

# 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

(State or other jurisdiction of incorporation or organization)

2200 Mission College Boulevard,

Santa Clara,

California

(Address of principal executive offices)

94-1672743

(I.R.S. Employer Identification No.)

95054-1549

(Zip Code)

(408) 765-8080

(Registrant's telephone number, including area code)

N/A

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

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

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

Trading symbol(s)  
INTC

Name of each exchange on which registered  
Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer



Accelerated filer



Non-accelerated filer



Smaller reporting company



Emerging growth company



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

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

As of October 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.

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## Forward-Looking Statements

This Form 10-Q contains forward-looking statements that involve a number of risks and uncertainties. Words such as "accelerate", "achieve", "aim", "ambitions", "anticipate", "believe", "committed", "continue", "could", "designed", "estimate", "expect", "forecast", "future", "goals", "grow", "guidance", "intend", "likely", "may", "might", "milestones", "next generation", "objective", "on track", "opportunity", "outlook", "pending", "plan", "position", "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](http://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.*



## 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	Gross Margin	Diluted EPS attributable to Intel	Cash Flows
■ GAAP \$B	■ GAAP ■ Non-GAAP	■ GAAP ■ Non-GAAP	■ Operating Cash Flow \$B ■ Adjusted Free Cash Flow \$B
694	697	700	701
<b>\$14.2B</b>	<b>42.5%</b>	<b>\$0.07</b>	<b>\$6.8B</b>
GAAP	GAAP	GAAP	GAAP
Revenue down \$1.2B or 8% from Q3 2022	Gross margin down 0.1 ppt from Q3 2022	Diluted EPS attributable to Intel down \$0.18 or 72% from Q3 2022	Operating cash flow down \$0.9B or 12% from Q3 2022
	<b>45.8%</b>	<b>\$0.41</b>	<b>\$(10.5)B</b>
	non-GAAP <sup>1</sup>	non-GAAP <sup>1</sup>	non-GAAP <sup>1</sup>
	Gross margin down 0.1 ppt from Q3 2022	Diluted EPS attributable to Intel up \$0.04 or 11% from Q3 2022	Adjusted free cash flow down \$3.4B or 48% from Q3 2022
Lower revenue in CCG, DCAI, and NEX.	Lower GAAP gross margin from lower revenue, higher unit cost, partially offset by a decrease in period charges.	Lower GAAP EPS attributable to Intel primarily from a lower tax benefit, partially offset by reduced operating expenses.	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.

<sup>1</sup> See "Non-GAAP Financial Measures" within MD&A.

# Consolidated Condensed Statements of Income

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

See accompanying notes.

# Consolidated Condensed Statements of Comprehensive Income

(In Millions; Unaudited)	Three Months Ended		Nine Months Ended	
	Sep 30, 2023	Oct 1, 2022	Sep 30, 2023	Oct 1, 2022
<b>Net income (loss)</b>	<b>\$ 310</b>	<b>\$ 1,019</b>	<b>\$ (985)</b>	<b>\$ 8,678</b>
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)
<b>Other comprehensive income (loss)</b>	<b>(317)</b>	<b>(426)</b>	<b>(299)</b>	<b>(1,171)</b>
<b>Total comprehensive income (loss)</b>	<b>(7)</b>	<b>593</b>	<b>(1,284)</b>	<b>7,507</b>
Less: comprehensive income (loss) attributable to non-controlling interests	13	—	(5)	—
<b>Total comprehensive income (loss) attributable to Intel</b>	<b>\$ (20)</b>	<b>\$ 593</b>	<b>\$ (1,279)</b>	<b>\$ 7,507</b>

See accompanying notes.

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# Consolidated Condensed Balance Sheets

(In Millions; Unaudited)	Sep 30, 2023	Dec 31, 2022
<b>Assets</b>		
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
<b>Total current assets</b>	<b>43,811</b>	<b>50,407</b>
<b>Property, plant, and equipment, net of accumulated depreciation of \$97,122 (\$93,386 as of December 31, 2022)</b>	<b>93,352</b>	<b>80,860</b>
<b>Equity investments</b>	<b>5,700</b>	<b>5,912</b>
<b>Goodwill</b>	<b>27,591</b>	<b>27,591</b>
<b>Identified intangible assets, net</b>	<b>4,970</b>	<b>6,018</b>
<b>Other long-term assets</b>	<b>13,413</b>	<b>11,315</b>
<b>Total assets</b>	<b>\$ 188,837</b>	<b>\$ 182,103</b>
<b>Liabilities and stockholders' equity</b>		
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
<b>Total current liabilities</b>	<b>28,614</b>	<b>32,155</b>
<b>Debt</b>	<b>46,591</b>	<b>37,684</b>
<b>Other long-term liabilities</b>	<b>7,946</b>	<b>8,978</b>
<b>Contingencies (Note 13)</b>		
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
<b>Total Intel stockholders' equity</b>	<b>101,813</b>	<b>101,423</b>
<b>Non-controlling interests</b>	<b>3,873</b>	<b>1,863</b>
<b>Total stockholders' equity</b>	<b>105,686</b>	<b>103,286</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 188,837</b>	<b>\$ 182,103</b>

See accompanying notes.



# Consolidated Condensed Statements of Cash Flows

(In Millions; Unaudited)	Nine Months Ended	
	Sep 30, 2023	Oct 1, 2022
<b>Cash and cash equivalents, beginning of period</b>	<b>\$ 11,144</b>	<b>\$ 4,827</b>
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)
<b>Total adjustments</b>	<b>7,832</b>	<b>(948)</b>
<b>Net cash provided by (used for) operating activities</b>	<b>6,847</b>	<b>7,730</b>
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)
<b>Net cash used for investing activities</b>	<b>(18,723)</b>	<b>(6,990)</b>
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
<b>Net cash provided by (used for) financing activities</b>	<b>8,353</b>	<b>(1,038)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,523)</b>	<b>(298)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,621</b>	<b>\$ 4,529</b>
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		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non- Controlling Interests	Total
	Shares	Amount				
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						
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						
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.

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

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

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 \$9.0 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.

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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 a20% 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 \$0 million in the third quarter of 2023 and in the first nine months of 2023.

In September 2023, we signed agreements to sell an additional12.5% minority stake in our IMS business, including10% 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.

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

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
<b>Total inventories</b>	<b>\$ 11,466</b>	<b>\$ 13,224</b>

## 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

(In Millions)	Three Months Ended		Nine Months Ended	
	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
<b>Total interest and other, net</b>	<b>\$ 147</b>	<b>\$ 138</b>	<b>\$ 512</b>	<b>\$ 1,016</b>

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

(In Millions)	Three Months Ended		Nine Months Ended	
	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
<b>Total restructuring and other charges</b>	<b>\$ 816</b>	<b>\$ 664</b>	<b>\$ 1,080</b>	<b>\$ (460)</b>

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)	
<b>Accrued restructuring balance as of December 31, 2022</b>	<b>\$ 873</b>
Additional accruals	130
Adjustments	56
Cash payments	(923)
<b>Accrued restructuring balance as of September 30, 2023</b>	<b>\$ 136</b>

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

(In Millions)	Three Months Ended		Nine Months Ended	
	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 with *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 \$29 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.

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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 <sup>1</sup>	1,814
<b>Total</b>	<b>\$ 22,187</b>

<sup>1</sup> 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 <sup>1</sup>	\$ 1,117	\$ 1,341
Non-marketable equity securities	4,578	4,561
Equity method investments	5	10
<b>Total</b>	<b>\$ 5,700</b>	<b>\$ 5,912</b>

<sup>1</sup> 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:

(In Millions)	Three Months Ended		Nine Months Ended	
	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 <sup>1</sup>	122	71	228	4,804
<b>Total gains (losses) on equity investments, net</b>	<b>\$ (191)</b>	<b>\$ (151)</b>	<b>\$ (46)</b>	<b>\$ 4,082</b>

<sup>1</sup> 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:

(In Millions)	Three Months Ended		Nine Months Ended	
	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
<b>Net unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date</b>	<b>\$ (193)</b>	<b>\$ (153)</b>	<b>\$ (79)</b>	<b>\$ (475)</b>

### 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.

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## 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 \$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 \$04 million recorded within *other current assets* on the Consolidated Condensed Balance Sheets. We will be reimbursed for costs of \$2 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.

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## Note 11 : Fair Value

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

(In Millions)	Sep 30, 2023				Dec 31, 2022			
	Fair Value Measured and Recorded at Reporting Date Using				Fair Value Measured and Recorded at Reporting Date Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Cash equivalents:								
Corporate debt	\$ —	\$ 1,074	\$ —	\$ 1,074	\$ —	\$ 856	\$ —	\$ 856
Financial institution instruments <sup>1</sup>	1,779	1,876	—	3,655	6,899	1,474	—	8,373
Government debt <sup>2</sup>	—	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 <sup>1</sup>	35	4,105	—	4,140	196	4,729	—	4,925
Government debt <sup>2</sup>	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
<b>Total assets measured and recorded at fair value</b>	<b>\$ 3,112</b>	<b>\$ 23,724</b>	<b>\$ —</b>	<b>\$ 26,836</b>	<b>\$ 8,484</b>	<b>\$ 21,908</b>	<b>\$ —</b>	<b>\$ 30,392</b>
<b>Liabilities</b>								
Other accrued liabilities:								
Derivative liabilities	\$ 17	\$ 727	\$ 147	\$ 891	\$ 111	\$ 485	\$ 89	\$ 685
Other long-term liabilities:								
Derivative liabilities	—	841	—	841	—	699	—	699
<b>Total liabilities measured and recorded at fair value</b>	<b>\$ 17</b>	<b>\$ 1,568</b>	<b>\$ 147</b>	<b>\$ 1,732</b>	<b>\$ 111</b>	<b>\$ 1,184</b>	<b>\$ 89</b>	<b>\$ 1,384</b>

<sup>1</sup> 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.

<sup>2</sup> 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 \$3.5 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
<b>Total</b>	<b>\$ 51,314</b>	<b>\$ 49,708</b>

### Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

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

<sup>1</sup> Derivative assets are recorded as other assets, current and long-term.

<sup>2</sup> Derivative liabilities are recorded as other liabilities, current and long-term.

<sup>3</sup> 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						
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	
Assets:						
Derivative assets subject to master netting arrangements	\$ 1,011	\$ —	\$ 1,011	\$ (538)	\$ (473)	\$ —
Reverse repurchase agreements	2,334	—	2,334	—	(2,334)	—
<b>Total assets</b>	<b>\$ 3,345</b>	<b>\$ —</b>	<b>\$ 3,345</b>	<b>\$ (538)</b>	<b>\$ (2,807)</b>	<b>\$ —</b>
Liabilities:						
Derivative liabilities subject to master netting arrangements	\$ 1,724	\$ —	\$ 1,724	\$ (538)	\$ (1,085)	\$ 101
<b>Total liabilities</b>	<b>\$ 1,724</b>	<b>\$ —</b>	<b>\$ 1,724</b>	<b>\$ (538)</b>	<b>\$ (1,085)</b>	<b>\$ 101</b>

Dec 31, 2022						
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	
Assets:						
Derivative assets subject to master netting arrangements	\$ 1,231	\$ —	\$ 1,231	\$ (546)	\$ (682)	\$ 3
Reverse repurchase agreements	1,701	—	1,701	—	(1,701)	—
<b>Total assets</b>	<b>\$ 2,932</b>	<b>\$ —</b>	<b>\$ 2,932</b>	<b>\$ (546)</b>	<b>\$ (2,383)</b>	<b>\$ 3</b>
Liabilities:						
Derivative liabilities subject to master netting arrangements	\$ 1,337	\$ —	\$ 1,337	\$ (546)	\$ (712)	\$ 79
<b>Total liabilities</b>	<b>\$ 1,337</b>	<b>\$ —</b>	<b>\$ 1,337</b>	<b>\$ (546)</b>	<b>\$ (712)</b>	<b>\$ 79</b>

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:

(In Millions)	Gains (Losses) on Derivatives Recognized in Consolidated Condensed Statements of Income			
	Three Months Ended		Nine Months Ended	
	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
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>

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

(In Millions)	Carrying Amount of the Hedged Item Assets/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)	
	Line Item in the Consolidated Condensed Balance Sheets in Which the Hedged Item is Included			
	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:

(In Millions)	Location of Gains (Losses) Recognized in Income on Derivatives	Three Months Ended		Nine Months Ended	
		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)
<b>Total</b>		<b>\$ 228</b>	<b>\$ 838</b>	<b>\$ 745</b>	<b>\$ 1,679</b>

## 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 (\$01 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.

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## 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.

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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.

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## 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
726	727
<div> <div></div> <div></div> <div></div> </div> <div> <div>■   ■ Notebook</div> <div>■   ■ Desktop</div> <div>■   ■ Other</div> </div>	

## 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

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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)

<b>\$</b>	<b>2,073</b>	<b>Q3 2023 CCG Operating Income</b>
	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
<b>\$</b>	<b>1,447</b>	<b>Q3 2022 CCG Operating Income</b>
<b>\$</b>	<b>3,632</b>	<b>YTD 2023 CCG Operating Income</b>
	(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
<b>\$</b>	<b>5,045</b>	<b>YTD 2022 CCG Operating Income</b>

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
765	766

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)

<b>\$</b>	<b>71</b>	<b>Q3 2023 DCAI Operating Income (Loss)</b>
	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
<b>\$</b>	<b>(139)</b>	<b>Q3 2022 DCAI Operating Income (Loss)</b>
<b>\$</b>	<b>(608)</b>	<b>YTD 2023 DCAI Operating Income (Loss)</b>
	(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
<b>\$</b>	<b>1,174</b>	<b>YTD 2022 DCAI Operating Income (Loss)</b>

## 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
819	820

### 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)

<b>\$</b>	<b>17</b>	<b>Q3 2023 NEX Operating Income (Loss)</b>
	(467)	Lower product margin driven by lower revenue across NEX product lines
	249	Lower operating expenses driven by various cost-cutting measures
	38	Other
<b>\$</b>	<b>197</b>	<b>Q3 2022 NEX Operating Income (Loss)</b>
<b>\$</b>	<b>(470)</b>	<b>YTD 2023 NEX Operating Income (Loss)</b>
	(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
<b>\$</b>	<b>907</b>	<b>YTD 2022 NEX Operating Income (Loss)</b>

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
871	872

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
851	852

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 \$69 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
<b>Net revenue</b>	<b>\$ 14,158</b>	<b>100.0 %</b>	<b>\$ 15,338</b>	<b>100.0 %</b>	<b>\$ 38,822</b>	<b>100.0 %</b>	<b>\$ 49,012</b>	<b>100.0 %</b>
Cost of sales	8,140	57.5 %	8,803	57.4 %	24,158	62.2 %	27,646	56.4 %
<b>Gross margin</b>	<b>6,018</b>	<b>42.5 %</b>	<b>6,535</b>	<b>42.6 %</b>	<b>14,664</b>	<b>37.8 %</b>	<b>21,366</b>	<b>43.6 %</b>
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) %
<b>Operating income (loss)</b>	<b>(8)</b>	<b>(0.1) %</b>	<b>(175)</b>	<b>(1.1) %</b>	<b>(2,492)</b>	<b>(6.4) %</b>	<b>3,466</b>	<b>7.1 %</b>
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 %
<b>Income (loss) before taxes</b>	<b>(52)</b>	<b>(0.4) %</b>	<b>(188)</b>	<b>(1.2) %</b>	<b>(2,026)</b>	<b>(5.2) %</b>	<b>8,564</b>	<b>17.5 %</b>
Provision for (benefit from) taxes	(362)	(2.6) %	(1,207)	(7.9) %	(1,041)	(2.7) %	(114)	(0.2) %
<b>Net income (loss)</b>	<b>310</b>	<b>2.2 %</b>	<b>1,019</b>	<b>6.6 %</b>	<b>(985)</b>	<b>(2.5) %</b>	<b>8,678</b>	<b>17.7 %</b>
Less: Net income (loss) attributable to non-controlling interests	13	0.1 %	—	— %	(5)	— %	—	— %
<b>Net income (loss) attributable to Intel</b>	<b>\$ 297</b>	<b>2.1 %</b>	<b>\$ 1,019</b>	<b>6.6 %</b>	<b>\$ (980)</b>	<b>(2.5) %</b>	<b>\$ 8,678</b>	<b>17.7 %</b>
<b>Earnings (loss) per share attributable to Intel—diluted</b>	<b>\$ 0.07</b>		<b>\$ 0.25</b>		<b>\$ (0.23)</b>		<b>\$ 2.10</b>	

## Revenue

### Segment Revenue Walk \$B

13	14

#### 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

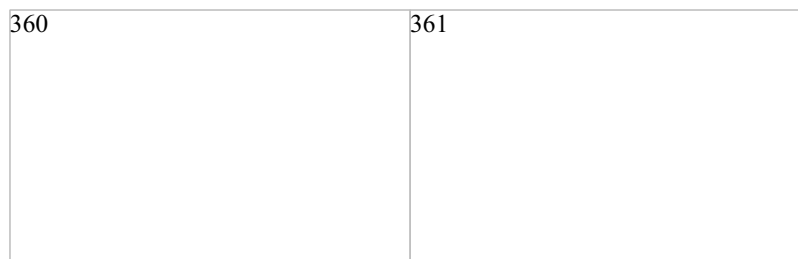
Our YTD 2023 revenue was \$38.8 billion, down \$10.2 billion or 21% from YTD 2022. CCG revenue decreased 19% from YTD 2022 primarily due to lower notebook and desktop volume due to lower demand and from customers tempering purchases to reduce inventories in the first half of 2023. Notebook ASPs decreased 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)

<b>\$</b>	<b>6,018</b>	<b>Q3 2023 Gross Margin</b>
	(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
<b>\$</b>	<b>6,535</b>	<b>Q3 2022 Gross Margin</b>
<b>\$</b>	<b>14,664</b>	<b>YTD 2023 Gross Margin</b>
	(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
<b>\$</b>	<b>21,366</b>	<b>YTD 2022 Gross Margin</b>

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.

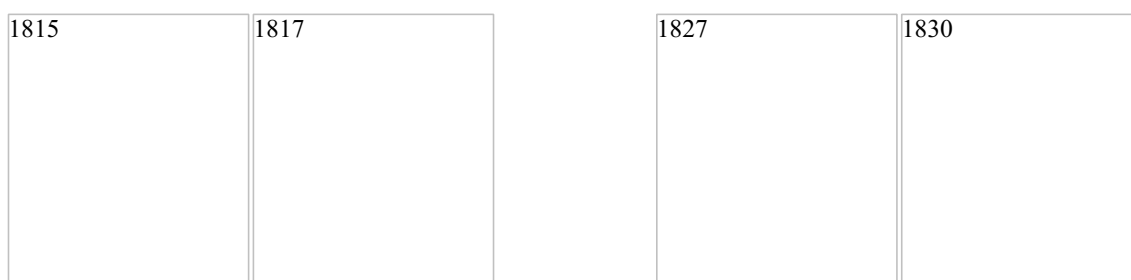
## Operating Expenses

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
<b>Total restructuring and other charges</b>	<b>\$ 816</b>	<b>\$ 664</b>	<b>\$ 1,080</b>	<b>\$ (460)</b>

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
<b>Total gains (losses) on equity investments, net</b>	<b>\$ (191)</b>	<b>\$ (151)</b>	<b>\$ (46)</b>	<b>\$ 4,082</b>
<b>Interest and other, net</b>	<b>\$ 147</b>	<b>\$ 138</b>	<b>\$ 512</b>	<b>\$ 1,016</b>

### 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
<b>Total cash and investments<sup>1</sup></b>	<b>\$ 25,088</b>	<b>\$ 28,801</b>
<b>Total debt</b>	<b>\$ 48,879</b>	<b>\$ 42,051</b>

<sup>1</sup> 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<sup>1</sup> 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<sup>1</sup> 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.

Cash from Operations \$B	Capital Expenditures \$B	Dividends \$B
6	7	8

(In Millions)	Nine Months Ended	
	Sep 30, 2023	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)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (3,523)</b>	<b>\$ (298)</b>

### 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
<b>Gross margin percentage</b>	<b>42.5 %</b>	<b>42.6 %</b>
Acquisition-related adjustments	2.1 %	2.2 %
Share-based compensation	1.2 %	1.1 %
<b>Non-GAAP gross margin percentage</b>	<b>45.8 %</b>	<b>45.9 %</b>
<b>Earnings (loss) per share attributable to Intel—diluted</b>	<b>\$ 0.07</b>	<b>\$ 0.25</b>
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)
<b>Non-GAAP earnings (loss) per share attributable to Intel—diluted</b>	<b>\$ 0.41</b>	<b>\$ 0.37</b>
	Nine Months Ended	
	Sep 30, 2023	Oct 1, 2022
<b>(In Millions)</b>		
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 6,847</b>	<b>\$ 7,730</b>
Net additions to property, plant, and equipment	(17,299)	(19,089)
Payments on finance leases	(96)	(341)
Sale of equity investment	—	4,561
<b>Adjusted free cash flow</b>	<b>\$ (10,548)</b>	<b>\$ (7,139)</b>
<b>Net cash used for investing activities</b>	<b>\$ (18,723)</b>	<b>\$ (6,990)</b>
<b>Net cash provided by (used for) financing activities</b>	<b>\$ 8,353</b>	<b>\$ (1,038)</b>

## 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 Teknologzhiz, 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	<a href="#">Corrected Third Restated Certificate of Incorporation of Intel Corporation, dated October 23, 2023</a>					X
3.2	<a href="#">Intel Corporation Bylaws, as amended and restated on March 10, 2021</a>	8-K	000-06217	3.2	3/16/2021	
10.1 <sup>†</sup>	<a href="#">Intel Corporation 2006 Equity Incentive Plan, as amended and restated effective May 11, 2023</a>	S-8	000-06217	99.1	9/26/2023	
10.2 <sup>†</sup>	<a href="#">Offer Letter between Intel Corporation and Sandra L. Rivera dated October 2, 2023</a>	8-K	000-06217	10.1	10/05/2023	
31.1	<a href="#">Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act</a>					X
31.2	<a href="#">Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act</a>					X
32.1	<a href="#">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</a>					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

<sup>†</sup> 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.	<b>Mine Safety Disclosures</b>	Not applicable
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Other Key Information

## 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

