024**	**$ 99,885**
Balance as of June 26, 2021	**4,057**	**$ 26,655**	**$ (1,095)**	**$ 59,647**	**$ 85,207**
Net income	—	—	—	6,823	6,823
Other comprehensive income (loss)	—	—	(52)	—	(52)
Employee equity incentive plans and other	11	427	—	—	427
Share-based compensation	—	543	—	—	543
Restricted stock unit withholdings	(1)	(33)	—	(4)	(37)
Cash dividends declared ($0.70 per share)	—	—	—	(2,824)	(2,824)
Balance as of September 25, 2021	**4,067**	**$ 27,592**	**$ (1,147)**	**$ 63,642**	**$ 90,087**
Nine Months Ended					
Balance as of December 25, 2021	**4,070**	**$ 28,006**	**$ (880)**	**$ 68,265**	**$ 95,391**
Net income	—	—	—	8,678	8,678
Other comprehensive income (loss)	—	—	(1,171)	—	(1,171)
Employee equity incentive plans and other	66	1,000	—	—	1,000
Share-based compensation	—	2,392	—	—	2,392
Repurchase of common stock	—	—	—	—	—
Restricted stock unit withholdings	(9)	(486)	—	79	(407)
Cash dividends declared ($1.46 per share)	—	—	—	(5,998)	(5,998)
Balance as of October 01, 2022	**4,127**	**$ 30,912**	**$ (2,051)**	**$ 71,024**	**$ 99,885**
Balance as of December 26, 2020	**4,062**	**$ 25,556**	**$ (751)**	**$ 56,268**	**$ 81,073**
Net income	—	—	—	15,245	15,245
Other comprehensive income (loss)	—	—	(396)	—	(396)
Employee equity incentive plans and other	52	1,015	—	—	1,015
Share-based compensation	—	1,587	—	—	1,587
Repurchase of common stock	(40)	(249)	—	(2,166)	(2,415)
Restricted stock unit withholdings	(7)	(317)	—	(60)	(377)
Cash dividends declared ($1.39 per share)	—	—	—	(5,645)	(5,645)
Balance as of September 25, 2021	**4,067**	**$ 27,592**	**$ (1,147)**	**$ 63,642**	**$ 90,087**

[1] *The retained earnings balance as of December 26, 2020 includes an opening balance adjustment made as a result of the adoption of a new accounting standard in 2021.*

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 U.S. GAAP, consistent in all material respects with those applied in our 2021 Form 10-K and as updated by our Form 10-Q for the quarter ended April 2, 2022.

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 the Consolidated Financial Statements in our 2021 Form 10-K where we include additional information on our critical accounting estimates, policies, and the methods and assumptions used in our estimates.

Note 2 : Operating Segments

We previously announced several organizational changes that would accelerate the execution and innovation of our Company by allowing us to capture growth in both large traditional markets and high-growth emerging markets. This includes reorganization of our business units to capture this growth and to provide increased transparency, focus and accountability. As a result, we modified our segment reporting in the first quarter of 2022 to align to the previously-announced business reorganization. All prior-period segment data has been retrospectively adjusted to reflect the way our CODM internally receives information, and manages and monitors our operating segment performance starting in fiscal year 2022.

We now manage our business through the following operating segments:

- Client Computing (CCG)
- Datacenter and AI (DCAI)
- Network and Edge (NEX)
- Accelerated Computing Systems and Graphics (AXG)
- Mobileye
- Intel Foundry Services (IFS)

We derive a substantial majority of our revenue from our principal products that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone SoC, or a multichip package, which is based on Intel® architecture.

CCG, DCAI and NEX are our reportable operating segments. AXG, Mobileye, and IFS do not meet the quantitative thresholds to qualify as reportable operating segments; however, we have elected to disclose the results of these non-reportable operating segments. AXG revenue includes integrated graphics royalties from our CCG and NEX operating segments and are recorded as if the sales or transfers were to third parties at prices that approximate market-based selling prices. When we enter into federal contracts, they are aligned to the sponsoring operating segment.

We have sales and marketing, manufacturing, engineering, finance, and administration groups. Expenses for these groups are generally allocated to the operating segments.

We have an "all other" category that includes revenue, expenses, and charges such as:

- historical results of operations from divested businesses;
- results of operations of start-up businesses that support our initiatives;
- amounts included within restructuring and other charges;
- employee benefits, compensation, impairment charges, and other expenses not allocated to the operating segments (beginning the first quarter of 2022, this includes all of our stock-based compensation); and
- acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

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). The CODM does not evaluate operating segments using discrete asset information and we do not identify or allocate assets by operating segments. Based on the interchangeable nature of our manufacturing and assembly and test assets, most of the related depreciation expense is not directly identifiable within our operating segments, as it is included in overhead cost pools and subsequently absorbed into inventory as each product passes through our manufacturing process. Because our products are then sold across multiple operating segments, it is impracticable to determine the total depreciation expense included as a component of each operating segment's operating income (loss) results. We do not allocate gains and losses from equity investments, interest and other income, share-based compensation, or taxes to our operating segments. Although the CODM uses operating income (loss) to evaluate the segments, operating costs included in one segment may benefit other segments. The accounting policies for segment reporting are the same as for Intel as a whole. There have been no changes to our segment accounting policies disclosed in our 2021 Form 10-K except for the organizational changes and the change in allocation of stock-based compensation expense described above.

Net revenue and operating income (loss) for each period were as follows:

	Three Months Ended		Nine Months Ended	
(In Millions)	**Oct 1, 2022**	**Sep 25, 2021**	**Oct 1, 2022**	**Sep 25, 2021**
Operating segment revenue:				
Client Computing				
Desktop	$ 3,222	$ 3,119	$ 8,152	$ 8,682
Notebook	4,410	5,944	15,119	19,634
Other	492	725	1,812	2,448
	8,124	**9,788**	**25,083**	**30,764**
Datacenter and AI	**4,209**	**5,778**	**14,892**	**16,265**
Network and Edge	**2,266**	**1,986**	**6,812**	**5,890**
Accelerated Computing Systems and Graphics	**185**	**171**	**590**	**529**
Mobileye	**450**	**326**	**1,304**	**1,030**
Intel Foundry Services	**171**	**174**	**576**	**541**
All other	**67**	**1,133**	**166**	**3,986**
Total operating segment revenue	**$ 15,472**	**$ 19,356**	**$ 49,423**	**$ 59,005**
Operating income (loss):				
Client Computing	**$ 1,655**	**$ 3,592**	**$ 5,567**	**$ 11,909**
Datacenter and AI	**17**	**2,293**	**1,917**	**6,089**
Network and Edge	**75**	**511**	**682**	**1,359**
Accelerated Computing Systems and Graphics	**(378)**	**(222)**	**(1,275)**	**(566)**
Mobileye	**142**	**127**	**480**	**431**
Intel Foundry Services	**(103)**	**(44)**	**(289)**	**(26)**
All other	**(1,583)**	**(1,030)**	**(3,616)**	**(4,729)**
Total operating income (loss)	**$ (175)**	**$ 5,227**	**$ 3,466**	**$ 14,467**

The following table presents intersegment revenue before eliminations:

Total operating segment revenue	**$ 15,472**	**$ 19,356**	**$ 49,423**	**$ 59,005**
Less: Accelerated Computing Systems and Graphics intersegment revenue	(134)	(164)	(411)	(509)
Total net revenue	**$ 15,338**	**$ 19,192**	**$ 49,012**	**$ 58,496**

In the first nine months of 2022, we initiated the wind-down of our Intel Optane memory business, which is part of our DCAI operating segment. While Intel Optane is a leading technology, it was not aligned to our strategic priorities. Separately, we continue to embrace the CXL standard. As a result, we recognized an inventory impairment of $559 million in *Cost of sales* on the Consolidated Condensed Statements of Income in the first nine months of 2022. The impairment charge is recognized as a Corporate charge in the "all other" category presented above. As we wind down the Intel Optane business, we expect to continue to meet existing customer commitments.

Note 3 : Earnings Per Share

We computed basic earnings per share of common stock based on the weighted average number of shares of common stock outstanding during the period. We computed diluted earnings 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.

	Three Months Ended		Nine Months Ended	
(In Millions, Except Per Share Amounts)	**Oct 1, 2022**	**Sep 25, 2021**	**Oct 1, 2022**	**Sep 25, 2021**
Net income available to common stockholders	**$ 1,019**	**$ 6,823**	**$ 8,678**	**$ 15,245**
Weighted average shares of common stock outstanding—basic	**4,118**	**4,061**	**4,104**	**4,055**
Dilutive effect of employee equity incentive plans	7	25	19	34
Weighted average shares of common stock outstanding—diluted	**4,125**	**4,086**	**4,123**	**4,089**
Earnings per share—basic	**$ 0.25**	**$ 1.68**	**$ 2.11**	**$ 3.76**
Earnings per share—diluted	**$ 0.25**	**$ 1.67**	**$ 2.10**	**$ 3.73**

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.

Securities which would have been anti-dilutive are insignificant and are excluded from the computation of diluted earnings per share in all periods presented.

Note 4 : Other Financial Statement Details

Inventories

(In Millions)	**Oct 1, 2022**	**Dec 25, 2021**
Raw materials	$ 1,635	$ 1,441
Work in process	7,030	6,656
Finished goods	4,166	2,679
Total inventories	**$ 12,831**	**$ 10,776**

Interest and Other, Net

	Three Months Ended		Nine Months Ended	
(In Millions)	**Oct 1, 2022**	**Sep 25, 2021**	**Oct 1, 2022**	**Sep 25, 2021**
Interest income	$ 170	$ 37	$ 315	$ 111
Interest expense	(114)	(144)	(347)	(463)
Other, net	82	31	1,048	24
Total interest and other, net	**$ 138**	**$ (76)**	**$ 1,016**	**$ (328)**

Interest expense is net of $220 million of interest capitalized in the third quarter of 2022 and $516 million in the first nine months of 2022 ($95 million in the third quarter of 2021 and $288 million in the first nine months of 2021). *Other, net* in the first nine months of 2022 includes a gain of $1.0 billion resulting from the divestiture of our NAND memory business as more fully described in "Note 7: Acquisitions and Divestitures" within Notes to Consolidated Condensed Financial Statements.

Note 5 : Restructuring and Other Charges

(In Millions)	Three Months Ended Oct 1, 2022	Three Months Ended Sep 25, 2021	Nine Months Ended Oct 1, 2022	Nine Months Ended Sep 25, 2021
Employee severance and benefit arrangements	$ 607	$ 21	$ 650	$ 43
Litigation charges and other	4	16	(1,199)	2,267
Asset impairment charges	53	5	89	287
Total restructuring and other charges	**$ 664**	**$ 42**	**$ (460)**	**$ 2,597**

In the third quarter of 2022, the 2022 Restructuring Program was approved to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our IDM2.0 strategy. Restructuring charges are recorded as Corporate charges in the "all other" category presented in Note 2: Operating Segments within Notes to Consolidated Condensed Financial Statements and are primarily comprised of employee severance and benefits arrangements. As of October 1, 2022 we recorded $537 million as a current liability within *Accrued compensation and benefits* on the Consolidated Condensed Balance Sheets. We expect these actions to be substantially completed by the end of the first half of 2023, but they are subject to change. Any changes to the estimates or timing of executing the 2022 Restructuring Program will be reflected in our future results of operations.

Litigation charges and other includes a $1.2 billion benefit in the first nine months of 2022 from the annulled penalty related to an EC fine that was recorded and paid in 2009, and a charge of $2.2 billion in the first nine months of 2021 related to the VLSI litigation. These were recorded as a Corporate benefit and charge in the "all other" category presented in "Note 2: Operating Segments" within Notes to Consolidated Condensed Financial Statements. Refer to "Note 12: Commitments and Contingencies" within Notes to Consolidated Condensed Financial Statements for further information on legal proceedings related to the EC fine and the VLSI litigation.

Asset impairment charges includes $237 million of goodwill and other impairments related to the shutdown in the first nine months of 2021 of two of our non-strategic businesses, the results of which are included in the “all other” category presented in “Note 2: Operating Segments” within Notes to Consolidated Condensed Financial Statements.

Note 6 : Investments

Short-term Investments

Short-term investments include marketable debt investments in corporate debt, government debt, and financial institution instruments. Government debt includes instruments such as non-U.S. government bonds and U.S. 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 October 1, 2022 and December 25, 2021, substantially all time deposits were issued by institutions outside the U.S.

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 $16.6 billion as of October 1, 2022 and $21.5 billion as of December 25, 2021. For hedged investments still held at the reporting date, we recorded net losses of $861 million in the third quarter of 2022 and net losses of $1.8 billion in the first nine months of 2022 ($144 million of net losses in the third quarter of 2021 and $329 million of net losses in the first nine months of 2021). We recorded net gains on the related derivatives of $916 million in the third quarter of 2022 and net gains of $1.8 billion in the first nine months of 2022 ($156 million of net gains in the third quarter of 2021 and $346 million of net gains in the first nine months of 2021).

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). The adjusted cost of these investments was $3.6 billion as of October 1, 2022 and $5.0 billion as of December 25, 2021, which approximated the fair value for these periods.

The fair value of marketable debt investments, by contractual maturity, as of October 1, 2022, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	$ 11,457
Due in 1–2 years	2,208
Due in 2–5 years	4,962
Due after 5 years	720
Instruments not due at a single maturity date	861
Total	**$ 20,208**

Equity Investments

(In Millions)	Oct 1, 2022	Dec 25, 2021
Marketable equity securities	$ 1,185	$ 2,171
Non-marketable equity securities	4,626	4,111
Equity method investments	11	16
Total	**$ 5,822**	**$ 6,298**

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

	Three Months Ended		Nine Months Ended	
(In Millions)	Oct 1, 2022	Sep 25, 2021	Oct 1, 2022	Sep 25, 2021
Ongoing mark-to-market adjustments on marketable equity securities	$ (244)	$ (192)	$ (883)	$ (345)
Observable price adjustments on non-marketable equity securities	67	79	273	702
Impairment charges	(45)	(38)	(112)	(111)
Sale of equity investments and other[1]	71	1,858	4,804	2,124
Total gains (losses) on equity investments, net	**$ (151)**	**$ 1,707**	**$ 4,082**	**$ 2,370**

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

Gains and losses for our marketable and non-marketable equity securities for each period were as follows:

	Three Months Ended		Nine Months Ended	
(In Millions)	Oct 1, 2022	Sep 25, 2021	Oct 1, 2022	Sep 25, 2021
Net gains (losses) recognized during the period on equity securities	$ (154)	$ 346	$ (490)	$ 883
Less: Net (gains) losses recognized during the period on equity securities sold during the period	1	(46)	15	(189)
Unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	**$ (153)**	**$ 300**	**$ (475)**	**$ 694**

McAfee Corp.

McAfee Corp. (McAfee) completed its initial public offering in October 2020. Due to our 41% ownership and significant influence as of December 25, 2021, we accounted for our investment in McAfee as an equity method investment. We had no accounting carrying value as of December 25, 2021.

In the first nine months of 2022, the sale of McAfee to an investor group was completed and we received $4.6 billion in cash for the sale of our remaining share of McAfee, recognizing a $4.6 billion gain in *Sale of equity investments and other*.

Beijing Unisoc Technology Ltd.

We account for our interest in Beijing Unisoc Technology Ltd. (Unisoc) as a non-marketable equity security. In the first nine months of 2021, we recognized $471 million of observable price adjustments for our investment in Unisoc. As of October 1, 2022 the carrying value of the investment was $1.1 billion ($1.1 billion as of December 25, 2021).

Note 7 : Acquisitions and Divestitures

Acquisitions

Pending acquisition of Tower Semiconductor

During the first quarter of 2022, we entered into a definitive agreement to acquire Tower Semiconductor Ltd. (Tower) in a cash for stock transaction expected to close within twelve months from the date of the agreement. Tower is a leading foundry for analog semiconductor solutions. The acquisition is expected to advance our IDM 2.0 strategy by accelerating our global end-to-end foundry business. Tower will be included in our IFS operating segment. Upon completion of the acquisition, each issued and outstanding ordinary share of Tower will be converted into the right to receive $53 per share in cash, representing a total enterprise value of approximately $5.4 billion as of the agreement date. This transaction is subject to certain regulatory approvals and customary closing conditions. If the agreement is terminated under certain circumstances involving the failure to obtain required regulatory approvals, we will be obligated to pay Tower a termination fee of $353 million.

Divestitures

NAND Memory Business

In October 2020, we signed an agreement with SK hynix Inc. (SK hynix) to divest our NAND memory business for $9.0 billion in cash. The NAND memory business includes our NAND memory fabrication facility in Dalian, China and certain related equipment and tangible assets (the Fab Assets), our NAND SSD business (the NAND SSD Business), and our NAND memory technology and manufacturing business (the NAND OpCo Business). The transaction will be completed in two closings.

The first closing was completed on December 29, 2021. At first closing, SK hynix paid $7.0 billion of consideration, with the remaining $2.0 billion to be received by the second closing of the transaction, expected to be no earlier than March 2025. In connection with the first closing, we recognized a pre-tax gain of $1.0 billion within *Interest and other, net*, and tax expense of $495 million. Based on our ongoing obligation under the NAND wafer manufacturing and sale agreement, $583 million of the first closing consideration was deferred and will be recognized between the first and second closing within *Interest and other, net*.

At the first closing, we sold to SK hynix the Fab Assets and the NAND SSD Business and transferred certain employees, IP, and other assets related to the NAND OpCo Business to separately created wholly owned subsidiaries of Intel. The equity interest of the NAND OpCo Business will transfer to SK hynix at the second closing. In connection with the first closing, we and certain affiliates of SK hynix also entered into a NAND wafer manufacturing and sale agreement, pursuant to which we will manufacture and sell to SK hynix NAND memory wafers to be manufactured using the Fab Assets in Dalian, China until the second closing. We have concluded based on the terms of the transaction agreements that the subsidiaries are variable interest entities for which we are not the primary beneficiary, because the governance structure of these entities does not allow us to direct the activities that would most significantly impact their economic performance. In line with this conclusion, we fully deconsolidated our ongoing interests in the NAND OpCo Business, and recorded a receivable for the remaining proceeds of $1.9 billion in *Other long-term assets,* which remains outstanding as of October 1, 2022.

The carrying amounts of the major classes of NAND assets as of the first closing date included the following:

(In Millions)	**Dec 29, 2021**
Inventories	$ 941
Property, plant and equipment, net	6,018
Total sold	**$ 6,959**

The wafer manufacturing and sale agreement 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 in light of the current business environment and projections, 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.

Our transactions with the NAND OpCo Business between the first and second closings are considered related party transactions due to our equity interests and the wafer manufacturing and sales agreement. Related party transactions include certain assets that transferred at first closing between Intel and the NAND OpCo Business, or costs that we incurred on behalf of the NAND OpCo Business, for which we are entitled to be reimbursed. As of October 1, 2022, we have a receivable due to Intel of $346 million recorded within *Other current assets* on our Consolidated Condensed Balance Sheets. We will be reimbursed for costs of approximately $35 million per quarter for 2022 for corporate function services, which include human resources, information technology, finance, supply chain, and other compliance requirements associated with being wholly owned subsidiaries.

Note 8 : Borrowings

In the third quarter of 2022, we settled in cash $1.0 billion of our senior notes due July 2022 and $400 million of our senior notes due November 2023. In the second quarter of 2022, we settled in cash $1.6 billion of our senior notes due May 2022.

In the third quarter of 2022, we issued a total of $6.0 billion aggregate principal amount of senior notes, including our inaugural green bond issuance of $1.3 billion principal amount.

During the third quarter of 2022, we received proceeds of $140 million in the aggregate for the sale of bonds issued by the Industrial Development Authority of the City of Chandler, Arizona (CIDA). The bonds are our unsecured general obligations in accordance with the loan agreement we entered into with the CIDA. The bonds mature in 2042 and carry an interest rate of 5.0%. The bonds are subject to mandatory tender in September 2027, at which time we can re-market the bonds as either fixed-rate bonds for a specified period or as variable rate-bonds until another fixed-rate period is selected or until their final maturity date.

In the first quarter of 2022, we amended our $5.0 billion variable-rate revolving credit facility agreement, extending the maturity date by one year to March 2027 and transitioning the interest terms from LIBOR to term SOFR. The revolving credit facility had no borrowings outstanding as of October 1, 2022.

We have an ongoing authorization from our Board of Directors to borrow up to $10.0 billion under our commercial paper program.

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.

Note 9 : Fair Value

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

	Oct 1, 2022				Dec 25, 2021			
	Fair Value Measured and Recorded at Reporting Date Using				Fair Value Measured and Recorded at Reporting Date Using			
(In Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents:								
Corporate debt	$ —	$ 103	$ —	$ 103	$ —	$ 65	$ —	$ 65
Financial institution instruments[1]	644	1,431	—	2,075	1,216	763	—	1,979
Reverse repurchase agreements	—	1,750	—	1,750	—	1,595	—	1,595
Short-term investments:								
Corporate debt	—	6,457	—	6,457	—	6,367	—	6,367
Financial institution instruments[1]	217	5,615	—	5,832	154	5,162	—	5,316
Government debt[2]	48	5,693	—	5,741	50	12,693	—	12,743
Other current assets:								
Derivative assets	—	2,003	—	2,003	80	576	—	656
Loans receivable[3]	—	—	—	—	—	152	—	152
Marketable equity securities[4]	1,100	85	—	1,185	1,854	317	—	2,171
Other long-term assets:								
Derivative assets	—	10	—	10	—	772	7	779
Loans receivable[3]	—	48	—	48	—	57	—	57
Total assets measured and recorded at fair value	**$ 2,009**	**$ 23,195**	**$ —**	**$ 25,204**	**$ 3,354**	**$ 28,519**	**$ 7**	**$ 31,880**
Liabilities								
Other accrued liabilities:								
Derivative liabilities	$ 151	$ 1,386	$ —	$ 1,537	$ 4	$ 516	$ —	$ 520
Other long-term liabilities:								
Derivative liabilities	—	689	89	778	—	9	—	9
Total liabilities measured and recorded at fair value	**$ 151**	**$ 2,075**	**$ 89**	**$ 2,315**	**$ 4**	**$ 525**	**$ —**	**$ 529**

[1] *Level 1 investments consist of money market funds. Level 2 investments consist primarily of commercial paper, certificates of deposit, time deposits, and notes and bonds issued by financial institutions.*
[2] *Level 1 investments consist primarily of U.S. Treasury securities. Level 2 investments consist primarily of U.S. agency notes and non-U.S. government debt.*
[3] *The fair value of our loans receivable for which we elected the fair value option did not significantly differ from the contractual principal balance.*
[4] *Level 2 investments consist of marketable equity securities subject to security-specific restrictions.*

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 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.

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, reverse repurchase agreements with original maturities greater than three months, and issued debt.

We classify the fair value of grants receivable and reverse repurchase agreements with original maturities greater than three months as Level 2. The estimated fair value of these financial instruments approximates their carrying value. The aggregate carrying value of grants receivable as of October 1, 2022 was $569 million (the aggregate carrying value as of December 25, 2021 was $317 million). The aggregate carrying value of reverse repurchase agreements with original maturities greater than three months as of October 1, 2022 was $400 million (the aggregate carrying value as of December 25, 2021 was $0).

We classify the fair value of issued debt (excluding any commercial paper, drafts payable, and finance leases) as Level 2. The fair value of our issued debt was $34.8 billion as of October 1, 2022 ($41.5 billion as of December 25, 2021).

Note 10 : Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component and related tax effects in the first nine months of 2022 were as follows:

(In Millions)	Unrealized Holding Gains (Losses) on Derivatives	Actuarial Valuation and Other Pension Expenses	Translation Adjustments and Other	Total
Balance as of December 25, 2021	**$ 211**	**$ (1,114)**	**$ 23**	**$ (880)**
Other comprehensive income (loss) before reclassifications	(1,575)	—	(38)	(1,613)
Amounts reclassified out of accumulated other comprehensive income (loss)	205	34		239
Tax effects	192	3	8	203
Other comprehensive income (loss)	**(1,178)**	**37**	**(30)**	**(1,171)**
Balance as of October 1, 2022	**$ (967)**	**$ (1,077)**	**$ (7)**	**$ (2,051)**

We estimate that we will reclassify approximately $623 million (before taxes) of net derivative losses included in accumulated other comprehensive income (loss) into earnings within the next 12 months.

Note 11 : Derivative Financial Instruments

Volume of Derivative Activity

Total gross notional amounts for outstanding derivatives at the end of each period were as follows:

(In Millions)	Oct 1, 2022	Dec 25, 2021
Foreign currency contracts	$ 32,561	$ 38,024
Interest rate contracts	16,760	15,209
Other	2,055	2,517
Total	**$ 51,376**	**$ 55,750**

Fair Value of Derivative Instruments

(In Millions)	Oct 1, 2022 Assets[1]	Oct 1, 2022 Liabilities[2]	Dec 25, 2021 Assets[1]	Dec 25, 2021 Liabilities[2]
Derivatives designated as hedging instruments:				
Foreign currency contracts[3]	$ 1	$ 1,164	$ 80	$ 163
Interest rate contracts	—	762	774	—
Total derivatives designated as hedging instruments	**1**	**1,926**	**854**	**163**
Derivatives not designated as hedging instruments:				
Foreign currency contracts[3]	1,703	215	475	297
Interest rate contracts	309	23	26	65
Equity contracts	—	151	80	4
Total derivatives not designated as hedging instruments	**2,012**	**389**	**581**	**366**
Total derivatives	**$ 2,013**	**$ 2,315**	**$ 1,435**	**$ 529**

[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] *The majority of these instruments mature within 12 months.*

Amounts Offset in the Consolidated Condensed Balance Sheets

The gross amounts of our derivative instruments and reverse repurchase 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:

	Oct 1, 2022					
				Gross Amounts Not Offset in the Balance Sheet		
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	$ 1,965	$ —	$ 1,965	$ (653)	$ (1,300)	$ 12
Reverse repurchase agreements	2,150	—	2,150	—	(2,150)	—
Total assets	**4,115**	**—**	**4,115**	**(653)**	**(3,450)**	**12**
Liabilities:						
Derivative liabilities subject to master netting arrangements	2,237	—	2,237	(653)	(1,350)	234
Total liabilities	**$ 2,237**	**$ —**	**$ 2,237**	**$ (653)**	**$ (1,350)**	**$ 234**

(In Millions)	Dec 25, 2021 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: Financial Instruments	Gross Amounts Not Offset in the Balance Sheet: Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	$ 1,427	$ —	$ 1,427	$ (332)	$ (986)	$ 109
Reverse repurchase agreements	1,595	—	1,595	—	(1,595)	—
Total assets	**3,022**	**—**	**3,022**	**(332)**	**(2,581)**	**109**
Liabilities:						
Derivative liabilities subject to master netting arrangements	392	—	392	(332)	(60)	—
Total liabilities	**$ 392**	**$ —**	**$ 392**	**$ (332)**	**$ (60)**	**$ —**

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 $678 million net losses in the third quarter of 2022 and $1.6 billion net losses in the first nine months of 2022 ($28 million net losses in the third quarter of 2021 and $313 million net losses in the first nine months of 2021). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first nine months of 2022 and 2021, the amounts excluded from effectiveness testing were insignificant.

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) Recognized in Consolidated Condensed Statements of Income on Derivatives — Three Months Ended Oct 1, 2022	Three Months Ended Sep 25, 2021	Nine Months Ended Oct 1, 2022	Nine Months Ended Sep 25, 2021
Interest rate contracts	$ (589)	$ (55)	$ (1,536)	$ (532)
Hedged items	589	55	1,536	532
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 Asset/(Liabilities) Oct 1, 2022	Carrying Amount of the Hedged Item Asset/(Liabilities) Dec 25, 2021	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities) Oct 1, 2022	Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities) Dec 25, 2021
Long-term debt	$ (11,236)	$ (12,772)	$ 761	$ (775)

The total notional amount of pay-variable and receive-fixed interest rate swaps was $12.0 billion as of October 1, 2022 and $12.0 billion as of December 25, 2021.

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 Oct 1, 2022	Three Months Ended Sep 25, 2021	Nine Months Ended Oct 1, 2022	Nine Months Ended Sep 25, 2021
Foreign currency contracts	Interest and other, net	$ 771	$ 170	$ 1,952	$ 382
Interest rate contracts	Interest and other, net	164	(7)	289	14
Other	Various	(97)	84	(562)	279
Total		**$ 838**	**$ 247**	**$ 1,679**	**$ 675**

Note 12 : Commitments and Contingencies

Commitments

In the third quarter of 2022, we signed a definitive agreement with Brookfield Asset Management (Brookfield). This arrangement represents an equity partnership whereby we and Brookfield own 51% and 49%, respectively, of what will be a newly-formed entity, Arizona Fab LLC (Arizona Fab), which we will fully consolidate into our consolidated financial statements. We expect Arizona Fab to spend up to $30.0 billion of investments in expanded manufacturing infrastructure at our Ocotillo campus in Chandler, Arizona. Generally, contributions will be made to, and distributions will be received from, Arizona Fab based upon our and Brookfield's proportional ownership, subject to the terms and conditions within the definitive agreement. The definitive agreement includes provisions that require us to utilize Arizona Fab's expanded manufacturing capacity at specified minimum levels or be subject to penalties. Brookfield's ownership stake as a non-controlling interest holder in Arizona Fab will be shown as a separate component of equity within our consolidated balance sheet. The transaction with Brookfield is expected to close by the end of 2022, subject to customary closing conditions.

Legal Proceedings

We are a party to various legal proceedings, including those noted in this section. In the first quarter of 2021, we accrued a charge of $2.2 billion related to litigation involving VLSI, described below. Excluding this charge, 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 or other events could occur. Unfavorable resolutions could include substantial monetary damages. 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. Except as specifically described below, we have not concluded that settlement of any of the legal proceedings noted in this section is appropriate at this time.

European Commission Competition Matter

In 2001, the European Commission (EC) commenced an investigation regarding claims by Advanced Micro Devices, Inc. (AMD) that we used unfair business practices to persuade customers to buy our microprocessors. In May 2009, the EC issued a decision finding that we had violated Article 82 of the EC Treaty and Article 54 of the European Economic Area Agreement. In general, the EC found that we violated Article 82 (later renumbered as Article 102 by a new treaty) by offering alleged "conditional rebates and payments" that required our customers to purchase all or most of their x86 microprocessors from us. The EC also found that we violated Article 82 by making alleged "payments to prevent sales of specific rival products." The EC imposed a fine in the amount of €1.1 billion ($1.4 billion as of May 2009), which we subsequently paid during the third quarter of 2009, and ordered us to "immediately bring to an end the infringement referred to in" the EC decision.

We appealed the EC decision to the Court of First Instance (which has been renamed the General Court) in July 2009. In June 2014, the General Court rejected our appeal in its entirety. In August 2014, we filed an appeal with the European Court of Justice. In November 2014, Intervener Association for Competitive Technologies filed comments in support of Intel's grounds of appeal. The Court of Justice issued its decision in September 2017, setting aside the judgment of the General Court and sending the case back to the General Court to examine whether the rebates at issue were capable of restricting competition.

The General Court appointed a panel of five judges to consider our appeal of the EC's 2009 decision in light of the Court of Justice's clarifications of the law, and in January 2022, the General Court issued a decision annulling the EC's findings against Intel regarding rebates as well as the fine imposed on Intel, which was returned to Intel in February 2022. In April 2022, the EC appealed the General Court's decision to the Court of Justice, seeking an order that would require a further proceeding and decision by the General Court. In June 2022, Intel filed a response in opposition to the EC appeal, and in July 2022, the Intervener Association for Competitive Technologies filed a response in opposition to the EC appeal. Given the procedural posture and the nature of this proceeding we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from this matter.

In a related matter, Intel filed applications with the General Court in April 2022 seeking an order requiring the EC to pay Intel approximately €593 million in default interest.

Litigation Related to Security Vulnerabilities

In June 2017, a Google research team notified Intel and other companies that it had identified security vulnerabilities, 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. On January 2, 2018, information on the security vulnerabilities was publicly reported, before software and firmware updates to address the vulnerabilities were made widely available.

Numerous lawsuits have been filed against Intel relating to Spectre, Meltdown, and other variants of the security vulnerabilities that have been identified since 2018. As of October 26, 2022, consumer class action lawsuits against Intel were pending in the United States, Canada, Israel, and Argentina. The plaintiffs, who purport to represent various classes of purchasers of our products, generally claim to have been harmed by Intel's actions and/or omissions in connection with the security vulnerabilities and assert a variety of common law and statutory claims seeking monetary damages and equitable relief. In the United States, class action suits filed in various jurisdictions were consolidated for all pretrial proceedings in the United States 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. Plaintiffs have appealed that decision to the Ninth Circuit Court of Appeals. In Canada, an initial status conference has not yet been scheduled in one case 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 until November 2022. In Israel, the plaintiff in a lawsuit pending in the District Court of Haifa advised the court in September 2022 that it intends to seek leave in October 2022 to withdraw its motion for class certification and voluntarily dismiss the action. In Argentina, Intel Argentina was served with, and responded to, a class action complaint in June 2022. Additional lawsuits and claims may be asserted seeking monetary damages or other related relief. We dispute the pending claims described above and intend to defend those lawsuits vigorously. Given the procedural posture and the nature of those 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 those matters.

VLSI Technology LLC v. Intel

In October 2017, VLSI Technology LLC (VLSI) filed a complaint against Intel in the U.S. District Court for the Northern District of California alleging infringement of eight patents acquired from NXP Semiconductors, N.V. (NXP). The patents, which originated at Freescale Semiconductor, Inc. and NXP B.V., are U.S. Patent Nos. 7,268,588; 7,675,806; 7,706,207; 7,709,303; 8,004,922; 8,020,014; 8,268,672; and 8,566,836. VLSI accuses various FPGA and processor products of infringement. VLSI estimated its damages to be at least $5.5 billion, and its complaint further sought enhanced damages, future royalties, attorneys' fees, and costs and interest. In May, June, September, and October 2018, Intel filed Inter Partes Review (IPR) petitions challenging the patentability of claims in all eight of the patents in-suit. The Patent Trial and Appeal Board (PTAB) instituted review of six patents and denied institution on two patents. As a result of the institution decisions, the parties stipulated to stay the District Court action in March 2019. In December 2019 and February 2020, the PTAB found all claims of the '588 and '303 patents, and some claims of the '922 patent, to be unpatentable. The PTAB found the challenged claims of the '014, '672, and '207 patents to be patentable. Intel appealed the PTAB's decision as to '014, '672 and '207 patents. The Federal Circuit affirmed the PTAB's decision as to the '672 and '207 patents, but reversed and remanded as to the '014 patent. Intel moved for a continuation of the stay in March 2020 pending the appeal. In June 2020, the District Court issued an order continuing the stay through August 2021. The court lifted the stay in September 2021, and scheduled a trial for March 2024.

In June 2018, VLSI filed a second suit against Intel, in U.S. District Court for the District of Delaware, alleging infringement by various Intel processors of five additional patents acquired from NXP: U.S. Patent Nos. 6,212,663; 7,246,027; 7,247,552; 7,523,331; and 8,081,026. VLSI accused Intel of willful infringement and seeks an injunction or, in the alternative, ongoing royalties, enhanced damages, attorneys' fees and costs, and interest. In March 2019, the District Court dismissed VLSI's claims for willful infringement as to all the patents-in-suit except the '027 patent, and also dismissed VLSI's allegations of indirect infringement as to the '633, '331, and '026 patents. In June 2019, Intel filed IPR petitions challenging the patentability of certain claims in all five patents-in-suit. In January 2020, VLSI said that it was no longer asserting any claims of the '633 patent. In January and February 2020, the PTAB instituted review of the '552, '633, '331 and '026 patents, but declined to institute review on the '027 patent. As a result, the District Court stayed the case as to the '026 and '552 patents but allowed the case to proceed on the '027 and '331 patents. In January 2021, the PTAB invalidated certain asserted claims of the '026 patent, and in February the PTAB invalidated all asserted claims of the '552 patent. Both parties filed notices of appeal regarding the PTAB's decision as to the '026 patent in March 2021, and in April 2021, VLSI filed a notice of appeal of the PTAB's decision as to the '552 patent. The case remains stayed as to both of those patents. For the '027 and '331 patents, VLSI is seeking damages of approximately $4.13 billion plus enhanced damages for the '027 patent. The parties have completed summary judgment and expert witness testimony briefing.

In June 2022, the court granted in part and denied in part Intel's motion to exclude testimony of VLSI's technical expert, barring him from testifying regarding Intel's purported litigation misconduct and the alleged benefits of certain claims of the '027 patent. In August 2022, the court stayed the case in light of VLSI's failure to fully disclose its investors pursuant to the court's standing order.

In March 2019, VLSI filed a third suit against Intel, also in U.S. District Court for the District of Delaware, alleging infringement of six more patents acquired from NXP: U.S. Patent Nos. 6,366,522; 6,663,187; 7,292,485; 7,606,983; 7,725,759; and 7,793,025. In April 2019, VLSI voluntarily dismissed this Delaware case without prejudice. In April 2019, VLSI filed three new infringement suits against Intel in the Western District of Texas (WDTX) accusing various Intel processors of infringement. The three suits collectively assert the same six patents from the voluntarily dismissed Delaware case plus two additional patents acquired from NXP, U.S. Patent Nos. 7,523,373 and 8,156,357. VLSI accuses Intel of willful infringement and seeks an injunction or, in the alternative, ongoing royalties, enhanced damages, attorneys' fees and costs, and interest. In the first Texas case, VLSI asserted the '373 and '759 patents (in December 2020 the court granted Intel summary judgment of non-infringement on the '357 patent, which had also been asserted in the first Texas case). That case went to trial in February 2021, and the jury awarded a "lump sum" to VLSI of $1.5 billion for literal infringement of the '373 patent and $675 million for infringement under the doctrine of equivalents of the '759 patent. The jury found that Intel had not willfully infringed either patent. Intel challenged the verdict with post-trial motions, including filing in May 2021 a motion for a new trial, which the court denied in August, a motion for judgment as a matter of law that the '373 and '759 patents are not infringed and the '759 patent is invalid, and a motion that VLSI is entitled to no damages, both of which the court denied in March 2022. In April 2022, the court entered final judgment and awarded VLSI $2.175 billion in damages, approximately $162.3 million in pre-judgment interest, and post-judgment interest at the Treasury Bill rate, compounded annually. Intel filed its opening appellate brief in September 2022.

The second Texas case went to trial in April 2021, and the jury found that Intel does not infringe the '522 and '187 patents. VLSI had sought approximately $3.0 billion for alleged infringement of those patents, plus enhanced damages for willful infringement. The court has not yet entered final judgment following second trial in Texas.

The third Texas case was set for trial in April 2022 but was cancelled after the first day due to a COVID-19 outbreak. A new trial date has been set for November 2022. In that case, VLSI initially sought approximately $2.2 - $2.4 billion for alleged infringement of the '983, '025 and '485 patents, plus enhanced damages for willful infringement. In April 2022, VLSI informed the court that it would not present an infringement case at trial for the '025 patent. Later in April 2022, VLSI informed the court that it would not present willful infringement or an infringement case for the '485 patent at trial. This limits VLSI's damages demand to approximately $1.0 billion for the alleged infringement of the remaining '983 patent.

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 asserts Chinese Patent 201410094015.9 accusing certain Intel Core processors of infringement. VLSI requests an injunction as well as RMB 1 million in damages and RMB 300 thousand in expenses. Defendants filed an invalidation petition in October 2019 with the CNIPA, which held a hearing in September 2021. The CNIPA has not yet issued a decision. In May 2020, defendants filed a motion to stay the trial court proceedings pending a determination on invalidity. The court held the first evidentiary hearing in November 2020 and the second in July 2021. The court also held trial proceedings in the hearing in July 2021 and concluded that further trial proceedings were needed but indicated those would be stayed pending the outcome of defendants' invalidity challenge at the CNIPA. In July 2021, VLSI dismissed its case, but refiled it in August 2021. VLSI seeks an injunction in its newly filed case, as well as RMB 1.3 million in reasonable costs and expenses, but no damages. In November 2021, Intel moved for a stay of the August 2021 action pending a ruling on invalidity. The court has not yet ruled on that motion.

In May 2019, VLSI filed a second case in Shanghai Intellectual Property Court against Intel (China) Co., Ltd., Intel Trading (Shanghai) Co., Ltd., and Intel Products (Chengdu) Co., Ltd. VLSI asserts Chinese Patent 201080024173.7. VLSI accuses certain Intel Core processors and seeks an injunction, as well as RMB 1 million in damages and RMB 300 thousand in expenses. Defendants filed with the CNIPA an invalidation petition in October 2019, and the CNIPA held a hearing in September 2021, but has not yet issued a decision. In June 2020, defendants filed a motion to stay the trial court proceedings pending a determination on invalidity. The court held its first evidentiary hearing in September 2020. The court held a second evidentiary hearing in December 2020, and a trial the same month. At trial, VLSI dropped its monetary damages claim, but still requested expenses (RMB 300 thousand) and an injunction. The court has not yet issued a decision following the trial. Rather, the court stayed the case in December 2020 pending a determination on invalidity by the CNIPA. In March 2022, the CNIPA issued an order holding the claims of the patent to be valid. The court held a second trial in May 2022 following the CNIPA ruling, but has yet to issue its final decision.

In November 2019, Intel, along with Apple Inc., filed a complaint against Fortress Investment Group LLC, Fortress Credit Co. LLC, Uniloc 2017 LLC, Uniloc USA, Inc., Uniloc Luxembourg S.A.R.L., VLSI, INVT SPE LLC, Inventergy Global, Inc., DSS Technology Management, Inc., IXI IP, LLC, and Seven Networks, LLC. Plaintiffs allege violations of Section 1 of the Sherman Act by certain defendants, Section 7 of the Clayton Act by certain defendants, and California Business and Professions Code section 17200 by all defendants based on defendants' unlawful aggregation of patents. In 2020 and 2021, the court twice dismissed plaintiffs' complaint with leave to amend. In December 2020, the court granted a joint motion by Apple and Seven Networks to dismiss with prejudice Apple's claims against Seven Networks. Plaintiffs filed a second amended complaint in March 2021. Defendants moved to dismiss the Second Amended Complaint in May 2021. Apple withdrew from the case and dismissed its claims in June 2021. The court heard defendants' motion to dismiss the Second Amended Complaint in September 2021, and dismissed Intel's claims with prejudice that same month, entering judgment in favor of defendants. Intel filed a notice of appeal in December 2021. Appellate briefing concluded in June 2022 and oral argument was held in October 2022.

In June 2020, affiliates controlled by Fortress Investment Group, which also controls VLSI, acquired Finjan Holdings, Inc. Intel had signed a "Settlement, Release and Patent License Agreement" with Finjan in 2012, acquiring a license to the patents of Finjan and its affiliates, current or future, through a capture period of November 20, 2022. The agreement also contains covenants wherein Finjan agrees to cause its affiliates to comply with the agreement. As such, Intel maintains that it now has a license to the patents of VLSI, which has become a Finjan affiliate, and that Finjan must cause VLSI to dismiss its suits against Intel. In August 2020, Intel started dispute resolution proceedings under the agreement. As a part of this dispute resolution process, Intel and Finjan held a mediation in December 2020, but failed to resolve their differences. Intel filed suit to enforce its rights under the License Agreement with Finjan in January 2021 in Delaware Chancery Court. In March 2021, defendants filed motions to dismiss the Chancery Court proceedings. The court heard those motions in May 2021, and dismissed all of Intel's claims—except the breach of contract claim—with prejudice in September 2021 for lack of jurisdiction because, the court reasoned, Intel's license defense has been raised in the other U.S. suits between Intel and VLSI and could be adjudicated in one of those actions. The court stayed Intel's breach of contract claim pending a determination on whether Intel is licensed to VLSI's patents. In September 2020, Intel filed motions to stay the Texas, Delaware, and Shanghai matters pending resolution of its dispute with Finjan. In November 2020, Intel filed a motion to stay the Shenzhen matter pending resolution of its dispute with Finjan. In November 2020, the Delaware Court denied Intel's motion to stay. The other stay motions remain pending. Finally, Intel filed a motion to amend its answer in the Texas matters to add a license defense in November 2020, and filed a motion to amend its answer in the Delaware matter to add a license defense in February 2021. The Delaware Court granted Intel's motion in July 2021, but in March 2022, the Texas Court denied Intel's motion, holding, among other things, that it would be futile for Intel to add the license defense as it would not be meritorious. Intel has appealed this ruling as a part of its appeal of the verdict in the first VLSI Texas trial.

In October and November 2019, and in February 2020, Intel filed IPR petitions on certain asserted claims across six of the patents-in-suit in WDTX. Between May and October 2020, the PTAB denied all of these petitions on a discretionary basis and without reviewing the merits. Intel requested a rehearing, and review from the POP as to all petitions. All requests for POP review and rehearing were denied. Intel filed notices of appeal regarding the discretionary denials for all petitions in February and March of 2021. The Federal Circuit dismissed the appeals in May 2021 for lack of jurisdiction. The Federal Circuit denied Intel's petition for hearing en banc in August 2021. In March 2022, the Supreme Court denied Intel's petition for writ of certiorari.

In June 2021, OpenSky Industries LLC (OpenSky) requested IPR of certain claims of the '373 and '759 patents at-issue in the first Texas case, including those claims found to be infringed in that judgment. Both petitions copied Intel's earlier petitions, and used the expert declarations previously submitted by Intel. Another entity named Patent Quality Assurance LLC (PQA) also petitioned for IPR of certain claims of the '373 patent, those claims found to be infringed in the first Texas case judgment. PQA also largely copied Intel's petition, but (1) added a challenge to an additional claim and (2) included newly signed declarations from Intel's experts. In December 2021, the PTAB instituted OpenSky's petition on the '759 patent, but declined to institute on the '373 patent. In December 2021, Intel filed a motion to join OpenSky's '759 IPR. In January 2022, the PTAB instituted PQA's petition on the '373 patent. In February, Intel filed a motion to join PQA's petition. Both of Intel's joinder motions were granted in June 2022, allowing Intel to participate in the IPRs. Hearings were held in September 2022 for the OpenSky petition and in October 2022 for the PQA petition. PTAB decisions are expected in December 2022 on the '759 patent, and January 2023 on the '373 patent. At the same time, the Director of the United States Patent & Trademark Office is reviewing both the OpenSky and PQA IPRs to determine if they should be allowed to proceed to final written decisions. The Director has said that that process may delay the final written decision of the '759 patent IPR, but has not made any similar statement regarding the timeline for the '373 patent IPR.

After consideration of the verdicts in the WDTX cases and the additional pending lawsuits filed by VLSI, Intel accrued a charge of $2.2 billion in the first quarter of 2021 and anticipates losses, if any, in excess of this amount would be immaterial to the financial statements. We dispute VLSI's claims and intend to vigorously defend against them.

Litigation Related to 7nm Product Delay Announcement

Starting in July 2020, five securities class action lawsuits were filed in the United States District Court for the Northern District of California against Intel and certain current and former officers based on Intel's July 2020 announcement of 7nm product delays. The plaintiffs, who purport to represent classes of acquirers of Intel stock between October 2019 and July 2020, generally allege that the defendants violated securities laws by making false or misleading statements about the timeline for 7nm products in light of subsequently announced delays. In October 2020, the court consolidated the lawsuits, appointed lead plaintiffs, and in January 2021 the lead plaintiffs filed a consolidated complaint. Defendants moved to dismiss the consolidated complaint in March 2021. We dispute the claims described above and intend to defend the lawsuits vigorously. Given the procedural posture and the nature of those 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 those matters. In July 2021, Intel introduced a new process node naming structure, and the 7nm process is now Intel 4.

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
5G	The fifth-gen mobile network, which is expected to bring dramatic improvements in network speeds and latency, and which we view as a transformative technology and opportunity for many industries
ADAS	Advanced driver-assistance systems
AI	Artificial intelligence
ASP	Average selling price
AXG	Advanced Computing and Graphics operating segment
CCG	Client Computing Group operating segment
CODM	Chief operating decision maker
COVID-19	The infectious disease caused by the most recently discovered coronavirus (aka SARS-CoV-2), which was declared a global pandemic by the World Health Organization
CPU	Processor or central processing unit
CXL standard	Compute Express Link standard
DCAI	Datacenter and AI operating segment
EC	European Commission
Form 10-K	Annual Report on Form 10-K
Form 10-Q	Quarterly Report on Form 10-Q
FPGA	Field-programmable gate array
GPU	Graphics processing unit
IDM	Integrated device manufacturer, a semiconductor company that both designs and builds chips
IFS	Intel Foundry Services operating segment
IP	Intellectual property
LIBOR	London Inter-Bank Offered Rate, an interest rate average calculated from estimates by the leading banks in London
MBMW	Multi-Beam Mask Writer
MD&A	Management's Discussion & Analysis
MG&A	Marketing, general and administrative
NAND	NAND flash memory
NEX	Networking and Edge operating segment
nm	Nanometer
ODM	Original design manufacturer
OEM	Original equipment manufacturer
R&D	Research and development
RSU	Restricted stock unit
SCIP	Semiconductor Co-Investment Program
SEC	U.S. Securities and Exchange Commission
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. In our DCAI and NEX businesses, we offer SoCs across many market segments for a variety of applications, including products targeted for 5G base stations and network infrastructure
SOFR	Secured Overnight Financing Rate, a benchmark interest rate for dollar-denominated derivatives and loans, replacing LIBOR
SSD	Solid-state drive
Tax Reform	U.S. Tax Cuts and Jobs Act
U.S. GAAP	U.S. Generally Accepted Accounting Principles
VLSI	VLSI Technology LLC

Management's Discussion and Analysis

This report should be read in conjunction with the Consolidated Financial Statements in our 2021 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.

We previously announced several organizational changes that we believe will accelerate the execution and innovation of our Company by allowing us to capture growth in both large traditional markets and high-growth emerging markets. These changes include the reorganization of our business units to be positioned to capture this growth and to provide increased transparency, focus and accountability. As a result, we modified our segment reporting in Q1 2022 to align to this previously announced business reorganization. All prior-period segment data has been retrospectively adjusted to reflect the way we internally manage and monitor segment performance starting in fiscal year 2022.

"Note 2: Operating Segments" within Notes to Consolidated Condensed Financial Statements of this Form 10-Q reconciles our segment revenues presented below to our total revenues, and our segment operating margin (loss) presented below to our total operating margin (loss), for each of the periods presented.

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

Client Computing

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 focus on long-term operating systems, system architecture, hardware, and application integration that enables industry-leading PC experiences. We intend to embrace these opportunities by investing more heavily in the PC, ramping its capabilities even more aggressively, and designing the PC experience even more deliberately. By doing this, we believe we will continue to fuel innovation across Intel, providing a growing source of IP, scale, and cash flow.

CCG Revenue $B	CCG Operating Income $B
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■ Notebook ■ Desktop ■ Other

Revenue Summary

Q3 2022 vs. Q3 2021

- Notebook revenue was $4.4 billion, down $1.5 billion from Q3 2021. Notebook unit sales decreased 28% driven by lower demand in the consumer and education market segments. Notebook ASPs increased 3% due to an increased mix of commercial products and lower mix of consumer and education products.
- Desktop revenue was $3.2 billion, up $103 million from Q3 2021. Desktop unit sales increased 2% partially due to increased demand for Enthusiast and gaming products, while ASPs remained flat.
- Other revenue was $492 million, down $233 million primarily driven by the continued ramp down from the exit of our 5G smartphone modem business and lower demand for our wireless and connectivity products.

YTD 2022 vs. YTD 2021

- Notebook revenue was $15.1 billion, down $4.5 billion from YTD 2021. Notebook unit sales decreased 34% driven by lower demand in the consumer and education market segments, and Notebook ASPs increased 17% due to an increased mix of commercial and consumer products and lower mix of education.
- Desktop revenue was $8.2 billion, down $530 million from YTD 2021. Desktop unit sales decreased 9% driven by lower demand for consumer and education products, and Desktop ASPs increased 3%, primarily from an increased mix of commercial products compared to YTD 2021.
- Other revenue was $1.8 billion, down $636 million from YTD 2021 primarily driven by the continued ramp down from the exit of our 5G smartphone modem business and lower demand for our wireless and connectivity products.

Operating Income Summary

Operating income decreased 54% from Q3 2021, with an operating margin of 20%.

Operating income decreased 53% from YTD 2021, with an operating margin of 22%.

(In Millions)	
$ 1,655	**Q3 2022 CCG Operating Income**
(801)	Lower gross margin from revenue, primarily driven by Notebook
(490)	Higher Desktop and Notebook unit cost primarily from increased mix of Intel 7 products
(400)	Higher operating expenses driven by increased investments in leadership products
(160)	Higher period charges primarily driven by inventory reserves taken in Q3 2022
(86)	Other
$ 3,592	**Q3 2021 CCG Operating Income**
$ 5,567	**YTD 2022 CCG Operating Income**
(2,160)	Lower gross margin from revenue, primarily driven by Notebook and Desktop
(1,715)	Higher Desktop and Notebook unit cost primarily from increased mix of Intel 7 products
(1,190)	Higher operating expenses driven by increased investments in leadership products
(625)	Higher period charges primarily driven by inventory reserves taken in 2022
(345)	Higher period charges primarily associated with the ramp up of Intel 4
(180)	Lower gross margin primarily driven by the continued ramp down from the exit of our 5G smartphone modem business
(127)	Other
$ 11,909	**YTD 2021 CCG Operating Income**

Datacenter and AI

DCAI delivers workload-optimized platforms to empower datacenter and hyperscale solutions for diverse computing needs. We are focused on delivering the hardware and software portfolio our customers need to support the increased demand for high performance computing and processing of increasingly complex workloads. DCAI offers a portfolio of leadership products, including CPUs, FPGAs, and AI accelerators, and a broad portfolio of software and solutions that enable our hardware's differentiated features to deliver performance to our customers. Our customers and partners include hyperscale customers, OEM/ODMs, enterprises, independent software vendors, system integrators, communications service providers, and governments.

DCAI Revenue $B	DCAI Operating Income $B
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Revenue Summary

Q3 2022 vs. Q3 2021

Revenue was $4.2 billion, down $1.6 billion from Q3 2021, driven by a decrease in Server revenue. Server volume decreased 29%, led by enterprise customers, and due to customers tempering purchases to reduce existing inventories in a softening datacenter market. The higher mix of revenue from hyperscale customers within a competitive environment, drove a 7% decrease in Server ASPs. The decrease in Server revenue was partially offset by an increase in other DCAI revenue in Q3 2022 due to growth in our FPGA business.

YTD 2022 vs. YTD 2021

Revenue was $14.9 billion, down $1.4 billion from YTD 2021, due to a decrease in Server revenue. Server volume decreased 6% from YTD 2021, led by enterprise customers, and due to customers tempering purchases to reduce existing inventories in a softening datacenter market. Server ASPs decreased 6% from YTD 2021 primarily due to customer and product mix. Other DCAI revenue increased from YTD 2021 due to growth in our FPGA business.

Operating Income Summary

Operating income decreased 99% from Q3 2021, with an operating margin of 0%.

Operating income decreased 69% from YTD 2021, with an operating margin of 13%.

(In Millions)	
$ 17	**Q3 2022 DCAI Operating Income**
(1,350)	Lower gross margin from Server revenue
(320)	Higher operating expenses driven by increased investments in leadership products
(235)	Higher period charges primarily associated with the ramp up of Intel 4
(235)	Higher Server unit cost from increased mix of 10nm SuperFin products
(205)	Higher period charges primarily driven by inventory reserves taken in Q3 2022, and lack of sell-through of reserves compared to Q3 2021
69	Other
$ 2,293	**Q3 2021 DCAI Operating Income**
$ 1,917	**YTD 2022 DCAI Operating Income**
(1,535)	Lower gross margin from Server revenue
(985)	Higher period charges primarily associated with the ramp up of Intel 4
(915)	Higher operating expenses driven by increased investments in leadership products
(610)	Higher period charges driven by inventory reserves taken in 2022
(555)	Higher Server unit cost from increased mix of 10nm SuperFin products
275	Higher gross margin from DCAI other product revenue
153	Other
$ 6,089	**YTD 2021 DCAI Operating Income**

Network & Edge

NEX lifts the world's networks and edge systems from fixed function hardware into open software running on programmable hardware. We work with partners and customers to deliver and deploy intelligent edge platforms that allow software developers to continuously evolve, improve, and tailor systems to gain more control, security, and flexibility. We have a broad portfolio of hardware and software platforms, tools and ecosystem partnerships for the rapid digital transformation happening from edge to cloud. We are leveraging our core strengths in process, manufacturing at scale, and software, to grow traditional markets and to accelerate entry into emerging ones.

NEX Revenue $B	NEX Operating Income $B
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Revenue Summary

Q3 2022 vs. Q3 2021

Revenue was $2.3 billion, up $280 million from Q3 2021, driven by increased demand for 5G products, higher Ethernet demand and ASPs, and accelerated demand for Edge products, partially offset by lower demand for Network Xeon.

YTD 2022 vs. YTD 2021

Revenue was $6.8 billion, up $922 million from YTD 2021, driven by increased demand for Ethernet and 5G products, accelerated demand for Edge products, and higher ASPs, partially offset by lower demand for Network Xeon.

Operating Income Summary

Operating income decreased 85% from Q3 2021, with an operating margin of 3%.

Operating income decreased 50% from YTD 2021, with an operating margin of 10%.

(In Millions)

$	**75**	**Q3 2022 NEX Operating Income**
	(200)	Higher period charges primarily driven by inventory reserves taken in Q3 2022 and lack of sell-through of reserves compared to Q3 2021
	(190)	Higher operating expenses driven by increased investments in leadership products
	(160)	Lower gross margin from Network Xeon revenue
	(105)	Higher period charges primarily associated with the ramp of Intel 4
	183	Higher gross margin from Ethernet and Edge revenue
	36	Other
$	**511**	**Q3 2021 NEX Operating Income**
$	**682**	**YTD 2022 NEX Operating Income**
	(450)	Higher operating expenses driven by increased investments in leadership products
	(365)	Higher period charges primarily associated with the ramp up of Intel 4
	(375)	Higher period charges driven by reserves taken in 2022 and lack of sell-through of reserves compared to 2021
	(150)	Higher period charges primarily due to other product enhancements
	(100)	Lower gross margin from Network Xeon revenue
	425	Higher gross margin from Ethernet revenue
	250	Lower unit cost primarily from increased mix of 10nm SuperFin products
	205	Higher gross margin from Edge revenue
	(117)	Other
$	**1,359**	**YTD 2021 NEX Operating Income**

Accelerated Computing Systems and Graphics

AXG delivers products and technologies designed to help our customers solve the toughest computational problems. Our vision is to enable persistent and immersive computing, at scale, and accessible by billions of people within milliseconds, which drives an incredible demand for compute - from endpoints to data centers.

Our portfolio includes CPUs for high performance computing and GPUs targeted for a range of workloads and platforms from gaming and content creation on client devices to delivering media and gaming in the cloud, and the most demanding HPC and AI workload on supercomputers. To address new market opportunities and emerging workloads, we also develop custom accelerators with blockchain acceleration, as an example.

AXG Revenue $B	AXG Operating Income (Loss) $B
intc-20221001_g13.jpg	intc-20221001_g14.jpg

Revenue and Operating Income (Loss) Summary

Q3 2022 vs. Q3 2021

Revenue was $185 million, up $14 million from Q3 2021. We had an operating loss of $378 million, compared to an operating loss of $222 million in Q3 2021, due to increased inventory reserves taken and investments in our product roadmap.

YTD 2022 vs. YTD 2021

Revenue was $590 million, up $61 million from YTD 2021. We had an operating loss of $1.3 billion, compared to an operating loss of $566 million from YTD 2021, due to increased inventory reserves taken and investments in our product roadmap.

Mobileye

Mobileye is a global leader in driving assistance and self-driving solutions. Mobileye's product portfolio covers the stack required for assisted and autonomous driving, including compute platforms, computer vision and machine learning-based sensing, mapping and localization, driving policy, and active sensors in development. Mobileye's unique assets in ADAS allow for building a scalable self-driving stack that meets the requirements for both Robotaxi and consumer-level autonomy. Customers and strategic partners include major global OEMs, Tier 1 automotive system integrators, and public transportation operators.

Mobileye Revenue $B	Mobileye Operating Income $B
intc-20221001_g15.jpg	intc-20221001_g16.jpg

Revenue and Operating Income Summary

Q3 2022 vs. Q3 2021

Revenue was $450 million, up $124 million from Q3 2021 primarily driven by higher demand for EyeQ products. Operating income was $142 million, up $15 million from Q3 2021, primarily due to higher revenue, partially offset by increased investments in leadership products.

YTD 2022 vs. YTD 2021

Revenue was $1.3 billion, up $274 million from YTD 2021 primarily driven by higher demand for EyeQ products. YTD operating income was $480 million, up $49 million from YTD 2021, primarily due to higher revenue, partially offset by increased investments in leadership products.

Intel Foundry Services

IFS seeks to empower our customers by delivering industry-leading silicon and packaging services with a differentiated IP portfolio via a secure and sustainable supply of semiconductors. We intend to leverage our decades-long investment in advancing Moore's Law to spark innovation and customization for our customers on leading edge nodes and mature specialty processes, through support of an open multi-Intel System Architecture ecosystem. Our early customers include traditional fabless customers, cloud service providers, automotive customers and aerospace firms. We offer a combination of leading-edge packaging and process technology services, world-class differentiated internal IPs (e.g., x86, graphics, AI), broad third party ecosystem and silicon design support. Additionally, our IFS offerings include mask-making equipment for advanced lithography used by most of the world's leading-edge foundries.

IFS Revenue $B	IFS Operating Income (Loss) $B
intc-20221001_g17.jpg	intc-20221001_g18.jpg

Revenue and Operating Income (Loss) Summary

Q3 2022 vs. Q3 2021

Revenue was $171 million, down $3 million from Q3 2021. We had an operating loss of $103 million, compared to an operating loss of $44 million in Q3 2021, primarily due to increased spending to drive strategic growth.

YTD 2022 vs. YTD 2021

Revenue was $576 million, up $35 million from YTD 2021, primarily driven by higher sales of MBMW tools. We had an operating loss of $289 million, compared to an operating loss of $26 million from YTD 2021, primarily due to increased spending to drive strategic growth.

Consolidated Results of Operations

(In Millions, Except Per Share Amounts)	Three Months Ended Q3 2022 Amount	Q3 2022 % of Net Revenue	Q3 2021 Amount	Q3 2021 % of Net Revenue	Nine Months Ended YTD 2022 Amount	YTD 2022 % of Net Revenue	YTD 2021 Amount	YTD 2021 % of Net Revenue
Net revenue	**$ 15,338**	**100.0 %**	**$ 19,192**	**100.0 %**	**$ 49,012**	**100.0 %**	**$ 58,496**	**100.0 %**
Cost of sales	8,803	57.4 %	8,446	44.0 %	27,646	56.4 %	25,690	43.9 %
Gross margin	**6,535**	**42.6 %**	**10,746**	**56.0 %**	**21,366**	**43.6 %**	**32,806**	**56.1 %**
Research and development	4,302	28.0 %	3,803	19.8 %	13,064	26.7 %	11,141	19.0 %
Marketing, general and administrative	1,744	11.4 %	1,674	8.7 %	5,296	10.8 %	4,601	7.9 %
Restructuring and other charges	664	4.3 %	42	0.2 %	(460)	(0.9) %	2,597	4.4 %
Operating income (loss)	**(175)**	**(1.1) %**	**5,227**	**27.2 %**	**3,466**	**7.1 %**	**14,467**	**24.7 %**
Gains (losses) on equity investments, net	(151)	(1.0) %	1,707	8.9 %	4,082	8.3 %	2,370	4.1 %
Interest and other, net	138	0.9 %	(76)	(0.4) %	1,016	2.1 %	(328)	(0.6) %
Income (loss) before taxes	**(188)**	**(1.2) %**	**6,858**	**35.7 %**	**8,564**	**17.5 %**	**16,509**	**28.2 %**
Provision for (benefit from) taxes	(1,207)	(7.9) %	35	0.2 %	(114)	(0.2) %	1,264	2.2 %
Net income	**$ 1,019**	**6.6 %**	**$ 6,823**	**35.6 %**	**$ 8,678**	**17.7 %**	**$ 15,245**	**26.1 %**
Earnings per share—diluted	**$ 0.25**		**$ 1.67**		**$ 2.10**		**$ 3.73**	

Revenue

Segment Revenue Walk $B

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Q3 2022 and YTD 2022 results were impacted by an uncertain macroeconomic environment that continues to deteriorate, with slowing consumer demand, persistent inflation, and higher interest rates, and that we believe impacts our target markets and creates a high level of uncertainty with our customers. We expect the macroeconomic uncertainty and the challenging market environment will extend into 2023.

Q3 2022 vs. Q3 2021

Our Q3 2022 revenue was $15.3 billion, down $3.9 billion or 20% from Q3 2021. CCG revenue decreased 17% from Q3 2021 due to lower Notebook volume in the consumer and education market segments, though Notebook ASPs increased due to a resulting change in product mix. CCG also had lower revenue due to the continued ramp down from the exit of our 5G smartphone modem business. DCAI revenue decreased 27% from Q3 2021. Server volume decreased, led by enterprise customers, and due to customers tempering purchases to reduce existing inventories in a softening datacenter market. Server ASPs decreased due to a higher mix of revenue from hyperscale customers within a competitive environment. NEX revenue increased 14% from Q3 2021, primarily due to increased demand for 5G products, higher Ethernet demand and ASPs, and accelerated demand for Edge products, partially offset by decreased demand for Network Xeon. The decrease in "all other" revenue reflects revenue of $1.1 billion in Q3 2021 related to the divested NAND memory business for which historical results are recorded in “all other."

Incentives offered to certain customers to accelerate purchases and to strategically position our products with customers for market segment share purposes, particularly in CCG, as well as increased demand from customers in advance of fourth quarter 2022 price increases, contributed approximately $1.5 billion to our revenue during the third quarter of 2022, the impacts of which were contemplated in our financial guidance for the fourth quarter and full year of 2022 as included in our Form 8-K dated October 27, 2022.

YTD 2022 vs. YTD 2021

Our YTD 2022 revenue was $49.0 billion, down $9.5 billion or 16% from YTD 2021. CCG revenue was down 18% from YTD 2021 due to lower Notebook and Desktop volume, and lower revenue due to the continued ramp down from the exit of our 5G smartphone modem business. Notebook volume decreased driven by lower demand in the consumer and education market segments, though ASPs increased due to the resulting product mix. Desktop volume decreased driven by lower demand for consumer and education products. DCAI revenue decreased 8% from YTD 2021 led by enterprise customers, and due to customers tempering purchases to reduce existing inventories in a softening datacenter market. Server ASPs decreased due to customer and product mix. NEX revenue increased 16%, driven by increased demand for Ethernet and 5G products, accelerated demand for Edge products, and higher ASPs, partially offset by lower demand for Network Xeon. Mobileye revenue increased 27% from YTD 2021 primarily driven by higher demand for EyeQ products. The decrease in our "all other" revenue is due to revenue from the divested NAND memory business of $3.3 billion recognized in YTD 2021 for which historical results are recorded in “all other”, and $584 million of revenue recognized in YTD 2021 from a prepaid customer supply customer.

Historically, our net revenue has typically been higher in the second half of the year than in the first half of the year, accelerating in the third quarter and peaking in the fourth quarter. In 2021, continued strong COVID-driven Notebook demand in the first half of the year contributed to a flatter trend than we historically observe. For the remainder of 2022, we continue to expect a flatter trend than we historically observed as we experience the uncertainty and impacts, including on demand and the supply chain, of current macroeconomic conditions, the potential for a recession, and the risk for continued COVID-related disruptions or shutdowns.

Gross Margin

We derived a substantial majority of our overall gross margin in Q3 2022, and most of our gross margin in YTD 2022, from the sale of products in the CCG and DCAI operating segments. Our overall gross margin dollars in Q3 2022 decreased by $4.2 billion, or 39% compared to Q3 2021, and YTD 2022, decreased by $11.4 billion, or 35%, compared to YTD 2021.

Gross Margin $B

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

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intc-20221001_g22.jpg

(In Millions)		
$	6,535	**Q3 2022 Gross Margin**
	(1,350)	Lower gross margin from Server revenue
	(801)	Lower gross margin from CCG revenue, driven by lower Notebook and Desktop revenue
	(725)	Higher unit cost primarily from increased mix of 10nm SuperFin and Intel 7 products
	(616)	Lower gross margin related to the divested NAND memory business
	(565)	Higher period charges primarily driven by inventory reserves taken in Q3 2022
	(329)	Higher period charges primarily associated with the ramp up of Intel 4 and Intel 7
	152	Lower incentive-based cash compensation charges
	23	Other
$	10,746	**Q3 2021 Gross Margin**
$	21,366	**YTD 2022 Gross Margin**
	(2,340)	Lower gross margin from CCG revenue, primarily driven by Notebook and Desktop revenue
	(2,020)	Higher unit cost primarily from increased mix of 10nm SuperFin and Intel 7 products
	(1,967)	Higher period charges primarily driven by inventory reserves taken in 2022, including reserves on non-qualified products
	(1,845)	Higher period charges primarily associated with the ramp up of Intel 4 and other product enhancements
	(1,535)	Lower gross margin from Server revenue
	(1,477)	Lower gross margin related to the divested NAND memory business
	(584)	Lack of revenue recognized in Q1 2021 from a prepaid customer supply contract
	(559)	Optane inventory impairment related to the wind down of our Intel Optane memory business
	(238)	Higher stock-based compensation
	(205)	Corporate charges from patent settlement
	325	Higher gross margin from Ethernet revenue, partially offset by Network Xeon revenue
	275	Higher gross margin primarily from DCAI other product revenue
	205	Higher gross margin from Edge revenue
	193	Lower incentive-based cash compensation charges
	332	Other
$	32,806	**YTD 2021 Gross Margin**

Operating Expenses

Total R&D and MG&A expenses for Q3 2022 were $6.0 billion, up 10% from Q3 2021, and $18.4 billion for YTD 2022, up 17% from YTD 2021. These expenses represent 39% of revenue for Q3 2022 and 29% of revenue for Q3 2021, and 37% of revenue for YTD 2022 and 27% of revenue for YTD 2021. In support of our IDM 2.0 strategy, described in our 2021 Form 10-K, we continue to make significant investments to accelerate our process technology roadmap. This requires increased investments in R&D, and an intensified effort to attract and retain talent. We expect to complete the year with total R&D and MG&A expenses roughly flat in the second half of 2022 relative to the first half of 2022, as we continue to implement certain cost-cutting measures, including slowing the pace of hiring, while at the same time continuing to improve our product execution in response to the continued decline in the broader macroeconomic environment.

Research and Development $B | Marketing, General, and Administrative $B

(Percentages in chart indicate operating expenses as a percentage of total revenue)

intc-20221001_g23.jpg intc-20221001_g24.jpg intc-20221001_g25.jpg intc-20221001_g26.jpg

Research and Development

Q3 2022 vs. Q3 2021

R&D increased by $499 million, or 13%, driven by the following:

+ Investments in our process technology
+ Investments in our businesses to drive strategic growth
+ Increase in corporate spending
- Incentive-based cash compensation

YTD 2022 vs. YTD 2021

R&D spending increased by $1.9 billion, or 17%, driven by the following:

+ Investments in our process technology
+ Investments in our businesses to drive strategic growth
+ Increase in corporate spending
- Incentive-based cash compensation

Marketing, General, and Administrative

Q3 2022 vs. Q3 2021

MG&A increased by $70 million, or 4%, driven by the following:

+ Increase in corporate spending
- Incentive-based cash compensation

YTD 2022 vs. YTD 2021

MG&A spending increased by $695 million, or 15%, driven by the following:

+ Increase in corporate spending
- Incentive-based cash compensation

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

(In Millions)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Ongoing mark-to-market adjustments on marketable equity securities	$ (244)	$ (192)	$ (883)	$ (345)
Observable price adjustments on non-marketable equity securities	67	79	273	702
Impairment charges	(45)	(38)	(112)	(111)
Sale of equity investments and other	71	1,858	4,804	2,124
Gains (losses) on equity investments, net	**$ (151)**	**$ 1,707**	**$ 4,082**	**$ 2,370**
Interest and other, net	**$ 138**	**$ (76)**	**$ 1,016**	**$ (328)**

Gains (losses) on equity investments, net

Ongoing mark-to-market adjustments for YTD 2022 and YTD 2021 were primarily related to our interest in Montage Technology, Co. Ltd and others.

In YTD 2021, we recognized $471 million of observable price adjustments related to our investment in Beijing Unisoc Technology Ltd.

In YTD 2022, the sale of McAfee to an investor group was completed and we received $4.6 billion in cash for the sale of our remaining share of McAfee, recognizing a $4.6 billion gain in *Sale of equity investments and other*. In Q3 2021 and YTD 2021 we recognized a McAfee special dividend of $1.1 billion paid in connection with the sale to the investor group, and $447 million of initial fair value adjustments in *Sale of equity investments and other* related to four companies that went public.

Interest and other, net

In YTD 2022, we recognized a gain of $1.0 billion from the first closing of the divestiture of our NAND memory business.

Restructuring and Other Charges

(In Millions)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Employee severance and benefit arrangements	$ 607	$ 21	$ 650	$ 43
Litigation charges and other	4	16	(1,199)	2,267
Asset impairment charges	53	5	89	287
Total restructuring and other charges	**$ 664**	**$ 42**	**$ (460)**	**$ 2,597**

In Q3 2022, the 2022 Restructuring Program was approved to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our IDM 2.0 strategy. We expect that our 2022 Restructuring Plan, in conjunction with other initiatives, will reduce our cost structure and allow us to reinvest certain of these cost savings in resources and capacity to develop, manufacture, market, sell, and deliver our products in furtherance of our IDM 2.0 strategy.

Employee severance and benefit arrangements includes charges incurred to date under the 2022 Restructuring Program of $607 million, which was approved in Q3 2022 and expected to be substantially completed by the end of the first half of 2023, but is subject to change.

Litigation charges and other includes a $1.2 billion benefit in YTD 2022 from the annulled penalty related to an EC fine that was recorded and paid in 2009, and a charge of $2.2 billion in YTD 2021 related to the VLSI litigation.

Provision for (Benefit from) Taxes

(In Millions)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Income (loss) before taxes	$ (188)	$ 6,858	$ 8,564	$ 16,509
Provision for (benefit from) taxes	$ (1,207)	$ 35	$ (114)	$ 1,264
Effective tax rate	642.0 %	0.5 %	(1.3)%	7.7 %

In Q3 2022 we recognized a benefit from taxes as we applied our estimated annual effective tax rate to our year-to-date measure of ordinary income. In YTD 2022, we recognized a benefit from taxes as compared to a provision for taxes in YTD 2021 due to lower income before taxes, a higher proportion of our income being taxed in non-U.S. jurisdictions, and a change in tax law from 2017 Tax Reform related to the capitalization of R&D expenses that went into effect in January 2022. These YTD 2022 impacts were partially offset by the unfavorable tax rate effects associated with the gains recognized in YTD 2022 from the equity sale of McAfee and the divestiture of our NAND memory business. In Q3 2021 and YTD 2021, we recognized one-time tax benefits from the restructuring of certain non-U.S. subsidiaries.

Liquidity and Capital Resources

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

(In Millions)	Oct 1, 2022	Dec 25, 2021
Cash and cash equivalents	**$ 4,529**	**$ 4,827**
Short-term investments	18,030	24,426
Loans receivable and other	469	240
Total cash and investments[1]	**$ 23,028**	**$ 29,493**
Total debt	**$ 39,523**	**$ 38,101**

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

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, supplemented by our total cash and investments[1], as shown in the preceding table, is our primary source of liquidity for funding our strategic business requirements. 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; and potential and pending acquisitions, strategic investments, and dividends. This includes a commitment of $5.4 billion associated with our pending acquisition of Tower. Our long-term funding requirements incrementally contemplate additional investments in the significant manufacturing expansion plans we announced as part of our IDM2.0 strategy and additional investments to accelerate our process technology.

Our *cash and 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 beginning in Q3 2022, selling certain of our accounts receivables on a non-recourse basis to third party financial institutions.

We expect to benefit from government incentives, and any incentives above our current expectations would enable us to increase the pace and size of our IDM2.0 investments. Conversely, incentives below our expectations would increase our anticipated cash requirements.

In the third quarter of 2022, we issued a total of $6.0 billion aggregate principal amount of senior notes, including our inaugural green bond issuance of $1.3 billion principal amount. We are using the proceeds from the green bond offering to fund projects that support our investments in sustainable operations. We intend to use the proceeds from the remainder of the offering for general corporate purposes, including, but not limited to, refinancing of outstanding debt and funding for working capital and capital expenditures. We also received proceeds of $140 million in the aggregate from the sale of bonds issued by the Industrial Development Authority of the City of Chandler, Arizona (CIDA). In the first quarter of 2022 we amended our $5.0 billion variable-rate revolving credit facility, extending the maturity date by one year to March 2027 and transitioning the interest terms from LIBOR to term SOFR. Other potential sources of liquidity include 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 October 1, 2022, we had no outstanding commercial paper or borrowings on the revolving credit facility.

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

Cash from Operations $B	Capital Expenditures $B	Cash to Stockholders $B
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Dividends Dividends
Buybacks

(In Millions)	Nine Months Ended Oct 1, 2022	Sep 25, 2021
Net cash provided by operating activities	$ 7,730	$ 24,053
Net cash used for investing activities	(7,046)	(19,543)
Net cash used for financing activities	(982)	(2,505)
Net increase (decrease) in cash and cash equivalents	**$ (298)**	**$ 2,005**

Operating Activities

Cash provided by operating activities is net income adjusted for certain non-cash items and changes in certain assets and liabilities.

The decrease in cash provided by operations in YTD 2022 was primarily driven by lower net income after adjusting for non-cash items, including the gain on the sale of McAfee and the pre-tax gain from the divestiture of our NAND business; and was also affected by cash-unfavorable working capital changes.

Investing Activities

Investing cash flows consist primarily of capital expenditures; investment purchases, sales, maturities, and disposals; cash used for acquisitions; and proceeds from divestitures.

Cash used for investing activities was lower in YTD 2022 compared to YTD 2021, primarily due to increased maturities and sales of short-term investments, proceeds from the divestiture of our NAND business, and proceeds from the sale of our remaining share of McAfee, partially offset by higher capital expenditures.

Financing Activities

Financing cash flows consist primarily of payment of dividends to stockholders, issuance and repayment of short-term and long-term debt, proceeds from the sale of shares of common stock through employee equity incentive plans, and repurchases of common stock.

Cash used for financing activities was lower in YTD 2022 compared to YTD 2021, primarily due to our curtailment of common stock repurchases and higher debt issuance, offset by higher debt repayments.

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 income tax effects where applicable. Income tax effects have been calculated using an appropriate tax rate for each adjustment, as applicable. These 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
NAND memory business	We completed the first closing of the divestiture of our NAND memory business to SK hynix on December 29, 2021 and fully deconsolidated our ongoing interests in the NAND OpCo Business in the first quarter of 2022.	We exclude the impact of our NAND memory business in certain non-GAAP measures. While the second closing of the sale is still pending and subject to closing conditions, we deconsolidated this business in Q1 2022 and management does not view the historical results of the business as a part of our core operations. We believe these adjustments provide investors with a useful view, through the eyes of management, of our core business model and how management currently evaluates core operational performance. In making these adjustments, we have not made any changes to our methods for measuring and calculating revenue or other financial statement amounts.
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.
Restructuring and other charges	Restructuring charges are costs associated with a formal restructuring plan and are primarily related to employee severance and benefit arrangements. Other charges include periodic goodwill and asset impairments, pension charges, and costs associated with restructuring activity.	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.
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 better 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.

Non-GAAP adjustment or measure	Definition	Usefulness to management and investors
Gains (losses) from divestiture	Gains or 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.
(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 sale of equity investments and other.	We exclude these non-operating gains and losses for better comparability between periods. The exclusion reflects how management evaluates the core operations of the business.
Tax Reform	Adjustments for Tax Reform reflect the impact of a change in tax law from 2017 Tax Reform related to the capitalization of R&D costs.	We exclude the impacts of this 2022 change in U.S. tax treatment of R&D costs for purposes of calculating certain non-GAAP measures as we believe these adjustments facilitate a better evaluation of our current operating performance and comparison to 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) additions to property, plant and equipment, net of proceeds from capital grants, 2) payments on finance leases, and 3) proceeds from the McAfee equity sale.	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. Since the 2017 divestiture, McAfee equity distributions and sales have contributed to operating and free cash flow, and while the McAfee equity sale in Q1 2022 would typically be excluded from adjusted free cash flow as an equity sale, we believe including the sale proceeds in adjusted free cash flow facilitate a better, more consistent comparison to past presentations of liquidity.
Total cash and investments	Total cash and investments is used by management when assessing our sources of liquidity, which includes cash and cash equivalents, short-term investments, and loans receivable and other.	This non-GAAP measure is helpful in understanding our capital resources and liquidity position.

Following are the reconciliations of our most comparable U.S. GAAP measures to our non-GAAP measures presented:

(In Millions, Except Per Share Amounts)	Three Months Ended Oct 1, 2022	Three Months Ended Sep 25, 2021
Net revenue	**$ 15,338**	**$ 19,192**
NAND memory business	—	(1,105)
Non-GAAP net revenue	**$ 15,338**	**$ 18,087**
Gross margin percentage	**42.6 %**	**56.0 %**
Acquisition-related adjustments	2.2 %	1.7 %
Share-based compensation	1.1 %	0.5 %
NAND memory business	— %	0.1 %
Non-GAAP gross margin percentage[1]	**45.9 %**	**58.3 %**
Earnings per share—diluted	**$ 0.25**	**$ 1.67**
Acquisition-related adjustments	0.09	0.09
Restructuring and other charges	0.16	0.01
Share-based compensation	0.19	0.13
(Gains) losses from divestiture	(0.01)	—
(Gains) losses on equity investments, net	0.03	(0.42)
NAND memory business	—	(0.10)
Tax Reform	(0.05)	—
Income tax effects	(0.07)	0.07
Non-GAAP earnings per share—diluted	**$ 0.59**	**$ 1.45**

[1] *Our reconciliation of GAAP to non-GAAP prior year operating and gross margin percentages reflects the exclusion of our NAND memory business from net revenue.*

(In Millions)	Nine Months Ended Oct 1, 2022	Nine Months Ended Sep 25, 2021
Net cash provided by operating activities	**$ 7,730**	**$ 24,053**
Net additions to property, plant and equipment[1]	(19,089)	(11,486)
Payments on finance leases	(341)	—
Sale of equity investment	4,561	—
Adjusted free cash flow	**$ (7,139)**	**$ 12,567**
Net cash used for investing activities	**$ (7,046)**	**$ (19,543)**
Net cash used for financing activities	**$ (982)**	**$ (2,505)**

[1] *The calculation of adjusted free cash flow includes additions to property, plant and equipment net of proceeds from capital grants.*

Other Key Information

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 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 2021 Form 10-K.

Risk Factors

The risks described in "Risk Factors" within Other Key Information in our 2021 Form 10-K and our Form 10-Q for the quarter ended April 2, 2022 (Q1 2022 Form 10-Q) could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. The Risk Factors section in our 2021 Form 10-K, as updated by our Q1 2022 Form 10-Q, remains current in all material respects. 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 Consolidated Condensed Financial Statements and Supplemental Details sections.

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)), are 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 October 1, 2022 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 October 1, 2022. As of October 1, 2022, 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 in a similar manner 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.

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 U.S. 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 U.S. Secretary of State designated the Federal Security Service of the Russian Federation (FSB) as a party subject to one such sanction. From time to time, our local subsidiaries are required to engage with the FSB as a licensing authority and file documents in order to conduct business within the Russian Federation. All such dealings are explicitly authorized by general licenses issued by the U.S. 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. As announced on April 5, 2022, Intel suspended all business operations in Russia until further notice, and we plan to continue limited activities as required to conduct business in the Russian Federation to the extent permitted by applicable law.

On April 15, 2021, the U.S. Department of the Treasury designated Pozitiv Teknolodzhiz, 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: Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
3.1	Third Restated Certificate of Incorporation of Intel Corporation, dated May 17, 2006	8-K	000-06217	3.1	5/22/2006	
3.2	Intel Corporation Bylaws, as amended and restated on March 10, 2021	8-K	000-06217	3.2	3/16/2021	
4.1	Eighteenth Supplemental Indenture, dated as of August 5, 2022, between Intel Corporation and Computershare Trust Company, National Association (as successor to Wells Fargo Bank, National Association), as trustee	8-K	000-06217	4.1	8/5/2022	
10.1	Purchase and Contribution Agreement, dated as of August 22, 2022, by and among Intel Corporation, Arizona Fab HoldCo Inc., Foundry JV Holdco LLC, and Arizona Fab LLC	8-K	000-06217	10.1	8/23/2022	
10.2	Form of Amended and Restated Limited Liability Company Agreement of Arizona Fab LLC by and between Arizona Fab HoldCo Inc. and Foundry JV Holdco LLC	8-K	000-06217	10.2	8/23/2022	
10.3†	Intel Corporation Form of Non-Employee Director Restricted Stock Unit Agreement under the 2006 Equity Incentive Plan (for RSUs granted to non-employee directors on or after May 12, 2022)					X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.1	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					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

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 27, 2022	By:	/s/ DAVID ZINSNER David Zinsner Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	October 27, 2022	By:	/s/ SCOTT GAWEL Scott Gawel Corporate Vice President and Chief Accounting Officer (Principal Accounting Officer)