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

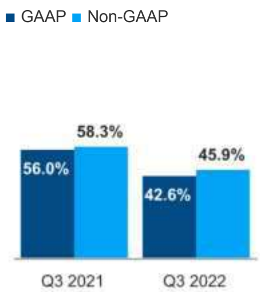
This Form 10-Q contains forward-looking statements that involve a number of risks and uncertainties. Words such as "accelerate," "adjust," "allow," "anticipate," "believe," "committed," "continue," "could," "deliver," "estimate," "expect," "focus," "goals," "grow," "guidance," "improve," "increase," "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.

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

$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
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		Nine Months Ended	
	Oct 1, 2022	Sep 25, 2021	Oct 1, 2022	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 IDM 2.0 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:

	Gains (Losses) Recognized in Consolidated Condensed Statements of Income on Derivatives			
	Three Months Ended		Nine Months Ended	
(In Millions)	Oct 1, 2022	Sep 25, 2021	Oct 1, 2022	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	Carrying Amount of the Hedged Item Asset/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)	
(In Millions)	Oct 1, 2022	Dec 25, 2021	Oct 1, 2022	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

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

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

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**

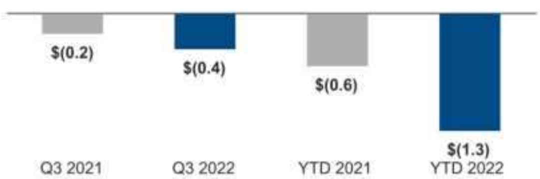
Accelerated Computing Systems and Graphics

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



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

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

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				Nine Months Ended			
	Q3 2022		Q3 2021		YTD 2022		YTD 2021	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% 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

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)

(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)

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 IDM 2.0 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 IDM 2.0 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

(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:

	Three Months Ended	
(In Millions, Except Per Share Amounts)	**Oct 1, 2022**	**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.*

	Nine Months Ended	
(In Millions)	**Oct 1, 2022**	**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)

Exhibit 10.3

INTEL CORPORATION
2006 EQUITY INCENTIVE PLAN

NON-EMPLOYEE DIRECTOR
RESTRICTED STOCK UNIT AGREEMENT

1. Terms of Restricted Stock Unit. This Restricted Stock Unit Agreement, including any appendix attached hereto (this Restricted Stock Unit Agreement and such appendix, together, this "**Agreement**"), the Restricted Stock Unit Notice of Grant delivered online by logging into the E*TRADE Financial Corporation website (the "**Notice of Grant**") and the Intel Corporation 2006 Equity Incentive Plan (the "**2006 Plan**"), as such may be amended from time to time, constitute the entire understanding between you and Intel Corporation (the "**Corporation**") regarding the Restricted Stock Units ("**RSUs**") identified in your Notice of Grant. The RSUs granted to you are effective as of the grant date set forth in the Notice of Grant (the "**Grant Date**"). If there is any conflict between the terms in this Agreement and the 2006 Plan, the terms of the 2006 Plan will control. Capitalized terms not explicitly defined in this Agreement or in the Notice of Grant but defined in the 2006 Plan will have the same definitions as in the 2006 Plan.

2. Vesting of RSUs. Provided that you continuously serve as a member of the Corporation's Board of Directors from the Grant Date specified in the Notice of Grant up to and onto each vesting date specified in the Notice of Grant, the RSUs shall vest and be converted into the right to receive the number of shares of the Corporation's Common Stock, $.001 par value (the "**Common Stock**"), specified in the Notice of Grant with respect to such vesting date, except as otherwise provided in this Agreement. If a vesting date falls on a weekend or any other day on which the Nasdaq Stock Market ("**Nasdaq**") is not open, affected RSUs will vest on the next following Nasdaq business day.

RSUs will vest to the extent provided in and in accordance with the terms of the Notice of Grant and this Agreement. If your status as a member of the Corporation's Board of Directors terminates for any reason except death, Disablement (defined below) or Retirement (defined below), prior to the vesting dates set forth in your Notice of Grant, your unvested RSUs will be cancelled.

3. Conversion into Common Stock. Shares of Common Stock will be issued or become free of restrictions as soon as practicable following the vesting of the RSUs, provided that you have satisfied your tax withholding obligations as specified under Section 8 of this Agreement and you have completed, signed and returned any documents and taken any additional action that the Corporation deems appropriate to enable it to accomplish the delivery of the shares of Common Stock. The shares of Common Stock will be issued in your name (or may be issued to your executor or personal representative, in the event of your death or Disablement), and may be effected by recording shares on the stock records of the Corporation or by crediting shares in an account established on your behalf with a brokerage firm or other custodian, in each case as determined by the Corporation. In no event will the Corporation be obligated to issue a fractional share.

Notwithstanding the foregoing, (i) the Corporation will not be obligated to deliver any shares of the Common Stock during any period when the Corporation determines that the conversion of a RSU or the delivery of shares hereunder would violate any laws of the United States or your country of residence and/or may issue shares subject to any restrictive legends that, as determined by the Corporation's counsel, is necessary to comply with securities or other regulatory requirements, and (ii) the date on which shares are issued or credited to your account may include a delay in order to provide the Corporation such time as it determines appropriate to address tax withholding and to address other administrative matters. The number of shares of Common Stock into which RSUs convert as specified in the Notice of Grant shall be adjusted for stock splits and similar matters as specified in and pursuant to the 2006 Plan.

4. Termination of Service as Director. Except as expressly provided otherwise in this Agreement, if your term of service as a director of the Corporation's Board of Directors terminates for any reason, whether voluntarily or involuntarily, other than on account of death, Disablement (defined below) or Retirement (defined below), all RSUs not then vested shall be cancelled on the date of termination of service.

5. Death. Except as expressly provided otherwise in this Agreement, if you die during your term of service as a member of the Corporation's Board of Directors, your RSUs will become one hundred percent (100%) vested.

6. Disablement. Except as expressly provided otherwise in this Agreement, your RSUs will become one hundred percent (100%) vested, if your service as a member of the Corporation's Board of Directors terminates due to your Disablement.

For purposes of this Section 6, "**Disablement**" will be determined in accordance with the standards and procedures of the then-current Long Term Disability Plan maintained by the Corporation and in the event you are not a participant in a then-current Long Term Disability Plan maintained by the Corporation, and in the event you are not a participant in a then-current Long Term Disability Plan maintained by the Corporation, "**Disablement**" will have the same meaning as disablement is defined in the Intel Long Term Disability Plan, which is generally a physical condition arising from an illness or injury, which renders you incapable of performing work in your regular occupation, as determined by the Corporation. Your regular occupation is the occupation you routinely perform at the time your Disablement began.

7. Retirement. If you retire from service as a member of the Corporation's Board of Directors at age 75 or more, or with at least seven (7) years of service as a member of the Corporation's Board of Directors, your RSUs will become one hundred percent (100%) vested.

8. Tax Withholding. RSUs are taxable upon vesting (as indicated in your Notice of Grant) or, if later, the date to which you have deferred settlement of your RSUs. To the extent required by applicable federal, state or other law, you will make arrangements satisfactory to the Corporation for the payment and satisfaction of any income tax, social security tax, payroll tax, social taxes, applicable national or local taxes, or payment on account of other tax related to withholding obligations that arise by reason of granting or vesting of RSUs or sale of Common Stock shares from vested RSUs (whichever is applicable).

The Corporation will not be required to issue or lift any restrictions on shares of the Common Stock pursuant to your RSUs or to recognize any purported transfer of shares of the Common Stock until such obligations are satisfied.

Unless provided otherwise by the Committee, these obligations will be satisfied by the Corporation withholding a number of shares of Common Stock that would otherwise be issued under the RSUs that the Corporation determines has a Market Value sufficient to meet the tax withholding obligations. In the event that the Committee provides that these obligations will not be satisfied under the method described in the previous sentence, you authorize E*TRADE Financial Corporate Services, Inc. and E*TRADE Securities LLC ("**E*Trade**"), or any successor plan administrator, to sell a number of shares of Common Stock that are issued under the RSUs, which the Corporation determines is sufficient to generate an amount that meets the tax withholding obligations plus additional shares to account for rounding and market fluctuations, and to pay such tax withholding to the Corporation for remittance to the appropriate tax authorities. The shares may be sold as part of a block trade with other participants of the 2006 Plan in which all participants receive an average price. For this purpose, "Market Value" will be calculated as the average of the highest and lowest sales prices of the Common Stock as reported by Nasdaq on the day your RSUs vest. The future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty.

You are ultimately liable and responsible for all taxes owed by you in connection with your RSUs, regardless of any action the Corporation takes or any transaction pursuant to this Section with respect to any tax withholding obligations that arise in connection with the RSUs. The Corporation makes no representation or undertaking regarding the treatment of any tax withholding in connection with the grant, issuance, vesting or settlement of the RSUs or the subsequent sale of any of the shares of Common Stock underlying the RSUs that vest. The Corporation does not commit and is under no obligation to structure the RSU program to reduce or eliminate your tax liability.

9. Election to Defer Receipt of RSU Shares. You may elect to defer receipt of shares of Common Stock relating to an RSU beyond the vesting dates set forth in your Notice of Grant under the rules and procedures established separately by the Corporation. That election will allow you to defer income recognition, until the date on which your service as a member of the Corporation's Board of Directors terminates for any reason. Under Internal Revenue Code Section 409A, the election to defer under this section must be made in the calendar year prior to the year in which services related to those RSU's are first performed. Notwithstanding anything to the contrary in this Agreement, shares of Common Stock will not be issued and you will not have any rights of a stockholder in Common Stock issuable under this Agreement to the extent that you have elected to defer the issuance and receipt of such Common Stock. If, however, your service as a member of the Corporation's Board of Directors terminates prior to the vesting dates set forth in your Notice of Grant, any shares that would not have vested on your date of termination will be cancelled regardless of your election. Notwithstanding your election to defer made in the calendar year prior to grant, the Corporation is not obligated to make a grant in any future year or in any given amount and should not create an expectation that the Corporation might make a grant in any future year or in any given amount.

10. Rights as Stockholder. Your RSUs may not be otherwise transferred or assigned, pledged, hypothecated or otherwise disposed of in any way, whether by operation of law or otherwise, and may not be subject to execution, attachment or similar process. Any attempt to transfer, assign, hypothecate or otherwise dispose of your RSUs other than as permitted above, will be void and unenforceable against the Corporation.

You will have the rights of a stockholder only after shares of the Common Stock have been issued to you following vesting of your RSUs and satisfaction of all other conditions to the issuance of those shares as set forth in this Agreement. RSUs shall not entitle you to any rights of a stockholder of Common Stock and there are no voting or dividend rights with respect to your RSUs. RSUs shall remain terminable pursuant to this Agreement at all times until they vest and convert into shares.

11. Amendments. The 2006 Plan and RSUs may be amended or altered by the Committee or the Board of Directors of the Corporation to the extent provided in the 2006 Plan.

12. Data Privacy. You explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document and any other RSU grant materials ("Data") by and among, the Corporation and any other Subsidiary for the exclusive purpose of implementing, administering and managing your participation in the 2006 Plan.

You hereby understand that the Corporation holds certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor for the purpose of implementing, administering and managing the 2006 Plan. You hereby understand that Data will be transferred E*Trade and any other third parties assisting in the implementation, administration and management of the 2006 Plan, that these recipients may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You hereby understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Corporation, E*Trade and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the exclusive purpose of implementing, administering and managing your participation in the 2006 Plan, including any requisite transfer of such Data as may be required to another broker or other third party with whom you may elect to deposit any shares of Common Stock acquired under your RSUs. You hereby understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the 2006 Plan. You hereby understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your service with the Company will not be affected; the only consequence of refusing or withdrawing your consent is that the Corporation would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you hereby understand that refusing or withdrawing your consent may affect your ability to participate in the 2006 Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you hereby understand that you may contact the human resources representative responsible for your country at the local or regional level.

Finally, upon request of the Corporation, you agree to provide an executed data privacy consent form (or any other agreements or consents) that the Corporation may deem necessary to obtain from you for the purpose of administering your participation in the 2006 Plan in compliance with the data privacy laws in your country, either now or in the future. You understand and agree that you will not be able to participate in the 2006 Plan if you fail to provide any such consent or agreement requested by the Corporation.

13. The 2006 Plan and Other Terms; Other Matters.

(a) Certain capitalized terms used in this Agreement are defined in the 2006 Plan. Any prior agreements, commitments or negotiations concerning the RSUs are superseded by this Agreement and your Notice of Grant. You hereby acknowledge that a copy of the 2006 Plan has been made available to you.

The grant of RSUs to you in any one year, or at any time, does not obligate the Corporation to make a grant in any future year or in any given amount and should not create an expectation that the Corporation might make a grant in any future year or in any given amount.

(b) To the extent that the grant of RSUs refers to the Common Stock of Intel Corporation, and as required by the laws of your country of residence, only authorized but unissued shares thereof will be utilized for delivery upon vesting in accord with the terms hereof.

(c) Notwithstanding any other provision of this Agreement, if any changes in law or the financial or tax accounting rules applicable to the RSUs covered by this Agreement will occur, the Corporation may, in its sole discretion, (1) modify this Agreement to impose such restrictions or procedures with respect to the RSUs (whether vested or unvested), the shares issued or issuable pursuant to the RSUs and/or any proceeds or payments from or relating to such shares as it determines to be necessary or appropriate to comply with applicable law or to address, comply with or offset the economic effect to the Corporation of any accounting or administrative matters relating thereto, or (2) cancel and cause a forfeiture with respect to any unvested RSUs at the time of such determination.

(d) Because this Agreement relates to terms and conditions under which you may be issued shares of Common Stock of Intel Corporation, a Delaware corporation, an essential term of this Agreement is that it will be governed by the laws of the State of Delaware, without regard to choice of law principles of Delaware or other jurisdictions. Any action, suit, or proceeding relating to this Agreement or the RSUs granted hereunder will be brought in the state or federal courts of competent jurisdiction in the State of California.

(e) Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Internal Revenue Code ("**Code**"). The RSUs are intended to comply with or be exempt from the applicable requirements of Section 409A of the Code and shall be limited, construed and interpreted in accordance with such intent; provided, that the Corporation does not guarantee you any particular tax treatment of the RSUs. In addition, if any provision of the RSUs would cause you to incur any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Corporation may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code. In no event whatsoever shall the Corporation be liable for any additional tax, interest or penalties that may be imposed on you by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

(f) Copies of Intel Corporation's Annual Report to Stockholders for its latest fiscal year and Intel Corporation's latest quarterly report are available, without charge, at the Corporation's business office.

14. Appendix. The RSUs and the shares of Common Stock acquired under the 2006 Plan shall be subject to any special terms and conditions for your country set forth in the Appendix to this Agreement. The Appendix constitutes part of this Agreement.

Appendix to the

INTEL CORPORATION
2006 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms used and not defined in this Appendix will have the meaning given to them in the Restricted Stock Unit Agreement (the "**Agreement**") and/or the Intel Corporation 2006 Equity Incentive Plan (the "**2006 Plan**"), as applicable.

Terms and Conditions

This Appendix, which is part of the Agreement, contains additional or different terms and conditions that govern the RSUs if you are residing outside of the United States. The terms and conditions in **Part A** apply to all participants outside of the United States. The country-specific terms and conditions in **Part B** apply to participants located in any of the countries listed in Part B.

If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency to another country after the RSUs are granted to you or are considered a resident of another country for local law purposes, the Corporation will determine to what extent the terms and conditions herein will apply to you.

Notifications

This Appendix also includes information regarding securities laws and certain other issues of which you should be aware with respect to your participation in the 2006 Plan. The information is based on the securities, exchange control and other laws in effect in the respective countries as of January 2021. Such laws are often complex and change frequently. As a result, the Corporation strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the 2006 Plan because the information may be out of date at vesting and settlement of the RSUs, upon the subsequent sale of the shares of Common Stock or upon the receipt of any dividends.

In addition, the information is general in nature and may not apply to your particular situation, and the Corporation is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

1. **NON-U.S. PROVISIONS**

a. Nature of Grant. The following provision supplements Section 13 of the Restricted Stock Unit Agreement. In accepting the RSUs, you acknowledge, understand and agree that:

(i)the 2006 Plan is established voluntarily by the Corporation, is discretionary in nature and may be modified, amended, suspended or terminated by the Corporation at any time, to the extent permitted by the 2006 Plan;

(ii)the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of restricted stock units, or benefits in lieu of restricted stock units, even if restricted stock units have been granted in the past;

(iii)all decisions with respect to future restricted stock units or other grants, if any, will be at the sole discretion of the Corporation;

(iv)the grant of RSUs and your participation in the 2006 Plan shall not create a right to employment or service or be interpreted as forming an employment or service contract with the Corporation and shall not interfere with the ability of the Corporation, to terminate your service;

(v)you are voluntarily participating in the 2006 Plan;

(vi)the RSUs and the shares of Common Stock subject to the RSUs, and the income from and value of same, are not intended to replace any pension rights or compensation;

(vii)the RSUs and the shares of Common Stock subject to the RSUs, and the income from and value of same, are not part of normal or expected compensation for any purposes, including, but not limited to, calculation of any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar mandatory payments;

(viii)the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(ix)notwithstanding any terms or conditions of the 2006 Plan to the contrary, for purposes of your RSUs, your service will be considered terminated as of the date you are no longer actively providing services to the Corporation (regardless of the reason for such termination and whether or not later found to be invalid or in breach of service laws in the jurisdiction where you are providing service or the terms of your service agreement, if any) and will not be extended by any notice period (e.g., your period of service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are providing service or the terms of your service agreement, if any). The Committee (as defined below) shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your RSU grant (including whether you may still be considered to be providing services while on a leave of absence); and

(x)the Corporation will not be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to you pursuant to the RSUs or the subsequent sale of any shares of Common Stock subject to the RSUs acquired under the 2006 Plan.

b. Language. You acknowledge that you are proficient in the English language, or have consulted with an advisor who is sufficiently proficient in English, so as to allow you to understand the terms and conditions of this Agreement. If you have received this Agreement or any other document related to the RSUs translated into a language other than English and if the meaning of the translated version differs from the English version, the English version shall control.

c. Electronic Delivery and Participation. The Corporation may, in its sole discretion, decide to deliver any documents related to RSUs granted under the 2006 Plan or future RSUs that may be granted under the 2006 Plan by electronic means or request your consent to participate in the 2006 Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the 2006 Plan through any on-line or electronic system established and maintained by the Corporation or a third party designated by the Corporation.

d. Insider Trading Restrictions/Market Abuse Laws. You acknowledge that you may be subject to insider trading restrictions and/or market abuse laws based on the exchange on which the shares of Common Stock are listed and in applicable jurisdictions, including the United States, your country and the broker's country, which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares of Common Stock (*e.g.*, RSUs) or rights links to the value of shares of Common Stock under the 2006 Plan during such times as you considered to have "inside information" regarding the Corporation (as defined by the laws in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Corporation insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions and that you should speak to your personal advisor on this matter.

e. Exchange Control, Foreign Asset/Account and/or Tax Reporting Requirements. You acknowledge that there may be certain exchange control, foreign asset/account and/or tax reporting requirements which may affect your ability to acquire or hold shares of Common Stock or cash received from participating in the 2006 Plan (including the proceeds from the sale of shares of Common Stock and the receipt of any dividends) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or related transactions to the tax or other authorities in your country. You also may be required to repatriate sale proceeds or other funds received as a result of participating in the 2006 Plan to your country within a certain time after receipt. You acknowledge that it is your responsibility to comply with such regulations and that you should speak to your personal advisor on this matter.

B. <u>COUNTRY-SPECIFIC PROVISIONS</u>

AUSTRALIA

Terms and Conditions

<u>Australian Offer Document</u>. Additional details regarding the offer of the RSUs are set forth in the Offer to Australian Resident Employees.

<u>Tax Information</u>. The 2006 Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) applies (subject to conditions in the Act).

Exhibit 31.1

CERTIFICATION

I, Patrick P. Gelsinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	October 27, 2022	By: /s/ PATRICK P. GELSINGER
		Patrick P. Gelsinger
		Chief Executive Officer, Director and Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, David Zinsner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date:	October 27, 2022	By: /s/ DAVID ZINSNER
		David Zinsner
		Executive Vice President and Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Intel Corporation (Intel), that, to his knowledge, the Quarterly Report of Intel on Form 10-Q for the period ended October 1, 2022, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Intel. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 10-Q. A signed original of this statement, which may be electronic, has been provided to Intel and will be retained by Intel and furnished to the Securities and Exchange Commission or its staff upon request.

Date:	October 27, 2022	By: /s/ PATRICK P. GELSINGER Patrick P. Gelsinger Chief Executive Officer, Director and Principal Executive Officer
Date:	October 27, 2022	By: /s/ DAVID ZINSNER David Zinsner Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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 April 1, 2023

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 April 21, 2023, the registrant had outstanding 4,171 million shares of common stock.

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Organization of Our Form 10-Q

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

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

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

Forward-Looking Statements

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

- our business plans and strategy and anticipated benefits therefrom, including our IDM 2.0 strategy, our partnership with Brookfield, the transition to an internal foundry model, and updates to our reporting structure;
- projections of our future financial performance, including future revenue, gross margins, capital expenditures, and cash flows;
- projected costs and yield trends;
- future cash requirements and the availability, uses, sufficiency, and cost of capital resources, and sources of funding, including future capital and R&D investments, credit rating expectations, and expected returns to stockholders such as stock repurchases and dividends;
- future products, services and technologies, and the expected goals, timeline, ramps, progress, availability, production, regulation and benefits of such products, services and technologies, including future process nodes and packaging technology, product roadmaps, schedules, future product architectures, expectations regarding process performance, per-watt parity, and metrics and expectations regarding product and process leadership;
- investment plans, and impacts of investment plans, including in the US and abroad;
- internal and external manufacturing plans, including future internal manufacturing volumes, manufacturing expansion plans and the financing therefor, and external foundry usage;
- future production capacity and product supply;
- supply expectations, including regarding constraints, limitations, pricing, and industry shortages;
- plans and goals related to Intel's foundry business, including with respect to future manufacturing capacity and foundry service offerings, including technology and IP offerings;
- expected timing and impact of acquisitions, divestitures, and other significant transactions, including statements relating to the completion of our acquisition of Tower Semiconductor Ltd. and the sale of our NAND memory business;
- expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives, including those related to the 2022 Restructuring Program;
- future social, and environmental performance, goals, measures and strategies;
- our anticipated growth, future market share, and trends in our businesses and operations;
- projected growth and trends in markets relevant to our businesses;
- anticipated trends and impacts related to industry component, substrate, and foundry capacity utilization, shortages and constraints;
- expectations regarding government incentives;
- future technology trends;
- future macro environmental and economic conditions, including regional or global downturns or recessions;
- future responses to and effects of COVID-19, including as to manufacturing, transportation and operational restrictions and disruptions and broader economic conditions;
- geopolitical conditions, including the impacts of Russia's war on Ukraine;
- tax- and accounting-related expectations;
- expectations regarding our relationships with certain sanctioned parties; and
- other characterizations of future events or circumstances.

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

- changes in demand for our products;
- changes in product mix;
- the complexity and fixed cost nature of our manufacturing operations;
- the high level of competition and rapid technological change in our industry;
- the significant upfront investments in R&D and our business, products, technologies, and manufacturing capabilities;
- vulnerability to new product development and manufacturing-related risks, including product defects or errata, particularly as we develop next generation products and implement next generation process technologies;
- risks associated with highly complex global supply chain, including from disruptions, delays, trade tensions, or shortages;
- sales-related risks, including customer concentration and the use of distributors and other third parties;
- potential security vulnerabilities in our products;

- cybersecurity and privacy risks;
- investment and transaction risk;
- IP risks and risks associated with litigation and regulatory proceedings;
- evolving regulatory and legal requirements across many jurisdictions;
- geopolitical and international trade conditions;
- our debt obligations;
- risks of large scale global operations;.
- macroeconomic conditions;
- impacts of the COVID-19 or similar such pandemic;
- other risks and uncertainties described in this report, our 2022 Form 10-K and our other filings with the SEC.

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

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

Availability of Company Information

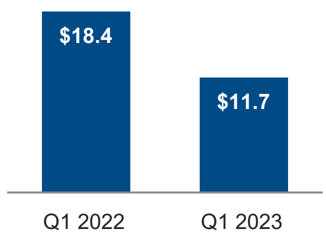
We use our Investor Relations website, *www.intc.com*, as a routine channel for distribution of important, and often material, information about us, including our quarterly and annual earnings results and presentations, press releases, announcements, information about upcoming webcasts, analyst presentations, and investor days, archives of these events, financial information, corporate governance practices, and corporate responsibility information. We do not distribute our financial results via a news wire service. All such information is available on our Investor Relations website free of charge. Our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we post financial information and issue press releases, and to receive information about upcoming events. We encourage interested persons to follow our Investor Relations website in addition to our filings with the SEC to timely receive information about the company.

A Quarter in Review

Total revenue of $11.7 billion was down $6.6 billion or 36% from Q1 2022, as CCG revenue decreased 38%, DCAI revenue decreased 39%, and NEX revenue decreased 30%. Q1 2023 results were impacted by an uncertain macroeconomic environment, with slowing consumer and enterprise demand, persistent inflation, and higher interest rates, that we believe impacts our target markets and creates a high level of uncertainty with our customers. We believe CCG, DCAI, and NEX customers, among others, tempered purchases to reduce their existing inventories and adjust to the macroeconomic uncertainty. CCG revenue decreased due to lower notebook and desktop volumes on lower demand, while notebook ASPs decreased due to a higher mix of small core and older generation products. DCAI revenue decreased due to lower server volume resulting from a softening data center market, partially offset by an increase in revenue from the FPGA product line. NEX revenue decreased due to lower demand for Edge, Network Xeon, and Ethernet products.

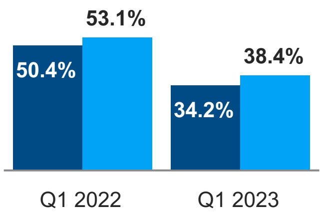
Revenue

■ GAAP $B



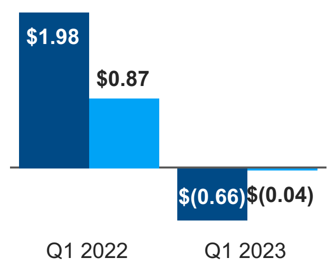
Gross Margin

■ GAAP ■ Non-GAAP



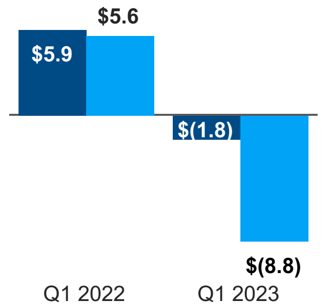
Diluted EPS attributable to Intel

■ GAAP ■ Non-GAAP



Cash Flows

■ Operating Cash Flow $B
■ Adjusted Free Cash Flow $B



Revenue	Gross Margin		Diluted EPS		Cash Flows	
$11.7B GAAP	34.2% GAAP	38.4% non-GAAP[1]	$(0.66) GAAP	$(0.04) non-GAAP[1]	$(1.8)B GAAP	$(8.8)B non-GAAP[1]
Revenue down $6.6B or 36% from Q1 2022	Gross margin down 16.2 ppts from Q1 2022	Gross margin down 14.7 ppts from Q1 2022	Diluted EPS down $2.64 or 133% from Q1 2022	Diluted EPS down $0.91 or 105% from Q1 2022	Operating cash flow down $7.7B or 131% from Q1 2022	Adjusted free cash flow down $14.4B or 257% from Q1 2022
Lower revenue in CCG, DCAI, and NEX.	Lower GAAP gross margin from lower revenue, higher unit cost, and higher excess capacity charges, partially offset by a decrease in product ramp costs.		Lower GAAP EPS from lower gross margin, and lack of one-time benefits recognized in Q1 2022 (gains on the sale of McAfee and the NAND divestiture, and the benefit from the EC fine reversal).		Lower operating cash flow driven primarily by a net operating loss.	

Key Developments

- CCG introduced the 13th Gen Intel® Core™ mobile processor family, led by the launch of the first 24-core processor for a laptop, and introduced the new Intel vPro® platform powered by the full lineup of 13th Gen Intel Core processors.
- DCAI launched the 4th Gen Intel® Xeon® Scalable processors, a critical part of our heterogeneous hardware and software portfolio to accelerate real-world workloads, including AI, and announced the 5th Gen Xeon Scalable processor.
- NEX launched the 4th Gen Intel® Xeon® Scalable processors with Intel® vRAN Boost, a new general-purpose chip that fully integrates Layer 1 acceleration into the Xeon SoC and is designed to eliminate the need for external accelerator cards.
- IFS announced a multigeneration agreement with Arm to enable chip designers to build low-power compute system-on-chips (SoCs) on the Intel 18A process.

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

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Consolidated Condensed Statements of Income

	Three Months Ended	
(In Millions, Except Per Share Amounts; Unaudited)	Apr 1, 2023	Apr 2, 2022
Net revenue	**$ 11,715**	**$ 18,353**
Cost of sales	7,707	9,109
Gross margin	**4,008**	**9,244**
Research and development	4,109	4,362
Marketing, general, and administrative	1,303	1,752
Restructuring and other charges	64	(1,211)
Operating expenses	**5,476**	**4,903**
Operating income (loss)	**(1,468)**	**4,341**
Gains (losses) on equity investments, net	169	4,323
Interest and other, net	141	997
Income (loss) before taxes	**(1,158)**	**9,661**
Provision for taxes	1,610	1,548
Net income (loss)	**(2,768)**	**8,113**
Less: Net income (loss) attributable to non-controlling interests	(10)	—
Net income (loss) attributable to Intel	**$ (2,758)**	**$ 8,113**
Earnings (loss) per share attributable to Intel—basic	**$ (0.66)**	**$ 1.99**
Earnings (loss) per share attributable to Intel—diluted	**$ (0.66)**	**$ 1.98**
Weighted average shares of common stock outstanding:		
Basic	**4,154**	**4,079**
Diluted	**4,154**	**4,107**

See accompanying notes.

Consolidated Condensed Statements of Comprehensive Income

(In Millions; Unaudited)	Three Months Ended Apr 1, 2023	Apr 2, 2022
Net income (loss)	**$ (2,768)**	**$ 8,113**
Changes in other comprehensive income, net of tax:		
Net unrealized holding gains (losses) on derivatives	142	(115)
Actuarial valuation and other pension benefits (expenses), net	1	18
Translation adjustments and other	—	(25)
Other comprehensive income (loss)	**143**	**(122)**
Total comprehensive income (loss)	**(2,625)**	**7,991**
Less: comprehensive income (loss) attributable to non-controlling interests	(10)	—
Total comprehensive income (loss) attributable to Intel	**$ (2,615)**	**$ 7,991**

See accompanying notes.

Consolidated Condensed Balance Sheets

(In Millions; Unaudited)	Apr 1, 2023	Dec 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 8,232	$ 11,144
Short-term investments	19,302	17,194
Accounts receivable, net	3,847	4,133
Inventories	12,993	13,224
Other current assets	3,940	4,712
Total current assets	**48,314**	**50,407**
Property, plant and equipment, net of accumulated depreciation of $94,550 ($93,386 as of December 31, 2022)	**85,734**	**80,860**
Equity investments	**6,029**	**5,912**
Goodwill	**27,591**	**27,591**
Identified intangible assets, net	**5,567**	**6,018**
Other long-term assets	**12,068**	**11,315**
Total assets	**$ 185,303**	**$ 182,103**
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$ 1,437	$ 4,367
Accounts payable	8,083	9,595
Accrued compensation and benefits	2,497	4,084
Income taxes payable	4,046	2,251
Other accrued liabilities	11,330	11,858
Total current liabilities	**27,393**	**32,155**
Debt	**48,836**	**37,684**
Long-term income taxes payable	**3,831**	**3,796**
Other long-term liabilities	**4,840**	**5,182**
Contingencies (Note 12)		
Stockholders' equity:		
Common stock and capital in excess of par value, 4,171 issued and outstanding (4,137 issued and outstanding as of December 31, 2022)	32,829	31,580
Accumulated other comprehensive income (loss)	(419)	(562)
Retained earnings	65,649	70,405
Total Intel stockholders' equity	**98,059**	**101,423**
Non-controlling interests	**2,344**	**1,863**
Total stockholders' equity	**100,403**	**103,286**
Total liabilities and stockholders' equity	**$ 185,303**	**$ 182,103**

See accompanying notes.

Consolidated Condensed Statements of Cash Flows

(In Millions; Unaudited)	Three Months Ended Apr 1, 2023	Apr 2, 2022
Cash and cash equivalents, beginning of period	**$ 11,144**	**$ 4,827**
Cash flows provided by (used for) operating activities:		
Net income (loss)	(2,768)	8,113
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,901	2,847
Share-based compensation	739	707
Restructuring and other charges	55	17
Amortization of intangibles	465	501
(Gains) losses on equity investments, net	(167)	(4,325)
(Gains) losses on divestitures	—	(1,121)
Changes in assets and liabilities:		
Accounts receivable	286	2,384
Inventories	231	(1,147)
Accounts payable	(771)	(128)
Accrued compensation and benefits	(1,560)	(1,884)
Income taxes	1,344	1,219
Other assets and liabilities	(1,540)	(1,292)
Total adjustments	**983**	**(2,222)**
Net cash provided by (used for) operating activities	**(1,785)**	**5,891**
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(7,413)	(4,604)
Purchases of short-term investments	(16,132)	(19,091)
Maturities and sales of short-term investments	14,173	10,490
Sales of equity investments	116	4,682
Proceeds from divestitures	—	6,544
Other investing	735	(660)
Net cash used for investing activities	**(8,521)**	**(2,639)**
Cash flows provided by (used for) financing activities:		
Repayment of commercial paper	(2,930)	—
Payments on finance leases	(15)	(299)
Partner contributions	449	—
Issuance of long-term debt, net of issuance costs	10,968	—
Proceeds from sales of common stock through employee equity incentive plans	659	589
Payment of dividends to stockholders	(1,512)	(1,487)
Other financing	(225)	(667)
Net cash provided by (used for) financing activities	**7,394**	**(1,864)**
Net increase (decrease) in cash and cash equivalents	**(2,912)**	**1,388**
Cash and cash equivalents, end of period	**$ 8,232**	**$ 6,215**
Supplemental disclosures:		
Acquisition of property, plant and equipment included in accounts payable and accrued liabilities	$ 4,711	$ 2,949
Cash paid during the period for:		
Interest, net of capitalized interest	$ 313	$ 177
Income taxes, net of refunds	$ 267	$ 335

See accompanying notes.

Consolidated Condensed Statements of Stockholders' Equity

(In Millions, Except Per Share Amounts; Unaudited)	Common Stock and Capital in Excess of Par Value		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-Controlling Interests	Total
	Shares	Amount				
Three Months Ended						
Balance as of December 31, 2022	**$ 4,137**	**$ 31,580**	**$ (562)**	**$ 70,405**	**$ 1,863**	**$ 103,286**
Net income (loss)	—	—	—	(2,758)	(10)	(2,768)
Other comprehensive income (loss)	—	—	143	—	—	143
Net proceeds received from partner contributions	—	—	—	—	449	449
Employee equity incentive plans and other	36	659	—	—	—	659
Share-based compensation	—	697	—	—	42	739
Restricted stock unit withholdings	(2)	(107)	—	38	—	(69)
Cash dividends declared ($0.49 per share)	—	—	—	(2,036)	—	(2,036)
Balance as of April 1, 2023	**$ 4,171**	**$ 32,829**	**$ (419)**	**$ 65,649**	**$ 2,344**	**$ 100,403**
Balance as of December 25, 2021	**$ 4,070**	**$ 28,006**	**$ (880)**	**$ 68,265**	**$ —**	**$ 95,391**
Net income (loss)	—	—	—	8,113	—	8,113
Other comprehensive income (loss)	—	—	(122)	—	—	(122)
Employee equity incentive plans and other	20	589	—	—	—	589
Share-based compensation	—	707	—	—	—	707
Restricted stock unit withholdings	(1)	(58)	—	3	—	(55)
Cash dividends declared ($0.37 per share)	—	—	—	(1,487)	—	(1,487)
Balance as of April 2, 2022	**$ 4,089**	**$ 29,244**	**$ (1,002)**	**$ 74,894**	**$ —**	**$ 103,136**

See accompanying notes.

Notes to Consolidated Condensed Financial Statements

Note 1 : Basis of Presentation

We prepared our interim Consolidated Condensed Financial Statements that accompany these notes in conformity with US GAAP, consistent in all material respects with those applied in our 2022 Form 10-K.

We have a 52- or 53-week fiscal year that ends on the last Saturday in December. Fiscal year 2023 is a 52-week fiscal year; fiscal 2022 was a 53-week fiscal year, with the extra week included in the first quarter of 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 2022 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 the organizational change to integrate AXG into CCG and DCAI. This change is intended to drive a more effective go-to-market capability and to accelerate the scale of these businesses, while also reducing costs. As a result, we modified our segment reporting in the first quarter of 2023 to align to this and certain other business reorganizations. 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 2023.

We now manage our business through the following operating segments:

- Client Computing (CCG)
- Data Center and AI (DCAI)
- Network and Edge (NEX)
- 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. Mobileye and IFS do not qualify as reportable operating segments; however, we have elected to disclose the results of these non-reportable operating segments. 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:

- results of operations from non-reportable segments not otherwise presented, and from start-up businesses that support our initiatives;
- historical results of operations from divested businesses;
- amounts included within *restructuring and other charges*;
- employee benefits, compensation, impairment charges, and other expenses not allocated to the operating segments; 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 2022 Form 10-K except for the organizational change described above.

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

	Three Months Ended	
(In Millions)	**Apr 1, 2023**	**Apr 2, 2022**
Net revenue:		
Client Computing		
Desktop	$ 1,879	$ 2,641
Notebook	3,407	5,959
Other	481	722
	5,767	**9,322**
Data Center and AI	**3,718**	**6,074**
Network and Edge	**1,489**	**2,139**
Mobileye	**458**	**394**
Intel Foundry Services	**118**	**156**
All other	**165**	**268**
Total net revenue	**$ 11,715**	**$ 18,353**
Operating income (loss):		
Client Computing	**$ 520**	**$ 2,722**
Data Center and AI	**(518)**	**1,393**
Network and Edge	**(300)**	**416**
Mobileye	**123**	**148**
Intel Foundry Services	**(140)**	**(23)**
All other	**(1,153)**	**(315)**
Total operating income (loss)	**$ (1,468)**	**$ 4,341**

Note 3 : Non-Controlling Interests

Semiconductor Co-Investment Program

In 2022, we closed a transaction with Brookfield Asset Management (Brookfield) resulting in the formation of Arizona Fab LLC (Arizona Fab), a VIE for which we and Brookfield own 51% and 49%, respectively. Because we are the primary beneficiary of the VIE, we fully consolidate the results of Arizona Fab into our consolidated financial statements. Generally, contributions will be made to, and distributions will be received from, Arizona Fab based on both parties' proportional ownership. We will be the sole operator and majority owner of two new chip factories that will be constructed by Arizona Fab, and we will have the right to purchase 100% of the related factory output. Once production commences, we will be required to operate Arizona Fab at minimum production levels measured in wafer starts per week and will be required to limit excess inventory held on site or we will be subject to certain penalties.

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

As of April 1, 2023, a substantial majority of the assets of Arizona Fab consisted of property, plant and equipment. The assets held by Arizona Fab, which can be used only to settle obligations of the VIE and are not available to us, were $2.7 billion as of April 1, 2023 ($1.8 billion as of December 31, 2022).

Non-controlling interest in Arizona Fab was $1.3 billion as of April 1, 2023 ($874 million as of December 31, 2022). Net loss attributable to non-controlling interest in Arizona Fab was $5 million in the first three months of 2023; there was no net income (loss) attributable to non-controlling interest in the first three months of 2022.

Mobileye

In October 2022, Mobileye completed its IPO and certain other equity financing transactions that resulted in net proceeds of $1.0 billion. As of April 1, 2023, Intel held approximately 94% (94% as of December 31, 2022) of the outstanding equity interest in Mobileye. Non-controlling interest in Mobileye was $1.0 billion as of April 1, 2023 ($1.0 billion as of December 31, 2022). Net loss attributable to non-controlling interest in Mobileye was $5 million in the first three months of 2023; there was no net income (loss) attributable to non-controlling interest in the first three months of 2022.

Note 4 : Earnings (Loss) Per Share

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

	Three Months Ended	
(In Millions, Except Per Share Amounts)	**Apr 1, 2023**	**Apr 2, 2022**
Net income (loss)	**$ (2,768)**	**$ 8,113**
Less: Net income (loss) attributable to non-controlling interests	(10)	—
Net income (loss) attributable to Intel	**(2,758)**	**8,113**
Weighted average shares of common stock outstanding—basic	**4,154**	**4,079**
Dilutive effect of employee equity incentive plans	—	28
Weighted average shares of common stock outstanding—diluted	**4,154**	**4,107**
Earnings (loss) per share attributable to Intel—basic	**$ (0.66)**	**$ 1.99**
Earnings (loss) per share attributable to Intel—diluted	**$ (0.66)**	**$ 1.98**

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. Due to our net loss in the first three months of 2023, 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 had an antidilutive effect on diluted earnings per share.

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

Note 5 : Other Financial Statement Details

Accounts Receivable

We sell certain of our accounts receivable on a non-recourse basis to third-party financial institutions. We record these transactions as sales of receivables and present cash proceeds as *cash provided by operating activities* in the Consolidated Condensed Statements of Cash Flows. Accounts receivable sold under non-recourse factoring arrangements were $500 million during the first three months of 2023, and we did not factor accounts receivable during the first three months of 2022. After the sale of our accounts receivable, we will collect payment from the customers and remit it to the third-party financial institution.

Inventories

(In Millions)	**Apr 1, 2023**	**Dec 31, 2022**
Raw materials	$ 1,358	$ 1,517
Work in process	7,415	7,565
Finished goods	4,220	4,142
Total inventories	**$ 12,993**	**$ 13,224**

Interest and Other, Net

	Three Months Ended	
(In Millions)	**Apr 1, 2023**	**Apr 2, 2022**
Interest income	$ 334	$ 47
Interest expense	(193)	(124)
Other, net	—	1,074
Total interest and other, net	**$ 141**	**$ 997**

Interest expense is net of $363 million of interest capitalized in the first three months of 2023 ($142 million in the first three months of 2022). *Other, net* includes a gain in 2022 of $1.0 billion resulting from the first closing of the divestiture of our NAND memory business.

Property, Plant and Equipment

Effective January 2023, we increased the estimated useful life of certain production machinery and equipment from 5 years to 8 years. We estimate this change resulted in an approximate $360 million increase to gross margin, an approximate $100 million decrease in R&D expenses, and an approximate $525 million decrease in ending inventory values in Q1 2023 when compared to what the impact would have been using the estimated useful life in place prior to this change.

Note 6 : Restructuring and Other Charges

	Three Months Ended	
(In Millions)	**Apr 1, 2023**	**Apr 2, 2022**
Employee severance and benefit arrangements	$ (39)	$ 5
Litigation charges and other	77	(1,216)
Asset impairment charges	26	—
Total restructuring and other charges	**$ 64**	**$ (1,211)**

The 2022 Restructuring Program was approved in the third quarter of 2022 to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our strategy. We expect these actions to be substantially completed by the end of 2023, but this is subject to change. Any changes to the estimates or timing of executing the 2022 Restructuring Program will be reflected in our results of operations.

Restructuring activity for the 2022 Restructuring Program during the first three months of 2023 was as follows:

(In Millions)	
Accrued restructuring balance as of December 31, 2022	$ 873
Adjustments	(41)
Cash payments	(487)
Accrued restructuring balance as of April 1, 2023	**$ 345**

The accrued restructuring balance as of April 1, 2023, was recorded as a current liability within *accrued compensation and benefits* on the Consolidated Condensed Balance Sheets.

Litigation charges and other includes a $1.2 billion benefit in the first three months of 2022 from the annulled penalty related to an EC fine that was recorded and paid in 2009. Refer to "Note 12: Contingencies" within the Notes to Consolidated Condensed Financial Statements for further information on legal proceedings related to the EC fine.

Note 7 : 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-US government bonds and US agency securities. Financial institution instruments include instruments issued or managed by financial institutions in various forms, such as commercial paper, fixed- and floating-rate bonds, money market fund deposits, and time deposits. As of April 1, 2023, and December 31, 2022, substantially all time deposits were issued by institutions outside the US.

For certain of our marketable debt investments, we economically hedge market risks at inception with a related derivative instrument or the marketable debt investment itself is used to economically hedge currency exchange rate risk from remeasurement. These hedged investments are reported at fair value with gains or losses from the investments and the related derivative instruments recorded in *interest and other, net*. The fair value of our hedged investments was $18.2 billion as of April 1, 2023 ($16.2 billion as of December 31, 2022). For hedged investments still held at the reporting date, we recorded net gains of $90 million in the first three months of 2023 ($411 million of net losses in the first three months of 2022). We recorded net losses on the related derivatives of $102 million in the first three months of 2023 ($377 million of net gains in the first three months of 2022).

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 our unhedged investments was $7.0 billion as of April 1, 2023 ($10.2 billion as of December 31, 2022), which approximated the fair value for these periods.

The fair value of marketable debt investments, by contractual maturity, as of April 1, 2023, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	$ 15,874
Due in 1–2 years	1,805
Due in 2–5 years	4,850
Due after 5 years	734
Instruments not due at a single maturity date[1]	1,947
Total	**$ 25,210**

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

Equity Investments

(In Millions)	Apr 1, 2023	Dec 31, 2022
Marketable equity securities[1]	$ 1,421	$ 1,341
Non-marketable equity securities	4,598	4,561
Equity method investments	10	10
Total	**$ 6,029**	**$ 5,912**

[1] *Over 90% of our marketable equity securities are subject to trading-volume or market-based restrictions, which limit the number of shares we may sell in a specified period of time, impacting our ability to liquidate these investments. The trading volume restrictions generally apply for as long as we own more than 1% of the outstanding shares. Market-based restrictions result from the rules of the respective exchange.*

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

	Three Months Ended	
(In Millions)	Apr 1, 2023	Apr 2, 2022
Ongoing mark-to-market adjustments on marketable equity securities	$ 188	$ (430)
Observable price adjustments on non-marketable equity securities	10	71
Impairment charges	(36)	(23)
Sale of equity investments and other[1]	7	4,705
Total gains (losses) on equity investments, net	**$ 169**	**$ 4,323**

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

Net unrealized gains and losses for our marketable and non-marketable equity securities for each period were as follows:

	Three Months Ended	
(In Millions)	Apr 1, 2023	Apr 2, 2022
Net unrealized gains (losses) recognized during the period on equity securities	$ 166	$ (244)
Less: Net (gains) losses recognized during the period on equity securities sold during the period	(3)	(17)
Net unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	**$ 163**	**$ (261)**

McAfee Corp.

During the first quarter of 2022, the sale of the McAfee consumer business 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.*

Note 8 : Acquisitions and Divestitures

Acquisitions

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. 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. 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. We continue to work to close the transaction, which is subject to certain regulatory approvals and customary closing conditions. If regulatory approvals are not received prior to August 15, 2023, and the agreement is terminated by either party, we may be obligated to pay Tower a termination fee of $353 million. Tower will be included in our IFS operating segment.

Divestitures

NAND Memory Business

On December 29, 2021, we closed the first phase of our agreement with SK hynix Inc. (SK hynix) to divest our NAND memory business for $9.0 billion in cash. Our NAND memory business includes our NAND memory technology and manufacturing business (the NAND OpCo Business), of which we deconsolidated our ongoing interests in as part of the sale. The transaction will be completed in two closings and upon first closing in the first three months 2022, SK hynix paid $7.0 billion of consideration and we recognized a pre-tax gain of $1.0 billion within *interest and other, net*, and tax expense of $495 million. We recorded a receivable in *other long-term assets* for the remaining proceeds of $1.9 billion which remains outstanding as of April 1, 2023, and will be received upon the second closing of the transaction, expected to be no earlier than March 2025.

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.

As of April 1, 2023, we also have a receivable due from the NAND OpCo Business, a deconsolidated entity, of $184 million recorded within *other current assets* on the Consolidated Condensed Balance Sheets. We will be reimbursed for costs of approximately $35 million per quarter in 2023 for corporate function services, which include human resources, information technology, finance, supply chain, and other compliance requirements associated with being wholly owned subsidiaries.

Note 9 : Borrowings

In the first quarter of 2023, we issued a total of $11.0 billion aggregate principal amount of senior notes. We also amended both our 5-year $5.0 billion revolving credit facility agreement, extending the maturity date by one year to March 2028, and our 364-day credit facility agreement, extending the maturity date to March 2024. The revolving credit facilities had no borrowings outstanding as of April 1, 2023.

We have an ongoing authorization from our Board of Directors to borrow up to $10.0 billion under our commercial paper program. In the first quarter of 2023, we settled in cash $2.9 billion of our commercial paper and had $1.0 billion outstanding as of April 1, 2023.

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 10 : Fair Value

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

	Apr 1, 2023				Dec 31, 2022			
	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	$ —	$ 1,395	$ —	$ 1,395	$ —	$ 856	$ —	$ 856
Financial institution instruments[1]	1,806	2,177	—	3,983	6,899	1,474	—	8,373
Government debt[2]	233	297	—	530	—	—	—	—
Reverse repurchase agreements	—	1,700	—	1,700	—	1,301	—	1,301
Short-term investments:								
Corporate debt	—	5,441	—	5,441	—	5,381	—	5,381
Financial institution instruments[1]	141	5,019	—	5,160	196	4,729	—	4,925
Government debt[2]	49	8,652	—	8,701	48	6,840	—	6,888
Other current assets:								
Derivative assets	78	959	—	1,037	—	1,264	—	1,264
Loans receivable[3]	—	54	—	54	—	53	—	53
Marketable equity securities	1,421	—	—	1,421	1,341	—	—	1,341
Other long-term assets:								
Derivative assets	—	5	—	5	—	10	—	10
Total assets measured and recorded at fair value	**$ 3,728**	**$25,699**	**$ —**	**$29,427**	**$ 8,484**	**$21,908**	**$ —**	**$30,392**
Liabilities								
Other accrued liabilities:								
Derivative liabilities	$ 8	$ 350	$ 81	$ 439	$ 111	$ 485	$ 89	$ 685
Other long-term liabilities:								
Derivative liabilities	—	515	—	515	—	699	—	699
Total liabilities measured and recorded at fair value	**$ 8**	**$ 865**	**$ 81**	**$ 954**	**$ 111**	**$ 1,184**	**$ 89**	**$ 1,384**

[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 US Treasury securities. Level 2 investments consist primarily of non-US 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.*

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 April 1, 2023 was $459 million (the aggregate carrying value as of December 31, 2022 was $437 million). The aggregate carrying value of reverse repurchase agreements with original maturities greater than three months as of April 1, 2023 was $0 million (the aggregate carrying value as of December 31, 2022 was $400 million).

We classify the fair value of issued debt (excluding any commercial paper) as Level 2. The fair value of our issued debt was $45.9 billion as of April 1, 2023 ($34.3 billion as of December 31, 2022).

Note 11 : Derivative Financial Instruments

Volume of Derivative Activity

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

(In Millions)	Apr 1, 2023	Dec 31, 2022
Foreign currency contracts	$ 30,847	$ 31,603
Interest rate contracts	16,590	16,011
Other	2,058	2,094
Total	**$ 49,495**	**$ 49,708**

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

	Apr 1, 2023		Dec 31, 2022	
(In Millions)	Assets[1]	Liabilities[2]	Assets[1]	Liabilities[2]
Derivatives designated as hedging instruments:				
Foreign currency contracts[3]	$ 187	$ 185	$ 142	$ 290
Interest rate contracts	—	585	—	777
Total derivatives designated as hedging instruments	**187**	**770**	**142**	**1,067**
Derivatives not designated as hedging instruments:				
Foreign currency contracts[3]	537	156	866	194
Interest rate contracts	240	20	266	12
Equity contracts	78	8	—	111
Total derivatives not designated as hedging instruments	**855**	**184**	**1,132**	**317**
Total derivatives	**$ 1,042**	**$ 954**	**$ 1,274**	**$ 1,384**

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 substantial majority of these instruments mature within 12 months.*

Amounts Offset in the Consolidated Condensed Balance Sheets

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

	Apr 1, 2023					
				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	$ 966	$ —	$ 966	$ (471)	$ (495)	$ —
Reverse repurchase agreements	1,700	—	1,700	—	(1,700)	—
Total assets	**2,666**	**—**	**2,666**	**(471)**	**(2,195)**	**—**
Liabilities:						
Derivative liabilities subject to master netting arrangements	935	—	935	(471)	(392)	72
Total liabilities	**$ 935**	**$ —**	**$ 935**	**$ (471)**	**$ (392)**	**$ 72**

	Dec 31, 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	$ 1,231	$ —	$ 1,231	$ (546)	$ (682)	$ 3
Reverse repurchase agreements	1,701	—	1,701	—	(1,701)	—
Total assets	**2,932**	**—**	**2,932**	**(546)**	**(2,383)**	**3**
Liabilities:						
Derivative liabilities subject to master netting arrangements	1,337	—	1,337	(546)	(712)	79
Total liabilities	**$ 1,337**	**$ —**	**$ 1,337**	**$ (546)**	**$ (712)**	**$ 79**

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 $53 million net gains in the first three months of 2023 ($115 million net losses in the first three months of 2022). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first three months of 2023 and 2022, 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:

	Gains (Losses) Recognized in Consolidated Condensed Statements of Income on Derivatives	
	Three Months Ended	
(In Millions)	Apr 1, 2023	Apr 2, 2022
Interest rate contracts	$ 192	$ (711)
Hedged items	(192)	711
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	Carrying Amount of the Hedged Item Asset/ (Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)	
(In Millions)	Apr 1, 2023	Dec 31, 2022	Apr 1, 2023	Dec 31, 2022
Long-term debt	$ (11,413)	$ (11,221)	$ 584	$ 776

The total notional amount of pay-variable and receive-fixed interest rate swaps was $12.0 billion as of April 1, 2023 and $12.0 billion as of December 31, 2022.

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:

		Three Months Ended	
(In Millions)	Location of Gains (Losses) Recognized in Income on Derivatives	Apr 1, 2023	Apr 2, 2022
Foreign currency contracts	Interest and other, net	$ 1	$ 158
Interest rate contracts	Interest and other, net	(34)	94
Other	Various	115	(134)
Total		**$ 82**	**$ 118**

Note 12 : Contingencies

Legal Proceedings

We are regularly party to various ongoing claims, litigation, and other proceedings, including those noted in this section. We have accrued a charge of $2.2 billion related to litigation involving VLSI, described below. Excluding the VLSI claims described below, management at present believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations, cash flows, or overall trends; however, legal proceedings and related government investigations are subject to inherent uncertainties, and unfavorable rulings, excessive verdicts, or other events could occur. Unfavorable resolutions could include substantial monetary damages, fines, or penalties. Certain of these outstanding matters include speculative, substantial, or indeterminate monetary awards. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices, or requiring other remedies. An unfavorable outcome may result in a material adverse impact on our business, results of operations, financial position, and overall trends. We might also conclude that settling one or more such matters is in the best interests of our stockholders, employees, and customers, and any such settlement could include substantial payments. 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 2009, the European Commission (EC) found that Intel had used unfair business practices to persuade customers to buy microprocessors in violation of Article 82 of the EC Treaty (later renumbered Article 102) and Article 54 of the European Economic Area Agreement. In general, the EC found that we violated Article 82 by offering alleged “conditional rebates and payments” that required customers to purchase all or most of their x86 microprocessors from us and by making alleged “payments to prevent sales of specific rival products.” The EC ordered us to end the alleged infringement referred to in its decision and imposed a €1.1 billion fine, which we paid in the third quarter of 2009.

We appealed the EC decision to the European Court of Justice in 2014, after the General Court (then called the Court of First Instance) rejected our appeal of the EC decision in its entirety. In September 2017, the Court of Justice sent the case back to the General Court to examine whether the rebates at issue were capable of restricting competition.

In January 2022, the General Court annulled the EC’s 2009 findings against Intel regarding rebates, as well as the fine imposed on Intel, which was returned to us in February 2022. In April 2022, the EC appealed the General Court’s decision to the Court of Justice. A hearing date on the appeal has not been scheduled. The General Court’s January 2022 decision did not annul the EC’s 2009 finding that Intel made payments to prevent sales of specific rival products, and in January 2023 the EC reopened its administrative procedure to determine a fine against Intel based on that alleged conduct. 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, in April 2022 we filed applications with the General Court seeking an order requiring the EC to pay Intel approximately €593 million in default interest, which applications have been stayed pending the EC’s appeal of the General Court’s January 2022 decision.

Litigation Related to Security Vulnerabilities

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

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 January 25, 2023, consumer class action lawsuits against Intel were pending in the United States, Canada, 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 US District Court for the District of Oregon, which entered final judgment in favor of Intel in July 2022 based on plaintiffs’ failure to plead a viable claim. 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. 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.

Litigation Related to 7nm Product Delay Announcement

Multiple securities class action lawsuits were filed in the US District Court for the Northern District of California against Intel and certain officers following Intel’s July 2020 announcement of 7nm product delays. The court consolidated the lawsuits and appointed lead plaintiffs in October 2020, and in January 2021 plaintiffs filed a consolidated complaint. Plaintiffs purport to represent all persons who purchased or otherwise acquired Intel common stock from October 25, 2019 through October 23, 2020, and they generally allege that defendants violated the federal securities laws by making false or misleading statements about the timeline for 7nm products. In March 2023, the court granted defendants’ motion to dismiss the consolidated complaint, with leave to amend. Given the procedural posture and the nature of the case, including that it is in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class being certified or the ultimate size of any class if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from the matter. In July 2021, Intel introduced a new process node naming structure, and the 7nm process is now called Intel 4.

Litigation Related to Patent and IP Claims

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

VLSI Technology LLC v. Intel

In October 2017, VLSI Technology LLC (VLSI) filed a complaint against Intel in the US District Court for the Northern District of California alleging that various Intel FPGA and processor products infringe eight patents that VLSI acquired from NXP Semiconductors, N.V. (NXP). Four patents remain at issue in the case, and VLSI estimates its damages to be approximately $900 million, and seeks enhanced damages, future royalties, attorneys' fees, costs, and interest. Intel filed Inter Partes Review (IPR) petitions with the Patent Trial and Appeal Board (PTAB) in 2018 challenging patentability, and the parties stipulated to stay the district court action pending the PTAB's review. The PTAB subsequently found all claims of two patents, and some claims of two other patents, to be unpatentable. The district court lifted the stay in September 2021 and scheduled trial for March 2024 on the claims that were found patentable by the PTAB.

In June 2018, VLSI filed a second suit against Intel, in US District Court for the District of Delaware, seeking $4.4 billion in damages for the alleged infringement by various Intel processors of five additional patents that VLSI acquired from NXP. In December 2022, VLSI stipulated to dismiss with prejudice its claims, for which Intel paid nothing. The court dismissed the case in January 2023.

In April 2019, VLSI filed three infringement suits against Intel in the US District Court for the Western District of Texas accusing various Intel processors of infringement of eight additional patents it had acquired from NXP. The first Texas case went to trial in February 2021, and the jury awarded VLSI $1.5 billion for literal infringement of one patent and $675 million for infringement of another patent under the doctrine of equivalents. In April 2022, the court entered final judgment, awarding VLSI $2.2 billion in damages and approximately $162.3 million in pre-judgment and post-judgment interest. Intel has appealed the judgment to the Federal Circuit Court of Appeals, including its claim to have a license from Fortress Investment Group's acquisition of Finjan. In December 2021 and January 2022, the PTAB instituted IPRs on the claims found to have been infringed in the first Texas case, but it has not yet issued a final written decision on either petition.

The second Texas case went to trial in April 2021, and the jury found that Intel does not infringe the asserted patents. VLSI had sought approximately $3.0 billion for alleged infringement, plus enhanced damages for willful infringement. The court has not yet entered final judgment following the second trial in Texas. The third Texas case went to trial in November 2022, with VLSI asserting one remaining patent. The jury found the patent valid and infringed, and awarded VLSI approximately $949 million in damages, plus a running royalty. The court has not yet entered final judgment following the third trial in Texas. In February 2023, Intel filed motions for a new trial and for judgment as a matter of law notwithstanding the verdict on various grounds. Further appeals are possible.

In 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 one patent against certain Intel Core processors. Defendants filed an invalidation petition in October 2019 with the China National Intellectual Property Administration (CNIPA), which held a hearing in September 2021. CNIPA has not yet issued a decision. The Shenzhen court held trial proceedings in July 2021 and stated that further trial proceedings were needed but would be stayed pending the outcome of defendants' invalidity challenge at the CNIPA. VLSI seeks an injunction as well as RMB 1.3 million in costs and expenses, but no damages.

In May 2019, VLSI filed a case in Shanghai Intellectual Property Court against Intel (China) Co., Ltd., Intel Trading (Shanghai) Co., Ltd., and Intel Products (Chengdu) Co., Ltd. asserting one patent against certain Intel core processors. The court held a trial hearing in December 2020, where VLSI requested expenses (RMB 300 thousand) and an injunction. The court held a second trial hearing in May 2022, but has yet to issue its final decision. In December 2022, Intel filed a second petition to invalidate the patent at issue.

Intel has accrued a charge of approximately $2.2 billion related to the VLSI litigation. While we dispute VLSI's claims and intend to vigorously defend against them, we are unable to make a reasonable estimate of losses in excess of recorded amounts given recent developments and future proceedings.

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-generation mobile network, which brings dramatic improvements in network speeds and latency, and which we view as a transformative technology and opportunity for many industries
ADAS	Advanced driver-assistance systems
ASP	Average selling price
AXG	Advanced Computing and Graphics operating segment
CCG	Client Computing Group operating segment
CODM	Chief operating decision maker
CPU	Processor or central processing unit
DCAI	Data Center and Artificial Intelligence operating segment
EC	European Commission
EPS	Earnings per share
Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2022
Form 10-Q	Quarterly Report on Form 10-Q for the quarter ended April 1, 2023
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
IPO	Initial public offering
MD&A	Management's Discussion and Analysis
MG&A	Marketing, general, and administrative
MNC	Multinational corporation
NAND	NAND flash memory
Network Xeon	Part of the Intel Xeon processor family designed for network and edge solutions
NEX	Networking and Edge operating segment
nm	Nanometer
ODM	Original design manufacturer
R&D	Research and development
RSU	Restricted stock unit
SEC	US 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
SSD	Solid-state drive
US	United States
US GAAP	US Generally Accepted Accounting Principles
VIE	Variable interest entity
VLSI	VLSI Technology LLC
vRAN	Virtualized radio access network

Management's Discussion and Analysis

This report should be read in conjunction with the Consolidated Financial Statements in our 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 the organizational change to integrate AXG into CCG and DCAI to drive a more effective go-to-market capability, accelerating the scale of these businesses while further reducing costs. As a result, we modified our segment reporting in the first quarter of 2023 to align to this and certain other business reorganizations. All prior-period segment data has been retrospectively adjusted to reflect the way we internally manage and monitor segment performance starting in fiscal year 2023.

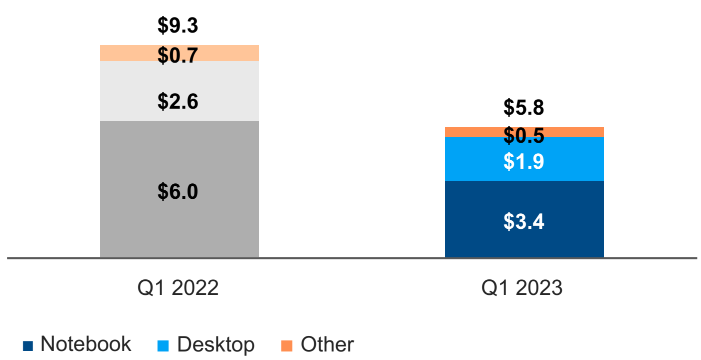
"Note 2: Operating Segments" within Notes to Consolidated Condensed Financial Statements of this Form 10-Q reconciles our segment revenues presented below to our total revenues, and our segment operating margin (loss) presented below to our total operating margin (loss), for each of the periods presented.

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 engage in an intentional effort focused on a long-term operating system, system architecture, hardware, and application integration that enables industry-leading PC experiences. We will embrace these opportunities by simplifying and focusing our roadmap, ramping PC capabilities even more aggressively, and designing PC experiences 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

Revenue Summary

Q1 2023 vs. Q1 2022

- Notebook revenue was $3.4 billion, down $2.6 billion from Q1 2022. Notebook volume decreased 37% in Q1 2023 due to customers tempering purchases to reduce existing inventories and due to lower demand. Notebook ASPs decreased 9% in Q1 2023 due to a higher mix of small core and older generation products.
- Desktop revenue was $1.9 billion, down $762 million from Q1 2022. Desktop volume decreased 32% in Q1 2023, driven by lower demand in the small and medium business and education market segments, and due to customers tempering purchases to reduce existing inventories. Desktop ASPs increased 5% in Q1 2023 due to an increased mix of commercial and gaming products.
- Other revenue was $481 million, down $241 million from Q1 2022, primarily driven by lower demand for our wireless and connectivity products.

Operating Income Summary

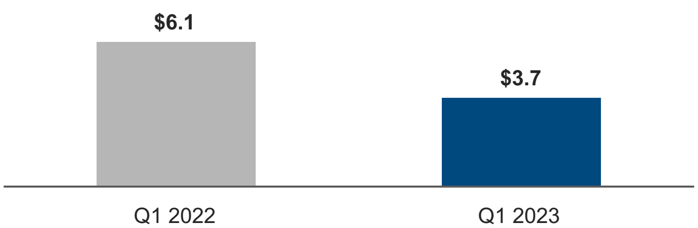
Operating income decreased 81% from Q1 2022, with an operating margin of 9%.

(In Millions)	
$ 520	**Q1 2023 CCG Operating Income**
(2,358)	Lower product margin primarily from notebook and desktop revenue
(164)	Higher desktop unit cost primarily from increased mix of Intel 7 products
(120)	Higher period charges related to excess capacity charges
251	Lower period charges primarily driven by a decrease in product ramp costs
200	Lower operating expenses driven by various cost-cutting measures
(11)	Other
$ 2,722	**Q1 2022 CCG Operating Income**

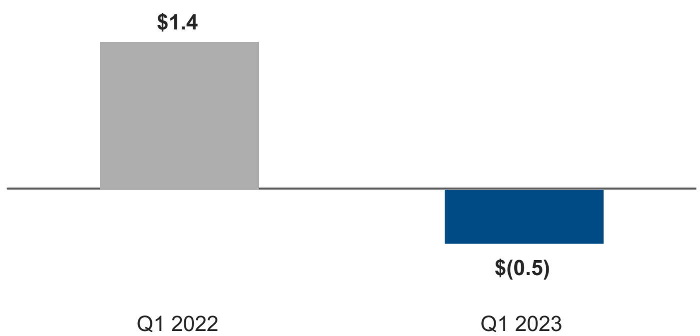
Data Center and AI

DCAI delivers industry-leading workload-optimized solutions to cloud service providers and enterprise customers, along with silicon devices for communications service providers and high-performance computing customers. We are uniquely positioned to deliver solutions to help solve our customers' most complex challenges with the depth and breadth of our hardware and software portfolio combined with silicon and platforms, advanced packaging, and at-scale manufacturing made possible by being the world's only IDM at scale. Our customers and partners include cloud hyperscalers, MNCs, small and medium-sized businesses, independent software vendors, systems integrators, communications service providers, and governments around the world.

DCAI Revenue $B



DCAI Operating Income (Loss) $B



Revenue Summary

Q1 2023 vs. Q1 2022

Revenue was $3.7 billion, down $2.4 billion from Q1 2022, driven by a decrease in server revenue. Server volume decreased 50% in Q1 2023, due to lower demand and from customers tempering purchases to reduce existing inventories in a softening data center market. The decrease in server revenue was partially offset by an increase in revenue from the FPGA product line.

Operating Income (Loss) Summary

We had an operating loss of $518 million, compared to operating income of $1.4 billion in Q1 2022.

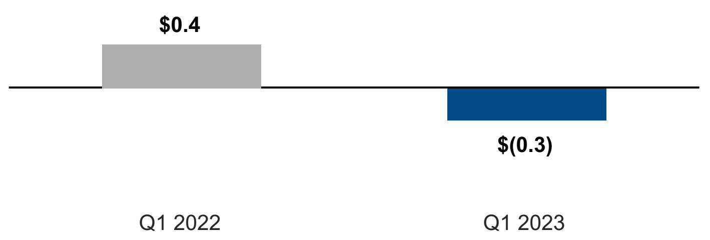
(In Millions)	
$ (518)	**Q1 2023 DCAI Operating Income (Loss)**
(1,935)	Lower server product margin due to lower server revenue, partially offset by an increase in product margin from higher DCAI other product revenue
(257)	Higher server unit cost from increased mix of 10nm SuperFin products
(154)	Higher period charges related to excess capacity charges
199	Lower operating expenses driven by various cost-cutting measures
193	Lower period charges primarily driven by a decrease in product ramp costs
135	Lower period charges driven by the sell-through of previously reserved inventory
(92)	Other
$ 1,393	**Q1 2022 DCAI Operating Income (Loss)**

Network & Edge

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

NEX Revenue $B

NEX Operating Income (Loss) $B



Revenue Summary

Q1 2023 vs. Q1 2022

Revenue was $1.5 billion, down $650 million from Q1 2022, as customers tempered purchases to reduce existing inventories and adjust to a lower demand environment for Edge, Network Xeon and Ethernet products.

Operating Income (Loss) Summary

We had an operating loss of $300 million, compared to operating income of $416 million in Q1 2022.

(In Millions)	
$ (300)	**Q1 2023 NEX Operating Income (Loss)**
(475)	Lower product margin from lower Edge, Network Xeon, and Ethernet revenue
(139)	Higher period charges driven by inventory reserves taken in Q1 2023
(102)	Other, including lower operating expenses driven by various cost-cutting measures
$ 416	**Q1 2022 NEX Operating Income (Loss)**

Mobileye

Mobileye is a global leader in driving assistance and self-driving solutions. Our product portfolio is designed to encompass the entire stack required for assisted and autonomous driving, including compute platforms, computer vision, and machine learning-based perception, mapping and localization, driving policy, and active sensors in development. We pioneered ADAS technology more than 20 years ago, and have continuously expanded the scope of our ADAS offerings while leading the evolution to autonomous driving solutions. Our unique assets in ADAS allow for building a scalable self-driving stack that meets the requirements for both robotaxi and consumer-owned autonomous vehicles. Our customers and strategic partners include major global original equipment manufacturers, Tier 1 automotive system integrators, and public transportation operators.

Mobileye Revenue $B

Mobileye Operating Income $B

Revenue and Operating Income Summary

Q1 2023 vs. Q1 2022

Revenue was $458 million, up $64 million from Q1 2022 primarily driven by higher demand for EyeQ® products and Mobileye SuperVision* systems. Operating income was $123 million, down $25 million from Q1 2022, primarily due to increased investments in leadership products.

Intel Foundry Services

As the first Open System Foundry, we offer customers differentiated full stack solutions created from the best of Intel and the foundry industry ecosystem, delivered from a secure and sustainable source of supply with an array of flexible business models to enable customers to lead in their industry. In addition to a world-class foundry offering enabled by a rich ecosystem, customers have access to our expertise and technologies, including cores, accelerators, and advanced packaging such as Embedded Multi-die Interconnect Bridge. Our early customers and strategic partners include traditional fabless customers, cloud service providers, automotive customers, and military, aerospace, and defense firms. We also offer mask-making equipment for advanced lithography used by many of the world's leading-edge foundries.

IFS Revenue $B

IFS Operating Income (Loss) $B

Revenue and Operating Income (Loss) Summary

Q1 2023 vs. Q1 2022

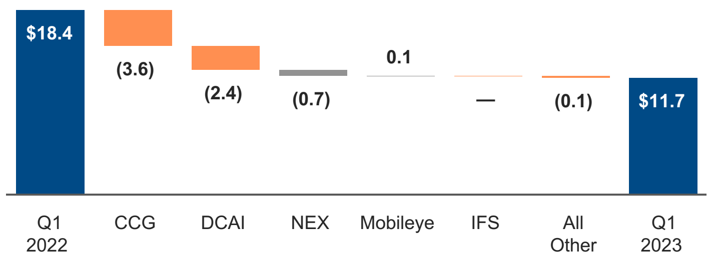
Revenue was $118 million, down $38 million from Q1 2022 driven by lower sales of multi-beam mask writer tools. We had an operating loss of $140 million, compared to an operating loss of $23 million in Q1 2022, primarily due to increased factory startup costs.

Consolidated Condensed Results of Operations

	Three Months Ended			
	Q1 2023		Q1 2022	
(In Millions, Except Per Share Amounts)	**Amount**	**% of Net Revenue**	**Amount**	**% of Net Revenue**
Net revenue	**$ 11,715**	**100.0 %**	**$ 18,353**	**100.0 %**
Cost of sales	7,707	65.8 %	9,109	49.6 %
Gross margin	**4,008**	**34.2 %**	**9,244**	**50.4 %**
Research and development	4,109	35.1 %	4,362	23.8 %
Marketing, general, and administrative	1,303	11.1 %	1,752	9.5 %
Restructuring and other charges	64	0.5 %	(1,211)	(6.6)%
Operating income (loss)	**(1,468)**	**(12.5)%**	**4,341**	**23.7 %**
Gains (losses) on equity investments, net	169	1.4 %	4,323	23.6 %
Interest and other, net	141	1.2 %	997	5.4 %
Income (loss) before taxes	**(1,158)**	**(9.9)%**	**9,661**	**52.6 %**
Provision for taxes	1,610	13.7 %	1,548	8.4 %
Net income (loss)	**(2,768)**	**(23.6)%**	**8,113**	**44.2 %**
Less: Net income (loss) attributable to non-controlling interests	(10)	(0.1)%	—	— %
Net income (loss) attributable to Intel	**$ (2,758)**	**(23.5)%**	**$ 8,113**	**44.2 %**
Earnings (loss) per share attributable to Intel—diluted	**$ (0.66)**		**$ 1.98**	

Revenue

Segment Revenue Walk $B



Q1 2023 results were impacted by an uncertain macroeconomic environment, with slowing consumer and enterprise demand, persistent inflation, and higher interest rates, that we believe impacts our target markets and creates a high level of uncertainty with our customers. We believe CCG, DCAI, and NEX customers, among others, tempered purchases to reduce their existing inventories and adjust to the macroeconomic uncertainty. We expect this macroeconomic uncertainty and the challenging market environment will continue during 2023.

Q1 2023 vs. Q1 2022

Our Q1 2023 revenue was $11.7 billion, down $6.6 billion or 36% from Q1 2022. CCG revenue decreased 38% from Q1 2022 due to lower notebook and desktop volumes on lower demand, while notebook ASPs decreased due to a higher mix of small core and older generation products. DCAI revenue decreased 39% from Q1 2022 due to lower server volume resulting from a softening data center market, partially offset by an increase in revenue from the FPGA product line. NEX revenue decreased 30% from Q1 2022, due to lower demand for Edge, Network Xeon, and Ethernet products.

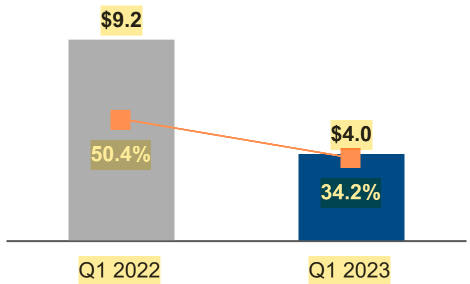
Incentives offered to certain customers to compete in the market, accelerate purchases, and to strategically position our products with customers for market segment share purposes, particularly in CCG, contributed approximately $900 million to our revenue during the first quarter of 2023, the impacts of which were contemplated in our financial guidance for Q2 2023 as included in our Form 8-K dated April 27, 2023.

Gross Margin

We derived most of our overall gross margin in Q1 2023 from the sale of products in the CCG and DCAI operating segments. Our overall gross margin dollars in Q1 2023 decreased by $5.2 billion, or 57% compared to Q1 2022.

Gross Margin $B

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



(In Millions)	
$ 4,008	**Q1 2023 Gross Margin**
(2,358)	Lower product margin primarily from lower notebook and desktop revenue
(1,935)	Lower server product margin due to lower revenue, partially offset by an increase in product margin from higher DCAI other product revenue
(475)	Lower product margin from lower Edge, Network Xeon, and Ethernet revenue
(421)	Higher unit cost primarily from increased mix of Intel 7 and 10nm SuperFin products
(352)	Higher period charges related to excess capacity charges
444	Lower period charges primarily driven by a decrease in product ramp costs
(139)	Other
$ 9,244	**Q1 2022 Gross Margin**

Effective January 2023, we increased the estimated useful life of certain production machinery and equipment from 5 years to 8 years. We estimate this change resulted in an approximate $360 million increase to gross margin, an approximate $100 million decrease in R&D expenses, and an approximate $525 million decrease in ending inventory values in Q1 2023 when compared to what the impact would have been using the estimated useful life in place prior to this change.

When compared to the estimated useful life in place as of the end of 2022, we expect total depreciation expense in 2023 to be reduced by $4.1 billion. We expect this change will result in an approximately $2.3 billion increase to gross margin, a $400 million decrease in R&D expenses, and a $1.4 billion decrease in ending inventory values.

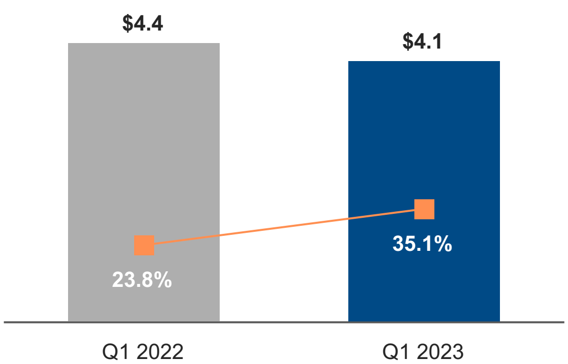
Operating Expenses

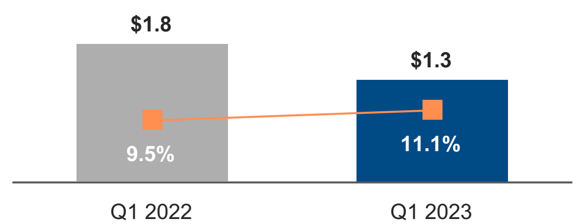
Total R&D and MG&A expenses for Q1 2023 were $5.4 billion, down 11% from Q1 2022. These expenses represent 46.2% of revenue for Q1 2023 and 33.3% of revenue for Q1 2022. In support of our strategy, described in our 2022 Form 10-K, we continue to make significant investments to accelerate our process technology roadmap. This requires continued investments in R&D and focused efforts to attract and retain talent. We have implemented certain cost-cutting measures while we continue to improve our product execution.

Research and Development $B

Marketing, General, and Administrative $B

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





Research and Development

Q1 2023 vs. Q1 2022

R&D decreased by $253 million, or 6%, driven by the following:

- \- Lower incentive-based cash compensation
- \+ Increased investments in our process technology roadmap and additional corporate spending to drive strategic growth, partially offset by the effects of various cost-cutting measures

Marketing, General, and Administrative

Q1 2023 vs. Q1 2022

MG&A decreased by $449 million, or 26%, driven by the following:

- \- Lower corporate spending as a result of various cost-cutting measures
- \- Lower incentive-based cash compensation

Restructuring and Other Charges

(In Millions)	Q1 2023	Q1 2022
Employee severance and benefit arrangements	$ (39)	$ 5
Litigation charges and other	77	(1,216)
Asset impairment charges	26	—
Total restructuring and other charges	**$ 64**	**$ (1,211)**

The 2022 Restructuring Program was approved in Q3 2022 to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our strategy. During Q1 2023, activity related to the 2022 Restructuring Program substantially related to cash settlement of previously accrued employee severance and benefit arrangements and we expect any additional actions pursuant to the 2022 Restructuring Program to be substantially completed by the end of 2023, but this is subject to change. 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 strategy.

Litigation charges and other includes a $1.2 billion benefit in Q1 2022 from the annulled penalty related to an EC fine that was recorded and paid in 2009.

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

(In Millions)	Q1 2023	Q1 2022
Ongoing mark-to-market adjustments on marketable equity securities	$ 188	$ (430)
Observable price adjustments on non-marketable equity securities	10	71
Impairment charges	(36)	(23)
Sale of equity investments and other	7	4,705
Total gains (losses) on equity investments, net	**$ 169**	**$ 4,323**
Interest and other, net	**$ 141**	**$ 997**

Gains (losses) on equity investments, net

Ongoing mark-to-market adjustments for Q1 2023 and Q1 2022 were primarily related to our interest in Montage Technology, Co. Ltd and others.

In Q1 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*.

Interest and other, net

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

Provision for Taxes

(In Millions)	Q1 2023	Q1 2022
Income (loss) before taxes	$ (1,158)	$ 9,661
Provision for taxes	$ 1,610	$ 1,548
Effective tax rate	(139.0)%	16.0 %

In Q1 2023, we recognized a provision for taxes as we applied our estimated annual effective tax rate to our year-to-date measure of ordinary income (loss) before taxes, which reflects a higher proportion of our income being taxed in non-US jurisdictions. Our effective tax rate decreased in Q1 2023 compared to Q1 2022, due to a loss before taxes, the application of our estimated annual effective tax rate, and the unfavorable tax rate effects associated with the gains recognized in Q1 2022 from the equity sale of McAfee and the divestiture of our NAND memory business.

Liquidity and Capital Resources

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

(In Millions)	Apr 1, 2023	Dec 31, 2022
Cash and cash equivalents	**$ 8,232**	**$ 11,144**
Short-term investments	19,302	17,194
Loans receivable and other	64	463
Total cash and investments[1]	**$ 27,598**	**$ 28,801**
Total debt	**$ 50,273**	**$ 42,051**

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 investments in significant manufacturing expansion plans and 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 selling certain of our accounts receivables on a non-recourse basis to third party financial institutions.

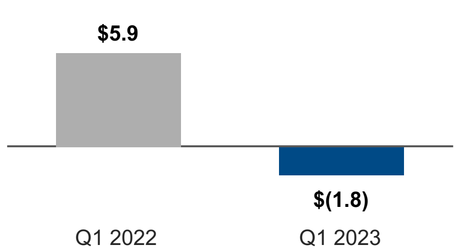
We expect to benefit from government incentives, and any incentives above our current expectations would enable us to increase the pace and size of our IDM 2.0 investments. Conversely, incentives below our expectations would increase our anticipated cash requirements.

In Q1 2023, we declared a reduced quarterly dividend on our common stock. This dividend reduction reflects our deliberate approach to capital allocation, is expected to support the critical investments needed to execute our business strategy, and is designed to position us to create long-term value.

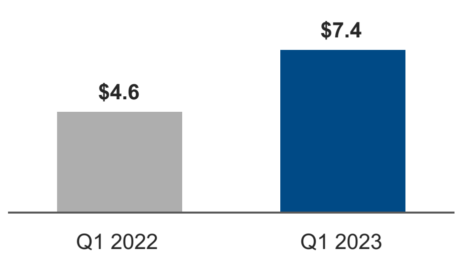
In Q1 2023, we issued a total of $11.0 billion aggregate principal amount of senior notes. We intend to use the proceeds from the offering for general corporate purposes, including, but not limited to, refinancing of outstanding debt and funding for working capital and capital expenditures. We also amended both our 5-year $5.0 billion revolving credit facility, extending the maturity date by one year to March 2028, and our 364-day $5.0 billion credit facility agreement, extending the maturity date to March 2024. We have 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 and, as of April 1, 2023 we had $1.0 billion of commercial paper obligations outstanding. As of April 1, 2023, we had no outstanding borrowings on the revolving credit facilities.

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 were in investment-grade securities.

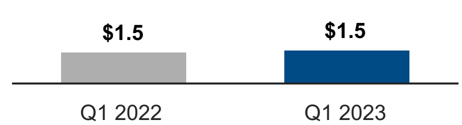
Cash from (used for) Operations $B



Capital Expenditures $B



Dividends $B



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

(In Millions)	Three Months Ended Apr 1, 2023	Apr 2, 2022
Net cash provided by (used for) operating activities	$ (1,785)	$ 5,891
Net cash used for investing activities	(8,521)	(2,639)
Net cash provided by (used for) financing activities	7,394	(1,864)
Net increase (decrease) in cash and cash equivalents	**$ (2,912)**	**$ 1,388**

Operating Activities

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

The decrease in cash provided by operations in the first three months of 2023 was primarily driven by our net operating loss in comparison to our net operating income for the first three months of 2022.

Investing Activities

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

Cash used for investing activities was higher in the first three months of 2023 compared to the first three months of 2022, primarily due to the absence of proceeds from the divestiture of our NAND business and proceeds for our remaining share of McAfee, both of which occurred in the first three months of 2022; as well as higher capital expenditures in the first three months of 2023. These unfavorable cash impacts during the first three months of 2023 were partially offset by the favorable cash impacts of lower purchases of short-term investments, net of maturities and sales, during the first three months of 2023.

Financing Activities

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

Cash provided by financing activities in the first three months of 2023 compared to cash used for financing activities in the first three months of 2022 was primarily due to net proceeds from our debt issuance, partially offset by commercial paper repayments, during the first three months of 2023.

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. Beginning in 2023, income tax effects are calculated using a fixed long-term projected tax rate across all adjustments. We project this long-term non-GAAP tax rate on an annual basis using a five-year non-GAAP financial projection that excludes the income tax effects of each adjustment. The projected non-GAAP tax rate also considers factors such as our tax structure, our tax positions in various jurisdictions, and key legislation in significant jurisdictions where we operate. This long-term non-GAAP tax rate may be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix, or changes to our strategy or business operations. Management uses this non-GAAP tax rate in managing internal short- and long-term operating plans and in evaluating our performance; we believe this approach facilitates comparison of our operating results and provides useful evaluation of our current operating performance. Prior-period non-GAAP results have been retroactively adjusted to reflect this updated approach.

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
Acquisition-related adjustments	Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology, brands, and customer relationships acquired in connection with business combinations. Charges related to the amortization of these intangibles are recorded within both cost of sales and MG&A in our US GAAP financial statements. Amortization charges are recorded over the estimated useful life of the related acquired intangible asset, and thus are generally recorded over multiple years.	We exclude amortization charges for our acquisition-related intangible assets for purposes of calculating certain non-GAAP measures because these charges are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions. These adjustments facilitate a useful evaluation of our current operating performance and comparison to our past operating performance and provide investors with additional means to evaluate cost and expense trends.
Share-based compensation	Share-based compensation consists of charges related to our employee equity incentive plans.	We exclude charges related to share-based compensation for purposes of calculating certain non-GAAP measures because we believe these adjustments provide 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.
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 may include periodic goodwill and asset impairments, certain pension charges, and costs associated with restructuring activity, and in Q1 2022 includes a benefit related to the annulled EC fine.	We exclude restructuring and other charges, including any adjustments to charges recorded in prior periods, for purposes of calculating certain non-GAAP measures because these costs do not reflect our core operating performance. These adjustments facilitate a useful evaluation of our core operating performance and comparisons to past operating results and provide investors with additional means to evaluate expense trends.
Gains (losses) from divestiture	Gains (losses) are recognized at the close of a divestiture, or over a specified deferral period when deferred consideration is received at the time of closing. Based on our ongoing obligation under the NAND wafer manufacturing and sale agreement entered into in connection with the first closing of the sale of our NAND memory business on December 29, 2021, a portion of the initial closing consideration was deferred and will be recognized between first and second closing.	We exclude gains or losses resulting from divestitures for purposes of calculating certain non-GAAP measures because they do not reflect our current operating performance. These adjustments facilitate a useful evaluation of our current operating performance and comparisons to past operating results.
(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 purposes of calculating certain non-GAAP measures because it provides better comparability between periods. The exclusion reflects how management evaluates the core operations of the business.
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 and partner contributions, (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 contributed to prior operating and free cash flow, and while the McAfee equity sale in Q1 2022 would have typically been 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 include 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 US GAAP measures to our non-GAAP measures presented:

	Three Months Ended	
	Apr 1, 2023	Apr 2, 2022
Gross margin percentage	**34.2 %**	**50.4 %**
Acquisition-related adjustments	2.8 %	1.9 %
Share-based compensation	1.4 %	0.8 %
Non-GAAP gross margin percentage	**38.4 %**	**53.1 %**
Earnings (loss) per share attributable to Intel—diluted	**$ (0.66)**	**$ 1.98**
Acquisition-related adjustments	0.09	0.10
Share-based compensation	0.18	0.17
Restructuring and other charges	0.01	(0.30)
(Gains) losses on equity investments, net	(0.04)	(1.05)
(Gains) losses from divestiture	(0.01)	(0.27)
Total adjustments attributable to non-controlling interest	—	—
Income tax effects	0.39	0.24
Non-GAAP earnings (loss) per share attributable to Intel—diluted	**$ (0.04)**	**$ 0.87**

	Three Months Ended	
(In Millions)	**Apr 1, 2023**	**Apr 2, 2022**
Net cash provided by (used for) operating activities	**$ (1,785)**	**$ 5,891**
Net additions to property, plant and equipment	(6,964)	(4,603)
Payments on finance leases	(15)	(299)
Sale of equity investment	—	4,561
Adjusted free cash flow	**$ (8,764)**	**$ 5,550**
Net cash used for investing activities	**$ (8,521)**	**$ (2,639)**
Net cash provided by (used for) financing activities	**$ 7,394**	**$ (1,864)**

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 a discussion about market risk and sensitivity analysis related to changes in currency exchange rates, interest rates, equity prices, and commodity prices refer to "Quantitative and Qualitative Disclosures About Market Risk" within MD&A in our 2022 Form 10-K.

Risk Factors

The risks described in "Risk Factors" within Other Key Information in our 2022 Form 10-K could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face—our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Refer also to the other information set forth in this Form 10-Q, including in the Forward-Looking Statements, MD&A, and 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)), were effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended April 1, 2023 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 April 1, 2023. As of April 1, 2023, 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 US economic sanctions during the reporting period, even when the activities, transactions, or dealings are conducted in compliance with applicable law. On March 2, 2021, the US Secretary of State designated the Federal Security Service of the Russian Federation (FSB) as a party subject to one such sanction. 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 US Department of the Treasury's Office of Foreign Assets Control (OFAC), and there are no gross revenues or net profits directly associated with any such dealings by us with the FSB. 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 US 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				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
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	Nineteenth Supplemental Indenture, dated as of February 10, 2023, 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	2/10/2023	
10.1†	Second Amendment to Intel Corporation Sheltered Employee Retirement Plan Plus dated January 1, 2023	10-K	000-6217	10.5	1/27/2023	
10.2†	Offer Letter between Intel Corporation and Christoph Schell dated February 11, 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:	April 27, 2023	By:	/s/ DAVID ZINSNER
			David Zinsner
			Executive Vice President, Chief Financial Officer, and Principal Financial Officer
Date:	April 27, 2023	By:	/s/ SCOTT GAWEL
			Scott Gawel
			Corporate Vice President, Chief Accounting Officer, and Principal Accounting Officer

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 July 1, 2023

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 July 21, 2023, the registrant had outstanding 4,188 million shares of common stock.

Table of Contents

Organization of Our Form 10-Q

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

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

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

Forward-Looking Statements

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

- our business plans and strategy and anticipated benefits therefrom, including with respect to our IDM 2.0 strategy, our partnership with Brookfield, the transition to an internal foundry model, updates to our reporting structure and our AI strategy;
- projections of our future financial performance, including future revenue, gross margins, capital expenditures, and cash flows;
- projected costs and yield trends;
- future cash requirements and the availability, uses, sufficiency, and cost of capital resources, and sources of funding, including future capital and R&D investments, credit rating expectations, and expected returns to stockholders, such as stock repurchases and dividends;
- future products, services and technologies, and the expected goals, timeline, ramps, progress, availability, production, regulation and benefits of such products, services and technologies, including future process nodes and packaging technology, product roadmaps, schedules, future product architectures, expectations regarding process performance, per-watt parity, and metrics and expectations regarding product and process leadership;
- investment plans, and impacts of investment plans, including in the US and abroad;
- internal and external manufacturing plans, including future internal manufacturing volumes, manufacturing expansion plans and the financing therefor, and external foundry usage;
- future production capacity and product supply;
- supply expectations, including regarding constraints, limitations, pricing, and industry shortages;
- plans and goals related to Intel's foundry business, including with respect to future manufacturing capacity and foundry service offerings, including technology and IP offerings;
- expected timing and impact of acquisitions, divestitures, and other significant transactions, including our proposed acquisition of Tower Semiconductor Ltd. and the sale of our NAND memory business;
- expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives, including those related to the 2022 Restructuring Program;
- future social and environmental performance goals, measures, strategies and results;
- our anticipated growth, future market share, and trends in our businesses and operations;
- projected growth and trends in markets relevant to our businesses;
- anticipated trends and impacts related to industry component, substrate, and foundry capacity utilization, shortages and constraints;
- expectations regarding government incentives;
- future technology trends and developments, such as AI;
- future macro environmental and economic conditions, including regional or global downturns or recessions;
- future responses to and effects of COVID-19, including as to manufacturing, transportation and operational restrictions and disruptions and broader economic conditions;
- geopolitical conditions, including the impacts of Russia's war on Ukraine and rising tensions between the U.S. and China;
- tax- and accounting-related expectations;
- expectations regarding our relationships with certain sanctioned parties; and
- other characterizations of future events or circumstances.

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

- changes in demand for our products;
- changes in product mix;
- the complexity and fixed cost nature of our manufacturing operations;
- the high level of competition and rapid technological change in our industry;
- the significant upfront investments in R&D and our business, products, technologies, and manufacturing capabilities;
- vulnerability to new product development and manufacturing-related risks, including product defects or errata, particularly as we develop next generation products and implement next generation process technologies;
- risks associated with a highly complex global supply chain, including from disruptions, delays, trade tensions, or shortages;
- sales-related risks, including customer concentration and the use of distributors and other third parties;

- potential security vulnerabilities in our products;
- cybersecurity and privacy risks;
- investment and transaction risk;
- IP risks and risks associated with litigation and regulatory proceedings;
- evolving regulatory and legal requirements across many jurisdictions;
- geopolitical and international trade conditions;
- our debt obligations;
- risks of large scale global operations;
- macroeconomic conditions;
- impacts of the COVID-19 or similar such pandemic;
- other risks and uncertainties described in this report, our 2022 Form 10-K and our other filings with the SEC.

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

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

Availability of Company Information

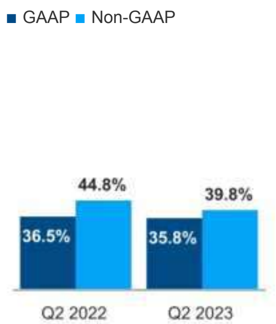
We use our Investor Relations website, *www.intc.com,* as a routine channel for distribution of important, and often material, information about us, including our quarterly and annual earnings results and presentations, press releases, announcements, information about upcoming webcasts, analyst presentations, and investor days, archives of these events, financial information, corporate governance practices, and corporate responsibility information. We do not distribute our financial results via a news wire service. All such information is available on our Investor Relations website free of charge. Our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we post financial information and issue press releases, and to receive information about upcoming events. We encourage interested persons to follow our Investor Relations website in addition to our filings with the SEC to timely receive information about the company.

A Quarter in Review

Total revenue of $12.9 billion was down $2.4 billion or 15% from Q2 2022, as CCG revenue decreased 12%, DCAI revenue decreased 15%, and NEX revenue decreased 38%. CCG revenue decreased due to lower notebook and desktop volumes on lower demand. Notebook ASPs decreased due to a higher mix of small core products combined with a higher mix of older generation products, while desktop ASPs increased due to an increased mix of product sales to the commercial and gaming market segments. DCAI revenue decreased due to lower server volume resulting from a softening CPU data center market, partially offset by higher ASPs from an increased mix of high core count products. NEX revenue decreased due to lower demand across product lines.

Revenue

Gross Margin



Diluted EPS attributable to Intel

Cash Flows

$12.9B	35.8%	39.8%	$0.35	$0.13	$1.0B	$(11.5)B
GAAP	GAAP	non-GAAP[1]	GAAP	non-GAAP[1]	GAAP	non-GAAP[1]
Revenue down $2.4B or 15% from Q2 2022	Gross margin down 0.7 ppt from Q2 2022	Gross margin down 5 ppts from Q2 2022	Diluted EPS attributable to Intel up $0.46 from Q2 2022	Diluted EPS attributable to Intel down $0.15 or 54% from Q2 2022	Operating cash flow down $5.7B or 85% from Q2 2022	Adjusted free cash flow down $10.7B from Q2 2022

Lower revenue in CCG, DCAI, and NEX.

Lower GAAP gross margin from lower revenue, higher unit cost, and higher excess capacity charges, partially offset by a decrease in period charges and the absence of one-time charges recognized in Q2 2022 (Optane inventory impairment and a patent settlement - both excluded from non-GAAP results).

Higher GAAP EPS attributable to Intel primarily from a tax benefit and reduced operating expenses from various cost-cutting measures.

Lower operating cash flow driven primarily by a net operating loss.

Key Developments

- An important part of our AI strategy is to democratize AI – scaling it and making it ubiquitous across the full continuum of workloads and usage models. We are championing an open ecosystem with a full suite of silicon and software IP to drive AI in both discrete and integrated solutions. Our 4th Gen Intel® Xeon® Scalable processor and Habana Gaudi2* deep learning accelerator were recognized in MLCommons' AI performance benchmark data as two compelling, open alternatives in the AI market that compete on both performance and price.
- We announced plans to expand our manufacturing capacity, which include an agreement in principle to build a $25.0 billion chip manufacturing plant in Kiryat Gat, Israel, signing a revised letter of intent to increase our planned investment to be more than $33.0 billion in the Magdeburg, Germany wafer fabrication site, and plans to invest up to $4.6 billion in an assembly and test facility in Poland. These investments further our IDM 2.0 strategy and are expected to support a resilient semiconductor supply chain and to create the foundation for a next-generation chip ecosystem.

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

Consolidated Condensed Statements of Income

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended Jul 1, 2023	Three Months Ended Jul 2, 2022	Six Months Ended Jul 1, 2023	Six Months Ended Jul 2, 2022
Net revenue	**$ 12,949**	**$ 15,321**	**$ 24,664**	**$ 33,674**
Cost of sales	8,311	9,734	16,018	18,843
Gross margin	**4,638**	**5,587**	**8,646**	**14,831**
Research and development	4,080	4,400	8,189	8,762
Marketing, general, and administrative	1,374	1,800	2,677	3,552
Restructuring and other charges	200	87	264	(1,124)
Operating expenses	**5,654**	**6,287**	**11,130**	**11,190**
Operating income (loss)	**(1,016)**	**(700)**	**(2,484)**	**3,641**
Gains (losses) on equity investments, net	(24)	(90)	145	4,233
Interest and other, net	224	(119)	365	878
Income (loss) before taxes	**(816)**	**(909)**	**(1,974)**	**8,752**
Provision for (benefit from) taxes	(2,289)	(455)	(679)	1,093
Net income (loss)	**$ 1,473**	**$ (454)**	**$ (1,295)**	**$ 7,659**
Less: Net income (loss) attributable to non-controlling interests	(8)	—	(18)	—
Net income (loss) attributable to Intel	**$ 1,481**	**$ (454)**	**$ (1,277)**	**$ 7,659**
Earnings (loss) per share attributable to Intel—basic	**$ 0.35**	**$ (0.11)**	**$ (0.31)**	**$ 1.87**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.35**	**$ (0.11)**	**$ (0.31)**	**$ 1.86**
Weighted average shares of common stock outstanding:				
Basic	**4,182**	**4,100**	**4,168**	**4,095**
Diluted	**4,196**	**4,100**	**4,168**	**4,120**

See accompanying notes.

Consolidated Condensed Statements of Comprehensive Income

	Three Months Ended		Six Months Ended	
(In Millions; Unaudited)	**Jul 1, 2023**	**Jul 2, 2022**	**Jul 1, 2023**	**Jul 2, 2022**
Net income (loss)	**$ 1,473**	**$ (454)**	**$ (1,295)**	**$ 7,659**
Changes in other comprehensive income (loss), net of tax:				
Net unrealized holding gains (losses) on derivatives	(131)	(627)	11	(742)
Actuarial valuation and other pension benefits (expenses), net	2	9	3	27
Translation adjustments and other	4	(5)	4	(30)
Other comprehensive income (loss)	**(125)**	**(623)**	**18**	**(745)**
Total comprehensive income (loss)	**1,348**	**(1,077)**	**(1,277)**	**6,914**
Less: comprehensive income (loss) attributable to non-controlling interests	(8)	—	(18)	—
Total comprehensive income (loss) attributable to Intel	**$ 1,356**	**$ (1,077)**	**$ (1,259)**	**$ 6,914**

See accompanying notes.

Consolidated Condensed Balance Sheets

(In Millions; Unaudited)	Jul 1, 2023	Dec 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 8,349	$ 11,144
Short-term investments	15,908	17,194
Accounts receivable, net	2,996	4,133
Inventories	11,984	13,224
Other current assets	4,119	4,712
Total current assets	**43,356**	**50,407**
Property, plant, and equipment, net of accumulated depreciation of $95,781 ($93,386 as of December 31, 2022)	**90,945**	**80,860**
Equity investments	**5,893**	**5,912**
Goodwill	**27,591**	**27,591**
Identified intangible assets, net	**5,173**	**6,018**
Other long-term assets	**12,671**	**11,315**
Total assets	**$ 185,629**	**$ 182,103**
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$ 2,711	$ 4,367
Accounts payable	8,757	9,595
Accrued compensation and benefits	2,887	4,084
Income taxes payable	2,169	2,251
Other accrued liabilities	10,656	11,858
Total current liabilities	**27,180**	**32,155**
Debt	**46,335**	**37,684**
Other long-term liabilities	**7,643**	**8,978**
Contingencies (Note 13)		
Stockholders' equity:		
Common stock and capital in excess of par value, 4,188 issued and outstanding (4,137 issued and outstanding as of December 31, 2022)	34,330	31,580
Accumulated other comprehensive income (loss)	(544)	(562)
Retained earnings	67,231	70,405
Total Intel stockholders' equity	**101,017**	**101,423**
Non-controlling interests	**3,454**	**1,863**
Total stockholders' equity	**104,471**	**103,286**
Total liabilities and stockholders' equity	**$ 185,629**	**$ 182,103**

See accompanying notes.

Consolidated Condensed Statements of Cash Flows

(In Millions; Unaudited)	Six Months Ended Jul 1, 2023	Six Months Ended Jul 2, 2022
Cash and cash equivalents, beginning of period	**$ 11,144**	**$ 4,827**
Cash flows provided by (used for) operating activities:		
Net income (loss)	(1,295)	7,659
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,733	5,528
Share-based compensation	1,661	1,599
Restructuring and other charges	255	73
Amortization of intangibles	909	968
(Gains) losses on equity investments, net	(146)	(4,230)
(Gains) losses on divestitures	—	(1,072)
Changes in assets and liabilities:		
Accounts receivable	1,137	3,397
Inventories	1,240	(1,386)
Accounts payable	(1,102)	117
Accrued compensation and benefits	(1,340)	(1,985)
Income taxes	(2,186)	(2,232)
Other assets and liabilities	(1,843)	(1,736)
Total adjustments	**2,318**	**(959)**
Net cash provided by (used for) operating activities	**1,023**	**6,700**
Cash flows provided by (used for) investing activities:		
Additions to property, plant, and equipment	(13,301)	(11,846)
Purchases of short-term investments	(25,696)	(25,514)
Maturities and sales of short-term investments	26,957	25,407
Sales of equity investments	253	4,775
Proceeds from divestitures	—	6,579
Other investing	458	(1,820)
Net cash used for investing activities	**(11,329)**	**(2,419)**
Cash flows provided by (used for) financing activities:		
Repayment of commercial paper	(3,944)	—
Payments on finance leases	(96)	(299)
Partner contributions	834	—
Proceeds from sales of subsidiary shares	1,573	—
Issuance of long-term debt, net of issuance costs	10,968	—
Repayment of debt	—	(1,688)
Payment of dividends to stockholders	(2,036)	(2,986)
Other financing	212	255
Net cash provided by (used for) financing activities	**7,511**	**(4,718)**
Net increase (decrease) in cash and cash equivalents	**(2,795)**	**(437)**
Cash and cash equivalents, end of period	**$ 8,349**	**$ 4,390**
Supplemental disclosures:		
Acquisition of property, plant, and equipment included in accounts payable and accrued liabilities	$ 5,113	$ 3,286
Cash paid during the period for:		
Interest, net of capitalized interest	$ 393	$ 214
Income taxes, net of refunds	$ 1,520	$ 3,326

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	Amount	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-Controlling Interests	Total
Three Months Ended						
Balance as of April 1, 2023	**4,171**	**$ 32,829**	**$ (419)**	**$ 65,649**	**$ 2,344**	**$ 100,403**
Net income (loss)	—	—	—	1,481	(8)	1,473
Other comprehensive income (loss)	—	—	(125)	—	—	(125)
Net proceeds from sales of subsidiary shares and partner contributions	—	866	—	—	1,092	1,958
Employee equity incentive plans and other	22	6	—	—	—	6
Share-based compensation	—	896	—	—	26	922
Restricted stock unit withholdings	(5)	(267)	—	101	—	(166)
Balance as of July 1, 2023	**4,188**	**$ 34,330**	**$ (544)**	**$ 67,231**	**$ 3,454**	**$ 104,471**
Balance as of April 2, 2022	**4,089**	**$ 29,244**	**$ (1,002)**	**$ 74,894**	**$ —**	**$ 103,136**
Net income (loss)	—	—	—	(454)	—	(454)
Other comprehensive income (loss)	—	—	(623)	—	—	(623)
Employee equity incentive plans and other	22	12	—	—	—	12
Share-based compensation	—	892	—	—	—	892
Restricted stock unit withholdings	(5)	(290)	—	44	—	(246)
Cash dividends declared ($0.37 per share)	—	—	—	(1,499)	—	(1,499)
Balance as of July 2, 2022	**4,106**	**$ 29,858**	**$ (1,625)**	**$ 72,985**	**$ —**	**$ 101,218**
Six Months Ended						
Balance as of December 31, 2022	**4,137**	**$ 31,580**	**$ (562)**	**$ 70,405**	**$ 1,863**	**$ 103,286**
Net income (loss)	—	—	—	(1,277)	(18)	(1,295)
Other comprehensive income (loss)	—	—	18	—	—	18
Net proceeds from sales of subsidiary shares and partner contributions	—	866	—	—	1,541	2,407
Employee equity incentive plans and other	58	665	—	—	—	665
Share-based compensation	—	1,593	—	—	68	1,661
Restricted stock unit withholdings	(7)	(374)	—	139	—	(235)
Cash dividends declared ($0.49 per share)	—	—	—	(2,036)	—	(2,036)
Balance as of July 1, 2023	**4,188**	**$ 34,330**	**$ (544)**	**$ 67,231**	**$ 3,454**	**$ 104,471**
Balance as of December 25, 2021	**4,070**	**$ 28,006**	**$ (880)**	**$ 68,265**	**$ —**	**$ 95,391**
Net income (loss)	—	—	—	7,659	—	7,659
Other comprehensive income (loss)	—	—	(745)	—	—	(745)
Employee equity incentive plans and other	42	601	—	—	—	601
Share-based compensation	—	1,599	—	—	—	1,599
Restricted stock unit withholdings	(6)	(348)	—	47	—	(301)
Cash dividends declared ($0.73 per share)	—	—	—	(2,986)	—	(2,986)
Balance as of July 2, 2022	**4,106**	**$ 29,858**	**$ (1,625)**	**$ 72,985**	**$ —**	**$ 101,218**

See accompanying notes.

Notes to Consolidated Condensed Financial Statements

Note 1 : Basis of Presentation

We prepared our interim Consolidated Condensed Financial Statements that accompany these notes in conformity with US GAAP, consistent in all material respects with those applied in our 2022 Form 10-K.

We have a 52- or 53-week fiscal year that ends on the last Saturday in December. Fiscal year 2023 is a 52-week fiscal year; fiscal 2022 was a 53-week fiscal year, with the extra week included in the first quarter of 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 2022 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 the organizational change to integrate AXG into CCG and DCAI. This change is intended to drive a more effective go-to-market capability and to accelerate the scale of these businesses, while also reducing costs. As a result, we modified our segment reporting in the first quarter of 2023 to align to this and certain other business reorganizations. 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 2023.

We manage our business through the following operating segments:

- Client Computing (CCG)
- Data Center and AI (DCAI)
- Network and Edge (NEX)
- 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. Mobileye and IFS do not qualify as reportable operating segments; however, we have elected to disclose the results of these non-reportable operating segments. 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:

- results of operations from non-reportable segments not otherwise presented, and from start-up businesses that support our initiatives;
- historical results of operations from divested businesses;
- amounts included within *restructuring and other charges*;
- employee benefits, compensation, impairment charges, and other expenses not allocated to the operating segments; 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 2022 Form 10-K except for the organizational change described above.

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

	Three Months Ended		Six Months Ended	
(In Millions)	**Jul 1, 2023**	**Jul 2, 2022**	**Jul 1, 2023**	**Jul 2, 2022**
Net revenue:				
Client Computing				
Desktop	$ 2,370	$ 2,289	$ 4,249	$ 4,930
Notebook	3,896	4,751	7,303	10,710
Other	514	638	995	1,360
	6,780	**7,678**	**12,547**	**17,000**
Data Center and AI	**4,004**	**4,695**	**7,722**	**10,769**
Network and Edge	**1,364**	**2,211**	**2,853**	**4,350**
Mobileye	**454**	**460**	**912**	**854**
Intel Foundry Services	**232**	**57**	**350**	**213**
All other	**115**	**220**	**280**	**488**
Total net revenue	**$ 12,949**	**$ 15,321**	**$ 24,664**	**$ 33,674**
Operating income (loss):				
Client Computing	**$ 1,039**	**$ 876**	**$ 1,559**	**$ 3,598**
Data Center and AI	**(161)**	**(80)**	**(679)**	**1,313**
Network and Edge	**(187)**	**294**	**(487)**	**710**
Mobileye	**129**	**190**	**252**	**338**
Intel Foundry Services	**(143)**	**(134)**	**(283)**	**(157)**
All other	**(1,693)**	**(1,846)**	**(2,846)**	**(2,161)**
Total operating income (loss)	**$ (1,016)**	**$ (700)**	**$ (2,484)**	**$ 3,641**

In the second quarter of 2022, we initiated the wind-down of our Intel® Optane™ memory business, which is part of our DCAI operating segment, resulting in an inventory impairment of $559 million in *Cost of sales* on the Consolidated Condensed Statements of Income in the second quarter of 2022. The impairment charge was recognized as a Corporate charge in the "all other" category presented above.

Note 3 : Non-Controlling Interests

Semiconductor Co-Investment Program

In 2022, we closed a transaction with Brookfield Asset Management (Brookfield) resulting in the formation of Arizona Fab LLC (Arizona Fab), a VIE for which we and Brookfield own 51% and 49%, respectively. Because we are the primary beneficiary of the VIE, we fully consolidate the results of Arizona Fab into our consolidated financial statements. Generally, contributions will be made to, and distributions will be received from, Arizona Fab based on both parties' proportional ownership. We will be sole operator and majority owner of two new chip factories that will be constructed by Arizona Fab, and we will have the right to purchase 100% of the related factory output. Once production commences, we will be required to operate Arizona Fab at minimum production levels measured in wafer starts per week and will be required to limit excess inventory held on site or we will be subject to certain penalties.

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

As of July 1, 2023, a substantial majority of the assets of Arizona Fab consisted of property, plant, and equipment. The assets held by Arizona Fab, which can be used only to settle obligations of the VIE and are not available to us, were $3.5 billion as of July 1, 2023 ($1.8 billion as of December 31, 2022).

Non-controlling interest in Arizona Fab was $1.7 billion as of July 1, 2023 ($874 million as of December 31, 2022). Net loss attributable to non-controlling interest in Arizona Fab was $3 million in the second quarter of 2023 and $8 million in the first six months of 2023; there was no net income (loss) attributable to non-controlling interest in the first six months of 2022.

Mobileye

In October 2022, Mobileye completed its IPO and certain other equity financing transactions that resulted in net proceeds of $1.0 billion. During the second quarter of 2023, we converted $38.5 million of class B shares into class A shares, representing 5% of Mobileye's outstanding capital stock, and subsequently sold the class A shares for $42 per share as part of a secondary offering. We received net proceeds of $1.6 billion and increased our capital in excess of par value by $866 million as a result of the secondary offering.

As of July 1, 2023, Intel held approximately 88% (94% as of December 31, 2022) of the outstanding equity interest in Mobileye. Non-controlling interest in Mobileye was $1.8 billion as of July 1, 2023 ($1.0 billion as of December 31, 2022). Net loss attributable to non-controlling interest in Mobileye was $5 million in the second quarter of 2023 and $10 million in the first six months of 2023; there was no net income (loss) attributable to non-controlling interest in the first six months of 2022.

IMS Nanofabrication

In June 2023, we signed an agreement with Bain Capital Special Situations to sell an approximately 20% minority stake in our IMS Nanofabrication GmbH (IMS) business, a business within our IFS operating segment. Following the closure of the transaction, which is expected to occur in the third quarter of 2023, we will continue to consolidate the results of IMS into our consolidated financial statements. The transaction is expected to accelerate the innovation of critical technologies and foster deeper cross-industry collaboration.

Note 4 : Earnings (Loss) Per Share

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

	Three Months Ended		Six Months Ended	
(In Millions, Except Per Share Amounts)	**Jul 1, 2023**	**Jul 2, 2022**	**Jul 1, 2023**	**Jul 2, 2022**
Net income (loss)	**$ 1,473**	**$ (454)**	**$ (1,295)**	**$ 7,659**
Less: Net income (loss) attributable to non-controlling interests	(8)	—	(18)	—
Net income (loss) attributable to Intel	**1,481**	**(454)**	**(1,277)**	**7,659**
Weighted average shares of common stock outstanding—basic	**4,182**	**4,100**	**4,168**	**4,095**
Dilutive effect of employee equity incentive plans	14	—	—	25
Weighted average shares of common stock outstanding—diluted	**4,196**	**4,100**	**4,168**	**4,120**
Earnings (loss) per share attributable to Intel—basic	**$ 0.35**	**$ (0.11)**	**$ (0.31)**	**$ 1.87**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.35**	**$ (0.11)**	**$ (0.31)**	**$ 1.86**

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. Due to our net losses for the six months ended July 1, 2023 and for the three months ended July 2, 2022, 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 had an anti-dilutive effect on diluted loss per share for those periods and were excluded.

Securities that were anti-dilutive were insignificant and were excluded from the computation of diluted earnings per share in all periods presented.

Note 5 : Other Financial Statement Details

Accounts Receivable

We sell certain of our accounts receivable on a non-recourse basis to third-party financial institutions. We record these transactions as sales of receivables and present cash proceeds as *cash provided by operating activities* in the Consolidated Condensed Statements of Cash Flows. Accounts receivable sold under non-recourse factoring arrangements were $1.0 billion during the first six months of 2023, and we did not factor accounts receivable during the first six months of 2022. After the sale of our accounts receivable, we expect to collect payment from the customers and remit it to the third-party financial institution.

Inventories

(In Millions)	**Jul 1, 2023**	**Dec 31, 2022**
Raw materials	$ 1,284	$ 1,517
Work in process	6,638	7,565
Finished goods	4,062	4,142
Total inventories	**$ 11,984**	**$ 13,224**

Other Accrued Liabilities

Other accrued liabilities include deferred compensation of $2.7 billion as of July 1, 2023 ($2.4 billion as of December 31, 2022).

Interest and Other, Net

(In Millions)	Three Months Ended		Six Months Ended	
	Jul 1, 2023	Jul 2, 2022	Jul 1, 2023	Jul 2, 2022
Interest income	$ 313	$ 98	$ 647	$ 145
Interest expense	(214)	(109)	(407)	(233)
Other, net	125	(108)	125	966
Total interest and other, net	**$ 224**	**$ (119)**	**$ 365**	**$ 878**

Interest expense is net of $381 million of interest capitalized in the second quarter of 2023 and $744 million in the first six months of 2023 ($154 million in the second quarter of 2022 and $296 million in the first six months of 2022). *Other, net* includes a gain in 2022 of $1.0 billion resulting from the first closing of the divestiture of our NAND memory business.

Property, Plant, and Equipment

Effective January 2023, we increased the estimated useful life of certain production machinery and equipment from 5 years to 8 years. We estimate this change resulted in an approximate $570 million increase to gross margin and an approximate $110 million decrease in R&D expense in the second quarter of 2023 when compared to what the impact would have been using the estimated useful life in place prior to this change. We estimate this change resulted in an approximate $930 million increase to gross margin and an approximate $210 million decrease in R&D expenses in the first six months of 2023. As of July 1, 2023, we estimate this change resulted in an approximate $910 million decrease in ending inventory values. This estimate is based on the assets in use and under construction as of the beginning of 2023.

Note 6 : Restructuring and Other Charges

(In Millions)	Three Months Ended		Six Months Ended	
	Jul 1, 2023	Jul 2, 2022	Jul 1, 2023	Jul 2, 2022
Employee severance and benefit arrangements	$ 171	$ 38	$ 132	$ 43
Litigation charges and other	20	13	97	(1,203)
Asset impairment charges	9	36	35	36
Total restructuring and other charges	**$ 200**	**$ 87**	**$ 264**	**$ (1,124)**

The 2022 Restructuring Program was approved in the third quarter of 2022 to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our strategy. We expect these actions to be substantially completed by the end of 2023, but this is subject to change. Any changes to the estimates or timing of executing the 2022 Restructuring Program will be reflected in our results of operations.

Restructuring activity for the 2022 Restructuring Program during the first six months of 2023 was as follows:

(In Millions)	
Accrued restructuring balance as of December 31, 2022	$ 873
Additional accruals	101
Adjustments	26
Cash payments	(742)
Accrued restructuring balance as of July 1, 2023	**$ 258**

The accrued restructuring balances as of July 1, 2023 and December 31, 2022 were recorded as current liabilities within *accrued compensation and benefits* on the Consolidated Condensed Balance Sheets. The cumulative cost of the 2022 Restructuring Program as of July 1, 2023 was $1.2 billion.

Litigation charges and other includes a $1.2 billion benefit in the first six months of 2022 from the annulled penalty related to an EC fine that was recorded and paid in 2009. Refer to "Note 13: Contingencies" within the Notes to Consolidated Condensed Financial Statements for further information on legal proceedings related to the EC fine.

Note 7 : Income Taxes

(In Millions)	Three Months Ended Jul 1, 2023	Three Months Ended Jul 2, 2022	Six Months Ended Jul 1, 2023	Six Months Ended Jul 2, 2022
Income (loss) before taxes	$ (816)	$ (909)	$ (1,974)	$ 8,752
Provision for (benefit from) taxes	$ (2,289)	$ (455)	$ (679)	$ 1,093
Effective tax rate	280.5 %	50.1 %	34.4 %	12.5 %

Our provision for, or benefit from, income taxes for an interim period has historically been determined using an estimated annual effective tax rate, adjusted for discrete items, if any. Under certain circumstances where we are unable to make a reliable estimate of the annual effective tax rate, we use the actual effective tax rate for the year-to-date period. In the second quarter of 2023, we used this approach due to the variability of the rate as a result of fluctuations in forecasted income and the effects of being taxed in multiple tax jurisdictions.

Note 8 : 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-US government bonds and US agency securities. Financial institution instruments include instruments issued or managed by financial institutions in various forms, such as commercial paper, fixed- and floating-rate bonds, money market fund deposits, and time deposits. As of July 1, 2023, and December 31, 2022, substantially all time deposits were issued by institutions outside the US.

For certain of our marketable debt investments, we economically hedge market risks at inception with a related derivative instrument or the marketable debt investment itself is used to economically hedge currency exchange rate risk from remeasurement. These hedged investments are reported at fair value with gains or losses from the investments and the related derivative instruments recorded in *interest and other, net*. The fair value of our hedged investments was $14.7 billion as of July 1, 2023 ($16.2 billion as of December 31, 2022). For hedged investments still held at the reporting date, we recorded net losses of $183 million in the second quarter of 2023 and net losses of $91 million in the first six months of 2023 ($1.0 billion of net losses in the second quarter of 2022 and $1.3 billion of net losses in the first six months of 2022). We recorded net gains on the related derivatives of $237 million in the second quarter of 2023 and net gains of $124 million in the first six months of 2023 ($868 million of net gains in the second quarter of 2022 and net gains of $1.2 billion in the first six months of 2022).

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 our unhedged investments was $6.9 billion as of July 1, 2023 ($10.2 billion as of December 31, 2022), which approximated the fair value for these periods.

The fair value of marketable debt investments, by contractual maturity, as of July 1, 2023, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	$ 10,441
Due in 1–2 years	1,958
Due in 2–5 years	5,352
Due after 5 years	725
Instruments not due at a single maturity date[1]	3,142
Total	**$ 21,618**

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

Equity Investments

(In Millions)	Jul 1, 2023	Dec 31, 2022
Marketable equity securities[1]	$ 1,295	$ 1,341
Non-marketable equity securities	4,589	4,561
Equity method investments	9	10
Total	**$ 5,893**	**$ 5,912**

[1] *Over 90% of our marketable equity securities are subject to trading-volume or market-based restrictions, which limit the number of shares we may sell in a specified period of time, impacting our ability to liquidate these investments. The trading volume restrictions generally apply for as long as we own more than 1% of the outstanding shares. Market-based restrictions result from the rules of the respective exchange.*

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

	Three Months Ended		Six Months Ended	
(In Millions)	Jul 1, 2023	Jul 2, 2022	Jul 1, 2023	Jul 2, 2022
Ongoing mark-to-market adjustments on marketable equity securities	$ (85)	$ (209)	$ 103	$ (639)
Observable price adjustments on non-marketable equity securities	—	135	10	206
Impairment charges	(38)	(44)	(74)	(67)
Sale of equity investments and other[1]	99	28	106	4,733
Total gains (losses) on equity investments, net	**$ (24)**	**$ (90)**	**$ 145**	**$ 4,233**

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

Net unrealized gains and losses for our marketable and non-marketable equity securities for each period were as follows:

	Three Months Ended		Six Months Ended	
(In Millions)	Jul 1, 2023	Jul 2, 2022	Jul 1, 2023	Jul 2, 2022
Net unrealized gains (losses) recognized during the period on equity securities	$ (26)	$ (93)	$ 141	$ (337)
Less: Net (gains) losses recognized during the period on equity securities sold during the period	28	(19)	(7)	(11)
Net unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	**$ 2**	**$ (112)**	**$ 134**	**$ (348)**

McAfee Corp.

During the first quarter of 2022, the sale of the McAfee consumer business 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.*

Note 9 : Acquisitions and Divestitures

Acquisitions

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. Tower is a leading foundry for analog semiconductor solutions. The acquisition is intended to advance our IDM 2.0 strategy by accelerating our global end-to-end foundry business. Under the agreement, each issued and outstanding ordinary share of Tower would be converted at closing 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. We continue to work to close the transaction, which remains subject to certain regulatory approvals and customary closing conditions. If regulatory approvals are not received prior to August 15, 2023, and the agreement is terminated by either party, we may be obligated to pay Tower a termination fee of $353 million. If the acquisition is completed, Tower will be included in our IFS operating segment.

Divestitures

NAND Memory Business

On December 29, 2021, we closed the first phase of our agreement with SK hynix Inc. (SK hynix) to divest our NAND memory business for $9.0 billion in cash. Our NAND memory business includes our NAND memory technology and manufacturing business (the NAND OpCo Business), of which we deconsolidated our ongoing interests in as part of the sale. The transaction will be completed in two closings and upon the first closing in the first quarter of 2022, SK hynix paid $7.0 billion of consideration and we recognized a pre-tax gain of $1.0 billion within *interest and other, net*, and tax expense of $495 million. We recorded a receivable in *other long-term assets* for the remaining proceeds of $1.9 billion which remains outstanding as of July 1, 2023, and will be received upon the second closing of the transaction, expected to be no earlier than March 2025.

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.

As of July 1, 2023, we also have a receivable due from the NAND OpCo Business, a deconsolidated entity, of $201 million recorded within *other current assets* on the Consolidated Condensed Balance Sheets. We will be reimbursed for costs of $32 million per quarter in 2023 for corporate function services, which include human resources, information technology, finance, supply chain, and other compliance requirements associated with being wholly owned subsidiaries.

Note 10 : Borrowings

In the first quarter of 2023, we issued a total of $11.0 billion aggregate principal amount of senior notes. We also amended both our 5-year $5.0 billion revolving credit facility agreement, extending the maturity date by one year to March 2028, and our 364-day $5.0 billion credit facility agreement, extending the maturity date to March 2024. The revolving credit facilities had no borrowings outstanding as of July 1, 2023.

We have an ongoing authorization from our Board of Directors to borrow up to $10.0 billion under our commercial paper program. In the first six months of 2023, we settled in cash $3.9 billion of our commercial paper. We had no outstanding commercial paper as of July 1, 2023 ($3.9 billion as of December 31, 2022).

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 11 : Fair Value

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

	Jul 1, 2023				Dec 31, 2022			
	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	$ —	$ 1,077	$ —	$ 1,077	$ —	$ 856	$ —	$ 856
Financial institution instruments[1]	3,046	1,587	—	4,633	6,899	1,474	—	8,373
Reverse repurchase agreements	—	1,700	—	1,700	—	1,301	—	1,301
Short-term investments:								
Corporate debt	—	6,158	—	6,158	—	5,381	—	5,381
Financial institution instruments[1]	96	3,731	—	3,827	196	4,729	—	4,925
Government debt[2]	49	5,874	—	5,923	48	6,840	—	6,888
Other current assets:								
Derivative assets	197	963	—	1,160	—	1,264	—	1,264
Loans receivable	—	55	—	55	—	53	—	53
Marketable equity securities	1,295	—	—	1,295	1,341	—	—	1,341
Other long-term assets:								
Derivative assets	—	5	—	5	—	10	—	10
Total assets measured and recorded at fair value	**$ 4,683**	**$ 21,150**	**$ —**	**$ 25,833**	**$ 8,484**	**$ 21,908**	**$ —**	**$ 30,392**
Liabilities								
Other accrued liabilities:								
Derivative liabilities	$ —	$ 446	$ 101	$ 547	$ 111	$ 485	$ 89	$ 685
Other long-term liabilities:								
Derivative liabilities	—	722	—	722	—	699	—	699
Total liabilities measured and recorded at fair value	**$ —**	**$ 1,168**	**$ 101**	**$ 1,269**	**$ 111**	**$ 1,184**	**$ 89**	**$ 1,384**

[1] *Level 1 investments consist of money market funds. Level 2 investments consist primarily of certificates of deposit, time deposits, and notes and bonds issued by financial institutions.*
[2] *Level 1 investments consist primarily of US Treasury securities. Level 2 investments consist primarily of non-US government debt.*

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

Our non-marketable equity securities, equity method investments, and certain non-financial assets, such as intangible assets 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 July 1, 2023 was $512 million (the aggregate carrying value as of December 31, 2022 was $437 million). We have no reverse repurchase agreements as of July 1, 2023 (the aggregate carrying value as of December 31, 2022 was $400 million).

We classify the fair value of issued debt (excluding any commercial paper) as Level 2. The fair value of our issued debt was $45.4 billion as of July 1, 2023 ($34.3 billion as of December 31, 2022).

Note 12 : Derivative Financial Instruments

Volume of Derivative Activity

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

(In Millions)	Jul 1, 2023	Dec 31, 2022
Foreign currency contracts	$ 27,267	$ 31,603
Interest rate contracts	17,356	16,011
Other	2,058	2,094
Total	**$ 46,681**	**$ 49,708**

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

	Jul 1, 2023		Dec 31, 2022	
(In Millions)	Assets[1]	Liabilities[2]	Assets[1]	Liabilities[2]
Derivatives designated as hedging instruments:				
Foreign currency contracts[3]	$ 144	$ 347	$ 142	$ 290
Interest rate contracts	—	798	—	777
Total derivatives designated as hedging instruments	**$ 144**	**$ 1,145**	**$ 142**	**$ 1,067**
Derivatives not designated as hedging instruments:				
Foreign currency contracts[3]	$ 497	$ 118	$ 866	$ 194
Interest rate contracts	327	6	266	12
Equity contracts	197	—	—	111
Total derivatives not designated as hedging instruments	**$ 1,021**	**$ 124**	**$ 1,132**	**$ 317**
Total derivatives	**$ 1,165**	**$ 1,269**	**$ 1,274**	**$ 1,384**

1 *Derivative assets are recorded as other assets, current and long-term.*
2 *Derivative liabilities are recorded as other liabilities, current and long-term.*
3 *A substantial majority of these instruments mature within 12 months.*

Amounts Offset in the Consolidated Condensed Balance Sheets

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

	Jul 1, 2023					
				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	$ 1,070	$ —	$ 1,070	$ (548)	$ (522)	$ —
Reverse repurchase agreements	1,700	—	1,700	—	(1,700)	—
Total assets	**$ 2,770**	**$ —**	**$ 2,770**	**$ (548)**	**$ (2,222)**	**$ —**
Liabilities:						
Derivative liabilities subject to master netting arrangements	$ 1,260	$ —	$ 1,260	$ (548)	$ (692)	$ 20
Total liabilities	**$ 1,260**	**$ —**	**$ 1,260**	**$ (548)**	**$ (692)**	**$ 20**

	Dec 31, 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	$ 1,231	$ —	$ 1,231	$ (546)	$ (682)	$ 3
Reverse repurchase agreements	1,701	—	1,701	—	(1,701)	—
Total assets	**$ 2,932**	**$ —**	**$ 2,932**	**$ (546)**	**$ (2,383)**	**$ 3**
Liabilities:						
Derivative liabilities subject to master netting arrangements	$ 1,337	$ —	$ 1,337	$ (546)	$ (712)	$ 79
Total liabilities	**$ 1,337**	**$ —**	**$ 1,337**	**$ (546)**	**$ (712)**	**$ 79**

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 $245 million net losses in the second quarter of 2023 and $191 million net losses in the first six months of 2023 ($782 million net losses in the second quarter of 2022 and $897 million net losses in the first six months of 2022). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first six months of 2023 and 2022, 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:

	Gains (Losses) on Derivatives Recognized in Consolidated Condensed Statements of Income			
	Three Months Ended		Six Months Ended	
(In Millions)	**Jul 1, 2023**	**Jul 2, 2022**	**Jul 1, 2023**	**Jul 2, 2022**
Interest rate contracts	$ (213)	$ (236)	$ (21)	$ (947)
Hedged items	213	236	21	947
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	**Carrying Amount of the Hedged Item Assets/(Liabilities)**		**Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)**	
(In Millions)	**Jul 1, 2023**	**Dec 31, 2022**	**Jul 1, 2023**	**Dec 31, 2022**
Long-term debt	$ (11,200)	$ (11,221)	$ 797	$ 776

The total notional amount of outstanding pay-variable, receive-fixed interest rate swaps was $12.0 billion as of July 1, 2023 and December 31, 2022.

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:

		Three Months Ended		Six Months Ended	
(In Millions)	**Location of Gains (Losses) Recognized in Income on Derivatives**	**Jul 1, 2023**	**Jul 2, 2022**	**Jul 1, 2023**	**Jul 2, 2022**
Foreign currency contracts	Interest and other, net	$ 211	$ 1,023	$ 212	$ 1,181
Interest rate contracts	Interest and other, net	124	31	90	125
Other	Various	100	(331)	215	(465)
Total		**$ 435**	**$ 723**	**$ 517**	**$ 841**

Note 13 : Contingencies

Legal Proceedings

We are regularly party to various ongoing claims, litigation, and other proceedings, including those noted in this section. We have accrued a charge of $2.2 billion related to litigation involving VLSI, described below. Excluding the VLSI claims, management at present believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations, cash flows, or overall trends; however, legal proceedings and related government investigations are subject to inherent uncertainties, and unfavorable rulings, excessive verdicts, or other events could occur. Unfavorable resolutions could include substantial monetary damages, fines, or penalties. Certain of these outstanding matters include speculative, substantial, or indeterminate monetary awards. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices, or requiring other remedies. An unfavorable outcome may result in a material adverse impact on our business, results of operations, financial position, and overall trends. We might also conclude that settling one or more such matters is in the best interests of our stockholders, employees, and customers, and any such settlement could include substantial payments. Unless specifically described below, we have not concluded that settlement of any of the legal proceedings noted in this section is appropriate at this time.

European Commission Competition Matter

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

We appealed the EC decision to the European Court of Justice in 2014, after the General Court (then called the Court of First Instance) rejected our appeal of the EC decision in its entirety. In September 2017, the Court of Justice sent the case back to the General Court to examine whether the rebates at issue were capable of restricting competition.

In January 2022, the General Court annulled the EC's 2009 findings against us regarding rebates, as well as the fine imposed on Intel, which was returned to us in February 2022. In April 2022, the EC appealed the General Court's decision to the Court of Justice. A hearing date on the appeal has not been scheduled. The General Court's January 2022 decision did not annul the EC's 2009 finding that we made payments to prevent sales of specific rival products, and in January 2023 the EC reopened its administrative procedure to determine a fine against us based on that alleged conduct. 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, in April 2022 we filed applications with the General Court seeking an order requiring the EC to pay us approximately €593 million in default interest, which applications have been stayed pending the EC's appeal of the General Court's January 2022 decision.

Litigation Related to Security Vulnerabilities

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

Numerous lawsuits have been filed against us relating to Spectre, Meltdown, and other variants of the security vulnerabilities that have been identified since 2018. As of July 26, 2023, consumer class action lawsuits against us were pending in the US, Canada, and Argentina. The plaintiffs, who purport to represent various classes of purchasers of our products, generally claim to have been harmed by our actions and/or omissions in connection with the security vulnerabilities and assert a variety of common law and statutory claims seeking monetary damages and equitable relief. In the US, class action suits filed in various jurisdictions were consolidated for all pretrial proceedings in the US District Court for the District of Oregon, which entered final judgment in favor of Intel in July 2022 based on plaintiffs' failure to plead a viable claim. 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. In Argentina, Intel Argentina was served with, and responded to, a class action complaint in June 2022. The Argentinian court dismissed plaintiffs' claims for lack of standing in May 2023, and plaintiffs have appealed. 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.

Litigation Related to 7nm Product Delay Announcement

Multiple securities class action lawsuits were filed in the US District Court for the Northern District of California against us and certain officers following our July 2020 announcement of 7nm product delays. The court consolidated the lawsuits and appointed lead plaintiffs in October 2020, and in January 2021 plaintiffs filed a consolidated complaint. Plaintiffs purport to represent all persons who purchased or otherwise acquired our common stock from October 25, 2019 through October 23, 2020, and they generally allege that defendants violated the federal securities laws by making false or misleading statements about the timeline for 7nm products. In March 2023, the court granted the defendants' motion to dismiss the consolidated complaint, and in April 2023 entered judgment. Plaintiffs have appealed. Given the procedural posture and the nature of the case, including that it is in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class being certified or the ultimate size of any class if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from the matter. In July 2021, we introduced a new process node naming structure, and the 7nm process is now called Intel 4.

Litigation Related to Patent and IP Claims

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

VLSI Technology LLC v. Intel

In October 2017, VLSI Technology LLC (VLSI) filed a complaint against us in the US District Court for the Northern District of California alleging that various Intel FPGA and processor products infringe eight patents that VLSI acquired from NXP Semiconductors, N.V. (NXP). Four patents remain at issue in the case, and VLSI estimates its damages to be approximately $860 million, and seeks enhanced damages, future royalties, attorneys' fees, costs, and interest. We filed Inter Partes Review (IPR) petitions with the Patent Trial and Appeal Board (PTAB) in 2018 challenging patentability, and the parties stipulated to stay the district court action pending the PTAB's review. The PTAB subsequently found all claims of two patents, and some claims of two other patents, to be unpatentable. The district court lifted the stay in September 2021, and scheduled trial for March 2024 on the claims that were found patentable by the PTAB.

In April 2019, VLSI filed three infringement suits against us in the US District Court for the Western District of Texas accusing various of our processors of infringement of eight additional patents it had acquired from NXP:

- The first Texas case went to trial in February 2021, and the jury awarded VLSI $1.5 billion for literal infringement of one patent and $675 million for infringement of another patent under the doctrine of equivalents. In April 2022, the court entered final judgment, awarding VLSI $2.2 billion in damages and approximately $162.3 million in pre-judgment and post-judgment interest. We have appealed the judgment to the Federal Circuit Court of Appeals, including its claim to have a license from Fortress Investment Group's acquisition of Finjan. In December 2021 and January 2022 the PTAB instituted IPRs on the claims found to have been infringed in the first Texas case, and in May and June 2023 found all of those claims unpatentable; VLSI may appeal the PTAB's decisions.
- The second Texas case went to trial in April 2021, and the jury found that we do not infringe the asserted patents. VLSI had sought approximately $3.0 billion for alleged infringement, plus enhanced damages for willful infringement. The court has not yet entered final judgment.
- The third Texas case went to trial in November 2022, with VLSI asserting one remaining patent. The jury found the patent valid and infringed, and awarded VLSI approximately $949 million in damages, plus a running royalty. The court has not yet entered final judgment. In February 2023, we filed motions for a new trial and for judgment as a matter of law notwithstanding the verdict on various grounds. Further appeals are possible.

In 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 one patent against certain Intel Core processors. Defendants filed an invalidation petition in October 2019 with the China National Intellectual Property Administration (CNIPA) which held a hearing in September 2021. CNIPA has not yet issued a decision. The Shenzhen court held trial proceedings in July 2021 and stated that further trial proceedings were needed but would be stayed pending the outcome of defendants' invalidity challenge at the CNIPA. VLSI seeks an injunction as well as RMB 1.3 million in costs and expenses, but no damages.

In May 2019, VLSI filed a case in Shanghai Intellectual Property Court against Intel (China) Co., Ltd., Intel Trading (Shanghai) Co., Ltd., and Intel Products (Chengdu) Co., Ltd. asserting one patent against certain Intel core processors. The court held a trial hearing in December 2020, where VLSI requested expenses (RMB 300 thousand) and an injunction. The court held a second trial hearing in May 2022, but has yet to issue its final decision. In December 2022, we filed a petition to invalidate the patent at issue.

We have accrued a charge of approximately $2.2 billion related to the VLSI litigation. While we dispute VLSI's claims and intend to vigorously defend against them, we are unable to make a reasonable estimate of losses in excess of recorded amounts given recent developments and future proceedings.

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-generation mobile network, which brings dramatic improvements in network speeds and latency, and which we view as a transformative technology and opportunity for many industries
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
DCAI	Data Center and Artificial Intelligence operating segment
EC	European Commission
EPS	Earnings per share
Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2022
Form 10-Q	Quarterly Report on Form 10-Q for the quarter ended July 1, 2023
FPGA	Field-programmable gate array
IDM	Integrated device manufacturer, a semiconductor company that both designs and builds chips
IDM 2.0	Evolution of our IDM model that combines our internal factory network, strategic use of foundry capacity and our IFS business to position us to drive technology and product leadership
IFS	Intel Foundry Services operating segment
IP	Intellectual property
IPO	Initial public offering
MD&A	Management's Discussion and Analysis
MG&A	Marketing, general, and administrative
MNC	Multinational corporation
NAND	NAND flash memory
NEX	Networking and Edge operating segment
nm	Nanometer
R&D	Research and development
RSU	Restricted stock unit
SEC	US 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
SSD	Solid-state drive
US	United States
US GAAP	US Generally Accepted Accounting Principles
VIE	Variable interest entity
VLSI	VLSI Technology LLC

Management's Discussion and Analysis

This report should be read in conjunction with the Consolidated Financial Statements in our 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 the organizational change to integrate AXG into CCG and DCAI to drive a more effective go-to-market capability, accelerating the scale of these businesses while further reducing costs. As a result, we modified our segment reporting in the first quarter of 2023 to align to this and certain other business reorganizations. All prior-period segment data has been retrospectively adjusted to reflect the way we internally manage and monitor segment performance starting in fiscal year 2023.

"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 engage in an intentional effort focused on a long-term operating system, system architecture, hardware, and application integration that enables industry-leading PC experiences. We are embracing these opportunities by simplifying and focusing our roadmap, ramping PC capabilities even more aggressively, and designing PC experiences 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

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

Revenue Summary

Q2 2023 vs. Q2 2022

- Notebook revenue was $3.9 billion, down $855 million from Q2 2022. Notebook volume decreased 13% in Q2 2023 due to lower demand and customers tempering purchases to reduce existing inventories. Notebook ASPs decreased 5% in Q2 2023 due to a higher mix of small core products attributable to relative strength in the education market combined with a higher mix of older generation products.
- Desktop revenue was $2.4 billion, up $81 million from Q2 2022. Desktop volume decreased 11% in Q2 2023 due to lower demand and customers tempering purchases to reduce existing inventories. Desktop ASPs increased 16% in Q2 2023 due to an increased mix of product sales to the commercial and gaming market segments.
- Other revenue was $514 million, down $124 million from Q2 2022, primarily driven by lower wireless and connectivity product sales as a result of lower notebook volume.

YTD 2023 vs YTD 2022

- Notebook revenue was $7.3 billion, down $3.4 billion from YTD 2022. Notebook volume decreased 26% in YTD 2023 due to lower demand and due to customers tempering purchases to reduce existing inventories. Notebook ASPs decreased 8% in YTD 2023 due to relative strength in the education market segment resulting in a higher mix of small core products combined with a higher mix of older generation products.
- Desktop revenue was $4.2 billion, down $681 million from YTD 2022. Desktop volume decreased 22% in YTD 2023, driven by lower demand and due to customers tempering purchases to reduce existing inventories. Desktop ASPs increased 10% in YTD 2023 due to an increased mix of product sales to the commercial and gaming market segments.

- Other revenue was $995 million, down $365 million from YTD 2022, primarily driven by lower wireless and connectivity product sales as a result of lower notebook volumes.

Operating Income Summary

Operating income increased 19% from Q2 2022, with an operating margin of 15%.

Operating income decreased 57% from YTD 2022, with an operating margin of 12%.

(In Millions)	
$ 1,039	**Q2 2023 CCG Operating Income**
428	Lower operating expenses driven by various cost-cutting measures
402	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in Q2 2023
148	Higher product margin from desktop revenue
93	Lower period charges primarily driven by a decrease in product ramp costs
(585)	Lower product margin from notebook revenue
(186)	Higher unit costs primarily from increased mix of Intel 7 products
(77)	Higher period charges related to excess capacity charges
(60)	Other
$ 876	**Q2 2022 CCG Operating Income**
$ 1,559	**YTD 2023 CCG Operating Income**
(2,861)	Lower product margin primarily from notebook and desktop revenue
(344)	Higher unit cost primarily from increased mix of Intel 7 products
(197)	Higher period charges related to excess capacity charges
628	Lower operating expenses driven by various cost-cutting measures
412	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in 2023
323	Lower period charges primarily driven by a decrease in product ramp costs
$ 3,598	**YTD 2022 CCG Operating Income**

Data Center and AI

DCAI delivers industry-leading workload-optimized solutions to cloud service providers and enterprise customers, along with silicon devices for communications service providers and high-performance computing customers. We are uniquely positioned to deliver solutions to help solve our customers' most complex challenges with the depth and breadth of our hardware and software portfolio combined with silicon and platforms, advanced packaging, and at-scale manufacturing made possible by being the world's only IDM at scale. Our customers and partners include cloud hyperscalers, MNCs, small and medium-sized businesses, independent software vendors, systems integrators, communications service providers, and governments around the world.

DCAI Revenue $B

DCAI Operating Income (Loss) $B

Revenue Summary

Q2 2023 vs. Q2 2022

Revenue was $4.0 billion, down $691 million from Q2 2022, driven by a decrease in server revenue. Server volume decreased 34% in Q2 2023, due to lower demand in a softening CPU data center market. Server ASPs increased 17% primarily due to a higher mix of high core count products. The decrease in server revenue was partially offset by an increase in revenue from the FPGA product line.

YTD 2023 vs YTD 2022

Revenue was $7.7 billion, down $3.0 billion from YTD 2022, driven by a decrease in server revenue. Server volume decreased 43% in YTD 2023, due to lower demand and from customers tempering purchases to reduce existing inventories in a softening CPU data center market. Server ASPs increased 8% primarily due to a higher mix of high core count products. The decrease in server revenue was partially offset by an increase in revenue from the FPGA product line.

Operating Income (Loss) Summary

Operating loss increased 101% from Q2 2022, with an operating margin of (4)%.

We had an operating loss of $679 million in YTD 2023, compared to operating income of $1.3 billion in YTD 2022.

(In Millions)	
$ (161)	**Q2 2023 DCAI Operating Income (Loss)**
(394)	Lower product margin due to lower server revenue, partially offset by an increase in product margin from higher DCAI other product revenue
(270)	Higher server unit cost primarily from increased mix of Intel 7 products
(100)	Higher period charges related to excess capacity charges
386	Lower operating expenses driven by various cost-cutting measures
186	Lower period charges primarily driven by a decrease in product ramp costs
111	Lower period charges driven by the sell-through of previously reserved inventory
$ (80)	**Q2 2022 DCAI Operating Income (Loss)**
$ (679)	**YTD 2023 DCAI Operating Income (Loss)**
(2,314)	Lower product margin due to lower server revenue, partially offset by an increase in product margin from higher DCAI other product revenue
(542)	Higher server unit cost primarily from increased mix of Intel 7 products
(254)	Higher period charges related to excess capacity charges
584	Lower operating expenses driven by various cost-cutting measures
288	Lower period charges primarily driven by a decrease in product ramp costs
246	Lower period charges driven by the sell-through of previously reserved inventory
$ 1,313	**YTD 2022 DCAI Operating Income (Loss)**

Network & Edge

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

NEX Revenue $B

NEX Operating Income (Loss) $B

Revenue Summary

Q2 2023 vs. Q2 2022

Revenue was $1.4 billion, down $847 million from Q2 2022, as customers tempered purchases to reduce existing inventories and adjust to a lower demand environment across product lines.

YTD 2023 vs. YTD 2022

Revenue was $2.9 billion, down $1.5 billion from YTD 2022, as customers tempered purchases to reduce existing inventories and adjust to a lower demand environment across product lines.

Operating Income (Loss) Summary

We had an operating loss of $187 million in Q2 2023, compared to operating income of $294 million in Q2 2022.

We had an operating loss of $487 million in YTD 2023, compared to operating income of $710 million in YTD 2022.

(In Millions)

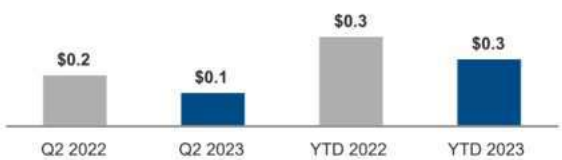
$	(187)	**Q2 2023 NEX Operating Income (Loss)**
	(569)	Lower product margin driven by lower revenue across NEX product lines
	88	Other, including lower operating expenses driven by various cost-cutting measures
$	294	**Q2 2022 NEX Operating Income (Loss)**
$	(487)	**YTD 2023 NEX Operating Income (Loss)**
	(1,074)	Lower product margin driven by lower revenue across NEX product lines
	(143)	Higher period charges driven by inventory reserves taken in 2023
	20	Other, including lower operating expenses driven by various cost-cutting measures
$	710	**YTD 2022 NEX Operating Income (Loss)**

Mobileye

Mobileye is a global leader in driving assistance and self-driving solutions. Our product portfolio is designed to encompass the entire stack required for assisted and autonomous driving, including compute platforms, computer vision, and machine learning-based perception, mapping and localization, driving policy, and active sensors in development. We pioneered ADAS technology more than 20 years ago, and have continuously expanded the scope of our ADAS offerings while leading the evolution to autonomous driving solutions. Our unique assets in ADAS allow for building a scalable self-driving stack that meets the requirements for both robotaxi and consumer-owned autonomous vehicles. Our customers and strategic partners include major global original equipment manufacturers, Tier 1 automotive system integrators, and public transportation operators.

Mobileye Revenue $B

Mobileye Operating Income $B



Revenue and Operating Income Summary

Q2 2023 vs. Q2 2022

Revenue was $454 million, down $6 million from Q2 2022. Operating income was $129 million, down $61 million from Q2 2022, primarily due to increased investments in leadership products.

YTD 2023 vs. YTD 2022

Revenue was $912 million, up $58 million from YTD 2022 primarily driven by higher demand for EyeQ® products and Mobileye SuperVision™ systems. Operating income was $252 million, down $86 million from YTD 2022, primarily due to increased investments in leadership products.

Intel Foundry Services

As the first Open System Foundry, we offer customers differentiated full stack solutions created from the best of Intel and the foundry industry ecosystem, delivered from a secure and sustainable source of supply with an array of flexible business models to enable customers to lead in their industry. In addition to a world-class foundry offering enabled by a rich ecosystem, customers have access to our expertise and technologies, including cores, accelerators, and advanced packaging such as Embedded Multi-die Interconnect Bridge. Our early customers and strategic partners include traditional fabless customers, cloud service providers, automotive customers, and military, aerospace, and defense firms. We also offer mask-making equipment for advanced lithography used by many of the world's leading-edge foundries.

IFS Revenue $B

IFS Operating (Loss) $B

Revenue and Operating (Loss) Summary

Q2 2023 vs. Q2 2022

Revenue was $232 million, up $175 million from Q2 2022 driven by higher packaging revenue and multi-beam mask writer tool sales. We had an operating loss of $143 million, compared to an operating loss of $134 million in Q2 2022.

YTD 2023 vs. YTD 2022

Revenue was $350 million, up $137 million from YTD 2022 driven by higher packaging revenue. We had an operating loss of $283 million, compared to an operating loss of $157 million in YTD 2022, primarily due to increased spending to drive strategic growth.

Consolidated Condensed Results of Operations

(In Millions, Except Per Share Amounts)	Three Months Ended				Six Months Ended			
	Q2 2023		Q2 2022		YTD 2023		YTD 2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	**$ 12,949**	**100.0 %**	**$ 15,321**	**100.0 %**	**$ 24,664**	**100.0 %**	**$ 33,674**	**100.0 %**
Cost of sales	8,311	64.2 %	9,734	63.5 %	16,018	64.9 %	18,843	56.0 %
Gross margin	**4,638**	**35.8 %**	**5,587**	**36.5 %**	**8,646**	**35.1 %**	**14,831**	**44.0 %**
Research and development	4,080	31.5 %	4,400	28.7 %	8,189	33.2 %	8,762	26.0 %
Marketing, general, and administrative	1,374	10.6 %	1,800	11.7 %	2,677	10.9 %	3,552	10.5 %
Restructuring and other charges	200	1.5 %	87	0.6 %	264	1.1 %	(1,124)	(3.3)%
Operating income (loss)	**(1,016)**	**(7.8)%**	**(700)**	**(4.6)%**	**(2,484)**	**(10.1)%**	**3,641**	**10.8 %**
Gains (losses) on equity investments, net	(24)	(0.2)%	(90)	(0.6)%	145	0.6 %	4,233	12.6 %
Interest and other, net	224	1.7 %	(119)	(0.8)%	365	1.5 %	878	2.6 %
Income (loss) before taxes	**(816)**	**(6.3)%**	**(909)**	**(5.9)%**	**(1,974)**	**(8.0)%**	**8,752**	**26.0 %**
Provision for (benefit from) taxes	(2,289)	(17.7)%	(455)	(3.0)%	(679)	(2.8)%	1,093	3.2 %
Net income (loss)	**1,473**	**11.4 %**	**(454)**	**(3.0)%**	**$ (1,295)**	**(5.3)%**	**$ 7,659**	**22.7 %**
Less: Net income (loss) attributable to non-controlling interests	(8)	(0.1)%	—	— %	(18)	(0.1)%	—	— %
Net income (loss) attributable to Intel	**$ 1,481**	**11.4 %**	**$ (454)**	**(3.0)%**	**$ (1,277)**	**(5.2)%**	**$ 7,659**	**22.7 %**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.35**		**$ (0.11)**		**$ (0.31)**		**$ 1.86**	

Revenue

Segment Revenue Walk $B

Q2 2023 vs. Q2 2022 and YTD 2023 vs. YTD 2022

Our Q2 2023 revenue was $12.9 billion, down $2.4 billion or 15% from Q2 2022. Our YTD 2023 revenue was $24.7 billion, down $9.0 billion or 27% from YTD 2022. CCG revenue decreased 12% from Q2 2022 and 26% from YTD 2022 due primarily to lower notebook and desktop volumes on lower demand and from customers tempering purchases to reduce existing inventories. Notebook ASPs decreased due to the relative strength in the education market segment resulting in a higher mix of small core products combined with a higher mix of older generation products, while desktop ASPs increased due to an increased mix of product sales to the commercial and gaming market segments. DCAI revenue decreased 15% from Q2 2022 and decreased 28% from YTD 2022 due to lower server volume resulting from a softening CPU data center market, partially offset by higher server ASPs from an increased mix of high core count products and an increase in revenue from the FPGA product line. NEX revenue decreased 38% from Q2 2022 and decreased 34% from YTD 2022 as customers tempered purchases to reduce existing inventories and adjust to a lower demand environment across product lines.

We expect our net revenue to improve sequentially throughout 2023 with higher net revenue in the second half of the year, which generally aligns to the historical seasonality trends that we typically experience for our business.

Gross Margin

We derived substantially all of our overall gross margin in Q2 2023, and most of our gross margin in YTD 2023, from the sale of products in the CCG and DCAI operating segments. Our overall gross margin dollars in Q2 2023 decreased by $949 million, or 17% compared to Q2 2022, and YTD 2023 decreased by $6.2 billion, or 42% compared to YTD 2022.

Gross Margin $B

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

(In Millions)		
$	4,638	**Q2 2023 Gross Margin**
	(569)	Lower product margin driven by lower revenue across NEX product lines
	(456)	Higher unit cost primarily from increased mix of Intel 7 products
	(437)	Lower product margin from notebook revenue, partially offset by higher product margin from desktop revenue
	(394)	Lower product margin due to lower server revenue, partially offset by an increase in product margin due to higher FPGA product line revenue
	(223)	Higher period charges related to excess capacity charges
	559	Absence of the Optane inventory impairment charge taken in Q2 2022 related to the wind down of our Intel Optane memory business
	512	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in Q2 2023
	279	Lower period charges primarily driven by a decrease in product ramp costs
	205	Absence of corporate charges from a patent settlement in Q2 2022
	(425)	Other
$	5,587	**Q2 2022 Gross Margin**
$	8,646	**YTD 2023 Gross Margin**
	(2,861)	Lower product margin primarily from notebook and desktop revenue
	(2,314)	Lower product margin due to lower server revenue, partially offset by an increase in product margin due to higher FPGA product line revenue
	(1,074)	Lower product margin driven by lower revenue across NEX product lines
	(886)	Higher unit cost primarily from increased mix of Intel 7 products
	(575)	Higher period charges related to excess capacity charges
	611	Lower period charges primarily driven by a decrease in product ramp costs
	559	Absence of the Optane inventory impairment charge taken in Q2 2022 related to the wind down of our Intel Optane memory business
	514	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in 2023
	205	Absence of corporate charges from a patent settlement in Q2 2022
	(364)	Other
$	14,831	**YTD 2022 Gross Margin**

Effective January 2023, we increased the estimated useful life of certain production machinery and equipment from 5 years to 8 years. When compared to the estimated useful life in place as of the end of 2022, we expect total depreciation expense in 2023 to be reduced by $4.2 billion. We expect this change will result in an approximately $2.5 billion increase to gross margin, a $400 million decrease in R&D expenses, and a $1.3 billion decrease in ending inventory values. This estimate is based on the assets in use and under construction as of the beginning of 2023 and is calculated at that point in time. Because most of the depreciation expense associated with this useful life change is included in overhead cost pools and is combined with other costs and other depreciation expense from assets placed into service after this calculation was performed, for which such costs are subsequently absorbed into inventory as each product passes through our manufacturing process, the actual amount of impact from the useful life change that is included in our 2023 operating results and financial position is impractical to individually and specifically quantify on a year-over-year basis.

Operating Expenses

Total R&D and MG&A expenses for Q2 2023 were $5.5 billion, down 12% from Q2 2022, and $10.9 billion for YTD 2023, down 12% from YTD 2022. These expenses represent 42.1% of revenue for Q2 2023 and 40.5% of revenue for Q2 2022, and 44.1% of revenue for YTD 2023 and 36.6% of revenue for YTD 2022. In support of our strategy, described in our 2022 Form 10-K, we continue to make significant investments to accelerate our process technology roadmap. This requires continued investments in R&D and focused efforts to attract and retain talent. We have implemented certain cost-cutting measures while we continue to improve our product execution.

Research and Development $B

Marketing, General, and Administrative $B

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

Research and Development

Q2 2023 vs. Q2 2022

R&D decreased by $320 million, or 7%, driven by the following:

- \- The effects of various cost-cutting measures
- \+ Higher incentive-based cash compensation

YTD 2023 vs. YTD 2022

R&D decreased by $573 million, or 7%, driven by the following:

- \- The effects of various cost-cutting measures, partially offset by increased corporate spending to drive strategic growth
- \- Lower incentive-based cash compensation

Marketing, General, and Administrative

Q2 2023 vs. Q2 2022

MG&A decreased by $426 million, or 24%, driven by the following:

- \- Lower corporate spending as a result of various cost-cutting measures
- \+ Higher incentive-based cash compensation

YTD 2023 vs. YTD 2022

MG&A decreased by $875 million, or 25%, driven by the following:

- \- Lower corporate spending as a result of various cost-cutting measures
- \- Lower incentive-based cash compensation

Restructuring and Other Charges

(In Millions)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Employee severance and benefit arrangements	$ 171	$ 38	$ 132	$ 43
Litigation charges and other	20	13	97	(1,203)
Asset impairment charges	9	36	35	36
Total restructuring and other charges	**$ 200**	**$ 87**	**$ 264**	**$ (1,124)**

The 2022 Restructuring Program was approved in Q3 2022 to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our strategy. In YTD 2023, activity related to the 2022 Restructuring Program substantially related to cash settlement of previously accrued employee severance and benefit arrangements as well as additional actions in Q2 2023. We expect actions pursuant to the 2022 Restructuring Program to be substantially completed by the end of 2023, but this is subject to change. 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 strategy. The cumulative cost of the 2022 Restructuring Program as of July 1, 2023 was $1.2 billion.

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.

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

(In Millions)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Ongoing mark-to-market adjustments on marketable equity securities	$ (85)	$ (209)	$ 103	$ (639)
Observable price adjustments on non-marketable equity securities	—	135	10	206
Impairment charges	(38)	(44)	(74)	(67)
Sale of equity investments and other	99	28	106	4,733
Total gains (losses) on equity investments, net	**$ (24)**	**$ (90)**	**$ 145**	**$ 4,233**
Interest and other, net	**$ 224**	**$ (119)**	**$ 365**	**$ 878**

Gains (losses) on equity investments, net

Ongoing mark-to-market adjustments for YTD 2023 and YTD 2022 were primarily related to our interest in Montage Technology Co., Ltd and others.

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*.

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.

Provision for (Benefit from) Taxes

(In Millions)	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Income (loss) before taxes	$ (816)	$ (909)	$ (1,974)	$ 8,752
Provision for (benefit from) taxes	$ (2,289)	$ (455)	$ (679)	$ 1,093
Effective tax rate	280.5 %	50.1 %	34.4 %	12.5 %

In Q2 2023, we recognized a benefit for taxes as we applied our year-to-date actual effective tax rate to our year-to-date measure of ordinary income (loss) before taxes, which reflects our jurisdictional mix of ordinary income and losses. Our effective tax rate increased in YTD 2023 compared to YTD 2022, due to the application of our actual YTD effective tax rate, and our jurisdictional mix of ordinary income and losses.

Our provision for, or benefit from, income taxes for an interim period has historically been determined using an estimated annual effective tax rate, adjusted for discrete items, if any. Under certain circumstances where we are unable to make a reliable estimate of the annual effective tax rate, we use the actual effective tax rate for the year-to-date period. In the second quarter of 2023, we used this approach due to the variability of the rate as a result of fluctuations in forecasted income and the effects of being taxed in multiple tax jurisdictions.

Liquidity and Capital Resources

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

(In Millions)	**Jul 1, 2023**	**Dec 31, 2022**
Cash and cash equivalents	**$ 8,349**	**$ 11,144**
Short-term investments	15,908	17,194
Loans receivable and other	64	463
Total cash and investments[1]	**$ 24,321**	**$ 28,801**
Total debt	**$ 49,046**	**$ 42,051**

We believe we have sufficient sources of funding to meet our business requirements for the next 12 months and in the longer term. Cash generated by operations, and our total cash and investments[1] as shown in the preceding table, is our primary source of liquidity for funding our strategic business requirements. These sources are further supplemented by the company's committed credit facilities and other borrowing capacity. 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 the commitment associated with our pending acquisition of Tower. Our long-term funding requirements incrementally contemplate investments in significant manufacturing expansion plans and investments to accelerate our process technology.

Our total cash and investments[1] and related cash flows may be affected by certain discretionary actions we may take with customers and suppliers to accelerate or delay certain cash receipts or payments to manage liquidity for our strategic business requirements. These actions can include, among others, negotiating with suppliers to optimize our payment terms and conditions, adjusting the timing of cash flows associated with customer sales programs and collections, managing inventory levels and purchasing practices, and selling certain of our accounts receivables on a non-recourse basis to third party financial institutions.

We expect to benefit from government incentives, and any incentives above our current expectations would enable us to increase the pace and size of our IDM 2.0 investments. Conversely, incentives below our expectations would increase our anticipated cash requirements and/or potentially curtail planned investments.

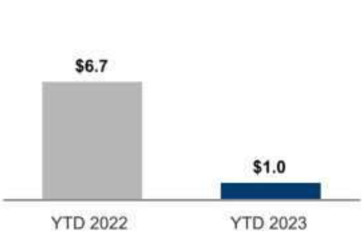
In the first quarter of 2023, we declared a reduced quarterly dividend on our common stock. This dividend reduction reflects our deliberate approach to capital allocation, is expected to support the critical investments needed to execute our business strategy, and is designed to position us to create long-term value.

In the first quarter of 2023, we issued a total of $11.0 billion aggregate principal amount of senior notes for general corporate purposes, including, but not limited to, refinancing of outstanding debt and funding for working capital and capital expenditures. We also amended both our 5-year $5.0 billion revolving credit facility agreement, extending the maturity date by one year to March 2028, and our 364-day $5.0 billion credit facility agreement, extending the maturity date to March 2024. We have other potential sources of liquidity including our commercial paper program and our automatic shelf registration statement on file with the SEC, pursuant to which we may offer an unspecified amount of debt, equity, and other securities. Under our commercial paper program, we have an ongoing authorization from our Board of Directors to borrow up to $10.0 billion. As of July 1, 2023, we had no outstanding commercial paper or borrowings on the revolving credit facilities.

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 were in investment-grade securities.

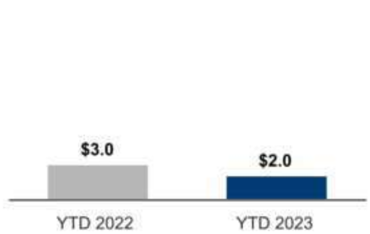
Our sources of liquidity in the second quarter of 2023 included net proceeds of $1.6 billion from a secondary offering of Mobileye class A common stock, after which we retained 88% of Mobileye’s capital stock.

Cash from Operations $B



Capital Expenditures $B

Dividends $B



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

(In Millions)	Six Months Ended Jul 1, 2023	Six Months Ended Jul 2, 2022
Net cash provided by operating activities	$ 1,023	$ 6,700
Net cash used for investing activities	(11,329)	(2,419)
Net cash provided by (used for) financing activities	7,511	(4,718)
Net increase (decrease) in cash and cash equivalents	**$ (2,795)**	**$ (437)**

Operating Activities

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

The decrease in cash provided by operations in the first six months of 2023 was primarily driven by our net operating loss in comparison to our net operating income for the first six months of 2022.

Investing Activities

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

Cash used for investing activities was higher in the first six months of 2023 compared to the first six months of 2022, primarily due to the absence of proceeds from the divestiture of our NAND business and proceeds for our remaining share of McAfee, both of which occurred in the first six months of 2022; as well as higher capital expenditures in the first six months of 2023. These unfavorable cash impacts during the first six months of 2023 were partially offset by the favorable cash impacts of higher maturities and sales of short-term investments, net of purchases, and lower investment activity in other investments and acquisitions during the first six months of 2023.

Financing Activities

Financing cash flows consist primarily of payment of dividends to stockholders, issuance and repayment of short-term and long-term debt, and partner contributions.

Cash provided by financing activities in the first six months of 2023 compared to cash used for financing activities in the first six months of 2022 and was primarily due to net proceeds from our debt issuance, net of commercial paper repayments, and proceeds from sales of subsidiary shares in the first six months of 2023.

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. Beginning in 2023, income tax effects are calculated using a fixed long-term projected tax rate across all adjustments. We project this long-term non-GAAP tax rate on an annual basis using a five-year non-GAAP financial projection that excludes the income tax effects of each adjustment. The projected non-GAAP tax rate also considers factors such as our tax structure, our tax positions in various jurisdictions, and key legislation in significant jurisdictions where we operate. This long-term non-GAAP tax rate may be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix, or changes to our strategy or business operations. Management uses this non-GAAP tax rate in managing internal short- and long-term operating plans and in evaluating our performance; we believe this approach facilitates comparison of our operating results and provides useful evaluation of our current operating performance. Prior-period non-GAAP results have been retroactively adjusted to reflect this updated approach.

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
Acquisition-related adjustments	Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology, brands, and customer relationships acquired in connection with business combinations. Charges related to the amortization of these intangibles are recorded within both cost of sales and MG&A in our US GAAP financial statements. Amortization charges are recorded over the estimated useful life of the related acquired intangible asset, and thus are generally recorded over multiple years.	We exclude amortization charges for our acquisition-related intangible assets for purposes of calculating certain non-GAAP measures because these charges are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions. These adjustments facilitate a useful evaluation of our current operating performance and comparison to our past operating performance and provide investors with additional means to evaluate cost and expense trends.
Share-based compensation	Share-based compensation consists of charges related to our employee equity incentive plans.	We exclude charges related to share-based compensation for purposes of calculating certain non-GAAP measures because we believe these adjustments provide 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.
Patent settlement	A portion of the charge from our IP settlements represents a catch-up of cumulative amortization that would have been incurred for the right to use the related patents in prior periods. This charge related to prior periods is excluded from our non-GAAP results; amortization related to the right to use the patents in the current and ongoing periods is included.	We exclude the catch-up charge related to prior periods for purposes of calculating certain non-GAAP measures because this adjustment facilitates comparison to past operating results and provides a useful evaluation of our current operating performance.
Optane inventory impairment	In 2022, we initiated the wind-down of our Intel Optane memory business.	We exclude these impairments for purposes of calculating certain non-GAAP measures because these charges do not reflect our current operating performance. This adjustment facilitates a useful evaluation of our current operating performance and comparisons to past operating results.

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 may include periodic goodwill and asset impairments, certain 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.
(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 purposes of calculating certain non-GAAP measures because it provides better comparability between periods. The exclusion reflects how management evaluates the core operations of the business.
Gains (losses) from divestiture	Gains (losses) are recognized at the close of a divestiture, or over a specified deferral period when deferred consideration is received at the time of closing. Based on our ongoing obligation under the NAND wafer manufacturing and sale agreement entered into in connection with the first closing of the sale of our NAND memory business on December 29, 2021, a portion of the initial closing consideration was deferred and will be recognized between first and second closing.	We exclude gains or losses resulting from divestitures for purposes of calculating certain non-GAAP measures because they do not reflect our current operating performance. These adjustments facilitate a useful evaluation of our current operating performance and comparisons to past operating results.
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 and partner contributions, (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 contributed to prior operating and free cash flow, and while the McAfee equity sale in Q1 2022 would have typically been 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 include 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 US GAAP measures to our non-GAAP measures presented:

	Three Months Ended	
	Jul 1, 2023	Jul 2, 2022
Gross margin percentage	**35.8 %**	**36.5 %**
Acquisition-related adjustments	2.4 %	2.2 %
Share-based compensation	1.6 %	1.2 %
Patent settlement	— %	1.3 %
Optane inventory impairment	— %	3.6 %
Non-GAAP gross margin percentage	**39.8 %**	**44.8 %**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.35**	**$ (0.11)**
Acquisition-related adjustments	0.08	0.09
Share-based compensation	0.22	0.22
Patent settlement	—	0.05
Optane inventory impairment	—	0.14
Restructuring and other charges	0.05	0.02
(Gains) losses on equity investments, net	0.01	0.02
(Gains) losses from divestiture	(0.01)	—
Adjustments attributable to non-controlling interest	—	—
Income tax effects	(0.57)	(0.15)
Non-GAAP earnings (loss) per share attributable to Intel—diluted	**$ 0.13**	**$ 0.28**

	Six Months Ended	
(In Millions)	Jul 1, 2023	Jul 2, 2022
Net cash provided by (used for) operating activities	**$ 1,023**	**$ 6,700**
Net additions to property, plant, and equipment	(12,418)	(11,793)
Payments on finance leases	(96)	(299)
Sale of equity investment	—	4,561
Adjusted free cash flow	**$ (11,491)**	**$ (831)**
Net cash used for investing activities	**$ (11,329)**	**$ (2,419)**
Net cash provided by (used for) financing activities	**$ 7,511**	**$ (4,718)**

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 a discussion about market risk and sensitivity analysis related to changes in currency exchange rates, interest rates, equity prices, and commodity prices refer to "Quantitative and Qualitative Disclosures About Market Risk" within MD&A in our 2022 Form 10-K.

Risk Factors

The risks described in "Risk Factors" within Other Key Information in our 2022 Form 10-K could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face—our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Refer also to the other information set forth in this Form 10-Q, including in the Forward-Looking Statements, MD&A, and the Consolidated Condensed Financial Statements and Supplemental Details sections.

Controls and Procedures

Inherent Limitations on Effectiveness of Controls

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

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended July 1, 2023 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 July 1, 2023. As of July 1, 2023, 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.

Rule 10b5-1 Trading Arrangements

Our directors and officers (as defined in Rule 16a-1 under the Exchange Act) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the quarter ended July 1, 2023, no such plans or arrangements were adopted or terminated, including by modification.

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

Section 13(r) of the Exchange Act requires an issuer to disclose certain information in its periodic reports if it or any of its affiliates knowingly engaged in certain activities, transactions or dealings with individuals or entities subject to specific US economic sanctions during the reporting period, even when the activities, transactions, or dealings are conducted in compliance with applicable law. On March 2, 2021, the US Secretary of State designated the Federal Security Service of the Russian Federation (FSB) as a party subject to one such sanction. 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 US Department of the Treasury's Office of Foreign Assets Control (OFAC), and there are no gross revenues or net profits directly associated with any such dealings by us with the FSB. 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 US 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	
10.1†	Intel Corporation 2006 Equity Incentive Plan, as amended and restated effective May 11, 2023					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

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Item 4.	**Mine Safety Disclosures**	Not applicable
Item 5.	**Other Information**	
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Signatures

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

INTEL CORPORATION
(Registrant)

Date:	July 27, 2023	By:	/s/ DAVID ZINSNER
			David Zinsner
			Executive Vice President, Chief Financial Officer, and Principal Financial Officer
Date:	July 27, 2023	By:	/s/ SCOTT GAWEL
			Scott Gawel
			Corporate Vice President, Chief Accounting Officer, and Principal Accounting Officer

Exhibit 10.1

FIRST AMENDMENT
TO THE INTEL CORPORATION SHELTERED EMPLOYEE RETIREMENT PLAN PLUS
The document, as amended and restated effective January 1, 2020

1. Effective January 1, 2021, Section 2(o) of the Plan is amended by modifying the first two sentences to read as follows:

"(o) "Eligible Employee" means any Employee of a Participating Company who is classified by the Company as eligible to participate in this Plan as a member of a select group of management or highly compensated employees. For the 2021 Plan Year, The Company has classified Employees in Grades 10-20, 25-28, and 85-90 (or the equivalent grade as classified by the Company) as Eligible Employees."

1. Effective January 1, 2020, Section 8(b) of the Plan is amended to read, in its entirety, as follows:

(b) Form and Time of Distribution: General Rule. Unless the Participant has elected a distribution under Section 8(c) pursuant to procedures prescribed by the Company, the distribution of the Participant's Accounts shall be made as follows:

(1) The portion of a Participant's Accounts that is attributable to Company Contributions made for periods before January 1, 2020 and the Participant's entire Earnings Deferral Account shall be paid in a cash lump sum as soon as reasonably practicable after the Participant's Termination Date.

(2) The portion of a Participant's Account that is attributable to Company Contributions made for periods on and after January 1, 2020 shall be paid in a cash lump sum in March (or as soon as reasonably practicable thereafter) of the Plan Year immediately following the Plan Year in which the Participant's Termination Date occurs.

1. Effective January 1, 2020, a new Section 9(k) is added to read as follows:

"(k) Offset to Recover Amounts Due to the Company. At the sole discretion of the Company, benefit payments under this Plan may be offset to recover amounts owed to the Company by the person otherwise entitled to the payment, to the extent the offset does not violate Section 409A of the Code.

IN WITNESS WHEREOF, this First Amendment was adopted by the Management Retirement Plans Administrative Committee by written consent on December 22, 2020.

By: Date:

/s/:Havilah Gebhart December 22, 2020
Havilah Gebhart Secretary,
Management Retirement Plans Administrative Committee

Exhibit 31.1

CERTIFICATION

I, Patrick P. Gelsinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 27, 2023

By: /s/ PATRICK P. GELSINGER
Patrick P. Gelsinger
Chief Executive Officer, Director and Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, David Zinsner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	July 27, 2023	By: /s/ DAVID ZINSNER
		David Zinsner
		Executive Vice President, Chief Financial Officer and Principal Financial Officer

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Intel Corporation (Intel), that, to his knowledge, the Quarterly Report of Intel on Form 10-Q for the period ended July 1, 2023, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Intel. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 10-Q. A signed original of this statement, which may be electronic, has been provided to Intel and will be retained by Intel and furnished to the Securities and Exchange Commission or its staff upon request.

Date:	July 27, 2023	By: /s/ PATRICK P. GELSINGER Patrick P. Gelsinger Chief Executive Officer, Director and Principal Executive Officer
Date:	July 27, 2023	By: /s/ DAVID ZINSNER David Zinsner Executive Vice President, Chief Financial Officer, and Principal Financial Officer

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2023

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 20, 2023, the registrant had outstanding 4,216 million shares of common stock.

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Organization of Our Form 10-Q

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

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

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

Forward-Looking Statements

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

- our business plans and strategy and anticipated benefits therefrom, including with respect to our IDM 2.0 strategy, our partnership with Brookfield, the transition to an internal foundry model, updates to our reporting structure and our AI strategy;
- projections of our future financial performance, including future revenue, gross margins, capital expenditures, and cash flows;
- projected costs and yield trends;
- future cash requirements and the availability, uses, sufficiency, and cost of capital resources, and sources of funding, including future capital and R&D investments, credit rating expectations, and expected returns to stockholders, such as stock repurchases and dividends;
- future products, services and technologies, and the expected goals, timeline, ramps, progress, availability, production, regulation and benefits of such products, services and technologies, including future process nodes and packaging technology, product roadmaps, schedules, future product architectures, expectations regarding process performance, per-watt parity, and metrics and expectations regarding product and process leadership;
- investment plans, and impacts of investment plans, including in the US and abroad;
- internal and external manufacturing plans, including future internal manufacturing volumes, manufacturing expansion plans and the financing therefor, and external foundry usage;
- future production capacity and product supply;
- supply expectations, including regarding constraints, limitations, pricing, and industry shortages;
- plans and goals related to Intel's foundry business, including with respect to anticipated customers, future manufacturing capacity and service, technology and IP offerings;
- expected timing and impact of acquisitions, divestitures, and other significant transactions, including the sale of our NAND memory business;
- expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives, including those related to the 2022 Restructuring Program;
- future social and environmental performance goals, measures, strategies and results;
- our anticipated growth, future market share, and trends in our businesses and operations;
- projected growth and trends in markets relevant to our businesses;
- anticipated trends and impacts related to industry component, substrate, and foundry capacity utilization, shortages and constraints;
- expectations regarding government incentives;
- future technology trends and developments, such as AI;
- future macro environmental and economic conditions;
- future responses to and effects of COVID-19;
- geopolitical conditions;
- tax- and accounting-related expectations;
- expectations regarding our relationships with certain sanctioned parties; and
- other characterizations of future events or circumstances.

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

- changes in demand for our products;
- changes in product mix;
- the complexity and fixed cost nature of our manufacturing operations;
- the high level of competition and rapid technological change in our industry;
- the significant upfront investments in R&D and our business, products, technologies, and manufacturing capabilities;
- vulnerability to new product development and manufacturing-related risks, including product defects or errata, particularly as we develop next generation products and implement next generation process technologies;
- risks associated with a highly complex global supply chain, including from disruptions, delays, trade tensions, or shortages;
- sales-related risks, including customer concentration and the use of distributors and other third parties;
- potential security vulnerabilities in our products;

- cybersecurity and privacy risks;
- investment and transaction risk;
- IP risks and risks associated with litigation and regulatory proceedings;
- evolving regulatory and legal requirements across many jurisdictions;
- geopolitical and international trade conditions, including the impacts of Russia's war on Ukraine, recent events in Israel and rising tensions between the US and China;
- our debt obligations and our ability to access sources of capital;
- risks of large scale global operations;
- macroeconomic conditions, including regional or global downturns or recessions;
- impacts of the COVID-19 or similar such pandemic;
- other risks and uncertainties described in this report, our 2022 Form 10-K and our other filings with the SEC.

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

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

Availability of Company Information

We use our Investor Relations website, *www.intc.com,* as a routine channel for distribution of important, and often material, information about us, including our quarterly and annual earnings results and presentations, press releases, announcements, information about upcoming webcasts, analyst presentations, and investor days, archives of these events, financial information, corporate governance practices, and corporate responsibility information. We do not distribute our financial results via a news wire service. All such information is available on our Investor Relations website free of charge. Our Investor Relations website allows interested persons to sign up to automatically receive e-mail alerts when we post financial information and issue press releases, and to receive information about upcoming events. We encourage interested persons to follow our Investor Relations website in addition to our filings with the SEC to timely receive information about the company.

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

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A Quarter in Review

Total revenue of $14.2 billion was down $1.2 billion or 8% from Q3 2022, as CCG revenue decreased 3%, DCAI revenue decreased 10%, and NEX revenue decreased 32%. CCG revenue decreased due to lower desktop volume from lower demand across business market segments and lower notebook ASPs due to a higher mix of small core products combined with a higher mix of older generation products. This was partially offset by higher notebook volume, as customer inventory levels began to normalize and higher desktop ASPs due to an increased mix of product sales to the commercial and gaming market segments. DCAI revenue decreased due to lower server volume resulting from a softening CPU data center market, partially offset by higher ASPs from a lower mix of hyperscale customer-related revenue and a higher mix of high core count products. NEX revenue decreased as customers tempered purchases to reduce inventories and adjust to a lower demand environment across product lines.

Revenue

■ GAAP $B

$14.2B

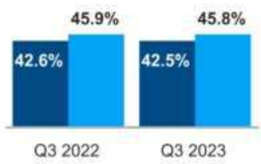
GAAP

Revenue down $1.2B or 8% from Q3 2022

Lower revenue in CCG, DCAI, and NEX.

Gross Margin

■ GAAP ■ Non-GAAP



42.5%

GAAP

Gross margin down 0.1 ppt from Q3 2022

45.8%

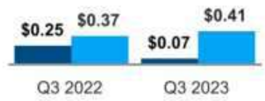
non-GAAP[1]

Gross margin down 0.1 ppt from Q3 2022

Lower GAAP gross margin from lower revenue, higher unit cost, partially offset by a decrease in period charges.

Diluted EPS attributable to Intel

■ GAAP ■ Non-GAAP



$0.07

GAAP

Diluted EPS attributable to Intel down $0.18 or 72% from Q3 2022

$0.41

non-GAAP[1]

Diluted EPS attributable to Intel up $0.04 or 11% from Q3 2022

Lower GAAP EPS attributable to Intel primarily from a lower tax benefit, partially offset by reduced operating expenses.

Cash Flows

■ Operating Cash Flow $B
■ Adjusted Free Cash Flow $B

$6.8B

GAAP

Operating cash flow down $0.9B or 12% from Q3 2022

$(10.5)B

non-GAAP[1]

Adjusted free cash flow down $3.4B or 48% from Q3 2022

Lower operating cash flow driven primarily by a net operating loss, partially offset by favorable changes in working capital and other adjustments.

Key Developments

- Our Ireland fab began high-volume production of Intel 4 technology. This is the first use of extreme ultraviolet (EUV) technology in high-volume manufacturing in Europe.
- We announced our upcoming Intel® Core™ Ultra processors, featuring our first integrated neural processing unit, for power-efficient AI acceleration and local inference on the PC, which is expected to launch in Q4 2023.
- We mutually agreed with Tower to terminate the agreement we entered into during the first quarter of 2022 to acquire Tower, due to our inability to obtain regulatory approval in a timely manner.
- We announced a commercial agreement with Tower, where we will provide foundry services and manufacturing capacity through our New Mexico facility for 300mm advanced analog processing.
- We received a $600 million grant from the State of Ohio to support the ongoing construction of our two chip factories in the state.

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

Consolidated Condensed Statements of Income

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended Sep 30, 2023	Three Months Ended Oct 1, 2022	Nine Months Ended Sep 30, 2023	Nine Months Ended Oct 1, 2022
Net revenue	**$ 14,158**	**$ 15,338**	**$ 38,822**	**$ 49,012**
Cost of sales	8,140	8,803	24,158	27,646
Gross margin	**6,018**	**6,535**	**14,664**	**21,366**
Research and development	3,870	4,302	12,059	13,064
Marketing, general, and administrative	1,340	1,744	4,017	5,296
Restructuring and other charges	816	664	1,080	(460)
Operating expenses	**6,026**	**6,710**	**17,156**	**17,900**
Operating income (loss)	**(8)**	**(175)**	**(2,492)**	**3,466**
Gains (losses) on equity investments, net	(191)	(151)	(46)	4,082
Interest and other, net	147	138	512	1,016
Income (loss) before taxes	**(52)**	**(188)**	**(2,026)**	**8,564**
Provision for (benefit from) taxes	(362)	(1,207)	(1,041)	(114)
Net income (loss)	**310**	**1,019**	**(985)**	**8,678**
Less: Net income (loss) attributable to non-controlling interests	13	—	(5)	—
Net income (loss) attributable to Intel	**$ 297**	**$ 1,019**	**$ (980)**	**$ 8,678**
Earnings (loss) per share attributable to Intel—basic	**$ 0.07**	**$ 0.25**	**$ (0.23)**	**$ 2.11**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.07**	**$ 0.25**	**$ (0.23)**	**$ 2.10**
Weighted average shares of common stock outstanding:				
Basic	**4,202**	**4,118**	**4,180**	**4,104**
Diluted	**4,229**	**4,125**	**4,180**	**4,123**

See accompanying notes.

Consolidated Condensed Statements of Comprehensive Income

	Three Months Ended		Nine Months Ended	
(In Millions; Unaudited)	**Sep 30, 2023**	**Oct 1, 2022**	**Sep 30, 2023**	**Oct 1, 2022**
Net income (loss)	**$ 310**	**$ 1,019**	**$ (985)**	**$ 8,678**
Changes in other comprehensive income (loss), net of tax:				
Net unrealized holding gains (losses) on derivatives	(320)	(436)	(310)	(1,178)
Actuarial valuation and other pension benefits (expenses), net	2	10	5	37
Translation adjustments and other	1	—	6	(30)
Other comprehensive income (loss)	**(317)**	**(426)**	**(299)**	**(1,171)**
Total comprehensive income (loss)	**(7)**	**593**	**(1,284)**	**7,507**
Less: comprehensive income (loss) attributable to non-controlling interests	13	—	(5)	—
Total comprehensive income (loss) attributable to Intel	**$ (20)**	**$ 593**	**$ (1,279)**	**$ 7,507**

See accompanying notes.

Consolidated Condensed Balance Sheets

(In Millions; Unaudited)	Sep 30, 2023	Dec 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 7,621	$ 11,144
Short-term investments	17,409	17,194
Accounts receivable, net	2,843	4,133
Inventories	11,466	13,224
Other current assets	4,472	4,712
Total current assets	**43,811**	**50,407**
Property, plant, and equipment, net of accumulated depreciation of $97,122 ($93,386 as of December 31, 2022)	**93,352**	**80,860**
Equity investments	**5,700**	**5,912**
Goodwill	**27,591**	**27,591**
Identified intangible assets, net	**4,970**	**6,018**
Other long-term assets	**13,413**	**11,315**
Total assets	**$ 188,837**	**$ 182,103**
Liabilities and stockholders' equity		
Current liabilities:		
Short-term debt	$ 2,288	$ 4,367
Accounts payable	8,669	9,595
Accrued compensation and benefits	3,115	4,084
Income taxes payable	2,112	2,251
Other accrued liabilities	12,430	11,858
Total current liabilities	**28,614**	**32,155**
Debt	**46,591**	**37,684**
Other long-term liabilities	**7,946**	**8,978**
Contingencies (Note 13)		
Stockholders' equity:		
Common stock and capital in excess of par value, 4,216 issued and outstanding (4,137 issued and outstanding as of December 31, 2022)	35,653	31,580
Accumulated other comprehensive income (loss)	(861)	(562)
Retained earnings	67,021	70,405
Total Intel stockholders' equity	**101,813**	**101,423**
Non-controlling interests	**3,873**	**1,863**
Total stockholders' equity	**105,686**	**103,286**
Total liabilities and stockholders' equity	**$ 188,837**	**$ 182,103**

See accompanying notes.

Consolidated Condensed Statements of Cash Flows

(In Millions; Unaudited)	Nine Months Ended Sep 30, 2023	Nine Months Ended Oct 1, 2022
Cash and cash equivalents, beginning of period	**$ 11,144**	**$ 4,827**
Cash flows provided by (used for) operating activities:		
Net income (loss)	(985)	8,678
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	5,753	8,309
Share-based compensation	2,433	2,392
Restructuring and other charges	718	665
Amortization of intangibles	1,336	1,439
(Gains) losses on equity investments, net	47	(4,075)
(Gains) losses on divestitures	—	(1,072)
Changes in assets and liabilities:		
Accounts receivable	1,290	1,991
Inventories	1,758	(2,043)
Accounts payable	(1,082)	(485)
Accrued compensation and benefits	(1,171)	(1,912)
Income taxes	(2,676)	(4,062)
Other assets and liabilities	(574)	(2,095)
Total adjustments	**7,832**	**(948)**
Net cash provided by (used for) operating activities	**6,847**	**7,730**
Cash flows provided by (used for) investing activities:		
Additions to property, plant, and equipment	(19,054)	(19,145)
Purchases of short-term investments	(37,287)	(31,669)
Maturities and sales of short-term investments	36,725	35,129
Sales of equity investments	375	4,880
Proceeds from divestitures	—	6,579
Other investing	518	(2,764)
Net cash used for investing activities	**(18,723)**	**(6,990)**
Cash flows provided by (used for) financing activities:		
Repayment of commercial paper	(3,944)	—
Payments on finance leases	(96)	(341)
Partner contributions	1,106	—
Proceeds from sales of subsidiary shares	2,423	—
Issuance of long-term debt, net of issuance costs	11,391	6,103
Repayment of debt	(423)	(3,088)
Payment of dividends to stockholders	(2,561)	(4,488)
Other financing	457	776
Net cash provided by (used for) financing activities	**8,353**	**(1,038)**
Net increase (decrease) in cash and cash equivalents	**(3,523)**	**(298)**
Cash and cash equivalents, end of period	**$ 7,621**	**$ 4,529**
Supplemental disclosures:		
Acquisition of property, plant, and equipment included in accounts payable and accrued liabilities	$ 5,234	$ 3,386
Cash paid during the period for:		
Interest, net of capitalized interest	$ 968	$ 315
Income taxes, net of refunds	$ 1,649	$ 3,960

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	Non-Controlling Interests	Total
Three Months Ended						
Balance as of July 1, 2023	4,188	$ 34,330	$ (544)	$ 67,231	$ 3,454	$ 104,471
Net income (loss)	—	—	—	297	13	310
Other comprehensive income (loss)	—	—	(317)	—	—	(317)
Net proceeds from sales of subsidiary shares and partner contributions	—	388	—	—	371	759
Employee equity incentive plans and other	33	372	—	—	—	372
Share-based compensation	—	737	—	—	35	772
Restricted stock unit withholdings	(5)	(174)	—	18	—	(156)
Cash dividends declared ($0.13 per share)	—	—	—	(525)	—	(525)
Balance as of September 30, 2023	**4,216**	**$ 35,653**	**$ (861)**	**$ 67,021**	**$ 3,873**	**$ 105,686**
Balance as of July 2, 2022	4,106	$ 29,858	$ (1,625)	$ 72,985	$ —	$ 101,218
Net income (loss)	—	—	—	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 ($0.73 per share)	—	—	—	(3,012)	—	(3,012)
Balance as of October 1, 2022	**4,127**	**$ 30,912**	**$ (2,051)**	**$ 71,024**	**$ —**	**$ 99,885**
Nine Months Ended						
Balance as of December 31, 2022	4,137	$ 31,580	$ (562)	$ 70,405	$ 1,863	$ 103,286
Net income (loss)	—	—	—	(980)	(5)	(985)
Other comprehensive income (loss)	—	—	(299)	—	—	(299)
Net proceeds from sales of subsidiary shares and partner contributions	—	1,254	—	—	1,912	3,166
Employee equity incentive plans and other	91	1,037	—	—	—	1,037
Share-based compensation	—	2,330	—	—	103	2,433
Restricted stock unit withholdings	(12)	(548)	—	157	—	(391)
Cash dividends declared ($0.62 per share)	—	—	—	(2,561)	—	(2,561)
Balance as of September 30, 2023	**4,216**	**$ 35,653**	**$ (861)**	**$ 67,021**	**$ 3,873**	**$ 105,686**
Balance as of December 25, 2021	4,070	$ 28,006	$ (880)	$ 68,265	$ —	$ 95,391
Net income (loss)	—	—	—	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
Restricted stock unit withholdings	(9)	(486)	—	79	—	(407)
Cash dividends declared ($1.46 per share)	—	—	—	(5,998)	—	(5,998)
Balance as of October 1, 2022	**4,127**	**$ 30,912**	**$ (2,051)**	**$ 71,024**	**$ —**	**$ 99,885**

See accompanying notes.

Notes to Consolidated Condensed Financial Statements

Note 1 : Basis of Presentation

We prepared our interim Consolidated Condensed Financial Statements that accompany these notes in conformity with US GAAP, consistent in all material respects with those applied in our 2022 Form 10-K.

We have a 52- or 53-week fiscal year that ends on the last Saturday in December. Fiscal year 2023 is a 52-week fiscal year; fiscal 2022 was a 53-week fiscal year, with the extra week included in the first quarter of 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 2022 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 the organizational change to integrate AXG into CCG and DCAI. This change is intended to drive a more effective go-to-market capability and to accelerate the scale of these businesses, while also reducing costs. As a result, we modified our segment reporting in the first quarter of 2023 to align to this and certain other business reorganizations. 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 2023.

We manage our business through the following operating segments:

- Client Computing (CCG)
- Data Center and AI (DCAI)
- Network and Edge (NEX)
- 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. Mobileye and IFS do not qualify as reportable operating segments; however, we have elected to disclose the results of these non-reportable operating segments. 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:

- results of operations from non-reportable segments not otherwise presented, and from start-up businesses that support our initiatives;
- historical results of operations from divested businesses;
- amounts included within *restructuring and other charges*;
- employee benefits, compensation, impairment charges, and other expenses not allocated to the operating segments; 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 2022 Form 10-K except for the organizational change described above.

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

	Three Months Ended		Nine Months Ended	
(In Millions)	**Sep 30, 2023**	**Oct 1, 2022**	**Sep 30, 2023**	**Oct 1, 2022**
Net revenue:				
Client Computing				
Desktop	$ 2,753	$ 3,222	$ 7,002	$ 8,152
Notebook	4,503	4,408	11,806	15,118
Other	611	498	1,606	1,858
	7,867	**8,128**	**20,414**	**25,128**
Data Center and AI	**3,814**	**4,255**	**11,536**	**15,024**
Network and Edge	**1,450**	**2,133**	**4,303**	**6,483**
Mobileye	**530**	**450**	**1,442**	**1,304**
Intel Foundry Services	**311**	**78**	**661**	**291**
All other	**186**	**294**	**466**	**782**
Total net revenue	**$ 14,158**	**$ 15,338**	**$ 38,822**	**$ 49,012**
Operating income (loss):				
Client Computing	**$ 2,073**	**$ 1,447**	**$ 3,632**	**$ 5,045**
Data Center and AI	**71**	**(139)**	**(608)**	**1,174**
Network and Edge	**17**	**197**	**(470)**	**907**
Mobileye	**170**	**142**	**422**	**480**
Intel Foundry Services	**(86)**	**(90)**	**(369)**	**(247)**
All other	**(2,253)**	**(1,732)**	**(5,099)**	**(3,893)**
Total operating income (loss)	**$ (8)**	**$ (175)**	**$ (2,492)**	**$ 3,466**

In the second quarter of 2022, we initiated the wind-down of our Intel® Optane™ memory business, which is part of our DCAI operating segment, resulting in 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 was recognized as a Corporate charge in the "all other" category presented above.

Note 3 : Non-Controlling Interests

Semiconductor Co-Investment Program

In 2022, we closed a transaction with Brookfield Asset Management (Brookfield) resulting in the formation of Arizona Fab LLC (Arizona Fab), a VIE for which we and Brookfield own 51% and 49%, respectively. Because we are the primary beneficiary of the VIE, we fully consolidate the results of Arizona Fab into our consolidated financial statements. Generally, contributions will be made to, and distributions will be received from, Arizona Fab based on both parties' proportional ownership. We will be sole operator and majority owner of two new chip factories that will be constructed by Arizona Fab, and we will have the right to purchase 100% of the related factory output. Once production commences, we will be required to operate Arizona Fab at minimum production levels measured in wafer starts per week and will be required to limit excess inventory held on site or we will be subject to certain penalties.

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

As of September 30, 2023, a substantial majority of the assets of Arizona Fab consisted of property, plant, and equipment. The assets held by Arizona Fab, which can be used only to settle obligations of the VIE and are not available to us, were $4.0 billion as of September 30, 2023 ($1.8 billion as of December 31, 2022).

Non-controlling interest in Arizona Fab was $2.0 billion as of September 30, 2023 ($874 million as of December 31, 2022). Net loss attributable to non-controlling interest in Arizona Fab was $3 million in the third quarter of 2023 and $12 million in the first nine months of 2023; there was no net income (loss) attributable to non-controlling interest in the first nine months of 2022.

Mobileye

In 2022, Mobileye completed its IPO and certain other equity financing transactions that resulted in net proceeds of $1.0 billion. During the second quarter of 2023, we converted $38.5 million of Class B shares into Class A shares, representing 5% of Mobileye's outstanding capital stock, and subsequently sold the Class A shares for $42 per share as part of a secondary offering. We received net proceeds of $1.6 billion and increased our capital in excess of par value by $663 million, net of tax, as a result of the secondary offering. We continue to consolidate the results of Mobileye into our consolidated financial statements.

As of September 30, 2023, Intel held approximately 88% (94% as of December 31, 2022) of the outstanding equity interest in Mobileye. Non-controlling interest in Mobileye was $1.8 billion as of September 30, 2023 ($1.0 billion as of December 31, 2022). Net income attributable to non-controlling interest in Mobileye was $6 million in the third quarter of 2023 and $3 million of net loss in the first nine months of 2023; there was no net income (loss) attributable to non-controlling interest in the first nine months of 2022.

IMS Nanofabrication

In August 2023, we closed an agreement to sell a 20% minority stake in our IMS Nanofabrication GmbH (IMS) business, a business within our IFS operating segment, to Bain Capital Special Situations (Bain Capital). Net proceeds resulting from the sale were $849 million and our capital in excess of par value increased by $591 million, net of tax. We continue to consolidate the results of IMS into our consolidated financial statements.

Non-controlling interest in IMS was $109 million as of September 30, 2023. Net income attributable to the non-controlling interest in IMS was $10 million in the third quarter of 2023 and in the first nine months of 2023.

In September 2023, we signed agreements to sell an additional 12.5% minority stake in our IMS business, including 10% to Taiwan Semiconductor Manufacturing Company, Ltd. (TSMC), which are expected to close in the fourth quarter of 2023.

Note 4 : Earnings (Loss) Per Share

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

	Three Months Ended		Nine Months Ended	
(In Millions, Except Per Share Amounts)	**Sep 30, 2023**	**Oct 1, 2022**	**Sep 30, 2023**	**Oct 1, 2022**
Net income (loss)	**$ 310**	**$ 1,019**	**$ (985)**	**$ 8,678**
Less: Net income (loss) attributable to non-controlling interests	13	—	(5)	—
Net income (loss) attributable to Intel	**297**	**1,019**	**(980)**	**8,678**
Weighted average shares of common stock outstanding—basic	**4,202**	**4,118**	**4,180**	**4,104**
Dilutive effect of employee equity incentive plans	27	7	—	19
Weighted average shares of common stock outstanding—diluted	**4,229**	**4,125**	**4,180**	**4,123**
Earnings (loss) per share attributable to Intel—basic	**$ 0.07**	**$ 0.25**	**$ (0.23)**	**$ 2.11**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.07**	**$ 0.25**	**$ (0.23)**	**$ 2.10**

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 that were anti-dilutive were insignificant and were excluded from the computation of diluted earnings per share in all periods presented.

Due to our net loss in the nine months ended September 30, 2023, 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 had an anti-dilutive effect on diluted loss per share for the period and were excluded.

Note 5 : Other Financial Statement Details

Accounts Receivable

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

Inventories

(In Millions)	Sep 30, 2023	Dec 31, 2022
Raw materials	$ 1,278	$ 1,517
Work in process	6,266	7,565
Finished goods	3,922	4,142
Total inventories	**$ 11,466**	**$ 13,224**

Property, Plant, and Equipment

Effective January 2023, we increased the estimated useful life of certain production machinery and equipment from 5 years to 8 years. We estimate this change resulted in an approximate $690 million increase to gross margin and an approximate $110 million decrease in R&D expense in the third quarter of 2023 when compared to what the impact would have been using the estimated useful life in place prior to this change. We estimate this change resulted in an approximate $1.6 billion increase to gross margin and an approximate $320 million decrease in R&D expenses in the first nine months of 2023. As of September 30, 2023, we estimate this change resulted in an approximate $1.2 billion decrease in ending inventory values. These estimates are based on the assets in use and under construction as of the beginning of 2023.

Other Accrued Liabilities

Other accrued liabilities include deferred compensation of $2.6 billion as of September 30, 2023 ($2.4 billion as of December 31, 2022).

Interest and Other, Net

	Three Months Ended		Nine Months Ended	
(In Millions)	Sep 30, 2023	Oct 1, 2022	Sep 30, 2023	Oct 1, 2022
Interest income	$ 332	$ 170	$ 979	$ 315
Interest expense	(204)	(114)	(611)	(347)
Other, net	19	82	144	1,048
Total interest and other, net	**$ 147**	**$ 138**	**$ 512**	**$ 1,016**

Interest expense is net of $395 million of interest capitalized in the third quarter of 2023 and $1.1 billion in the first nine months of 2023 ($220 million in the third quarter of 2022 and $516 million in the first nine months of 2022). *Other, net* includes a gain in 2022 of $1.0 billion resulting from the first closing of the divestiture of our NAND memory business.

Note 6 : Restructuring and Other Charges

	Three Months Ended		Nine Months Ended	
(In Millions)	Sep 30, 2023	Oct 1, 2022	Sep 30, 2023	Oct 1, 2022
Employee severance and benefit arrangements	$ 59	$ 607	$ 191	$ 650
Litigation charges and other	757	4	854	(1,199)
Asset impairment charges	—	53	35	89
Total restructuring and other charges	**$ 816**	**$ 664**	**$ 1,080**	**$ (460)**

The 2022 Restructuring Program was approved in the third quarter of 2022 to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our strategy. We expect these actions to be substantially completed by the end of 2023, but this is subject to change. Any changes to the estimates or timing of executing the 2022 Restructuring Program will be reflected in our results of operations.

Restructuring activity for the 2022 Restructuring Program during the first nine months of 2023 was as follows:

(In Millions)	
Accrued restructuring balance as of December 31, 2022	$ 873
Additional accruals	130
Adjustments	56
Cash payments	(923)
Accrued restructuring balance as of September 30, 2023	**$ 136**

The accrued restructuring balances as of September 30, 2023 and December 31, 2022 were recorded as current liabilities within *accrued compensation and benefits* on the Consolidated Condensed Balance Sheets. The cumulative cost of the 2022 Restructuring Program as of September 30, 2023 was $1.2 billion.

Litigation charges and other includes a $401 million charge in the third quarter of 2023 for an EC-imposed fine. In 2009, we recorded and paid an EC fine that was subsequently annulled, resulting in a benefit of $1.2 billion in the first quarter of 2022. Refer to "Note 13: Contingencies" within the Notes to Consolidated Condensed Financial Statements for further information on legal proceedings related to the EC fine.

Also in the third quarter of 2023 we mutually agreed with Tower to terminate the agreement we entered into during the first quarter of 2022 to acquire Tower in a cash-for-stock transaction, representing a total enterprise value of approximately $5.4 billion as of the agreement date. We mutually agreed to terminate the agreement due to our inability to obtain required regulatory approvals in a timely manner and we paid a termination fee in accordance with the terms of the agreement, resulting in a $353 million charge included in *Litigation charges and other*.

Note 7 : Income Taxes

	Three Months Ended		Nine Months Ended	
(In Millions)	**Sep 30, 2023**	**Oct 1, 2022**	**Sep 30, 2023**	**Oct 1, 2022**
Income (loss) before taxes	$ (52)	$ (188)	$ (2,026)	$ 8,564
Provision for (benefit from) taxes	$ (362)	$ (1,207)	$ (1,041)	$ (114)
Effective tax rate	696.2 %	642.0 %	51.4 %	(1.3)%

Our provision for, or benefit from, income taxes for an interim period has historically been determined using an estimated annual effective tax rate, adjusted for discrete items, if any. Under certain circumstances where we are unable to make a reliable estimate of the annual effective tax rate, we use the actual effective tax rate for the year-to-date period. During the first nine months of 2023, we used this approach due to the variability of the rate as a result of fluctuations in forecasted income and the effects of being taxed in multiple tax jurisdictions.

Note 8 : Investments

Short-term Investments

Short-term investments include marketable debt investments in corporate debt, government debt, and financial institution instruments, and are recorded within *cash and cash equivalents* and *short-term investments* on the Consolidated Condensed Balance Sheets. Government debt includes instruments such as non-US government bills and bonds and US agency securities. Financial institution instruments include instruments issued or managed by financial institutions in various forms, such as commercial paper, fixed- and floating-rate bonds, money market fund deposits, and time deposits. As of September 30, 2023, and December 31, 2022, substantially all time deposits were issued by institutions outside the US.

For certain of our marketable debt investments, we economically hedge market risks at inception with a related derivative instrument or the marketable debt investment itself is used to economically hedge currency exchange rate risk from remeasurement. These hedged investments are reported at fair value with gains or losses from the investments and the related derivative instruments recorded in *interest and other, net*. The fair value of our hedged investments was $16.1 billion as of September 30, 2023 ($16.2 billion as of December 31, 2022). For hedged investments still held at the reporting date, we recorded net losses of $329 million in the third quarter of 2023 and net losses of $336 million in the first nine months of 2023 ($861 million of net losses in the third quarter of 2022 and $1.8 billion of net losses in the first nine months of 2022). We recorded net gains on the related derivatives of $320 million in the third quarter of 2023 and net gains of $354 million in the first nine months of 2023 ($916 million of net gains in the third quarter of 2022 and net gains of $1.8 billion in the first nine months of 2022).

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 our unhedged investments was $6.1 billion as of September 30, 2023 ($10.2 billion as of December 31, 2022), which approximated the fair value for these periods.

The fair value of marketable debt investments, by contractual maturity, as of September 30, 2023, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	$ 11,487
Due in 1–2 years	2,249
Due in 2–5 years	6,220
Due after 5 years	417
Instruments not due at a single maturity date[1]	1,814
Total	**$ 22,187**

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

Equity Investments

(In Millions)	Sep 30, 2023	Dec 31, 2022
Marketable equity securities[1]	$ 1,117	$ 1,341
Non-marketable equity securities	4,578	4,561
Equity method investments	5	10
Total	**$ 5,700**	**$ 5,912**

[1] *Over 90% of our marketable equity securities are subject to trading-volume or market-based restrictions, which limit the number of shares we may sell in a specified period of time, impacting our ability to liquidate these investments. The trading volume restrictions generally apply for as long as we own more than 1% of the outstanding shares. Market-based restrictions result from the rules of the respective exchange.*

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

	Three Months Ended		Nine Months Ended	
(In Millions)	Sep 30, 2023	Oct 1, 2022	Sep 30, 2023	Oct 1, 2022
Ongoing mark-to-market adjustments on marketable equity securities	$ (267)	$ (244)	$ (164)	$ (883)
Observable price adjustments on non-marketable equity securities	7	67	17	273
Impairment charges	(53)	(45)	(127)	(112)
Sale of equity investments and other[1]	122	71	228	4,804
Total gains (losses) on equity investments, net	**$ (191)**	**$ (151)**	**$ (46)**	**$ 4,082**

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

Net unrealized 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)	Sep 30, 2023	Oct 1, 2022	Sep 30, 2023	Oct 1, 2022
Net unrealized gains (losses) recognized during the period on equity securities	$ (205)	$ (154)	$ (64)	$ (490)
Less: Net (gains) losses recognized during the period on equity securities sold during the period	12	1	(15)	15
Net unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	**$ (193)**	**$ (153)**	**$ (79)**	**$ (475)**

McAfee Corp.

During the first quarter of 2022, the sale of the McAfee consumer business 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.*

Note 9 : Divestitures

NAND Memory Business

On December 29, 2021, we closed the first phase of our agreement with SK hynix Inc. (SK hynix) to divest our NAND memory business for $9.0 billion in cash. Our NAND memory business includes our NAND memory technology and manufacturing business (the NAND OpCo Business), of which we deconsolidated our ongoing interests as part of the sale. The transaction will be completed in two closings and upon the first closing in the first quarter of 2022, SK hynix paid $7.0 billion of consideration and we recognized a pre-tax gain of $1.0 billion within *interest and other, net*, and tax expense of $495 million. We recorded a receivable in *other long-term assets* for the remaining proceeds of $1.9 billion which remains outstanding as of September 30, 2023, and will be received upon the second closing of the transaction, expected to be no earlier than March 2025.

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.

As of September 30, 2023, we also have a receivable due from the NAND OpCo Business, a deconsolidated entity, of $204 million recorded within *other current assets* on the Consolidated Condensed Balance Sheets. We will be reimbursed for costs of $32 million per quarter in 2023 for corporate function services, which include human resources, information technology, finance, supply chain, and other compliance requirements associated with being wholly owned subsidiaries.

Note 10 : Borrowings

In the third quarter of 2023, we remarketed $423 million aggregate principal amount of bonds issued by the Industrial Development Authority of the City of Chandler, Arizona (the Arizona bonds) and the State of Oregon Business Development Commission (the Oregon bonds). The bonds are unsecured general obligations in accordance with loan agreements we entered into with each of the Industrial Development Authority of the City of Chandler, Arizona and the State of Oregon Business Development Commission. The bonds mature in 2035 and 2040 and have 3.8% and 4.1% coupons. Both the Arizona and Oregon bonds are subject to optional tender starting in February 2028 and mandatory tender in June 2028, at which time we may remarket the bonds for a new term period.

In the first quarter of 2023, we issued a total of $11.0 billion aggregate principal amount of senior notes. We also amended both our 5-year $5.0 billion revolving credit facility agreement, extending the maturity date by one year to March 2028, and our 364-day $5.0 billion credit facility agreement, extending the maturity date to March 2024. The revolving credit facilities had no borrowings outstanding as of September 30, 2023.

We have an ongoing authorization from our Board of Directors to borrow up to $10.0 billion under our commercial paper program. In the first nine months of 2023, we settled in cash $3.9 billion of our commercial paper. We had no outstanding commercial paper as of September 30, 2023 ($3.9 billion as of December 31, 2022).

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 11 : Fair Value

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

	Sep 30, 2023				Dec 31, 2022			
	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	$ —	$ 1,074	$ —	$ 1,074	$ —	$ 856	$ —	$ 856
Financial institution instruments[1]	1,779	1,876	—	3,655	6,899	1,474	—	8,373
Government debt[2]	—	49	—	49	—	—	—	—
Reverse repurchase agreements	—	2,334	—	2,334	—	1,301	—	1,301
Short-term investments:								
Corporate debt	—	6,168	—	6,168	—	5,381	—	5,381
Financial institution instruments[1]	35	4,105	—	4,140	196	4,729	—	4,925
Government debt[2]	50	7,051	—	7,101	48	6,840	—	6,888
Other current assets:								
Derivative assets	131	1,013	—	1,144	—	1,264	—	1,264
Loans receivable	—	53	—	53	—	53	—	53
Marketable equity securities	1,117	—	—	1,117	1,341	—	—	1,341
Other long-term assets:								
Derivative assets	—	1	—	1	—	10	—	10
Total assets measured and recorded at fair value	**$ 3,112**	**$ 23,724**	**$ —**	**$ 26,836**	**$ 8,484**	**$ 21,908**	**$ —**	**$ 30,392**
Liabilities								
Other accrued liabilities:								
Derivative liabilities	$ 17	$ 727	$ 147	$ 891	$ 111	$ 485	$ 89	$ 685
Other long-term liabilities:								
Derivative liabilities	—	841	—	841	—	699	—	699
Total liabilities measured and recorded at fair value	**$ 17**	**$ 1,568**	**$ 147**	**$ 1,732**	**$ 111**	**$ 1,184**	**$ 89**	**$ 1,384**

[1] *Level 1 investments consist of money market funds. Level 2 investments consist primarily of certificates of deposit, time deposits, and notes and bonds issued by financial institutions.*
[2] *Level 1 investments consist primarily of US Treasury securities. Level 2 investments consist primarily of non-US government debt.*

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

Our non-marketable equity securities, equity method investments, and certain non-financial assets, such as intangible assets 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 September 30, 2023 was $833 million (the aggregate carrying value as of December 31, 2022 was $437 million). We have no reverse repurchase agreements with original maturities greater than three months as of September 30, 2023 (the aggregate carrying value as of December 31, 2022 was $400 million).

We classify the fair value of issued debt (excluding any commercial paper) as Level 2. The fair value of our issued debt was $43.5 billion as of September 30, 2023 ($34.3 billion as of December 31, 2022).

Note 12 : Derivative Financial Instruments

Volume of Derivative Activity

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

(In Millions)	Sep 30, 2023	Dec 31, 2022
Foreign currency contracts	$ 31,291	$ 31,603
Interest rate contracts	17,920	16,011
Other	2,103	2,094
Total	**$ 51,314**	**$ 49,708**

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

	Sep 30, 2023		Dec 31, 2022	
(In Millions)	Assets[1]	Liabilities[2]	Assets[1]	Liabilities[2]
Derivatives designated as hedging instruments:				
Foreign currency contracts[3]	$ 27	$ 643	$ 142	$ 290
Interest rate contracts	—	966	—	777
Total derivatives designated as hedging instruments	**$ 27**	**$ 1,609**	**$ 142**	**$ 1,067**
Derivatives not designated as hedging instruments:				
Foreign currency contracts[3]	$ 601	$ 102	$ 866	$ 194
Interest rate contracts	386	4	266	12
Equity contracts	131	17	—	111
Total derivatives not designated as hedging instruments	**$ 1,118**	**$ 123**	**$ 1,132**	**$ 317**
Total derivatives	**$ 1,145**	**$ 1,732**	**$ 1,274**	**$ 1,384**

[1] *Derivative assets are recorded as other assets, current and long-term.*
[2] *Derivative liabilities are recorded as other liabilities, current and long-term.*
[3] *A majority of these instruments mature within 12 months.*

Amounts Offset in the Consolidated Condensed Balance Sheets

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

	Sep 30, 2023					
				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	$ 1,011	$ —	$ 1,011	$ (538)	$ (473)	$ —
Reverse repurchase agreements	2,334	—	2,334	—	(2,334)	—
Total assets	**$ 3,345**	**$ —**	**$ 3,345**	**$ (538)**	**$ (2,807)**	**$ —**
Liabilities:						
Derivative liabilities subject to master netting arrangements	$ 1,724	$ —	$ 1,724	$ (538)	$ (1,085)	$ 101
Total liabilities	**$ 1,724**	**$ —**	**$ 1,724**	**$ (538)**	**$ (1,085)**	**$ 101**

	Dec 31, 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	$ 1,231	$ —	$ 1,231	$ (546)	$ (682)	$ 3
Reverse repurchase agreements	1,701	—	1,701	—	(1,701)	—
Total assets	**$ 2,932**	**$ —**	**$ 2,932**	**$ (546)**	**$ (2,383)**	**$ 3**
Liabilities:						
Derivative liabilities subject to master netting arrangements	$ 1,337	$ —	$ 1,337	$ (546)	$ (712)	$ 79
Total liabilities	**$ 1,337**	**$ —**	**$ 1,337**	**$ (546)**	**$ (712)**	**$ 79**

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 $454 million net losses in the third quarter of 2023 and $646 million net losses in the first nine months of 2023 ($678 million net losses in the third quarter of 2022 and $1.6 billion net losses in the first nine months of 2022). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first nine months of 2023 and 2022, 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:

	Gains (Losses) on Derivatives Recognized in Consolidated Condensed Statements of Income			
	Three Months Ended		Nine Months Ended	
(In Millions)	**Sep 30, 2023**	**Oct 1, 2022**	**Sep 30, 2023**	**Oct 1, 2022**
Interest rate contracts	$ (168)	$ (589)	$ (189)	$ (1,536)
Hedged items	168	589	189	1,536
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	**Carrying Amount of the Hedged Item Assets/(Liabilities)**		**Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)**	
(In Millions)	**Sep 30, 2023**	**Dec 31, 2022**	**Sep 30, 2023**	**Dec 31, 2022**
Long-term debt	$ (11,032)	$ (11,221)	$ 965	$ 776

The total notional amount of outstanding pay-variable, receive-fixed interest rate swaps was $12.0 billion as of September 30, 2023 and December 31, 2022.

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:

		Three Months Ended		Nine Months Ended	
(In Millions)	**Location of Gains (Losses) Recognized in Income on Derivatives**	**Sep 30, 2023**	**Oct 1, 2022**	**Sep 30, 2023**	**Oct 1, 2022**
Foreign currency contracts	Interest and other, net	$ 255	$ 771	$ 467	$ 1,952
Interest rate contracts	Interest and other, net	85	164	175	289
Other	Various	(112)	(97)	103	(562)
Total		**$ 228**	**$ 838**	**$ 745**	**$ 1,679**

Note 13 : Contingencies

Legal Proceedings

We are regularly party to various ongoing claims, litigation, and other proceedings, including those noted in this section. We have accrued a charge of $2.2 billion related to litigation involving VLSI and a charge of $401 million related to an EC-imposed fine, both as described below. Excluding the VLSI claims, management at present believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations, cash flows, or overall trends; however, legal proceedings and related government investigations are subject to inherent uncertainties, and unfavorable rulings, excessive verdicts, or other events could occur. Unfavorable resolutions could include substantial monetary damages, fines, or penalties. Certain of these outstanding matters include speculative, substantial, or indeterminate monetary awards. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices, or requiring other remedies. An unfavorable outcome may result in a material adverse impact on our business, results of operations, financial position, and overall trends. We might also conclude that settling one or more such matters is in the best interests of our stockholders, employees, and customers, and any such settlement could include substantial payments. Unless specifically described below, we have not concluded that settlement of any of the legal proceedings noted in this section is appropriate at this time.

European Commission Competition Matter

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

We appealed the EC decision to the European Court of Justice in 2014, after the General Court (then called the Court of First Instance) rejected our appeal of the EC decision in its entirety. In September 2017, the Court of Justice sent the case back to the General Court to examine whether the rebates at issue were capable of restricting competition.

In January 2022, the General Court annulled the EC's 2009 findings against us regarding rebates, as well as the €1.1 billion fine imposed on Intel, which was returned to us in February 2022. The General Court's January 2022 decision did not annul the EC's 2009 finding that we made payments to prevent sales of specific rival products.

In April 2022, the EC appealed the General Court's decision to the Court of Justice. In addition, in September 2023 the EC imposed a €376 million ($401 million) fine against us based on its finding that we made payments to prevent sales of specific rival products. We plan to appeal the EC's decision. We have accrued a charge for the fine and are unable to make a reasonable estimate of the potential loss or range of losses in excess of this amount given the procedural posture and the nature of these proceedings.

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

Litigation Related to Security Vulnerabilities

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

As of October 25, 2023, consumer class action lawsuits against us were pending in the US, Canada, and Argentina. The plaintiffs, who purport to represent various classes of purchasers of our products, generally claim to have been harmed by our actions and/or omissions in connection with the security vulnerabilities and assert a variety of common law and statutory claims seeking monetary damages and equitable relief. In the US, class action suits filed in various jurisdictions were consolidated for all pretrial proceedings in the US District Court for the District of Oregon, which entered final judgment in favor of Intel in July 2022 based on plaintiffs' failure to plead a viable claim. 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. In Argentina, Intel Argentina was served with, and responded to, a class action complaint in June 2022. The Argentinian court dismissed plaintiffs' claims for lack of standing in May 2023, and plaintiffs have appealed. 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.

Litigation Related to 7nm Product Delay Announcement

Multiple securities class action lawsuits were filed in the US District Court for the Northern District of California against us and certain officers following our July 2020 announcement of 7nm product delays. The court consolidated the lawsuits and appointed lead plaintiffs in October 2020, and in January 2021 plaintiffs filed a consolidated complaint. Plaintiffs purport to represent all persons who purchased or otherwise acquired our common stock from October 25, 2019 through October 23, 2020, and they generally allege that defendants violated the federal securities laws by making false or misleading statements about the timeline for 7nm products. In March 2023, the court granted the defendants' motion to dismiss the consolidated complaint, and in April 2023 entered judgment. Plaintiffs have appealed. Given the procedural posture and the nature of the case, including that it is in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class being certified or the ultimate size of any class if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from the matter. In July 2021, we introduced a new process node naming structure, and the 7nm process is now called Intel 4.

Litigation Related to Patent and IP Claims

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

VLSI Technology LLC v. Intel

In October 2017, VLSI Technology LLC (VLSI) filed a complaint against us in the US District Court for the Northern District of California alleging that various Intel FPGA and processor products infringe eight patents that VLSI acquired from NXP Semiconductors, N.V. (NXP). Four patents remain at issue in the case, and VLSI estimates its damages to be approximately $890 million, and seeks enhanced damages, future royalties, attorneys' fees, costs, and interest. We filed Inter Partes Review (IPR) petitions with the Patent Trial and Appeal Board (PTAB) in 2018 challenging patentability, and the parties stipulated to stay the district court action pending the PTAB's review. The PTAB subsequently found all claims of two patents, and some claims of two other patents, to be unpatentable. The district court lifted the stay in September 2021, and scheduled trial for March 2024 on the claims that were found patentable by the PTAB.

In April 2019, VLSI filed three infringement suits against us in the US District Court for the Western District of Texas accusing various of our processors of infringement of eight additional patents it had acquired from NXP:

- The first Texas case went to trial in February 2021, and the jury awarded VLSI $1.5 billion for literal infringement of one patent and $675 million for infringement of another patent under the doctrine of equivalents. In April 2022, the court entered final judgment, awarding VLSI $2.2 billion in damages and approximately $162.3 million in pre-judgment and post-judgment interest. We have appealed the judgment to the Federal Circuit Court of Appeals, including the court's rejection of Intel's claim to have a license from Fortress Investment Group's acquisition of Finjan. The Federal Circuit Court heard oral argument in October 2023. In December 2021 and January 2022 the PTAB instituted IPRs on the claims found to have been infringed in the first Texas case, and in May and June 2023 found all of those claims unpatentable; VLSI has appealed the PTAB's decisions, and has asked to stay those appeals while the PTAB decides certain issues unrelated to the merits of the IPRs. Intel has agreed to the stay.
- The second Texas case went to trial in April 2021, and the jury found that we do not infringe the asserted patents. VLSI had sought approximately $3.0 billion for alleged infringement, plus enhanced damages for willful infringement. The court has not yet entered final judgment.
- The third Texas case went to trial in November 2022, with VLSI asserting one remaining patent. The jury found the patent valid and infringed, and awarded VLSI approximately $949 million in damages, plus interest and a running royalty. The court has not yet entered final judgment. In February 2023, we filed motions for a new trial and for judgment as a matter of law notwithstanding the verdict on various grounds. Further appeals are possible.

In 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 one patent against certain Intel Core processors. Defendants filed an invalidation petition in October 2019 with the China National Intellectual Property Administration (CNIPA) which held a hearing in September 2021. The Shenzhen court held trial proceedings in July 2021, and September 2023. VLSI seeks an injunction as well as RMB 1.3 million in costs and expenses, but no damages. In September 2023, the CNIPA invalidated every claim of the asserted patent.

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

We have accrued a charge of approximately $2.2 billion related to the VLSI litigation. While we dispute VLSI's claims and intend to vigorously defend against them, we are unable to make a reasonable estimate of losses in excess of recorded amounts given recent developments and future proceedings.

R2 Semiconductor Patent Litigation

In November 2022, R2 Semiconductor, Inc. (R2) filed a lawsuit in the High Court of Justice in the UK against Intel Corporation (UK) Limited and Intel Corporation, and a lawsuit in the Dusseldorf Regional Court in Germany against Intel Deutschland GmbH and certain Intel customers. R2 asserts one European patent is infringed by Intel's Ice Lake, Tiger Lake, Alder Lake and Ice Lake Server (Xeon) processors, and customer servers and laptops that contain those processors. R2 seeks an injunction in both actions prohibiting the sale and requiring the recall of the alleged infringing products. Intel is indemnifying its customers in the German lawsuit.

Intel disputes R2's claims and intends to defend the lawsuits vigorously. In December 2022, Intel responded in the UK action that the asserted patent is not infringed and that the patent is invalid. In April 2023, defendants filed statements of defense in the German action that the asserted patent is not infringed and that an injunction would be a disproportionate remedy. In May 2023, defendants also filed a nullity action in the German Federal Patent Court on the ground that the asserted patent is invalid.

Trial is scheduled for December 2023 in the Dusseldorf Regional Court, and for April 2024 in the UK High Court of Justice. If defendants lose at trial in Germany, the Dusseldorf Regional Court could impose an injunction and recall order prohibiting sales of the accused products in Germany which could take effect immediately and remain in place unless overturned on appeal, or unless the patent is invalidated by the German Federal Patent Court. Given the procedural posture and the nature of these cases, including that there are significant factual and legal issues to be resolved and that uncertainty exists as to the scope of an injunction, if any, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from these lawsuits.

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-generation mobile network, which brings dramatic improvements in network speeds and latency, and which we view as a transformative technology and opportunity for many industries
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
DCAI	Data Center and Artificial Intelligence operating segment
EC	European Commission
EPS	Earnings per share
Form 10-K	Annual Report on Form 10-K for the year ended December 31, 2022
Form 10-Q	Quarterly Report on Form 10-Q for the quarter ended September 30, 2023
FPGA	Field-programmable gate array
IDM	Integrated device manufacturer, a semiconductor company that both designs and builds chips
IDM 2.0	Evolution of our IDM model that combines our internal factory network, strategic use of foundry capacity and our IFS business to position us to drive technology and product leadership
IFS	Intel Foundry Services operating segment
IP	Intellectual property
IPO	Initial public offering
MD&A	Management's Discussion and Analysis
MG&A	Marketing, general, and administrative
NAND	NAND flash memory
NEX	Networking and Edge operating segment
nm	Nanometer
R&D	Research and development
RSU	Restricted stock unit
SEC	US 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
Tower	Tower Semiconductor Ltd
US	United States
US GAAP	US Generally Accepted Accounting Principles
VIE	Variable interest entity
VLSI	VLSI Technology LLC

Management's Discussion and Analysis

This report should be read in conjunction with the Consolidated Financial Statements in our 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 the organizational change to integrate AXG into CCG and DCAI to drive a more effective go-to-market capability, accelerating the scale of these businesses while further reducing costs. As a result, we modified our segment reporting in the first quarter of 2023 to align to this and certain other business reorganizations. All prior-period segment data has been retrospectively adjusted to reflect the way we internally manage and monitor segment performance starting in fiscal year 2023.

"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 engage in an intentional effort focused on a long-term operating system, system architecture, hardware, and application integration that enables industry-leading PC experiences. We are embracing these opportunities by simplifying and focusing our roadmap, ramping PC capabilities even more aggressively, and designing PC experiences 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

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

Revenue Summary

Q3 2023 vs. Q3 2022

- Notebook revenue was $4.5 billion, up $95 million from Q3 2022. Notebook volume increased 8% in Q3 2023 as customer inventory levels began to normalize. Notebook ASPs decreased 5% in Q3 2023 due to a higher mix of small core products attributable to relative strength in the education market combined with a higher mix of older generation products.
- Desktop revenue was $2.8 billion, down $469 million from Q3 2022. Desktop volume decreased 19% in Q3 2023 due to lower demand across business market segments. Desktop ASPs increased 6% in Q3 2023 due to an increased mix of product sales to the commercial and gaming market segments.
- Other revenue was $611 million, up $113 million from Q3 2022, primarily driven by higher wireless and connectivity product sales as a result of higher notebook volume.

YTD 2023 vs YTD 2022

- Notebook revenue was $11.8 billion, down $3.3 billion from YTD 2022. Notebook volume decreased 16% in YTD 2023 due to lower demand and due to customers tempering purchases to reduce inventories in the first half of 2023. Notebook ASPs decreased 7% in YTD 2023 due to relative strength in the education market segment resulting in a higher mix of small core products combined with a higher mix of older generation products.
- Desktop revenue was $7.0 billion, down $1.2 billion from YTD 2022. Desktop volume decreased 21% in YTD 2023, driven by lower demand across business market segments and due to customers tempering purchases to reduce existing inventories. Desktop ASPs increased 8% in YTD 2023 due to an increased mix of product sales to the commercial and gaming market segments.
- Other revenue was $1.6 billion, down $252 million from YTD 2022, primarily driven by lower wireless and connectivity product sales as a result of lower notebook volumes.

Operating Income Summary

Operating income increased 43% from Q3 2022, with an operating margin of 26%.

Operating income decreased 28% from YTD 2022, with an operating margin of 18%.

(In Millions)	
$ 2,073	**Q3 2023 CCG Operating Income**
562	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in Q3 2023
352	Lower operating expenses driven by various cost-cutting measures
(304)	Lower product margin primarily from lower desktop revenue
16	Other
$ 1,447	**Q3 2022 CCG Operating Income**
$ 3,632	**YTD 2023 CCG Operating Income**
(3,141)	Lower product margin primarily from lower notebook and desktop revenue
(385)	Higher unit cost primarily from increased mix of Intel 7 products
(226)	Higher period charges related to excess capacity charges
980	Lower operating expenses driven by various cost-cutting measures
974	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in 2023
385	Lower period charges primarily driven by a decrease in product ramp costs
$ 5,045	**YTD 2022 CCG Operating Income**

Data Center and AI

DCAI delivers industry-leading workload-optimized solutions to cloud service providers and enterprise customers, along with silicon devices for communications service providers and high-performance computing customers. We are uniquely positioned to deliver solutions to help solve our customers' most complex challenges with the depth and breadth of our hardware and software portfolio combined with silicon and platforms, advanced packaging, and at-scale manufacturing made possible by being the world's only IDM at scale. Our customers and partners include cloud hyperscalers, MNCs, small and medium-sized businesses, independent software vendors, systems integrators, communications service providers, and governments around the world.

DCAI Revenue $B

DCAI Operating Income (Loss) $B

Revenue Summary

Q3 2023 vs. Q3 2022

Revenue was $3.8 billion, down $441 million from Q3 2022, driven by a decrease in server revenue. Server volume decreased 35% in Q3 2023, due to lower demand in a softening CPU data center market. Server ASPs increased 38% primarily due to a lower mix of hyperscale customer-related revenue and a higher mix of high core count products.

YTD 2023 vs YTD 2022

Revenue was $11.5 billion, down $3.5 billion from YTD 2022, driven by a decrease in server revenue. Server volume decreased 41% in YTD 2023, due to lower demand in a softening CPU data center market. Server ASPs increased 17% primarily due to a lower mix of hyperscale customer-related revenue and a higher mix of high core count products. The decrease in server revenue was partially offset by an increase in revenue from the FPGA product line.

Operating Income (Loss) Summary

We had operating income of $71 million in Q3 2023, compared to an operating loss of $139 million in Q3 2022

We had an operating loss of $608 million in YTD 2023, compared to operating income of $1.2 billion in YTD 2022.

(In Millions)	
$ 71	**Q3 2023 DCAI Operating Income (Loss)**
405	Lower operating expenses driven by various cost-cutting measures
180	Lower period charges primarily driven by a decrease in product ramp costs
(299)	Higher server unit cost primarily from increased mix of Intel 7 products
(76)	Other
$ (139)	**Q3 2022 DCAI Operating Income (Loss)**
$ (608)	**YTD 2023 DCAI Operating Income (Loss)**
(2,437)	Lower product margin due to lower server revenue, partially offset by an increase in product margin due to higher FPGA product line revenue
(849)	Higher server unit cost primarily from increased mix of Intel 7 products
(279)	Higher period charges related to excess capacity charges
990	Lower operating expenses driven by various cost-cutting measures
500	Lower period charges primarily driven by a decrease in product ramp costs
293	Lower period charges driven by the sell-through of previously reserved inventory
$ 1,174	**YTD 2022 DCAI Operating Income (Loss)**

Network & Edge

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

NEX Revenue $B

NEX Operating Income (Loss) $B

Revenue Summary

Q3 2023 vs. Q3 2022 and YTD 2023 vs. YTD 2022

Q3 2023 revenue was $1.5 billion, down $683 million from Q3 2022, and YTD 2023 revenue was $4.3 billion, down $2.2 billion from YTD 2022, as customers tempered purchases to reduce inventories and adjust to a lower demand environment across product lines.

Operating Income (Loss) Summary

Operating income decreased 91% from Q3 2022, with an operating margin of 1%.

We had an operating loss of $470 million in YTD 2023, compared to operating income of $907 million in YTD 2022.

(In Millions)	
$ 17	**Q3 2023 NEX Operating Income (Loss)**
(467)	Lower product margin driven by lower revenue across NEX product lines
249	Lower operating expenses driven by various cost-cutting measures
38	Other
$ 197	**Q3 2022 NEX Operating Income (Loss)**
$ (470)	**YTD 2023 NEX Operating Income (Loss)**
(1,541)	Lower product margin driven by lower revenue across NEX product lines
(160)	Higher period charges driven by inventory reserves taken in 2023
368	Lower operating expenses driven by various cost-cutting measures
(44)	Other
$ 907	**YTD 2022 NEX Operating Income (Loss)**

Mobileye

Mobileye is a global leader in driving assistance and self-driving solutions. Our product portfolio is designed to encompass the entire stack required for assisted and autonomous driving, including compute platforms, computer vision, and machine learning-based perception, mapping and localization, driving policy, and active sensors in development. We pioneered ADAS technology more than 20 years ago, and have continuously expanded the scope of our ADAS offerings while leading the evolution to autonomous driving solutions. Our unique assets in ADAS allow for building a scalable self-driving stack that meets the requirements for both robotaxi and consumer-owned autonomous vehicles. Our customers and strategic partners include major global original equipment manufacturers, Tier 1 automotive system integrators, and public transportation operators.

Mobileye Revenue $B

Mobileye Operating Income $B

Revenue and Operating Income Summary

Q3 2023 vs. Q3 2022

Revenue was $530 million, up $80 million from Q3 2022 and operating income was $170 million, up $28 million from Q3 2022 primarily driven by higher demand for EyeQ® products.

YTD 2023 vs. YTD 2022

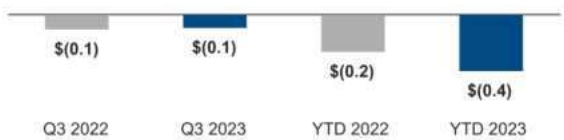
Revenue was $1.4 billion, up $138 million from YTD 2022 primarily driven by higher demand for EyeQ® products. Operating income was $422 million, down $58 million from YTD 2022, primarily due to increased investments in leadership products.

Intel Foundry Services

As the first Open System Foundry, we offer customers differentiated full stack solutions created from the best of Intel and the foundry industry ecosystem, delivered from a secure and sustainable source of supply with an array of flexible business models to enable customers to lead in their industry. In addition to a world-class foundry offering enabled by a rich ecosystem, customers have access to our expertise and technologies, including cores, accelerators, and advanced packaging such as Embedded Multi-die Interconnect Bridge (EMIB). Our early customers and strategic partners include traditional fabless customers, cloud service providers, automotive customers, and military, aerospace, and defense firms. We also offer mask-making equipment for advanced lithography used by many of the world's leading-edge foundries.

IFS Revenue $B

IFS Operating Loss $B



Revenue and Operating Loss Summary

Q3 2023 vs. Q3 2022

Revenue was $311 million, up $233 million from Q3 2022 driven by higher packaging revenue and multi-beam mask writer tool sales. We had an operating loss of $86 million, compared to an operating loss of $90 million in Q3 2022.

YTD 2023 vs. YTD 2022

Revenue was $661 million, up $370 million from YTD 2022 driven by higher packaging revenue. We had an operating loss of $369 million, compared to an operating loss of $247 million in YTD 2022, primarily due to increased spending to drive strategic growth.

Consolidated Condensed Results of Operations

(In Millions, Except Per Share Amounts)	Three Months Ended				Nine Months Ended			
	Q3 2023		Q3 2022		YTD 2023		YTD 2022	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	**$ 14,158**	**100.0 %**	**$ 15,338**	**100.0 %**	**$ 38,822**	**100.0 %**	**$ 49,012**	**100.0 %**
Cost of sales	8,140	57.5 %	8,803	57.4 %	24,158	62.2 %	27,646	56.4 %
Gross margin	**6,018**	**42.5 %**	**6,535**	**42.6 %**	**14,664**	**37.8 %**	**21,366**	**43.6 %**
Research and development	3,870	27.3 %	4,302	28.0 %	12,059	31.1 %	13,064	26.7 %
Marketing, general, and administrative	1,340	9.5 %	1,744	11.4 %	4,017	10.3 %	5,296	10.8 %
Restructuring and other charges	816	5.8 %	664	4.3 %	1,080	2.8 %	(460)	(0.9)%
Operating income (loss)	**(8)**	**(0.1)%**	**(175)**	**(1.1)%**	**(2,492)**	**(6.4)%**	**3,466**	**7.1 %**
Gains (losses) on equity investments, net	(191)	(1.3)%	(151)	(1.0)%	(46)	(0.1)%	4,082	8.3 %
Interest and other, net	147	1.0 %	138	0.9 %	512	1.3 %	1,016	2.1 %
Income (loss) before taxes	**(52)**	**(0.4)%**	**(188)**	**(1.2)%**	**(2,026)**	**(5.2)%**	**8,564**	**17.5 %**
Provision for (benefit from) taxes	(362)	(2.6)%	(1,207)	(7.9)%	(1,041)	(2.7)%	(114)	(0.2)%
Net income (loss)	**310**	**2.2 %**	**1,019**	**6.6 %**	**(985)**	**(2.5)%**	**8,678**	**17.7 %**
Less: Net income (loss) attributable to non-controlling interests	13	0.1 %	—	— %	(5)	— %	—	— %
Net income (loss) attributable to Intel	**$ 297**	**2.1 %**	**$ 1,019**	**6.6 %**	**$ (980)**	**(2.5)%**	**$ 8,678**	**17.7 %**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.07**		**$ 0.25**		**$ (0.23)**		**$ 2.10**	

Revenue

Q3 2023 vs. Q3 2022

Our Q3 2023 revenue was $14.2 billion, down $1.2 billion or 8% from Q3 2022. CCG revenue decreased 3% from Q3 2022 primarily due to lower desktop volume driven by lower demand across business market segments and lower notebook ASPs due to a higher mix of small core products attributable to relative strength in the education market combined with a higher mix of older generation products. These decreases were partially offset by higher notebook volume as customer inventory levels began to normalize and higher desktop ASPs due to an increased mix of product sales to the commercial and gaming market segments. DCAI revenue decreased 10% from Q3 2022 due to lower server volume resulting from a softening CPU data center market, partially offset by higher server ASPs from a lower mix of hyperscale customer-related revenue and a higher mix of high core count products. NEX revenue decreased 32% as customers tempered purchases to reduce inventories and adjust to a lower demand environment across product lines.

YTD 2023 vs. YTD 2022

Our YTD 2023 revenue was $38.8 billion, down $10.2 billion or 21% from YTD 2022. CCG revenue decreased 19% from YTD 2022 primarily due to lower notebook and desktop volume due to lower demand and from customers tempering purchases to reduce inventories in the first half of 2023. Notebook ASPs decreased due to the relative strength in the education market segment resulting in a higher mix of small core products combined with a higher mix of older generation products, and were partially offset by higher desktop ASPs due to an increased mix of product sales to the commercial and gaming market segments. DCAI revenue decreased 23% from YTD 2022 due to lower server volume resulting from a softening CPU data center market, which was partially offset by higher server ASPs from a lower mix of hyperscale customer-related revenue and a higher mix of high core count products and an increase in revenue from the FPGA product line. NEX revenue decreased 34% from YTD 2022 as customers tempered purchases to reduce existing inventories and adjust to a lower demand environment across product lines.

Gross Margin

We derived most of our overall gross margin in Q3 2023, and most of our gross margin in YTD 2023, from the sale of products in the CCG and DCAI operating segments. Our overall gross margin dollars in Q3 2023 decreased by $517 million, or 8% compared to Q3 2022, and YTD 2023 decreased by $6.7 billion, or 31% compared to YTD 2022.

Gross Margin $B

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

(In Millions)	
$ 6,018	**Q3 2023 Gross Margin**
(467)	Lower product margin driven by lower revenue across NEX product lines
(304)	Lower product margin primarily from lower desktop revenue
(299)	Higher server unit cost primarily from increased mix of Intel 7 products
592	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in Q3 2023
180	Lower period charges primarily driven by a decrease in product ramp costs
(219)	Other
$ 6,535	**Q3 2022 Gross Margin**
$ 14,664	**YTD 2023 Gross Margin**
(3,141)	Lower product margin primarily from lower notebook and desktop revenue
(2,437)	Lower product margin due to lower server revenue, partially offset by an increase in product margin due to higher FPGA product line revenue
(1,541)	Lower product margin driven by lower revenue across NEX product lines
(1,234)	Higher unit cost primarily from increased mix of Intel 7 products
(638)	Higher period charges related to excess capacity charges
1,107	Lower period charges driven by the sell-through of previously reserved inventory and lower reserves taken in 2023
885	Lower period charges primarily driven by a decrease in product ramp costs
559	Absence of the Optane inventory impairment charge taken in 2022 related to the wind down of our Intel Optane memory business
205	Absence of corporate charges from a patent settlement in 2022
(467)	Other
$ 21,366	**YTD 2022 Gross Margin**

Effective January 2023, we increased the estimated useful life of certain production machinery and equipment from 5 years to 8 years. When compared to the estimated useful life in place as of the end of 2022, we expect total depreciation expense in 2023 to be reduced by $4.2 billion. We expect this change will result in an approximately $2.5 billion increase to gross margin, a $400 million decrease in R&D expenses, and a $1.3 billion decrease in ending inventory values. These estimates are based on the assets in use and under construction as of the beginning of 2023 and are calculated at that point in time. Because most of the depreciation expense associated with this useful life change is included in overhead cost pools and is combined with other costs and other depreciation expense from assets placed into service after this calculation was performed, for which such costs are subsequently absorbed into inventory as each product passes through our manufacturing process, the actual amount of impact from the useful life change that is included in our 2023 operating results and financial position is impractical to individually and specifically quantify on a year-over-year basis.

Operating Expenses

Total R&D and MG&A expenses for Q3 2023 were $5.2 billion, down 14% from Q3 2022, and $16.1 billion for YTD 2023, down 12% from YTD 2022. These expenses represent 36.8% of revenue for Q3 2023 and 39.4% of revenue for Q3 2022, and 41.4% of revenue for YTD 2023 and 37.5% of revenue for YTD 2022. In support of our strategy, described in our 2022 Form 10-K, we continue to make significant investments to accelerate our process technology roadmap. This requires continued investments in R&D and focused efforts to attract and retain talent. We have implemented certain cost-cutting measures while we continue to improve our product execution.

Research and Development $B

Marketing, General, and Administrative $B

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

Research and Development

Q3 2023 vs. Q3 2022

R&D decreased by $432 million, or 10%, driven by the following:

- \- The effects of various cost-cutting measures
- \+ Higher incentive-based cash compensation

YTD 2023 vs. YTD 2022

R&D decreased by $1.0 billion, or 8%, driven by the following:

- \- The effects of various cost-cutting measures, partially offset by increased corporate spending to drive strategic growth
- \+ Higher incentive-based cash compensation

Marketing, General, and Administrative

Q3 2023 vs. Q3 2022 and YTD 2023 vs. YTD 2022

Q3 2023 MG&A decreased by $404 million, or 23% and YTD 2023 MG&A decreased by $1.3 billion, or 24% driven by the following:

- \- Lower corporate spending as a result of various cost-cutting measures
- \+ Higher incentive-based cash compensation

Restructuring and Other Charges

(In Millions)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Employee severance and benefit arrangements	$ 59	$ 607	$ 191	$ 650
Litigation charges and other	757	4	854	(1,199)
Asset impairment charges	—	53	35	89
Total restructuring and other charges	**$ 816**	**$ 664**	**$ 1,080**	**$ (460)**

The 2022 Restructuring Program was approved in Q3 2022 to rebalance our workforce and operations to create efficiencies and improve our product execution in alignment with our strategy. In YTD 2023, activity related to the 2022 Restructuring Program substantially related to cash settlement of previously accrued employee severance and benefit arrangements as well as additional actions in Q2 and Q3 of 2023. We expect actions pursuant to the 2022 Restructuring Program to be substantially completed by the end of 2023, but this is subject to change. 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 strategy. The cumulative cost of the 2022 Restructuring Program as of September 30, 2023 was $1.2 billion.

Litigation charges and other includes a $401 million charge in Q3 2023 for an EC-imposed fine. In 2009 we recorded and paid an EC fine that was subsequently annulled, resulting in a benefit of $1.2 billion in YTD 2022.

Also in Q3 2023, we mutually agreed with Tower to terminate the acquisition agreement that was entered into during Q1 2022 and, as a result, we paid a $353 million termination fee to Tower in accordance with the terms of the agreement, which was included in *Litigation charges and other.*

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

(In Millions)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Ongoing mark-to-market adjustments on marketable equity securities	$ (267)	$ (244)	$ (164)	$ (883)
Observable price adjustments on non-marketable equity securities	7	67	17	273
Impairment charges	(53)	(45)	(127)	(112)
Sale of equity investments and other	122	71	228	4,804
Total gains (losses) on equity investments, net	**$ (191)**	**$ (151)**	**$ (46)**	**$ 4,082**
Interest and other, net	**$ 147**	**$ 138**	**$ 512**	**$ 1,016**

Gains (losses) on equity investments, net

Ongoing mark-to-market adjustments for YTD 2023 and YTD 2022 were primarily related to our interest in Montage Technology Co., Ltd and others.

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*.

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.

Provision for (Benefit from) Taxes

(In Millions)	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Income (loss) before taxes	$ (52)	$ (188)	$ (2,026)	$ 8,564
Provision for (benefit from) taxes	$ (362)	$ (1,207)	$ (1,041)	$ (114)
Effective tax rate	696.2 %	642.0 %	51.4 %	(1.3)%

In Q3 2023, we recognized a benefit for taxes as we applied our year-to-date actual effective tax rate to our year-to-date measure of ordinary income (loss) before taxes, which reflects our jurisdictional mix of ordinary income and losses. Our effective tax rate increased in YTD 2023 compared to YTD 2022, due to the application of our actual YTD effective tax rate, and our jurisdictional mix of ordinary income and losses.

Our provision for, or benefit from, income taxes for an interim period has historically been determined using an estimated annual effective tax rate, adjusted for discrete items, if any. Under certain circumstances where we are unable to make a reliable estimate of the annual effective tax rate, we use the actual effective tax rate for the year-to-date period. In YTD 2023, we used this approach due to the variability of the rate as a result of fluctuations in forecasted income and the effects of being taxed in multiple tax jurisdictions.

Liquidity and Capital Resources

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

(In Millions)	Sep 30, 2023	Dec 31, 2022
Cash and cash equivalents	**$ 7,621**	**$ 11,144**
Short-term investments	17,409	17,194
Loans receivable and other	58	463
Total cash and investments[1]	**$ 25,088**	**$ 28,801**
Total debt	**$ 48,879**	**$ 42,051**

[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, and our total cash and investments[1] as shown in the preceding table, are our primary sources of liquidity for funding our strategic business requirements. These sources are further supplemented by the company's committed credit facilities and other borrowing capacity. Other sources of liquidity in 2023 include $1.1 billion from partner contributions, net proceeds of $1.6 billion from a secondary offering of Mobileye Class A common stock, and cash proceeds of $849 million from the sale of an approximate 20% minority stake in our IMS business to Bain. 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. Our long-term funding requirements incrementally contemplate investments in significant manufacturing expansion plans and investments to accelerate our process technology.

Our total cash and investments[1] and related cash flows may be affected by certain discretionary actions we may take with customers and suppliers to accelerate or delay certain cash receipts or payments to manage liquidity for our strategic business requirements. These actions can include, among others, negotiating with suppliers to optimize our payment terms and conditions, adjusting the timing of cash flows associated with customer sales programs and collections, managing inventory levels and purchasing practices, and selling certain of our accounts receivables on a non-recourse basis to third party financial institutions.

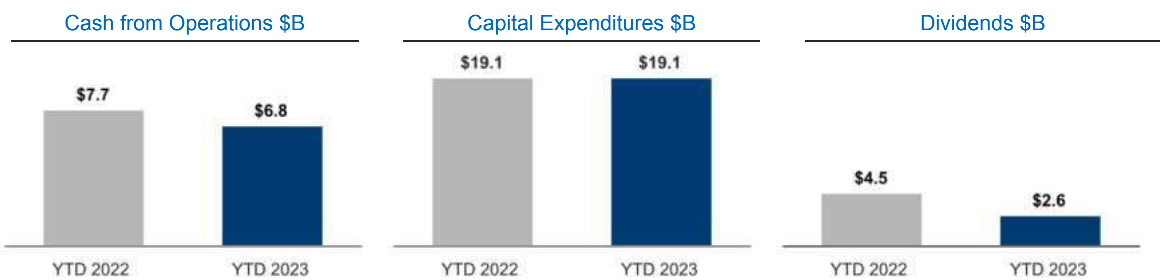
We expect to benefit from government incentives, and any incentives above our current expectations would enable us to increase the pace and size of our IDM 2.0 investments. Conversely, incentives below our expectations would increase our anticipated cash requirements and/or potentially curtail planned investments.

In the first quarter of 2023, we declared a reduced quarterly dividend on our common stock. This dividend reduction reflects our deliberate approach to capital allocation, is expected to support the critical investments needed to execute our business strategy, and is designed to position us to create long-term value.

In October 2023 our Board of Directors declared a quarterly dividend of $0.125 per share on the company's common stock, which will be payable on December 1, 2023, to shareholders of record as of November 7, 2023. Future declarations of dividends and the establishment of future record and payment dates are subject to the final determination of our Board of Directors.

In the first quarter of 2023, we issued a total of $11.0 billion aggregate principal amount of senior notes for general corporate purposes, including, but not limited to, refinancing of outstanding debt and funding for working capital and capital expenditures. We also amended both our 5-year $5.0 billion revolving credit facility agreement, extending the maturity date by one year to March 2028, and our 364-day $5.0 billion credit facility agreement, extending the maturity date to March 2024. We have other potential sources of liquidity including our commercial paper program and our automatic shelf registration statement on file with the SEC, pursuant to which we may offer an unspecified amount of debt, equity, and other securities. Under our commercial paper program, we have an ongoing authorization from our Board of Directors to borrow up to $10.0 billion. As of September 30, 2023, we had no outstanding commercial paper or borrowings on the revolving credit facilities.

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 were in investment-grade securities.



(In Millions)	Nine Months Ended Sep 30, 2023	Nine Months Ended Oct 1, 2022
Net cash provided by operating activities	$ 6,847	$ 7,730
Net cash used for investing activities	(18,723)	(6,990)
Net cash provided by (used for) financing activities	8,353	(1,038)
Net increase (decrease) in cash and cash equivalents	**$ (3,523)**	**$ (298)**

Operating Activities

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

The decrease in cash provided by operations in the first nine months of 2023 was primarily driven by our net operating loss in comparison to our net operating income for the first nine months of 2022, partially offset by favorable changes in working capital and certain other adjustments, net.

Investing Activities

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

Cash used for investing activities was higher in the first nine months of 2023 compared to the first nine months of 2022, primarily due to the absence of proceeds from the divestiture of our NAND business and proceeds for our remaining share of McAfee, both of which occurred in the first nine months of 2022; as well as higher purchases of short-term investments, net of maturities and sales. These unfavorable cash impacts during the first nine months of 2023 were partially offset by lower investment activity in other investments and acquisitions during the first nine months of 2023.

Financing Activities

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

Cash provided by financing activities in the first nine months of 2023 compared to cash used for financing activities in the first nine months of 2022. This was primarily due to net proceeds from our debt issuance, net of debt and commercial paper repayments, proceeds from sales of subsidiary shares, proceeds from partner contributions and reduced dividend payments in the first nine months of 2023.

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. Beginning in 2023, income tax effects are calculated using a fixed long-term projected tax rate of 13% across all adjustments. We project this long-term non-GAAP tax rate on an annual basis using a five-year non-GAAP financial projection that excludes the income tax effects of each adjustment. The projected non-GAAP tax rate also considers factors such as our tax structure, our tax positions in various jurisdictions, and key legislation in significant jurisdictions where we operate. This long-term non-GAAP tax rate may be subject to change for a variety of reasons, including the rapidly evolving global tax environment, significant changes in our geographic earnings mix, or changes to our strategy or business operations. Management uses this non-GAAP tax rate in managing internal short- and long-term operating plans and in evaluating our performance; we believe this approach facilitates comparison of our operating results and provides useful evaluation of our current operating performance. Prior-period non-GAAP financial measures have been retroactively adjusted to reflect this updated approach.

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

Non-GAAP adjustment or measure	Definition	Usefulness to management and investors
Acquisition-related adjustments	Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology, brands, and customer relationships acquired in connection with business combinations. Charges related to the amortization of these intangibles are recorded within both cost of sales and MG&A in our US GAAP financial statements. Amortization charges are recorded over the estimated useful life of the related acquired intangible asset, and thus are generally recorded over multiple years.	We exclude amortization charges for our acquisition-related intangible assets for purposes of calculating certain non-GAAP measures because these charges are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions. These adjustments facilitate a useful evaluation of our current operating performance and comparison to our past operating performance and provide investors with additional means to evaluate cost and expense trends.
Share-based compensation	Share-based compensation consists of charges related to our employee equity incentive plans.	We exclude charges related to share-based compensation for purposes of calculating certain non-GAAP measures because we believe these adjustments provide 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.
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 may include periodic goodwill and asset impairments, certain pension charges, and costs associated with restructuring activity. Q3 2023 includes an EC-imposed fine and a fee related to the termination of our agreement to acquire Tower.	We exclude restructuring and other charges, including any adjustments to charges recorded in prior periods, for purposes of calculating certain non-GAAP measures because these costs do not reflect our core operating performance. These adjustments facilitate a useful evaluation of our core operating performance and comparisons to past operating results and provide investors with additional means to evaluate expense trends.
(Gains) losses on equity investments, net	(Gains) losses on equity investments, net consists of ongoing mark-to-market adjustments on marketable equity securities, observable price adjustments on non-marketable equity securities, related impairment charges, and the sale of equity investments and other.	We exclude these non-operating gains and losses for purposes of calculating certain non-GAAP measures because it provides better comparability between periods. The exclusion reflects how management evaluates the core operations of the business.

Gains (losses) from divestiture	Gains (losses) are recognized at the close of a divestiture, or over a specified deferral period when deferred consideration is received at the time of closing. Based on our ongoing obligation under the NAND wafer manufacturing and sale agreement entered into in connection with the first closing of the sale of our NAND memory business on December 29, 2021, a portion of the initial closing consideration was deferred and will be recognized between first and second closing.	We exclude gains or losses resulting from divestitures for purposes of calculating certain non-GAAP measures because they do not reflect our current operating performance. These adjustments facilitate a useful evaluation of our current operating performance and comparisons to past operating results.
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 and partner contributions, (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 contributed to prior operating and free cash flow, and while the McAfee equity sale in Q1 2022 would have typically been 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 include 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 US GAAP measures to our non-GAAP measures presented:

	Three Months Ended	
	Sep 30, 2023	**Oct 1, 2022**
Gross margin percentage	**42.5 %**	**42.6 %**
Acquisition-related adjustments	2.1 %	2.2 %
Share-based compensation	1.2 %	1.1 %
Non-GAAP gross margin percentage	**45.8 %**	**45.9 %**
Earnings (loss) per share attributable to Intel—diluted	**$ 0.07**	**$ 0.25**
Acquisition-related adjustments	0.08	0.09
Share-based compensation	0.18	0.19
Restructuring and other charges	0.19	0.16
(Gains) losses on equity investments, net	0.05	0.03
(Gains) losses from divestiture	(0.01)	(0.01)
Adjustments attributable to non-controlling interest	—	—
Income tax effects	(0.15)	(0.34)
Non-GAAP earnings (loss) per share attributable to Intel—diluted	**$ 0.41**	**$ 0.37**

	Nine Months Ended	
(In Millions)	**Sep 30, 2023**	**Oct 1, 2022**
Net cash provided by (used for) operating activities	**$ 6,847**	**$ 7,730**
Net additions to property, plant, and equipment	(17,299)	(19,089)
Payments on finance leases	(96)	(341)
Sale of equity investment	—	4,561
Adjusted free cash flow	**$ (10,548)**	**$ (7,139)**
Net cash used for investing activities	**$ (18,723)**	**$ (6,990)**
Net cash provided by (used for) financing activities	**$ 8,353**	**$ (1,038)**

Other Key Information

Form 8-K Disclosable Events

On October 23, 2023, a corrected copy of the Third Restated Certificate of Incorporation of Intel Corporation was filed with the Secretary of State of the State of Delaware.

Quantitative and Qualitative Disclosures About Market Risk

We are affected by changes in currency exchange and interest rates, as well as equity and commodity prices. Our risk management programs are designed to reduce, but may not entirely eliminate, the impacts of these risks. For a discussion about market risk and sensitivity analysis related to changes in currency exchange rates, interest rates, equity prices, and commodity prices refer to "Quantitative and Qualitative Disclosures About Market Risk" within MD&A in our 2022 Form 10-K.

Risk Factors

The risks described in "Risk Factors" within Other Key Information in our 2022 Form 10-K could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face—our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Refer also to the other information set forth in this Form 10-Q, including in the Forward-Looking Statements, MD&A, and the Consolidated Condensed Financial Statements and Supplemental Details sections.

Controls and Procedures

Inherent Limitations on Effectiveness of Controls

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

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Issuer Purchases of Equity Securities

We have an ongoing authorization, originally approved by our Board of Directors in 2005 and subsequently amended, to repurchase shares of our common stock in open market or negotiated transactions. No shares were repurchased during the quarter ending September 30, 2023. As of September 30, 2023, 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.

Rule 10b5-1 Trading Arrangements

Our directors and officers (as defined in Rule 16a-1 under the Exchange Act) may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5–1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Exchange Act. During the quarter ended September 30, 2023, no such plans or arrangements were adopted or terminated, including by modification.

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

Section 13(r) of the Exchange Act requires an issuer to disclose certain information in its periodic reports if it or any of its affiliates knowingly engaged in certain activities, transactions or dealings with individuals or entities subject to specific US economic sanctions during the reporting period, even when the activities, transactions, or dealings are conducted in compliance with applicable law. On March 2, 2021, the US Secretary of State designated the Federal Security Service of the Russian Federation (FSB) as a party subject to one such sanction. 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 US Department of the Treasury's Office of Foreign Assets Control (OFAC), and there are no gross revenues or net profits directly associated with any such dealings by us with the FSB. 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 US 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				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Corrected Third Restated Certificate of Incorporation of Intel Corporation, dated October 23, 2023					X
3.2	Intel Corporation Bylaws, as amended and restated on March 10, 2021	8-K	000-06217	3.2	3/16/2021	
10.1†	Intel Corporation 2006 Equity Incentive Plan, as amended and restated effective May 11, 2023	S-8	000-06217	99.1	9/26/2023	
10.2†	Offer Letter between Intel Corporation and Sandra L. Rivera dated October 2, 2023	8-K	000-06217	10.1	10/05/2023	
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 26, 2023	By:	/s/ DAVID ZINSNER
			David Zinsner
			Executive Vice President, Chief Financial Officer, and Principal Financial Officer
Date:	October 26, 2023	By:	/s/ SCOTT GAWEL
			Scott Gawel
			Corporate Vice President, Chief Accounting Officer, and Principal Accounting Officer

Exhibit 3.1

CORRECTED
THIRD RESTATED
CERTIFICATE OF INCORPORATION
OF
INTEL CORPORATION

Intel Corporation, a Delaware corporation (the "Corporation"), does hereby certify, pursuant to Section 103 of the Delaware General Corporation Law (the "DGCL") that:

1. The name of the Corporation is Intel Corporation.

2. The Corporation filed a Third Restated Certificate of Incorporation (the "Certificate") with the Secretary of State of the State of Delaware on May 17, 2006, which requires correction as permitted by Section 103(f) of the DGCL.

3. The Certificate is an inaccurate record of the corporate action therein referred to because (i) the THIRD recital of the Certificate inadvertently states that the Certificate is without further amendment when the Certificate contains amendments therein; and (ii) the THIRD and FOURTH recitals of the Certificate inadvertently fail to reference that the Certificate was duly adopted pursuant to the provisions of Section 242 of the DGCL.

4. The title and text of the Certificate in correct form is attached hereto as Exhibit A.

[Signature page follows]

IN WITNESS WHEREOF, this Corrected Third Restated Certificate of Incorporation of Intel Corporation has been executed by a duly authorized officer of the Corporation on this 23rd day of October, 2023.

By: /s/Patrick Bombach

Patrick Bombach

Assistant Corporate Secretary

EXHIBIT A

THIRD RESTATED CERTIFICATE OF INCORPORATION

OF

INTEL CORPORATION

INTEL CORPORATION, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

FIRST: The name of the corporation is Intel Corporation.

SECOND: The original Certificate of Incorporation of the corporation was filed with the Secretary of State of Delaware on March 1, 1989, and the original name of the corporation was Intel Delaware Corporation. The first Restated Certificate of Incorporation of the corporation was filed with the Secretary of State of Delaware on May 11, 1993. The second Restated Certificate of Incorporation of the corporation was filed with the Secretary of State of Delaware on March 13, 2003.

THIRD: Pursuant to Sections 242 and 245 of the General Corporation Law of the State of Delaware, the provisions of the Certificate of Incorporation as heretofore amended and supplemented are hereby amended, restated and integrated into the single instrument which is hereinafter set forth, and which is entitled "Third Restated Certificate of Incorporation of Intel Corporation."

FOURTH: The Board of Directors of the corporation has duly adopted this Third Restated Certificate of Incorporation pursuant to the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware in the form set forth as follows:

1. The name of the Corporation is Intel Corporation.

2. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, 19801, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business of the Corporation and the objects or purposes to be transacted, promoted or carried on by it are as follows: To engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

4. The total number of shares of all classes of stock that the Corporation is authorized to issue is ten billion fifty million (10,050,000,000) consisting of ten billion (10,000,000,000) shares of Common Stock with a par value of one-tenth of one cent ($.001) per share and fifty million (50,000,000) shares of Preferred Stock with a par value of one-tenth of one cent ($.001) per share. The Preferred Stock may be issued in one or more series, and the Board of Directors of the Corporation is expressly authorized (i) to fix the descriptions, powers, preferences, rights, qualifications, limitations, and

restrictions with respect to any series of Preferred Stock and (ii) to specify the number of shares of any series of Preferred Stock.

5. The Board of Directors is expressly authorized to make, alter, or repeal the bylaws of the Corporation.

6. Elections of directors need not be by written ballot unless the bylaws of the Corporation shall so provide.

7. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Third Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

8. To the fullest extent permitted by Delaware statutory or decisional law, as amended or interpreted, no director of this Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. This Article 8 does not affect the availability of equitable remedies for breach of fiduciary duties. Any repeal or modification of the provisions of this Article 8 by the stockholders of the Corporation shall not adversely affect any right or protection of any director existing at the time of such repeal or modification.

9. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by the stockholders.

Exhibit 31.1

CERTIFICATION

I, Patrick P. Gelsinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023

By: /s/ PATRICK P. GELSINGER
Patrick P. Gelsinger
Chief Executive Officer, Director and Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, David Zinsner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2023

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

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Intel Corporation (Intel), that, to his knowledge, the Quarterly Report of Intel on Form 10-Q for the period ended September 30, 2023, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Intel. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 10-Q. A signed original of this statement, which may be electronic, has been provided to Intel and will be retained by Intel and furnished to the Securities and Exchange Commission or its staff upon request.

Date: October 26, 2023

By: /s/ PATRICK P. GELSINGER
Patrick P. Gelsinger
Chief Executive Officer, Director and Principal Executive Officer

Date: October 26, 2023

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