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 27, 2014.

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission File Number 000-06217

INTEL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	94-1672743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Mission College Boulevard, Santa Clara, California	95054-1549
(Address of principal executive offices)	(Zip Code)

(408) 765-8080
(Registrant's telephone number, including area code)

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☑ No ☐

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

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

Shares outstanding of the Registrant's common stock:

Class	Outstanding as of October 17, 2014
Common stock, $0.001 par value	4,835 million

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited)

	Three Months Ended		Nine Months Ended	
(In Millions, Except Per Share Amounts)	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013
Net revenue	**$ 14,554**	**$ 13,483**	**$ 41,149**	**$ 38,874**
Cost of sales	5,096	5,069	15,161	15,924
Gross margin	**9,458**	**8,414**	**25,988**	**22,950**
Research and development	2,842	2,742	8,547	7,785
Marketing, general and administrative	1,979	1,970	6,087	6,082
Restructuring and asset impairment charges	20	124	238	124
Amortization of acquisition-related intangibles	77	74	222	217
Operating expenses	**4,918**	**4,910**	**15,094**	**14,208**
Operating income	**4,540**	**3,504**	**10,894**	**8,742**
Gains (losses) on equity investments, net	35	452	178	437
Interest and other, net	(25)	(32)	70	(119)
Income before taxes	**4,550**	**3,924**	**11,142**	**9,060**
Provision for taxes	1,233	974	3,099	2,065
Net income	**$ 3,317**	**$ 2,950**	**$ 8,043**	**$ 6,995**
Basic earnings per common share	**$ 0.68**	**$ 0.59**	**$ 1.63**	**$ 1.41**
Diluted earnings per common share	**$ 0.66**	**$ 0.58**	**$ 1.58**	**$ 1.37**
Cash dividends declared per common share	**$ 0.45**	**$ 0.45**	**$ 0.90**	**$ 0.90**
Weighted average common shares outstanding:				
Basic	**4,880**	**4,981**	**4,945**	**4,969**
Diluted	**5,045**	**5,100**	**5,095**	**5,095**

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(In Millions)	Three Months Ended Sep 27, 2014	Three Months Ended Sep 28, 2013	Nine Months Ended Sep 27, 2014	Nine Months Ended Sep 28, 2013
Net income	**$ 3,317**	**$ 2,950**	**$ 8,043**	**$ 6,995**
Other comprehensive income, net of tax:				
Change in net unrealized holding gains (losses) on available-for-sale investments	303	769	217	1,376
Change in deferred tax asset valuation allowance	(26)	(20)	(30)	(20)
Change in net unrealized holding gains (losses) on derivatives	(184)	70	(173)	(37)
Change in net prior service costs (credits)	2	2	(41)	4
Change in actuarial valuation	(148)	31	(143)	101
Change in net foreign currency translation adjustment	(121)	51	(127)	23
Other comprehensive income (loss)	**(174)**	**903**	**(297)**	**1,447**
Total comprehensive income	**$ 3,143**	**$ 3,853**	**$ 7,746**	**$ 8,442**

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

(In Millions)	Sep 27, 2014	Dec 28, 2013
Assets		
Current assets:		
Cash and cash equivalents	$ 3,143	$ 5,674
Short-term investments	3,451	5,972
Trading assets	9,000	8,441
Accounts receivable, net	3,647	3,582
Inventories	4,115	4,172
Deferred tax assets	1,674	2,594
Other current assets	2,479	1,649
Total current assets	**27,509**	**32,084**
Property, plant and equipment, net of accumulated depreciation of $45,368 ($41,988 as of December 28, 2013)	**33,135**	**31,428**
Marketable equity securities	**6,514**	**6,221**
Other long-term investments	**2,153**	**1,473**
Goodwill	**10,556**	**10,513**
Identified intangible assets, net	**4,379**	**5,150**
Other long-term assets	**6,370**	**5,489**
Total assets	**$ 90,616**	**$ 92,358**
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	$ 1,164	$ 281
Accounts payable	2,597	2,969
Accrued compensation and benefits	2,931	3,123
Accrued advertising	1,100	1,021
Deferred income	2,189	2,096
Other accrued liabilities	4,923	4,078
Total current liabilities	**14,904**	**13,568**
Long-term debt	**12,103**	**13,165**
Long-term deferred tax liabilities	**3,551**	**4,397**
Other long-term liabilities	**3,070**	**2,972**
Contingencies (Note 22)		
Temporary equity	**915**	**—**
Stockholders' equity:		
Preferred stock	—	—
Common stock and capital in excess of par value, 4,867 shares issued and 4,857 shares outstanding (4,967 issued and outstanding as of December 28, 2013)	21,894	21,536
Accumulated other comprehensive income (loss)	946	1,243
Retained earnings	33,233	35,477
Total stockholders' equity	**56,073**	**58,256**
Total liabilities, temporary equity, and stockholders' equity	**$ 90,616**	**$ 92,358**

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

(In Millions)	Nine Months Ended Sep 27, 2014	Nine Months Ended Sep 28, 2013
Cash and cash equivalents, beginning of period	**$ 5,674**	**$ 8,478**
Cash flows provided by (used for) operating activities:		
Net income	8,043	6,995
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,491	5,123
Share-based compensation	867	855
Restructuring and asset impairment charges	238	124
Excess tax benefit from share-based payment arrangements	(109)	(42)
Amortization of intangibles	884	953
(Gains) losses on equity investments, net	(124)	(391)
Deferred taxes	(347)	(513)
Changes in assets and liabilities:		
Accounts receivable	(76)	131
Inventories	59	205
Accounts payable	(292)	312
Accrued compensation and benefits	(408)	(222)
Income taxes payable and receivable	(190)	873
Other assets and liabilities	611	335
Total adjustments	6,604	7,743
Net cash provided by operating activities	**14,647**	**14,738**
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(7,962)	(7,763)
Acquisitions, net of cash acquired	(193)	(882)
Purchases of available-for-sale investments	(6,077)	(10,107)
Sales of available-for-sale investments	786	864
Maturities of available-for-sale investments	7,396	5,586
Purchases of trading assets	(10,347)	(13,034)
Maturities and sales of trading assets	9,541	10,890
Collection of loans receivable	17	124
Origination of loans receivable	—	(100)
Investments in non-marketable equity investments	(1,330)	(258)
Other investing	168	528
Net cash used for investing activities	**(8,001)**	**(14,152)**
Cash flows provided by (used for) financing activities:		
Increase (decrease) in short-term debt, net	(202)	38
Excess tax benefit from share-based payment arrangements	109	42
Proceeds from sales of shares through employee equity incentive plans	1,566	1,308
Repurchase of common stock	(7,106)	(1,899)
Payment of dividends to stockholders	(3,340)	(3,358)
Other financing	(199)	(307)
Net cash used for financing activities	**(9,172)**	**(4,176)**
Effect of exchange rate fluctuations on cash and cash equivalents	**(5)**	**(7)**
Net increase (decrease) in cash and cash equivalents	**(2,531)**	**(3,597)**
Cash and cash equivalents, end of period	**$ 3,143**	**$ 4,881**
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of capitalized interest	$ 59	$ 91
Income taxes, net of refunds	$ 3,579	$ 1,669

See accompanying notes.

Note 1: Basis of Presentation

We prepared our interim consolidated condensed financial statements that accompany these notes in conformity with U.S. generally accepted accounting principles, consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended December 28, 2013. We have reclassified certain prior period amounts to conform to current period presentation.

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, but reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This interim information should be read in conjunction with the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 28, 2013.

Note 2: Recent Accounting Standards

In May 2014, the Financial Accounting Standards Board issued a new standard to achieve a consistent application of revenue recognition within the U.S., resulting in a single revenue model to be applied by reporting companies under U.S. generally accepted accounting principles. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for us beginning in the first quarter of 2017; early adoption is prohibited. The new standard is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. We have not yet selected a transition method nor have we determined the impact of the new standard on our consolidated condensed financial statements.

Note 3: Fair Value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider assumptions that market participants would use when pricing the asset or liability. Our financial assets are measured and recorded at fair value, except for equity method investments, cost method investments, cost method loans receivable, and reverse repurchase agreements with original maturities greater than approximately three months. Most of our liabilities are not measured and recorded at fair value.

Fair Value Hierarchy

The three levels of inputs that may be used to measure fair value are as follows:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in less active markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities. Level 2 inputs also include non-binding market consensus prices that can be corroborated with observable market data, as well as quoted prices that were adjusted for security-specific restrictions.

Level 3. Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities. Level 3 inputs also include non-binding market consensus prices or non-binding broker quotes that we were unable to corroborate with observable market data.

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

Assets and liabilities measured and recorded at fair value on a recurring basis at the end of each period were as follows:

	September 27, 2014				December 28, 2013			
	Fair Value Measured and Recorded at Reporting Date Using				Fair Value Measured and Recorded at Reporting Date Using			
(In Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents:								
Corporate debt	$ —	$ 967	$ —	$ 967	$ 154	$ 1,920	$ —	$ 2,074
Financial institution instruments	230	1,079	—	1,309	887	1,190	—	2,077
Government debt	—	23	—	23	—	269	—	269
Reverse repurchase agreements	—	268	—	268	—	400	—	400
Short-term investments:								
Corporate debt	194	489	29	712	274	1,374	19	1,667
Financial institution instruments	84	1,910	—	1,994	194	2,895	—	3,089
Government debt	323	422	—	745	183	1,033	—	1,216
Trading assets:								
Asset-backed securities	—	831	66	897	—	684	4	688
Corporate debt	2,580	442	—	3,022	2,161	628	—	2,789
Financial institution instruments	1,113	593	—	1,706	1,188	418	—	1,606
Government debt	1,338	2,037	—	3,375	1,625	1,733	—	3,358
Other current assets:								
Derivative assets	—	306	—	306	48	309	—	357
Loans receivable	—	596	—	596	—	103	—	103
Marketable equity securities	6,437	77	—	6,514	6,221	—	—	6,221
Other long-term investments:								
Asset-backed securities	—	—	7	7	—	—	9	9
Corporate debt	588	578	18	1,184	228	270	27	525
Financial institution instruments	254	425	—	679	90	402	—	492
Government debt	63	220	—	283	259	188	—	447
Other long-term assets:								
Derivative assets	—	23	27	50	—	7	29	36
Loans receivable	—	162	—	162	—	702	—	702
Total assets measured and recorded at fair value	**$ 13,204**	**$ 11,448**	**$ 147**	**$ 24,799**	**$ 13,512**	**$ 14,525**	**$ 88**	**$ 28,125**
Liabilities								
Other accrued liabilities:								
Derivative liabilities	$ —	$ 323	$ —	$ 323	$ —	$ 372	$ —	$ 372
Other long-term liabilities:								
Derivative liabilities	—	22	—	22	—	50	—	50
Total liabilities measured and recorded at fair value	**$ —**	**$ 345**	**$ —**	**$ 345**	**$ —**	**$ 422**	**$ —**	**$ 422**

Government debt includes instruments such as non-U.S. government bonds, U.S. agency securities, and U.S. Treasury 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.

For assets held as of September 27, 2014, we transferred corporate debt, financial institution instruments, and government debt of approximately $230 million from Level 1 to Level 2 of the fair value hierarchy and approximately $400 million from Level 2 to Level 1 during the first nine months of 2014. These transfers were primarily based on changes in market activity for the underlying securities. Our policy is to reflect transfers between the fair value hierarchy levels at the beginning of the quarter in which a change in circumstances resulted in the transfer.

Investments in Debt Instruments

Debt instruments reflected in the preceding table include investments such as asset-backed securities, corporate debt, financial institution instruments, government debt, and reverse repurchase agreements classified as cash equivalents. We classify our debt instruments as Level 2 when we use observable market prices for identical securities that are traded in less active markets. When observable market prices for identical securities are not available, we price the debt instruments using our own models, such as a discounted cash flow model, or non-binding market consensus prices based on the proprietary valuation models of pricing providers or brokers. We corroborate non-binding market consensus prices with observable market data using statistical models when observable market data exists, quoted market prices for similar instruments, or pricing models such as a discounted cash flow model. These valuation models incorporate a number of inputs, including non-binding and binding broker quotes; observable market prices for identical or similar instruments; and the internal assumptions of pricing providers or brokers that use observable market inputs and unobservable market inputs that we consider to be not significant. The discounted cash flow model uses observable market inputs, such as LIBOR-based yield curves, currency spot and forward rates, and credit ratings. All significant inputs are derived from or corroborated with observable market data.

The fair values of debt instruments classified as Level 3 are generally derived from discounted cash flow models, performed either by us or our pricing providers, using inputs that we are unable to corroborate with observable market data. We monitor and review the inputs and results of these valuation models to ensure the fair value measurements are reasonable and consistent with market experience in similar asset classes.

Fair Value Option for Loans Receivable

We elected the fair value option for loans receivable when the interest rate or currency exchange rate risk was hedged at inception with a related derivative instrument. As of September 27, 2014, the fair value of our loans receivable for which we elected the fair value option did not significantly differ from the contractual principal balance based on the contractual currency. Loans receivable are classified within other current assets and other long-term assets. Fair value is determined using a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data. Gains and losses from changes in fair value on the loans receivable and related derivative instruments, as well as interest income, are recorded in interest and other, net. During all periods presented, changes in the fair value of our loans receivable were largely offset by changes in the related derivative instruments, resulting in an insignificant net impact on our consolidated condensed statements of income. Gains and losses attributable to changes in credit risk are determined using observable credit default spreads for the issuer or comparable companies; these gains and losses were insignificant during all periods presented. We did not elect the fair value option for loans receivable when the interest rate or currency exchange rate risk was not hedged at inception with a related derivative instrument. Loans receivable not measured and recorded at fair value are included in the following "Financial Instruments Not Recorded at Fair Value on a Recurring Basis" section.

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

Our non-marketable equity investments, marketable equity method investments, and non-financial assets, such as intangible assets and property, plant and equipment, are recorded at fair value only if an impairment charge is recognized.

Some of our non-marketable equity investments have been measured and recorded at fair value due to events or circumstances that significantly impacted the fair value of those investments, resulting in other-than-temporary impairment charges. We classified these investments as Level 3 because the valuations used unobservable inputs that were significant to the fair value measurements and required management judgment due to the absence of quoted market prices. Impairment charges recognized on non-marketable equity investments held as of September 27, 2014, were $28 million during the third quarter of 2014 and $93 million during the first nine months of 2014 ($23 million during the third quarter of 2013 and $93 million during the first nine months of 2013 on non-marketable equity investments held as of September 28, 2013).

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

On a quarterly basis, we measure the fair value of our grants receivable, cost method loans receivable, non-marketable cost method investments, reverse repurchase agreements with original maturities greater than approximately three months, and indebtedness carried at amortized cost; however, the assets are recorded at fair value only when an impairment charge is recognized. The carrying amounts and fair values of financial instruments not recorded at fair value on a recurring basis at the end of each period were as follows:

	September 27, 2014				
		Fair Value Measured Using			
(In Millions)	Carrying Amount	Level 1	Level 2	Level 3	Fair Value
Grants receivable	$ 777	$ —	$ 784	$ —	$ 784
Loans receivable	$ 250	$ —	$ 250	$ —	$ 250
Non-marketable cost method investments	$ 1,871	$ —	$ —	$ 2,801	$ 2,801
Reverse repurchase agreements	$ 450	$ —	$ 450	$ —	$ 450
Short-term debt	$ 1,085	$ —	$ 1,550	$ —	$ 1,550
Long-term debt	$ 12,103	$ 11,319	$ 1,220	$ —	$ 12,539
NVIDIA Corporation cross-license agreement liability	$ 393	$ —	$ 399	$ —	$ 399

	December 28, 2013				
		Fair Value Measured Using			
(In Millions)	Carrying Amount	Level 1	Level 2	Level 3	Fair Value
Grants receivable	$ 416	$ —	$ 481	$ —	$ 481
Loans receivable	$ 267	$ —	$ 250	$ 17	$ 267
Non-marketable cost method investments	$ 1,270	$ —	$ —	$ 2,105	$ 2,105
Reverse repurchase agreements	$ 400	$ —	$ 400	$ —	$ 400
Short-term debt	$ 24	$ —	$ 24	$ —	$ 24
Long-term debt	$ 13,165	$ 10,937	$ 2,601	$ —	$ 13,538
NVIDIA Corporation cross-license agreement liability	$ 587	$ —	$ 597	$ —	$ 597

The fair value of our grants receivable is determined using a discounted cash flow model, which discounts future cash flows using an appropriate yield curve. As of September 27, 2014 and December 28, 2013, the carrying amount of our grants receivable was classified within other current assets and other long-term assets, as applicable.

The carrying amount and fair value of loans receivable exclude loans measured and recorded at a fair value of $758 million as of September 27, 2014 ($805 million as of December 28, 2013). The fair value of our loans receivable and reverse repurchase agreements, including those held at fair value, is determined using a discounted cash flow model. All significant inputs in the models are derived from or corroborated with observable market data, such as LIBOR-based yield curves, currency spot and forward rates, and credit ratings. The credit quality of these assets remains high, with credit ratings of A+/A1 or better for the substantial majority of our loans receivable and the majority of our reverse repurchase agreements as of September 27, 2014.

As of September 27, 2014 and December 28, 2013, the unrealized loss position of our non-marketable cost method investments was insignificant. Our non-marketable cost method investments are valued using the market and income approaches. The market approach includes the use of financial metrics and ratios of comparable public companies. The selection of comparable companies requires management judgment and is based on a number of factors, including comparable companies' sizes, growth rates, industries, and development stages. The income approach includes the use of a discounted cash flow model, which requires significant estimates regarding investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available market, historical, and forecast data. The valuation of these non-marketable cost method investments also takes into account variables such as conditions reflected in the capital markets, recent financing activities by the investees, the investees' capital structure, the terms of the investees' issued interests, and the level of marketability of the investments.

The carrying amount and fair value of short-term debt exclude drafts payable. Our short-term debt recognized at amortized cost includes our 2009 junior subordinated convertible debentures (2009 debentures). During the third quarter of 2014, the 2009 debentures were reclassified from long-term debt to short-term debt on the consolidated condensed balance sheets. Beginning September 28, 2014, holders may, at their option, surrender the 2009 debentures for conversion during the fourth quarter of 2014. For further information, see “Note 12: Borrowings." Our long-term debt recognized at amortized cost is comprised of our senior notes and our 2005 junior subordinated convertible debentures (2005 debentures). The fair value of our senior notes is determined using active market prices, and is therefore classified as Level 1. The fair value of our 2009 and 2005 convertible debentures is determined using discounted cash flow models with observable market inputs, and takes into consideration variables such as interest rate changes, comparable instruments, subordination discount, and credit-rating changes, and is therefore classified as Level 2.

The NVIDIA Corporation (NVIDIA) cross-license agreement liability in the preceding table was incurred as a result of entering into a long-term patent cross-license agreement with NVIDIA in January 2011. We agreed to make payments to NVIDIA over six years. As of September 27, 2014 and December 28, 2013, the carrying amount of the liability arising from the agreement was classified within other accrued liabilities and other long-term liabilities, as applicable. The fair value is determined using a discounted cash flow model, which discounts future cash flows using our incremental borrowing rates.

Note 4: Cash and Investments

Cash and investments at the end of each period were as follows:

(In Millions)	Sep 27, 2014	Dec 28, 2013
Available-for-sale investments	$ 14,417	$ 18,086
Cash	576	854
Equity method investments	1,491	1,038
Loans receivable	1,008	1,072
Non-marketable cost method investments	1,871	1,270
Reverse repurchase agreements	718	800
Trading assets	9,000	8,441
Total cash and investments	**$ 29,081**	**$ 31,561**

Available-for-Sale Investments

Available-for-sale investments at the end of each period were as follows:

	September 27, 2014				December 28, 2013			
(In Millions)	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset-backed securities	$ 8	$ —	$ (1)	$ 7	$ 11	$ —	$ (2)	$ 9
Corporate debt	2,848	18	(3)	2,863	4,254	15	(3)	4,266
Financial institution instruments	3,976	6	—	3,982	5,654	5	(1)	5,658
Government debt	1,052	—	(1)	1,051	1,932	1	(1)	1,932
Marketable equity securities	3,305	3,209	—	6,514	3,340	2,881	—	6,221
Total available-for-sale investments	**$ 11,189**	**$ 3,233**	**$ (5)**	**$ 14,417**	**$ 15,191**	**$ 2,902**	**$ (7)**	**$ 18,086**

Government debt includes instruments such as non-U.S. government bonds, U.S. agency securities, and U.S. Treasury 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. Time deposits were primarily issued by institutions outside the U.S. as of September 27, 2014 and December 28, 2013.

For information on the unrealized holding gains (losses) on available-for-sale investments reclassified out of accumulated other comprehensive income (loss) into the consolidated condensed statements of income, see "Note 21: Other Comprehensive Income (Loss)."

During the third quarter of 2014, we sold available-for-sale investments for proceeds of $373 million, of which $82 million related to sales of cash and cash equivalents ($359 million in the third quarter of 2013, of which $93 million related to sales of cash and cash equivalents). During the first nine months of 2014, we sold available-for-sale investments for proceeds of $1.2 billion, of which $459 million related to sales of cash and cash equivalents ($1.2 billion in the first nine months of 2013 of which $339 million related to sales of cash and cash equivalents). Proceeds received in the third quarter of 2013 included $142 million from the sale of our shares in Clearwire Corporation, previously included as marketable equity securities in the preceding table. There were no gross realized gains on sales of available-for-sale investments recognized in the third quarter of 2014 and $136 million in the first nine months of 2014 ($134 million in the third quarter of 2013 and $143 million in the first nine months of 2013). Gross realized gains recognized in the third quarter of 2013 included $111 million on the sale of our shares in Clearwire Corporation. For further information, see "Note 18: Gains (Losses) on Equity Investments, Net."

The amortized cost and fair value of available-for-sale debt investments, by contractual maturity, as of September 27, 2014, were as follows:

(In Millions)	Cost	Fair Value
Due in 1 year or less	$ 5,331	$ 5,350
Due in 1–2 years	1,197	1,198
Due in 2–5 years	922	923
Instruments not due at a single maturity date	434	432
Total	**$ 7,884**	**$ 7,903**

Equity Method Investments

IM Flash Technologies, LLC

Micron Technology, Inc. (Micron) and Intel formed IM Flash Technologies, LLC (IMFT) in 2007 to manufacture NAND flash memory products for Micron and Intel. During 2012, we amended the operating agreement for IMFT and entered into agreements with Micron that modified our joint venture relationship. The amended operating agreement extended the term of IMFT to 2024, unless earlier terminated under certain terms and conditions, and provides that IMFT may manufacture certain emerging memory technologies in addition to NAND flash memory. Additionally, the amended agreement provides for certain rights that, beginning in 2015, will enable us to sell to Micron, or enable Micron to purchase from us, our interest in IMFT. If Intel exercises this right, Micron would set the closing date of the transaction within two years following such election and could elect to receive financing from Intel for one to two years. The agreements with Micron include a supply agreement for Micron to supply us with NAND flash memory products. The agreements also extend and expand our NAND joint development program with Micron to include emerging memory technologies.

As of September 27, 2014, we own a 49% interest in IMFT. The carrying value of our investment was $713 million as of September 27, 2014 ($646 million as of December 28, 2013) and is classified within other long-term assets.

IMFT is a variable interest entity. All costs of the IMFT joint venture will be passed on to Micron and Intel pursuant to our purchase agreements. Intel's portion of IMFT costs, primarily related to product purchases and production-related services, was approximately $100 million in the third quarter of 2014 and approximately $305 million in the first nine months of 2014 (approximately $80 million in the third quarter of 2013 and approximately $280 million in the first nine months of 2013). The amount due to IMFT for product purchases and services provided was approximately $85 million as of September 27, 2014 (approximately $75 million as of December 28, 2013).

IMFT depends on Micron and Intel for any additional cash needs. Our known maximum exposure to loss approximated the carrying value of our investment balance in IMFT, which was $713 million as of September 27, 2014. Except for the amount due to IMFT for product purchases and services, we did not have any additional liabilities recognized on our consolidated condensed balance sheets in connection with our interests in this joint venture as of September 27, 2014. Our potential future losses could be higher than the carrying amount of our investment, as Intel and Micron are liable for other future operating costs or obligations of IMFT. Future cash calls could also increase our investment balance and the related exposure to loss. In addition, because we are currently committed to purchasing 49% of IMFT's production output and production-related services, we may be required to purchase products at a cost in excess of realizable value.

We have determined that we do not have the characteristics of a consolidating investor in the variable interest entity and, therefore, we account for our interest in IMFT using the equity method of accounting.

Cloudera, Inc.

During the second quarter of 2014, we invested in Cloudera, Inc. (Cloudera). Our fully-diluted ownership interest in Cloudera is 18% as of September 27, 2014. Our investment is accounted for under the equity and cost methods of accounting and is classified within other long-term assets. As of September 27, 2014, the carrying value of our equity method investment was $280 million and of our cost method investment was $454 million.

Trading Assets

As of September 27, 2014 and December 28, 2013, all of our trading assets were marketable debt instruments. Net losses related to trading assets still held at the reporting date were $283 million in the third quarter of 2014 and net losses were $254 million in the first nine months of 2014 (net gains of $96 million in the third quarter of 2013 and $43 million in the first nine months of 2013). Net gains on the related derivatives were $278 million in the third quarter of 2014 and net gains of $252 million in the first nine months of 2014 (net losses of $97 million in the third quarter of 2013 and $40 million in the first nine months of 2013).

Note 5: Inventories

We compute inventory cost on a first-in, first-out basis. Costs incurred to manufacture our products are included in the valuation of inventory beginning in the quarter in which a product meets the technical criteria to qualify for sale to customers. Prior to qualification for sale, costs that do not meet the criteria for research and development are included in cost of sales in the period incurred. Inventories at the end of each period were as follows:

(In Millions)	Sep 27, 2014	Dec 28, 2013
Raw materials	$ 496	$ 458
Work in process	2,292	1,998
Finished goods	1,327	1,716
Total inventories	**$ 4,115**	**$ 4,172**

Note 6: Derivative Financial Instruments

Our primary objective for holding derivative financial instruments is to manage currency exchange rate risk and interest rate risk, and, to a lesser extent, equity market risk, commodity price risk, and credit risk. We also enter into master netting arrangements with counterparties when possible to mitigate credit risk in derivative transactions. A master netting arrangement may allow counterparties to net settle amounts owed to each other as a result of multiple, separate derivative transactions. Generally our master netting agreements allow for net settlement in case of certain triggering events such as bankruptcy or default of one of the counterparties to the transaction. We may also elect to exchange cash collateral with certain of our counterparties on a regular basis. For presentation on our consolidated condensed balance sheets, we do not offset fair value amounts recognized for derivative instruments under master netting arrangements.

Currency Exchange Rate Risk

We are exposed to currency exchange rate risk and generally hedge our exposures with currency forward contracts, currency interest rate swaps, or currency options. Substantially all of our revenue is transacted in U.S. dollars. However, a significant amount of our operating expenditures and capital purchases is incurred in or exposed to other currencies, primarily the euro, the Japanese yen, the Israeli shekel, and the Chinese yuan. We have established balance sheet and forecasted transaction currency risk management programs to protect against fluctuations in fair value and the volatility of the functional currency equivalent of future cash flows caused by changes in exchange rates. Our non-U.S.-dollar-denominated investments in debt instruments and loans receivable are generally hedged with offsetting currency forward contracts or currency interest rate swaps. We may also hedge currency risk arising from funding foreign currency denominated forecasted investments. These programs reduce, but do not eliminate, the impact of currency exchange movements.

Our currency risk management programs include:

- *Currency derivatives with cash flow hedge accounting designation* that utilize currency forward contracts and currency options to hedge exposures to the variability in the U.S.-dollar equivalent of anticipated non-U.S.-dollar-denominated cash flows. These instruments generally mature within 12 months. For these derivatives, we report the after-tax gain or loss from the effective portion of the hedge as a component of accumulated other comprehensive income (loss), and we reclassify it into earnings in the same period or periods in which the hedged transaction affects earnings, and in the same line item on the consolidated condensed statements of income as the impact of the hedged transaction.
- *Currency derivatives without hedge accounting designation* that utilize currency forward contracts or currency interest rate swaps to economically hedge the functional currency equivalent cash flows of recognized monetary assets and liabilities, non-U.S.-dollar-denominated debt instruments classified as trading assets, and hedges of non-U.S.-dollar-denominated loans receivable recognized at fair value. The majority of these instruments mature within 12 months. Changes in the functional currency equivalent cash flows of the underlying assets and liabilities are approximately offset by the changes in fair value of the related derivatives. We record net gains or losses in the line item on the consolidated condensed statements of income most closely associated with the related exposures, primarily in interest and other, net, except for equity-related gains or losses, which we primarily record in gains (losses) on equity investments, net.

Interest Rate Risk

Our primary objective for holding investments in debt instruments is to preserve principal while maximizing yields. We generally swap the returns on our investments in fixed-rate debt instruments with remaining maturities longer than six months into U.S. dollar three-month LIBOR-based returns, unless management specifically approves otherwise. These swaps are settled at various interest payment times involving cash payments at each interest and principal payment date, with the majority of the contracts having quarterly payments.

Our interest rate risk management programs include:

- *Interest rate derivatives with cash flow hedge accounting designation* that utilize interest rate swap agreements to modify the interest characteristics of debt instruments. For these derivatives, we report the after-tax gain or loss from the effective portion of the hedge as a component of accumulated other comprehensive income (loss), and we reclassify it into earnings in the same period or periods in which the hedged transaction affects earnings, and in the same line item on the consolidated condensed statements of income as the impact of the hedged transaction.
- *Interest rate derivatives without hedge accounting designation* that utilize interest rate swaps and currency interest rate swaps in economic hedging transactions, including hedges of non-U.S.-dollar-denominated debt instruments classified as trading assets and hedges of non-U.S.-dollar-denominated loans receivable recognized at fair value. Floating interest rates on the swaps generally reset on a quarterly basis. Changes in fair value of the debt instruments classified as trading assets and loans receivable recognized at fair value are generally offset by changes in fair value of the related derivatives, both of which are recorded in interest and other, net.

Equity Market Risk

Our investments include marketable equity securities and equity derivative instruments. We typically do not attempt to reduce or eliminate our equity market exposure through hedging activities at the inception of our investments. Before we enter into hedge arrangements, we evaluate legal, market, and economic factors, as well as the expected timing of disposal to determine whether hedging is appropriate. Our equity market risk management program may include equity derivatives with or without hedge accounting designation that utilize warrants, equity options, or other equity derivatives. We recognize changes in the fair value of such derivatives in gains (losses) on equity investments, net. We also utilize total return swaps to offset changes in liabilities related to the equity market risks of certain deferred compensation arrangements. Gains and losses from changes in fair value of these total return swaps are generally offset by the losses and gains on the related liabilities, both of which are recorded in cost of sales and operating expenses.

Commodity Price Risk

We operate facilities that consume commodities, and have established forecasted transaction risk management programs to protect against fluctuations in fair value and the volatility of future cash flows caused by changes in commodity prices, such as those for natural gas. These programs reduce, but do not always eliminate, the impact of commodity price movements.

Our commodity price risk management program includes commodity derivatives with cash flow hedge accounting designation that utilize commodity swap contracts to hedge future cash flow exposures to the variability in commodity prices. These instruments generally mature within 12 months. For these derivatives, we report the after-tax gain (loss) from the effective portion of the hedge as a component of accumulated other comprehensive income (loss) and reclassify it into earnings in the same period or periods in which the hedged transaction affects earnings, and in the same line item on the consolidated condensed statements of income as the impact of the hedged transaction.

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 27, 2014	Dec 28, 2013	Sep 28, 2013
Currency forwards	$ 13,896	$ 13,404	$ 12,458
Currency interest rate swaps	5,015	4,377	3,665
Embedded debt derivatives	3,600	3,600	3,600
Interest rate swaps	1,259	1,377	1,269
Total return swaps	1,032	914	873
Other	53	67	72
Total	**$ 24,855**	**$ 23,739**	**$ 21,937**

The gross notional amounts for currency forwards and currency interest rate swaps (presented by currency) at the end of each period were as follows:

(In Millions)	Sep 27, 2014	Dec 28, 2013	Sep 28, 2013
British pound sterling	$ 420	$ 549	$ 403
Chinese yuan	1,420	1,116	648
Euro	6,973	6,874	5,952
Israeli shekel	2,170	2,244	2,006
Japanese yen	4,223	4,116	3,864
Malaysian ringgit	771	506	444
Swiss franc	1,361	1,189	1,416
Other	1,573	1,187	1,390
Total	**$ 18,911**	**$ 17,781**	**$ 16,123**

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

The fair value of our derivative instruments at the end of each period were as follows:

	September 27, 2014				December 28, 2013			
(In Millions)	Other Current Assets	Other Long-Term Assets	Other Accrued Liabilities	Other Long-Term Liabilities	Other Current Assets	Other Long-Term Assets	Other Accrued Liabilities	Other Long-Term Liabilities
Derivatives designated as hedging instruments:								
Currency forwards	$ 17	$ —	$ 224	$ 14	$ 114	$ 1	$ 118	$ 2
Total derivatives designated as hedging instruments	**$ 17**	**$ —**	**$ 224**	**$ 14**	**$ 114**	**$ 1**	**$ 118**	**$ 2**
Derivatives not designated as hedging instruments:								
Currency forwards	$ 121	$ —	$ 39	$ —	$ 66	$ —	$ 63	$ —
Currency interest rate swaps	164	22	43	—	124	6	163	29
Interest rate swaps	4	—	17	—	5	—	28	—
Total return swaps	—	—	—	—	48	—	—	—
Other	—	28	—	8	—	29	—	19
Total derivatives not designated as hedging instruments	**$ 289**	**$ 50**	**$ 99**	**$ 8**	**$ 243**	**$ 35**	**$ 254**	**$ 48**
Total derivatives	**$ 306**	**$ 50**	**$ 323**	**$ 22**	**$ 357**	**$ 36**	**$ 372**	**$ 50**

Amounts Offset in the Consolidated Condensed Balance Sheets

The gross amounts of our derivative instruments and reverse repurchase agreements subject to master netting arrangements with various counterparties and cash and non-cash collateral posted under such agreements at the end of each period were as follows:

	September 27, 2014					
				Gross Amounts Not Offset in the Balance Sheet		
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	$ 312	$ —	$ 312	$ (220)	$ (54)	$ 38
Reverse repurchase agreements	718	—	718	—	(715)	3
Total assets	**$ 1,030**	**$ —**	**$ 1,030**	**$ (220)**	**$ (769)**	**$ 41**
Liabilities:						
Derivative liabilities subject to master netting arrangements	$ 328	$ —	$ 328	$ (220)	$ (88)	$ 20
Total liabilities	**$ 328**	**$ —**	**$ 328**	**$ (220)**	**$ (88)**	**$ 20**

	December 28, 2013					
				Gross Amounts Not Offset in the Balance Sheet		
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	$ 325	$ —	$ 325	$ (158)	$ (3)	$ 164
Reverse repurchase agreements	800	—	800	—	(800)	—
Total assets	**$ 1,125**	**$ —**	**$ 1,125**	**$ (158)**	**$ (803)**	**$ 164**
Liabilities:						
Derivative liabilities subject to master netting arrangements	$ 401	$ —	$ 401	$ (158)	$ (32)	$ 211
Total liabilities	**$ 401**	**$ —**	**$ 401**	**$ (158)**	**$ (32)**	**$ 211**

Derivatives in Cash Flow Hedging Relationships

The before-tax gains (losses), attributed to the effective portion of cash flow hedges, recognized in other comprehensive income (loss) for each period were as follows:

	Three Months Ended		Nine Months Ended	
(In Millions)	**Sep 27, 2014**	**Sep 28, 2013**	**Sep 27, 2014**	**Sep 28, 2013**
Currency forwards	$ (241)	$ 84	$ (201)	$ (105)
Other	—	(1)	(3)	—
Total	**$ (241)**	**$ 83**	**$ (204)**	**$ (105)**

Gains and losses on derivative instruments in cash flow hedging relationships related to hedge ineffectiveness and amounts excluded from effectiveness testing, were insignificant during all periods presented in the preceding tables. Additionally, for all periods presented, there was an insignificant impact on results of operations from discontinued cash flow hedges, which arises when forecasted transactions are probable of not occurring.

For information on the unrealized holding gains (losses) on derivatives reclassified out of accumulated other comprehensive income into the consolidated condensed statements of income, see "Note 21: Other Comprehensive Income (Loss)."

Derivatives Not Designated as Hedging Instruments

The effects of derivative instruments not designated as hedging instruments on the consolidated condensed statements of income for each period were as follows:

		Three Months Ended		Nine Months Ended	
(In Millions)	**Location of Gains (Losses) Recognized in Income on Derivatives**	**Sep 27, 2014**	**Sep 28, 2013**	**Sep 27, 2014**	**Sep 28, 2013**
Currency forwards	Interest and other, net	$ 62	$ (27)	$ 40	$ 23
Currency interest rate swaps	Interest and other, net	221	(56)	193	—
Interest rate swaps	Interest and other, net	1	(5)	(3)	(2)
Total return swaps	Various	(7)	70	51	99
Other	Gains (losses) on equity investments, net	(3)	(6)	(1)	1
Total		**$ 274**	**$ (24)**	**$ 280**	**$ 121**

Note 7: Acquisitions

During the first nine months of 2014, we completed five acquisitions qualifying as business combinations in exchange for aggregate net cash consideration of $193 million, the substantial majority of which was allocated to goodwill. For information on the assignment of goodwill to our operating segments, see “Note 9: Goodwill.” The completed acquisitions in the first nine months of 2014, both individually and in the aggregate, were not significant to our results of operations.

Note 8: Divestitures

During the first quarter of 2014, we completed the divestiture of our Intel Media assets, a business division dedicated to the development of cloud TV products and services, to Verizon Communications Inc. As a result of the transaction, we received aggregate net cash consideration of $150 million, presented within investing activities on the consolidated condensed statements of cash flows, and recognized a gain within interest and other, net on the consolidated condensed statements of income.

Note 9: Goodwill

Goodwill activity for the first nine months of 2014 was as follows:

(In Millions)	Dec 28, 2013	Additions Due to Acquisitions	Transfers	Effect of Exchange Rate Fluctuations and Other	Sep 27, 2014
PC Client Group	$ 3,058	$ —	$ —	$ —	$ 3,058
Data Center Group	1,831	8	138	—	1,977
Internet of Things Group	—	—	428	—	428
Mobile and Communications Group	—	19	631	—	650
Other Intel architecture operating segments	1,075	—	(1,075)	—	—
Software and services operating segments	4,549	41	(140)	(108)	4,342
All other	—	101	18	(18)	101
Total	**$ 10,513**	**$ 169**	**$ —**	**$ (126)**	**$ 10,556**

In the first quarter of 2014, we formed the Internet of Things Group and we changed our organizational structure to align with our critical objectives, which included the addition of Mobile and Communication Group as a reportable operating segment. For further information, see "Note 23: Operating Segments Information." Due to this reorganization, goodwill was allocated from our prior reporting units to our new reporting units, as shown in the preceding table within "transfers." The allocation was based on the fair value of each business group within its original reporting unit relative to the fair value of that reporting unit.

Note 10: Identified Intangible Assets

Identified intangible assets at the end of each period were as follows:

	September 27, 2014		
(In Millions)	Gross Assets	Accumulated Amortization	Net
Acquisition-related developed technology	$ 2,873	$ (2,094)	$ 779
Acquisition-related customer relationships	1,670	(967)	703
Acquisition-related trade names	60	(47)	13
Licensed technology and patents	3,109	(1,157)	1,952
Identified intangible assets subject to amortization	**7,712**	**(4,265)**	**3,447**
Acquisition-related trade names	802	—	802
Other intangible assets	130	—	130
Identified intangible assets not subject to amortization	**932**	**—**	**932**
Total identified intangible assets	**$ 8,644**	**$ (4,265)**	**$ 4,379**

	December 28, 2013		
(In Millions)	Gross Assets	Accumulated Amortization	Net
Acquisition-related developed technology	$ 2,922	$ (1,691)	$ 1,231
Acquisition-related customer relationships	1,760	(828)	932
Acquisition-related trade names	65	(44)	21
Licensed technology and patents	3,093	(974)	2,119
Identified intangible assets subject to amortization	**7,840**	**(3,537)**	**4,303**
Acquisition-related trade names	818	—	818
Other intangible assets	29	—	29
Identified intangible assets not subject to amortization	**847**	**—**	**847**
Total identified intangible assets	**$ 8,687**	**$ (3,537)**	**$ 5,150**

For identified intangible assets that are subject to amortization, we recorded amortization expense on the consolidated condensed statements of income as follows: amortization of acquisition-related developed technology and licensed technology and patents is included in cost of sales, amortization of acquisition-related customer relationships and trade names is included in amortization of acquisition-related intangibles, and amortization of other intangible assets is recorded as a reduction of revenue.

Amortization expenses for each period were as follows:

	Three Months Ended		Nine Months Ended	
(In Millions)	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013
Acquisition-related developed technology	$ 161	$ 150	$ 454	$ 430
Acquisition-related customer relationships	75	70	214	208
Acquisition-related trade names	2	3	8	8
Licensed technology and patents	69	69	208	204
Other intangible assets	—	—	—	103
Total amortization expenses	**$ 307**	**$ 292**	**$ 884**	**$ 953**

Based on identified intangible assets that are subject to amortization as of September 27, 2014, we expect future amortization expenses for each period to be as follows:

(In Millions)	Remainder of 2014	2015	2016	2017	2018
Acquisition-related developed technology	$ 141	$ 300	$ 209	$ 59	$ 37
Acquisition-related customer relationships	63	245	227	137	28
Acquisition-related trade names	2	8	3	—	—
Licensed technology and patents	67	255	239	202	161
Total future amortization expenses	**$ 273**	**$ 808**	**$ 678**	**$ 398**	**$ 226**

Note 11: Other Long-Term Assets

Other long-term assets at the end of each period were as follows:

(In Millions)	Sep 27, 2014	Dec 28, 2013
Equity method investments	$ 1,491	$ 1,038
Non-marketable cost method investments	1,871	1,270
Non-current deferred tax assets	545	434
Loans receivable	362	952
Prepayments for property, plant and equipment	519	521
Other	1,582	1,274
Total other long-term assets	**$ 6,370**	**$ 5,489**

During the first nine months of 2014, we received equipment that was prepaid in 2010 and 2011. Upon receipt of the equipment, we transferred $135 million from other long-term assets to property, plant and equipment. We recognized the prepayments within operating activities in the consolidated condensed statement of cash flows when we paid for the equipment in 2010 and 2011, and the receipt of the equipment is reflected as a non-cash transaction in the current period.

Note 12: Borrowings

Short-Term Debt

Our short-term debt at the end of each period was as follows:

(In Millions)	Sep 27, 2014	Dec 28, 2013
Drafts payable	$ 79	$ 257
Notes payable	—	24
Current portion of long-term debt	1,085	—
Short-term debt	**$ 1,164**	**$ 281**

We have an ongoing authorization from our Board of Directors to borrow up to $3.0 billion, which was fully available for use as of September 27, 2014. This ongoing authorization includes borrowings under our commercial paper program. Maximum borrowings under our commercial paper program were $2.1 billion during the first nine months of 2014 ($300 million during the first nine months of 2013). Our commercial paper was rated A-1+ by Standard & Poor's and P-1 by Moody's as of September 27, 2014.

Long-Term Debt

Our long-term debt at the end of each period was as follows:

(In Millions)	Sep 27, 2014	Dec 28, 2013
2012 Senior notes due 2017 at 1.35%	$ 2,998	$ 2,997
2012 Senior notes due 2022 at 2.70%	1,495	1,494
2012 Senior notes due 2032 at 4.00%	744	744
2012 Senior notes due 2042 at 4.25%	924	924
2011 Senior notes due 2016 at 1.95%	1,499	1,499
2011 Senior notes due 2021 at 3.30%	1,997	1,996
2011 Senior notes due 2041 at 4.80%	1,490	1,490
2009 Junior subordinated convertible debentures due 2039 at 3.25%	1,085	1,075
2005 Junior subordinated convertible debentures due 2035 at 2.95%	956	946
Total debt	**$ 13,188**	**$ 13,165**
Less: current portion of long-term debt	(1,085)	—
Long-term debt	**$ 12,103**	**$ 13,165**

Senior Notes

In the fourth quarter of 2012, we issued $6.2 billion aggregate principal amount of senior unsecured notes for general corporate purposes and to repurchase shares of our common stock pursuant to our authorized common stock repurchase program. In the third quarter of 2011, we issued $5.0 billion aggregate principal amount of senior unsecured notes, primarily to repurchase shares of our common stock pursuant to our authorized common stock repurchase program, and for general corporate purposes.

Our senior notes pay a fixed rate of interest semiannually. We may redeem our senior notes, in whole or in part, at any time at our option at specified redemption prices. The senior notes rank equally in right of payment with all of our other existing and future senior unsecured indebtedness and will effectively rank junior to all liabilities of our subsidiaries.

Convertible Debentures

In 2009, we issued $2.0 billion of 2009 debentures. In 2005, we issued $1.6 billion of 2005 debentures. Both the 2009 and 2005 debentures pay a fixed rate of interest semiannually.

	2009 Debentures	2005 Debentures
Annual coupon interest rate	3.25%	2.95%
Annual effective interest rate	7.20%	6.45%
Maximum amount of contingent interest that will accrue per year	0.50%	0.40%

The effective interest rate is based on the rate for a similar instrument that does not have a conversion feature.

Both the 2009 and 2005 debentures have a contingent interest component that requires us to pay interest based on certain thresholds or for certain events, commencing on August 1, 2019 for the 2009 debentures. As of September 27, 2014 and December 28, 2013, we had not met any of the thresholds or events related to the 2005 debentures. The fair values of the related contingent interest embedded derivatives were $8 million and zero as of September 27, 2014, for the 2009 and 2005 debentures, respectively ($10 million and $9 million as of December 28, 2013 for the 2009 and 2005 debentures, respectively).

Both the 2009 and 2005 debentures are convertible, subject to certain conditions, into shares of our common stock. Holders can surrender the 2009 debentures for conversion if the closing price of Intel common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during the 30 consecutive trading-day period ending on the last trading day of the preceding fiscal quarter. Holders can surrender the 2005 debentures for conversion at any time. We will settle any conversion or repurchase of the 2009 debentures in cash up to the face value, and any amount in excess of face value will be settled in cash or stock at our option. However, we can settle any conversion or repurchase of the 2005 debentures in cash or stock at our option. On or after August 5, 2019, we can redeem, for cash, all or part of the 2009 debentures for the principal amount, plus any accrued and unpaid interest, if the closing price of Intel common stock has been at least 150% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading-day period prior to the date on which we provide notice of redemption. We can redeem, for cash, all or part of the 2005 debentures for the principal amount, plus any accrued and unpaid interest, if the closing price of Intel common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during any 30 consecutive trading-day period prior to the date on which we provide notice of redemption. If certain events occur in the future, the indentures governing the 2009 and 2005 debentures provide that each holder of the debentures can, for a pre-defined period of time, require us to repurchase the holder's debentures for the principal amount plus any accrued and unpaid interest. Both the 2009 and 2005 debentures are subordinated in right of payment to any existing and future senior debt and to the other liabilities of our subsidiaries. We have concluded that both the 2009 and 2005 debentures are not conventional convertible debt instruments and that the embedded stock conversion options qualify as derivatives. In addition, we have concluded that the embedded conversion options would be classified in stockholders' equity if they were freestanding derivative instruments. As such, the embedded conversion options are not accounted for separately as derivatives.

	2009 Debentures		2005 Debentures	
(In Millions, Except Per Share Amounts)	Sep 27, 2014	Dec 28, 2013	Sep 27, 2014	Dec 28, 2013
Outstanding principal	$ 2,000	$ 2,000	$ 1,600	$ 1,600
Equity component (including temporary equity) carrying amount	$ 613	$ 613	$ 466	$ 466
Unamortized discount	$ 915	$ 925	$ 644	$ 654
Net debt carrying amount	$ 1,085	$ 1,075	$ 956	$ 946
Conversion rate (shares of common stock per $1,000 principal amount of debentures)	46.06	45.57	34.95	34.60
Effective conversion price (per share of common stock)	$ 21.71	$ 21.94	$ 28.61	$ 28.90

In the preceding table, the remaining amortization periods for the unamortized discounts for the 2009 and 2005 debentures are approximately 25 and 21 years, respectively, as of September 27, 2014.

The conversion rate adjusts for certain events outlined in the indentures governing the 2009 and 2005 debentures, such as quarterly dividend distributions in excess of $0.14 and $0.10 per share for the 2009 and 2005 debentures, respectively, but it does not adjust for accrued interest. In addition, the conversion rate will increase for a holder of either the 2009 or 2005 debentures who elects to convert the debentures in connection with certain share exchanges, mergers, or consolidations involving Intel.

During the third quarter of 2014, the closing stock price conversion right condition of the 2009 debentures was met and the debentures will be convertible at the option of the holders during the fourth quarter of 2014. As a result of the conversion period during the fourth quarter of 2014, the $1.1 billion carrying amount of the 2009 debentures was reclassified from long-term debt to short-term debt on our consolidated condensed balance sheets as of September 27, 2014. The excess of the amount of cash payable if converted over the carrying amount of the 2009 debentures of $915 million was reclassified from stockholders' equity to temporary equity on our consolidated condensed balance sheets as of September 27, 2014. In future periods, if the closing stock price conversion right condition is no longer met, all outstanding 2009 debentures would be reclassified to long-term debt and the temporary equity would be reclassified to stockholders' equity on our consolidated condensed balance sheets. The 2009 debentures were not convertible for the fourth quarter of 2013, therefore the liability and equity components of the 2009 debentures were classified as long-term debt and stockholders' equity, respectively, as of December 28, 2013.

Note 13: Restructuring and Asset Impairment Charges

Beginning in the third quarter of 2013, management has approved several restructuring actions including targeted workforce reductions and the exit of certain businesses and facilities. These actions include the wind down of our 200 millimeter wafer fabrication facility in Massachusetts and the closure of our assembly and test facility in Costa Rica, which we expect to cease production in the first quarter of 2015 and the end of 2014, respectively. These targeted reductions will enable the company to better align our resources in areas providing the greatest benefit in the current business environment.

Restructuring and asset impairment charges for each period were as follows:

	Three Months Ended		Nine Months Ended	
(In Millions)	**Sep 27, 2014**	**Sep 28, 2013**	**Sep 27, 2014**	**Sep 28, 2013**
Employee severance and benefit arrangements	$ 9	$ 85	$ 218	$ 85
Asset impairments and other restructuring charges	11	39	20	39
Total restructuring and asset impairment charges	**$ 20**	**$ 124**	**$ 238**	**$ 124**

The restructuring and asset impairment activity for first nine months of 2014 was as follows:

(In Millions)	**Employee Severance and Benefits**	**Asset Impairments and Other**	**Total**
Accrued restructuring balance as of December 28, 2013	$ 183	$ —	$ 183
Additional accruals	203	19	222
Adjustments	15	1	16
Cash payments	(283)	(3)	(286)
Non-cash settlements	—	(9)	(9)
Accrued restructuring balance as of September 27, 2014	**$ 118**	**$ 8**	**$ 126**

We recorded the additional accruals and adjustments as restructuring and asset impairment charges in the consolidated condensed statements of income and within the "all other" operating segments category. The charges incurred during the first nine months of 2014 included $218 million related to employee severance and benefit arrangements, which impacted approximately 2,800 employees. In the second quarter of 2014, we had estimated that 3,500 employees would be impacted by restructuring actions, but such number has decreased to 2,800 employees, mainly driven by the internal placement of previously impacted employees and the cancellation of prior quarter actions. Most of the accrued restructuring balance as of September 27, 2014 relates to employee severance and benefits, which are expected to be paid within the next 12 months, and was recorded as a current liability within accrued compensation and benefits in the consolidated condensed balance sheets.

Since the third quarter of 2013, we have incurred a total of $478 million in restructuring and asset impairment charges. These charges included a total of $419 million related to employee severance and benefit arrangements for approximately 6,700 employees, and $59 million in asset impairment and other restructuring charges.

Note 14: Deferred Income

Deferred income at the end of each period was as follows:

(In Millions)	Sep 27, 2014	Dec 28, 2013
Deferred income on shipments of components to distributors	$ 992	$ 852
Deferred income from software and services	1,197	1,244
Current deferred income	**2,189**	**2,096**
Non-current deferred income from software and services	452	506
Total deferred income	**$ 2,641**	**$ 2,602**

We classify non-current deferred income from the software and services in other long-term liabilities.

Note 15: Retirement Benefit Plans

During the second quarter of 2014, we communicated to employees our intent, beginning on January 1, 2015, to freeze future benefit accruals in the U.S. Intel Minimum Pension Plan to all employees at or above a specific grade level, and generally covering all highly compensated employees in the plan. This change was contingent on receiving a favorable private letter ruling (PLR) from the Internal Revenue Service (IRS), which we filed for in January 2014. The third quarter 2014 consolidated condensed financial statements do not include any adjustments for this transaction due to the uncertainties regarding the ruling request with the IRS. A favorable PLR was received in October 2014 and we do not expect that the anticipated change will have a significant impact on our fourth quarter 2014 consolidated financial statements.

Note 16: Employee Equity Incentive Plans

Our equity incentive plans are broad-based, long-term programs intended to attract and retain talented employees and align stockholder and employee interests.

Under the 2006 Equity Incentive Plan (the 2006 Plan), 719 million shares of common stock are available for issuance as equity awards to employees and non-employee directors through June 2016. A maximum of 517 million of these shares of common stock can be granted as restricted stock or restricted stock units. As of September 27, 2014, 260 million shares of common stock remained available for future grant under the 2006 Plan.

The 2006 Stock Purchase Plan allows eligible employees to purchase shares of our common stock at 85% of the value of our common stock on specific dates. Rights to purchase shares of common stock are granted during the first and third quarters of each year. Under the 2006 Stock Purchase Plan, stockholders made 373 million shares of common stock available for issuance through August 2016. As of September 27, 2014, 197 million shares of common stock were available for issuance under the 2006 Stock Purchase Plan.

Share-Based Compensation

We recognized $281 million of share-based compensation in the third quarter of 2014 and $867 million for the first nine months of 2014 ($268 million in the third quarter of 2013 and $855 million for the first nine months of 2013).

We estimate the fair value of restricted stock unit awards with time-based vesting using the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. We estimate the fair value of market-based restricted stock units using a Monte Carlo simulation model on the date of grant. We based the weighted average estimated value of restricted stock unit grants, as well as the weighted average assumptions that we used in calculating the fair value, on estimates at the date of grant, for each period as follows:

	Three Months Ended		Nine Months Ended	
	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013
Estimated values	$ 32.93	$ 21.20	$ 25.12	$ 21.43
Risk-free interest rate	0.5%	0.3%	0.5%	0.2%
Dividend yield	2.6%	3.9%	3.4%	3.8%
Volatility	23%	24%	23%	25%

We use the Black-Scholes option pricing model to estimate the fair value of options granted under our equity incentive plans and rights to acquire stock granted under our stock purchase plan. We based the weighted average estimated value of employee stock option grants and rights granted under the stock purchase plan, as well as the weighted average assumptions used in calculating the fair value, on estimates at the date of grant, for each period as follows (no options were granted during the third of quarter of 2014):

	Stock Options				Stock Purchase Plan			
	Three Months Ended		Nine Months Ended		Three Months Ended		Nine Months Ended	
	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013
Estimated values	n/a	$ 3.25	$ 3.61	$ 3.11	$ 6.99	$ 4.74	$ 5.87	$ 4.52
Expected life (in years)	n/a	5.2	5.1	5.2	0.5	0.5	0.5	0.5
Risk-free interest rate	n/a	1.5%	1.7%	0.8%	0.1%	0.1%	0.1%	0.1%
Dividend yield	n/a	3.9%	3.6%	3.9%	2.6%	3.9%	3.2%	4.0%
Volatility	n/a	24%	23%	25%	22%	22%	22%	22%

Restricted Stock Unit Awards

Information with respect to outstanding restricted stock unit (RSU) activity in the first nine months of 2014 was as follows:

	Number of RSUs (In Millions)	Weighted Average Grant-Date Fair Value
December 28, 2013	**113.3**	**$ 22.47**
Granted	54.0	$ 25.12
Vested	(40.8)	$ 22.34
Forfeited	(7.1)	$ 22.79
September 27, 2014	**119.4**	**$ 23.69**

The aggregate fair value of awards that vested in the first nine months of 2014 was $1.1 billion, which represents the market value of our common stock on the date that the restricted stock units vested. The grant-date fair value of awards that vested in first nine months of 2014 was $911 million. The number of restricted stock units vested includes shares of common stock that we withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements. Restricted stock units that are expected to vest are net of estimated future forfeitures.

As of September 27, 2014, 3.8 million of the outstanding restricted stock units were market-based restricted stock units.

Stock Option Awards

Information with respect to outstanding stock option activity in the first nine months of 2014 was as follows:

	Number of Options (In Millions)	Weighted Average Exercise Price
December 28, 2013	**153.0**	**$ 21.10**
Granted	0.6	$ 25.34
Exercised	(59.1)	$ 19.87
Cancelled and forfeited	(2.6)	$ 23.70
Expired	(9.8)	$ 27.03
September 27, 2014	**82.1**	**$ 21.23**
Options exercisable as of:		
December 28, 2013	111.5	$ 20.25
September 27, 2014	58.8	$ 20.24

During the first nine months of 2014, the aggregate intrinsic value of stock option exercises was $541 million, which represents the difference between the exercise price and the value of our common stock at the time of exercise.

Stock Purchase Plan

Employees purchased 19.4 million shares of common stock in the first nine months of 2014 for $393 million (20.5 million shares of common stock in the first nine months of 2013 for $369 million) under the 2006 Stock Purchase Plan.

Note 17: Common Stock Repurchases

Common Stock Repurchase Program

We have an ongoing authorization, originally approved by our Board of Directors in 2005, and subsequently amended, to repurchase up to $65 billion in shares of our common stock in open market or negotiated transactions. This amount includes an increase of $20 billion in the authorization limit approved by our Board of Directors in July 2014. As of September 27, 2014, $16.4 billion remained available for repurchase under the existing repurchase authorization limit.

During the third quarter of 2014, we repurchased 119.5 million shares of common stock at a cost of $4.1 billion (23.6 million shares of common stock at a cost of $536 million during the third quarter of 2013). During the first nine months of 2014, we repurchased 217.4 million shares of common stock at a cost of $6.8 billion (72.1 million shares of common stock at a cost of $1.6 billion in the first nine months of 2013). We have repurchased 4.6 billion shares of common stock at a cost of $98 billion since the program began in 1990.

Restricted Stock Unit Withholdings

We issue restricted stock units as part of our equity incentive plans. For the majority of restricted stock units granted, the number of shares of common stock issued on the date the restricted stock units vest is net of the minimum statutory withholding requirements that we pay in cash to the appropriate taxing authorities on behalf of our employees. In our consolidated condensed financial statements, we also treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of restricted stock units 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 plan. During the first nine months of 2014, we withheld 11.7 million shares of common stock to satisfy $314 million (12.6 million shares of common stock to satisfy $280 million during the first nine months of 2013) of employees’ tax obligations.

Note 18: Gains (Losses) on Equity Investments, Net

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

(In Millions)	Three Months Ended Sep 27, 2014	Three Months Ended Sep 28, 2013	Nine Months Ended Sep 27, 2014	Nine Months Ended Sep 28, 2013
Share of equity method investee losses, net	$ (17)	$ (14)	$ (42)	$ (56)
Impairment charges	(33)	(33)	(108)	(110)
Gains on sales, net	—	472	147	486
Dividends	1	1	54	46
Other, net	84	26	127	71
Total gains (losses) on equity investments, net	**$ 35**	**$ 452**	**$ 178**	**$ 437**

During the third quarter of 2013, we sold our shares in Clearwire Corporation, which had been accounted for as available-for-sale marketable equity securities, and our interest in Clearwire Communications, LLC (Clearwire LLC), which had been accounted for as an equity method investment. We received proceeds of $142 million on the sale of our shares in Clearwire Corporation and $328 million on the sale of our interest in Clearwire LLC. The proceeds received on the sale of our shares in Clearwire Corporation and our interest in Clearwire LLC are included in "sales of available-for-sale investments" and "other investing", respectively, within investing activities on the consolidated condensed statements of cash flows. During the third quarter of 2013, we recognized gains of $111 million on the sale of our shares in Clearwire Corporation and $328 million on the sale of our interest in Clearwire LLC. The total gain of $439 million on these transactions is included in "gains (losses) on equity investments, net" on the consolidated condensed statements of income.

Note 19: Interest and Other, Net

The components of interest and other, net for each period were as follows:

(In Millions)	Three Months Ended Sep 27, 2014	Three Months Ended Sep 28, 2013	Nine Months Ended Sep 27, 2014	Nine Months Ended Sep 28, 2013
Interest income	$ 35	$ 24	$ 108	$ 73
Interest expense	(53)	(56)	(139)	(189)
Other, net	(7)	—	101	(3)
Total interest and other, net	**$ (25)**	**$ (32)**	**$ 70**	**$ (119)**

Interest expense in the preceding table is net of $63 million of interest capitalized in the third quarter of 2014 and $203 million of interest capitalized in the first nine months of 2014 ($55 million in the third quarter of 2013 and $176 million in the first nine months of 2013).

During the first quarter of 2014, we completed the divestiture of our Intel Media assets. As a result of the transaction, we recognized a gain within "other, net" in the preceding table. For further information, see "Note 8: Divestitures."

Note 20: Earnings Per Share

We computed our basic and diluted earnings per common share for each period as follows:

	Three Months Ended		Nine Months Ended	
(In Millions, Except Per Share Amounts)	**Sep 27, 2014**	**Sep 28, 2013**	**Sep 27, 2014**	**Sep 28, 2013**
Net income available to common stockholders	**$ 3,317**	**$ 2,950**	**$ 8,043**	**$ 6,995**
Weighted average common shares outstanding—basic	**4,880**	**4,981**	**4,945**	**4,969**
Dilutive effect of employee equity incentive plans	76	60	73	68
Dilutive effect of convertible debt	89	59	77	58
Weighted average common shares outstanding—diluted	**5,045**	**5,100**	**5,095**	**5,095**
Basic earnings per common share	**$ 0.68**	**$ 0.59**	**$ 1.63**	**$ 1.41**
Diluted earnings per common share	**$ 0.66**	**$ 0.58**	**$ 1.58**	**$ 1.37**

We computed basic earnings per common share using net income available to common stockholders and the weighted average number of common shares outstanding during the period. We computed diluted earnings per common share using net income available to common stockholders and the weighted average number of common shares outstanding plus potentially dilutive common shares outstanding during the period. Net income available to participating securities was insignificant for all periods presented.

Potentially dilutive common shares from employee incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding restricted stock units, and the assumed issuance of common stock under the stock purchase plan. Potentially dilutive common shares are determined by applying the if-converted method for our 2005 debentures. However, as our 2009 debentures require settlement of the principal amount of the debt in cash upon conversion, with the conversion premium paid in cash or stock at our option, potentially dilutive common shares are determined by applying the treasury stock method.

During the third quarter of 2014, no outstanding stock options and restricted stock units were excluded from the computation of diluted earnings per common share (56 million were excluded for the third quarter of 2013 because these shares would have been antidilutive). During the first nine months of 2014, we excluded on average 14 million outstanding stock options and restricted stock units from the computation of diluted earnings per common share because these would have been antidilutive (56 million for the first nine months of 2013). These options could potentially be included in the diluted earnings per common share calculation in the future if the average market value of the common shares increases and is greater than the exercise price of these options.

In the third quarter of 2014 and 2013, we included our 2009 debentures in the calculation of diluted earnings per common share because the average market price was above the conversion price. We could potentially exclude the 2009 debentures in the future if the average market price is below the conversion price.

Note 21: Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component and related tax effects in the first nine months of 2014 were as follows:

(In Millions)	Unrealized Holding Gains (Losses) on Available-for-Sale Investments	Deferred Tax Asset Valuation Allowance	Unrealized Holding Gains (Losses) on Derivatives	Prior Service Credits (Costs)	Actuarial Gains (Losses)	Foreign Currency Translation Adjustment	Total
December 28, 2013	**$ 1,882**	**$ 67**	**$ 4**	**$ (14)**	**$ (602)**	**$ (94)**	**$ 1,243**
Other comprehensive income before reclassifications	469	—	(204)	(49)	(248)	(140)	(172)
Amounts reclassified out of accumulated other comprehensive income (loss)	(139)	—	(21)	4	29	—	(127)
Tax effects	(113)	(30)	52	4	76	13	2
Other comprehensive income (loss)	**217**	**(30)**	**(173)**	**(41)**	**(143)**	**(127)**	**(297)**
September 27, 2014	**$ 2,099**	**$ 37**	**$ (169)**	**$ (55)**	**$ (745)**	**$ (221)**	**$ 946**

The amounts reclassified out of accumulated other comprehensive income (loss) into the consolidated condensed statements of income, with presentation location, for each period were as follows:

	Income Before Taxes Impact (In Millions)				
	Three Months Ended		Nine Months Ended		
Comprehensive Income Components	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013	Location
Unrealized holding gains (losses) on available-for-sale investments:					
	$ 9	$ —	$ 7	$ 3	Interest and other, net
	9	130	132	139	Gains (losses) on equity investments, net
	18	**130**	**139**	**142**	
Unrealized holding gains (losses) on derivatives:					
Currency forwards	(5)	(19)	(10)	(47)	Cost of sales
	8	7	26	15	Research and development
	2	(2)	7	(6)	Marketing, general and administrative
Other instruments	(2)	—	(2)	1	Cost of sales
	3	**(14)**	**21**	**(37)**	
Amortization of pension and postretirement benefit components:					
Prior service credits (costs)	(2)	(2)	(4)	(4)	
Actuarial gains (losses)	(10)	(26)	(29)	(77)	
	(12)	**(28)**	**(33)**	**(81)**	
Total amounts reclassified out of accumulated other comprehensive income (loss)	**$ 9**	**$ 88**	**$ 127**	**$ 24**	

The amortization of pension and postretirement benefit components are included in the computation of net periodic benefit cost. For further information, see the "Retirement Benefit Plans" note in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 28, 2013.

We estimate that we will reclassify approximately $154 million (before taxes) of net derivative losses included in accumulated other comprehensive income (loss) into earnings within the next 12 months.

Note 22: Contingencies

Legal Proceedings

We are a party to various legal proceedings, including those noted in this section. Although 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, legal proceedings and related government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could include substantial monetary damages. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices, or requiring other remedies. An unfavorable outcome may result in a material adverse impact on our business, results of operations, financial position, and overall trends. We might also conclude that settling one or more such matters is in the best interests of our stockholders, employees, and customers, and any such settlement could include substantial payments. Except as specifically described below, we have not concluded that settlement of any of the legal proceedings noted in this section is appropriate at this time.

A number of proceedings generally have challenged and continue to challenge certain of our competitive practices. The allegations in these proceedings vary and are described in more detail in the following paragraphs. In general, they contend that we improperly conditioned price rebates and other discounts on our microprocessors on exclusive or near-exclusive dealing by some of our customers; and they allege that our software compiler business unfairly preferred Intel® microprocessors over competing microprocessors and that, through the use of our compilers and other means, we have caused the dissemination of inaccurate and misleading benchmark results concerning our microprocessors. Based on the procedural posture of the various remaining competition matters, which we describe in subsequent paragraphs, our investment of resources to explain and defend our position has declined as compared to the period 2005-2011. Nonetheless, certain of the matters remain active, and these challenges could continue for a number of years, potentially requiring us to invest additional resources. We believe that we compete lawfully and that our marketing, business, intellectual property, and other challenged practices benefit our customers and our stockholders, and we will continue to conduct a vigorous defense in the remaining proceedings.

Government Competition Matters and Related Consumer Class Actions

In 2001, the European Commission (EC) commenced an investigation regarding claims by Advanced Micro Devices, Inc. (AMD) that we used unfair business practices to persuade customers to buy our microprocessors. We received numerous requests for information and documents from the EC and we responded to each of those requests. The EC issued a Statement of Objections in July 2007 and held a hearing on that Statement in March 2008. The EC issued a Supplemental Statement of Objections in July 2008.

In May 2009, the EC issued a decision finding that we had violated Article 82 of the EC Treaty and Article 54 of the European Economic Area Agreement. In general, the EC found that we violated Article 82 (later renumbered as Article 102 by a new treaty) by offering alleged “conditional rebates and payments” that required our customers to purchase all or most of their x86 microprocessors from us. The EC also found that we violated Article 82 by making alleged “payments to prevent sales of specific rival products.” The EC imposed a fine in the amount of €1.06 billion ($1.447 billion as of May 2009), which we subsequently paid during the third quarter of 2009, and ordered us to “immediately bring to an end the infringement referred to in” the EC decision. The EC decision contained no specific direction on whether or how we should modify our business practices. Instead, the decision stated that we should “cease and desist” from further conduct that, in the EC's opinion, would violate applicable law. We took steps, which are subject to the EC's ongoing review, to comply with that decision pending appeal. We had discussions with the EC to better understand the decision and to explain changes to our business practices.

We appealed the EC decision to the Court of First Instance (which has been renamed the General Court) in July 2009. The hearing of our appeal took place in July 2012. In June 2014, the General Court rejected our appeal in its entirety. In August 2014, we filed an appeal with the European Court of Justice.

At least 82 separate class-action lawsuits have been filed in the U.S. District Courts for the Northern District of California, Southern District of California, District of Idaho, District of Nebraska, District of New Mexico, District of Maine, and District of Delaware, as well as in various California, Kansas, and Tennessee state courts. These actions generally repeat the allegations made in a now-settled lawsuit filed against us by AMD in June 2005 in the U.S. District Court for the District of Delaware (AMD litigation). Like the AMD litigation, these class-action lawsuits allege that we engaged in various actions in violation of the Sherman Act and other laws by, among other things: providing discounts and rebates to our manufacturer and distributor customers conditioned on exclusive or near-exclusive dealing that allegedly unfairly interfered with AMD's ability to sell its microprocessors; interfering with certain AMD product launches; and interfering with AMD's participation in certain industry standards-setting groups. The class actions allege various consumer injuries, including that consumers in various states have been injured by paying higher prices for computers containing our microprocessors. We dispute these class-action claims and intend to defend the lawsuits vigorously.

All of the federal and state class actions other than the California class actions were transferred by the Multidistrict Litigation Panel to the U.S. District Court in Delaware for all pre-trial proceedings and discovery (MDL proceedings). The Delaware district court appointed a Special Master to address issues in the MDL proceedings, as assigned by the court. In January 2010, the plaintiffs in the Delaware action filed a motion for sanctions for our alleged failure to preserve evidence. This motion largely copies a motion previously filed by AMD in the AMD litigation, which has settled. The plaintiffs in the MDL proceedings also moved for certification of a class of members who purchased certain personal computers containing products sold by us. In July 2010, the Special Master issued a Report and Recommendation (Report) denying the motion to certify a class. The MDL plaintiffs filed objections to the Special Master's Report, and a hearing on those objections was held before the district court in July 2013. In July 2014, the district court affirmed the Special Master's ruling and issued an order denying the MDL plaintiffs' motion for class certification. In August 2014, plaintiffs filed a request for interlocutory appeal of the district court's decision with the U.S. Court of Appeals for the Third Circuit.

All California class actions have been consolidated in the Superior Court of California in Santa Clara County. The plaintiffs in the California actions have moved for class certification, which we are in the process of opposing. At our request, the court in the California actions agreed to delay ruling on this motion until after the Delaware district court ruled on the similar motion in the MDL proceedings. Given the procedural posture and the nature of these cases, including the fact that the Delaware district court's decision has been appealed, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, arising from these matters.

In re High Tech Employee Antitrust Litigation

Between May and July 2011, former employees of Intel, Adobe Systems Incorporated, Apple Inc., Google Inc., Intuit Inc., Lucasfilm Ltd., and Pixar filed antitrust class action lawsuits in the California Superior Courts alleging that these companies had entered into a conspiracy to suppress the compensation of their employees. The lawsuits were removed to the United States District Court for the Northern District of California, and in September 2011 the plaintiffs filed a consolidated amended complaint, captioned *In re High Tech Employee Antitrust Litigation*. The plaintiffs' allegations reference the 2009 and 2010 investigation by the Department of Justice (DOJ) into employment practices in the technology industry, as well as the DOJ's complaints and subsequent stipulated final judgments with the seven companies named as defendants in the lawsuits. The plaintiffs allege that the defendants entered into certain unlawful agreements not to cold call employees of particular other defendants and that there was an overarching conspiracy among the defendants. Plaintiffs assert one such agreement specific to Intel, namely that Intel and Google entered into an agreement starting in 2005, not to cold call each other's employees. Plaintiffs assert claims under Section 1 of the Sherman Antitrust Act and Section 4 of the Clayton Antitrust Act and seek a declaration that the defendants' alleged actions violated the antitrust laws, damages trebled as provided for by law under the Sherman Act or Clayton Act, restitution and disgorgement, and attorneys' fees and costs.

In October 2013, the district court certified a class consisting of approximately 65,000 current or former employees of the seven defendants and set the matter for trial in late May 2014. The so-called "technical class" consists of a group of current and former technical, creative, and research and development employees at each of the defendants. In January 2014, Intel filed a motion for summary judgment, which the court denied in March 2014.

In April 2014, Intel, Adobe, Apple, and Google reached an agreement with plaintiffs to settle this lawsuit, which is subject to court approval. In August 2014, the district court denied preliminary approval of the settlement. In September 2014, defendants filed a petition for writ of mandamus asking the U.S. Court of Appeals for the Ninth Circuit to reverse the district court's decision. The Ninth Circuit has ordered briefing and will schedule a hearing date on the writ petition. We continue to dispute the plaintiffs' claims, but agreed to settle this lawsuit to avoid the uncertainties, expenses, and diversion of resources from continued litigation. Our operating expenses for the first quarter of 2014 reflect an accrual for this proceeding and we believe reasonably possible losses in excess of the accrual amount are not material to our financial statements.

In re Intel Corporation Shareholder Derivative Litigation

In March 2014, the Police Retirement System of St. Louis filed a stockholder derivative action in the Superior Court of California in Santa Clara County against the members of our Board of Directors, certain former Board members, and a current officer. The complaint alleges that the defendants breached their duties to the company by participating in, or allowing, alleged antitrust violations, as described in the *In re High Tech Employee Antitrust Litigation*. In March 2014, a second plaintiff, Barbara Templeton, filed a substantially similar derivative suit in the same court. In May 2014, a third shareholder, Robert Achermann, filed a substantially similar derivative action in the same court. The court consolidated the three actions into one, which is captioned *In re Intel Corporation Shareholder Derivative Litigation.* Plaintiffs filed a consolidated complaint in July 2014. In August 2014, we moved to dismiss the consolidated complaint. The court granted our motion in September 2014, but granted plaintiffs leave to amend their complaint.

Lehman Brothers Holdings Inc. and Lehman Brothers OTC Derivatives Inc. v. Intel

In May 2013, Lehman Brothers OTC Derivatives Inc. (LOTC) and Lehman Brothers Holdings Inc. (LBHI) filed an adversary complaint in the United States Bankruptcy Court in the Southern District of New York asserting claims against us arising from a 2008 contract between Intel and LOTC. Under the terms of the 2008 contract, we prepaid $1.0 billion to LOTC, in exchange for which LOTC was required to deliver to us on or before September 29, 2008, quantities of Intel common stock and cash determined by a formula set forth in the contract. LOTC's performance under the contract was secured by $1.0 billion of cash collateral. Under the terms of the contract, LOTC was obligated to deliver approximately 50 million shares of our common stock to us on September 29, 2008. LOTC failed to deliver any Intel common stock or cash, and we exercised our right of set-off against the $1.0 billion collateral. LOTC and LBHI acknowledge in their complaint that we were entitled to set off our losses against the collateral, but they assert that we withheld collateral in excess of our losses that should have been returned to LOTC. The complaint asserts a claim for breach of contract, a claim for "turnover" under section 542(a) of the Bankruptcy Code, and a claim for violation of the automatic stay under section 362(a)(3) of the Bankruptcy Code. The complaint does not expressly quantify the amount of damages claimed but does assert multiple theories of damages that impliedly seek up to $312 million of alleged excess collateral, plus interest based on LOTC's claimed cost of borrowing. In June 2013, we filed a motion to dismiss plaintiffs' bankruptcy claims and for a determination that the breach of contract claim is "non-core" under the Bankruptcy Code. The bankruptcy court granted our motion in its entirety in December 2013. In May 2014, the United States District Court for the Southern District of New York denied our request that it withdraw its reference of plaintiff's adversary complaint to the bankruptcy court. Given the procedural posture and the nature of this case, including that discovery is still in process, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from this matter. We believe that we acted in a manner consistent with our contractual rights, and we intend to defend against any claim to the contrary.

McAfee, Inc. Shareholder Litigation

On August 19, 2010, we announced that we had agreed to acquire all of the common stock of McAfee, Inc. (McAfee) for $48.00 per share. Four McAfee shareholders filed putative class-action lawsuits in Santa Clara County, California Superior Court challenging the proposed transaction. The cases were ordered consolidated in September 2010. Plaintiffs filed an amended complaint that named former McAfee board members, McAfee and Intel as defendants, and alleged that the McAfee board members breached their fiduciary duties and that McAfee and Intel aided and abetted those breaches of duty. The complaint requested rescission of the merger agreement, such other equitable relief as the court may deem proper, and an award of damages in an unspecified amount. In June 2012, the plaintiffs' damages expert asserted that the value of a McAfee share for the purposes of assessing damages should be $62.08.

In January 2012, the court certified the action as a class action, appointed the Central Pension Laborers' Fund to act as the class representative, and scheduled trial to begin in January 2013. In March 2012, defendants filed a petition with the California Court of Appeal for a writ of mandate to reverse the class certification order; the petition was denied in June 2012. In March 2012, at defendants' request, the court held that plaintiffs were not entitled to a jury trial, and ordered a bench trial. In April 2012, plaintiffs filed a petition with the California Court of Appeal for a writ of mandate to reverse that order, which the court of appeal denied in July 2012. In August 2012, defendants filed a motion for summary judgment. The trial court granted that motion in November 2012, and entered final judgment in the case in February 2013. In April 2013, plaintiffs filed a notice of appeal. Because the resolution of the appeal may materially impact the scope and nature of the proceeding, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, arising from this matter. We dispute the class-action claims and intend to continue to defend the lawsuit vigorously.

X2Y Attenuators, LLC v. Intel et al

In May 2011, X2Y Attenuators, LLC (X2Y) filed a patent infringement lawsuit in the U.S. District Court for the Western District of Pennsylvania and a complaint with the U.S. International Trade Commission (ITC) pursuant to Section 337 of the Tariff Act of 1930 against us and two of our customers, Apple and Hewlett-Packard Company, alleging infringement of five patents. X2Y subsequently added a sixth patent to both actions. The district court action was stayed pending resolution of the ITC proceeding. X2Y alleged that at least Intel® Core™ and Intel® Xeon® processor families infringe the asserted patents. X2Y also requested that the ITC issue permanent exclusion and cease-and-desist orders to, among other things, prohibit us from importing these microprocessors and Apple and Hewlett-Packard Company products that incorporate these microprocessors into the United States. In the stayed district court action, X2Y seeks unspecified damages, including enhanced damages for alleged willful infringement, and injunctive relief.

In June 2012, the Administrative Law Judge issued an initial determination granting X2Y's motion to partially terminate the ITC investigation with respect to three of the asserted patents. The Administrative Law Judge held a hearing on the remaining three patents in August 2012 and issued an initial determination in December 2012. In the initial determination, the Administrative Law Judge found that Intel, Apple, and Hewlett-Packard Company have not violated Section 337 of the Tariff Act of 1930 because they have not infringed any of the asserted claims of the three patents, and ruled that the asserted claims of two of the patents were invalid. In December 2012, the parties filed petitions for review of the initial determination by the ITC. In February 2013, the ITC determined to review in part the initial determination. On review, the ITC determined to terminate the investigation with a finding of no violation. In April 2013, X2Y filed a notice of appeal with the U.S. Court of Appeals for the Federal Circuit. In July 2014, the Federal Circuit affirmed the ITC's finding that Intel's microprocessors did not infringe the X2Y patents. In September 2014, X2Y filed a petition for en banc review, which was denied by the Federal Circuit. Given the procedural posture and nature of the cases, including the fact that discovery regarding X2Y's claimed damages has not commenced in the stayed district court action, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, arising from these matters. We dispute the claims and intend to defend against X2Y's claims vigorously.

Note 23: Operating Segments Information

Our operating segments in effect as of September 27, 2014 include:

- PC Client Group
- Data Center Group
- Internet of Things Group
- Mobile and Communications Group
- Software and services operating segments
    - McAfee
    - Software and Services Group
- All other
    - Non-Volatile Memory Solutions Group
    - Netbook Group
    - New Devices Group

In the first three months of 2014, we formed the Internet of Things Group, which includes platforms and software-optimized for the Internet of Things market segment. Additionally, we changed our organizational structure to align with our critical objectives, which changed information that our Chief Operating Decision Maker (CODM) reviews for purposes of allocating resources and assessing performance. After the reorganization, we have nine operating segments: PC Client Group (PCCG), Data Center Group (DCG), Internet of Things Group (IOTG), Mobile and Communication Group (MCG), McAfee, Software and Services Group, Non-Volatile Memory Solutions Group, Netbook Group, and New Devices Group. All prior-period amounts have been adjusted retrospectively to reflect these operating segment changes, as well as other minor reorganizations.

The CODM is our CEO. The CODM allocates resources to and assesses the performance of each operating segment using information about its revenue and operating income (loss).

PCCG, DCG, and MCG are our reportable operating segments. IOTG and the aggregated "software and services operating segments" as shown in the preceding operating segment list, do not meet the quantitative thresholds to qualify as reportable operating segments; however, we have elected to disclose the results of these non-reportable operating segments. Our Non-Volatile Memory Solutions Group, Netbook Group, and New Devices Group operating segments do not meet the quantitative thresholds to qualify as reportable segments and their combined results are included within the "all other" category.

Revenue for our reportable and aggregated non-reportable operating segments is primarily related to the following product lines:

- *PC Client Group*. Includes platforms designed for the notebook (including Ultrabook™ devices and 2 in 1 systems) and the desktop (including all-in-ones and high-end enthusiast PCs); wireless and wired connectivity products; as well as home gateway and set-top box components.
- *Data Center Group.* Includes platforms designed for the server, workstation, networking, and storage computing market segments.
- *Internet of Things Group.* Includes platforms designed for embedded market segments including retail, transportation, industrial, and buildings and home, along with a broad range of other market segments.
- *Mobile and Communications Group.* Includes platforms designed for the tablet and smartphone market segments; and mobile communications components such as baseband processors, radio frequency transceivers, Wi-Fi, *Bluetooth*®, global navigation satellite systems, and power management chips.
- *Software and services operating segments.* Includes software products for endpoint security, network and content security, risk and compliance, and consumer and mobile security from our McAfee business, and software products and services that promote Intel architecture as the platform of choice for software development.

We have sales and marketing, manufacturing, finance, and administration groups. Expenses for these groups are generally allocated to the operating segments, and the expenses are included in the following operating results.

The "all other" category includes revenue, expenses, and charges such as:

- results of operations from our Non-Volatile Memory Solutions Group, Netbook Group, and New Devices Group;
- amounts included within restructuring and asset impairment charges;
- a portion of profit-dependent compensation and other expenses not allocated to the operating segments;
- divested businesses for which discrete operating results are not regularly reviewed by our CODM;
- results of operations of startup businesses that support our initiatives, including our foundry business; and
- acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

The CODM does not evaluate operating segments using discrete asset information. Operating segments do not record inter-segment revenue. We do not allocate gains and losses from equity investments, interest and other income, or taxes to operating segments. Although the CODM uses operating income to evaluate the segments, operating costs included in one segment may benefit other segments. Except for these differences, the accounting policies for segment reporting are the same as for Intel as a whole.

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

	Three Months Ended		Nine Months Ended	
(In Millions)	Sep 27, 2014	Sep 28, 2013	Sep 27, 2014	Sep 28, 2013
Net revenue:				
PC Client Group	$ 9,190	$ 8,440	$ 25,798	$ 24,654
Data Center Group	3,700	3,178	10,296	8,899
Internet of Things Group	530	464	1,551	1,263
Mobile and Communications Group	1	353	208	1,049
Software and services operating segments	558	545	1,659	1,599
All other	575	503	1,637	1,410
Total net revenue	**$ 14,554**	**$ 13,483**	**$ 41,149**	**$ 38,874**
Operating income (loss):				
PC Client Group	$ 4,120	$ 3,243	$ 10,656	$ 8,377
Data Center Group	1,915	1,520	5,049	3,966
Internet of Things Group	153	152	431	342
Mobile and Communications Group	(1,043)	(810)	(3,096)	(2,274)
Software and services operating segments	29	1	30	(6)
All other	(634)	(602)	(2,176)	(1,663)
Total operating income	**$ 4,540**	**$ 3,504**	**$ 10,894**	**$ 8,742**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided in addition to the accompanying consolidated condensed financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. MD&A is organized as follows:

- *Overview*. Discussion of our business and overall analysis of financial and other highlights affecting the company in order to provide context for the remainder of MD&A.
- *Results of Operations*. An analysis of our financial results comparing the three and nine months ended September 27, 2014 to the three and nine months ended September 28, 2013.
- *Liquidity and Capital Resources*. An analysis of changes in our balance sheets and cash flows, and discussion of our financial condition and potential sources of liquidity.
- *Fair Value of Financial Instruments*. Discussion of the methodologies used in the valuation of our financial instruments.

This interim MD&A should be read in conjunction with the MD&A in our Annual Report on Form 10-K for the year ended December 28, 2013. The various sections of this MD&A contain a number of forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipates," "expects," "intends," "goals," "plans," "believes," "seeks," "estimates," "continues," "may," "will," "should," and variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, uncertain events or assumptions, and other characterizations of future events or circumstances are forward-looking statements. Such statements are based on our current expectations and could be affected by the uncertainties and risk factors described in "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K, and as may be updated in our subsequent Quarterly Reports on Form 10-Q. Our actual results may differ materially, and these forward-looking statements do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that had not been completed as of October 29, 2014.

Overview

Our results of operations for each period were as follows:

(Dollars in Millions, Except Per Share Amounts)	Q3 2014	Q2 2014	Change	Q3 2014	Q3 2013	Change
Net revenue	$ 14,554	$ 13,831	$ 723	$ 14,554	$ 13,483	$ 1,071
Gross margin	$ 9,458	$ 8,917	$ 541	$ 9,458	$ 8,414	$ 1,044
Gross margin percentage	65.0%	64.5%	0.5%	65.0%	62.4%	2.6%
Operating income	$ 4,540	$ 3,844	$ 696	$ 4,540	$ 3,504	$ 1,036
Net income	$ 3,317	$ 2,796	$ 521	$ 3,317	$ 2,950	$ 367
Diluted earnings per common share	$ 0.66	$ 0.55	$ 0.11	$ 0.66	$ 0.58	$ 0.08

In Q3 2014, we had record net revenue and earnings per share. Net revenue in Q3 2014 of $14.6 billion was up 5% compared to Q2 2014 and up 8% compared to Q3 2013, and up 1% from the midpoint of the Business Outlook we provided in July 2014 of $14.4 billion. The increase from Q2 2014 was largely due to increased PC Client Group (PCCG) and Data Center Group (DCG) platform unit sales driven by stability in mature markets and strength in enterprise, as well as growth in all segments of our data center business. The worldwide PC supply chain appears to be healthy, with inventory levels appropriate in anticipation of the fourth quarter retail cycles. Net revenue for the PCCG operating segment was up 6% compared to Q2 2014 and up 9% compared to Q3 2013. Our notebook platform units increased as we are enabling innovative 2 in 1 devices and growing our market segment share by offering compelling platforms at lower price points. We had record net revenues in our DCG operating segment of $3.7 billion, up 5% compared to Q2 2014 and up 16% compared to Q3 2013. For Q4 2014, we are forecasting a revenue midpoint of $14.7 billion, up 1% from Q3 2014 and in line with the average seasonal increase.

Gross margin improved by half a percentage point from Q2 2014 and down one percentage point from the Business Outlook we provided in July 2014. The increase from Q2 2014 was primarily due to lower PCCG and DCG platform (Platform) unit costs on our 22-nanometer (nm) products and higher Platform unit sales. These increases were mostly offset by higher production costs on our 14nm products treated as period charges. We are forecasting Q4 2014 gross margin to be 64%, down one percentage point from Q3 2014, due to higher Platform unit costs and higher factory start-up costs, partially offset by lower production costs on 14nm.

In Q3 2014, we continued to ramp sales of our 5th generation Intel® Core™ processor family on 14nm process technology. We launched Intel® Core™ M processor, a new family of products, with full core performance in both compute and graphics in a fanless design, enabling new designs and form factors. We expect the first of these systems to be available for retail purchase in early Q4 2014. In the data center market segment, we launched our next generation Intel Xeon processor E5 family platform, formally code-named Grantley, on our 22nm process technology. We are customizing our Intel Xeon processor products for specific customers and workloads. In the wireless business, we qualified our second generation LTE solution, featuring CAT6 and carrier aggregation, in early Q3 2014. Our Cat6 LTE modem with carrier aggregation is now commercially available in the Samsung Galaxy Alpha*. Additionally, we expect to have our first integrated SoC application processor and baseband 3G solution, code-named "SoFIA," available in Q4 2014. We also remain on track to achieve our 40 million unit sales goal for tablets in fiscal year 2014. Finally, we entered into a series of agreements with Tsinghua Unigroup Ltd., an operating subsidiary of Tsinghua Holdings Co. Ltd., to, among other things, jointly develop Intel® architecture and communications-based solutions for mobile phones. For further information, see "Contractual Obligations".

Our business continues to produce significant cash from operations, generating $5.7 billion in Q3 2014. We ended Q3 2014 with $15.6 billion of cash and cash equivalents, short-term investments, and trading assets. During Q3 2014, we purchased $2.4 billion in capital assets and returned cash to stockholders by repurchasing $4.2 billion of common stock through our common stock repurchase program and paying $1.1 billion in dividends. With the cash generated from operations, we intend to continue our repurchases of common stock, and as a result reduce our cash balances. Additionally, the cash generated from operations is expected to enable sufficient liquidity for operations, provide the strategic flexibility to invest in our business and continue to return cash to our stockholders. In July 2014, the Board of Directors authorized an increase of $20 billion to the common stock repurchase program. As of September 27, 2014, $16.4 billion remained available for repurchase under the existing repurchase authorization limit. Additionally, the Board of Directors declared a cash dividend in September 2014 of $0.225 per share of common stock to be paid in December 2014.

Our Business Outlook for Q4 2014 and full-year 2014 includes, where applicable, our current expectations for revenue, gross margin percentage, spending (research and development (R&D) plus marketing, general and administrative (MG&A)), and capital expenditures. We publish our Business Outlook in our quarterly earnings release. Our Business Outlook and any updates thereto are publicly available on our Investor Relations web site www.intc.com. This Business Outlook is not incorporated by reference in this Form 10-Q. We expect that our corporate representatives will, from time to time, meet publicly or privately with investors and others, and may reiterate the forward-looking statements contained in the Business Outlook or in this Form 10-Q.

The statements in the Business Outlook and forward-looking statements in this Form 10-Q are subject to revision during the course of the year in our quarterly earnings releases and filings with the Securities and Exchange Commission (SEC) and at other times. The forward-looking statements in the Business Outlook and reiterated or updated in this Form 10-Q will be effective through the close of business on December 12, 2014 unless updated earlier or except as specifically noted otherwise in the Business Outlook. From the close of business on December 12, 2014 until our quarterly earnings release is published, currently scheduled for January 15, 2015, we will observe a “quiet period.”

During the quiet period, the Business Outlook and other forward-looking statements first published in our Form 8-K filed on October 14, 2014, and other forward-looking statements disclosed in the company's news releases and filings with the SEC, as reiterated or updated as applicable in this Form 10-Q, should be considered historical, speaking prior to the quiet period only and not subject to update. During the quiet period, our representatives will not comment on our Business Outlook or our financial results or expectations. The exact timing and duration of the routine quiet period, and any others that we utilize from time to time, may vary at our discretion.

Results of Operations – Third Quarter of 2014 Compared to Third Quarter of 2013

The following table sets forth certain consolidated condensed statements of income data as a percentage of net revenue for each period as follows:

	Q3 2014		Q3 2013	
(Dollars in Millions, Except Per Share Amounts)	Dollars	% of Net Revenue	Dollars	% of Net Revenue
Net revenue	**$ 14,554**	**100.0 %**	**$ 13,483**	**100.0 %**
Cost of sales	5,096	35.0 %	5,069	37.6 %
Gross margin	**9,458**	**65.0 %**	**8,414**	**62.4 %**
Research and development	2,842	19.5 %	2,742	20.3 %
Marketing, general and administrative	1,979	13.6 %	1,970	14.7 %
Restructuring and asset impairment charges	20	0.1 %	124	0.9 %
Amortization of acquisition-related intangibles	77	0.5 %	74	0.5 %
Operating income	**4,540**	**31.3 %**	**3,504**	**26.0 %**
Gains (losses) on equity investments, net	35	0.2 %	452	3.4 %
Interest and other, net	(25)	(0.2)%	(32)	(0.3)%
Income before taxes	**4,550**	**31.3 %**	**3,924**	**29.1 %**
Provision for taxes	1,233	8.5 %	974	7.2 %
Net income	**$ 3,317**	**22.8 %**	**$ 2,950**	**21.9 %**
Diluted earnings per common share	**$ 0.66**		**$ 0.58**	

Our net revenue for Q3 2014 increased by $1.1 billion, or 8%, compared to Q3 2013. PCCG and DCG platform unit sales increased by 14% driven by strength in the traditional PC business. These increases were reduced by lower PCCG and DCG platform average selling prices, which were down 3%, and higher cash consideration to our customers to meet competition by offsetting a higher bill of materials and system level costs associated with integrating our tablet platform.

Our overall gross margin dollars for Q3 2014 increased by $1.0 billion, or 12%, compared to Q3 2013. This increase was due to higher PCCG and DCG platform revenue, approximately $580 million of lower PCCG and DCG platform unit costs, and approximately $320 million of lower factory start-up costs primarily driven by our next generation 14nm process technology. These increases were partially offset by approximately $340 million of higher production costs on our 14nm products treated as period charges and approximately $190 million of combined higher cash consideration provided to customers associated with integrating our tablet platform and higher cost of sales associated with higher tablet platform unit sales.

Our overall gross margin percentage increased to 65.0% in Q3 2014 from 62.4% in Q3 2013. The increase in gross margin percentage was primarily due to the gross margin increase in PCCG. We derived most of our overall gross margin dollars in Q3 2014 and Q3 2013 from the sale of platforms in the PCCG and DCG operating segments.

PC Client Group

The revenue and operating income for the PCCG operating segment for each period were as follows:

(In Millions)	Q3 2014	Q3 2013
Net revenue	$ 9,190	$ 8,440
Operating income	$ 4,120	$ 3,243

Net revenue for the PCCG operating segment increased by $750 million, or 9%, in Q3 2014 compared to Q3 2013. PCCG platform unit sales were up 15% while PCCG platform average selling prices were down 5%. The increase in revenue was driven primarily by higher notebook platform unit sales of 21%. To a lesser extent, higher desktop platform unit sales of 6% and higher desktop platform average selling prices of 2% also contributed to the increase. These increases were partially offset by lower notebook platform average selling prices of 10%.

Operating income increased by $877 million, or 27%, in Q3 2014 compared to Q3 2013, which was driven by $832 million of higher gross margin and $45 million of lower operating expenses. The increase in gross margin was driven by approximately $525 million of lower PCCG platform unit costs, higher PCCG platform revenue, and approximately $315 million of lower factory start-up costs primarily for our next generation 14nm process technology. These increases were partially offset by approximately $340 million of higher production costs on our 14nm products treated as period charges.

Data Center Group

The revenue and operating income for the DCG operating segment for each period were as follows:

(In Millions)	Q3 2014	Q3 2013
Net revenue	$ 3,700	$ 3,178
Operating income	$ 1,915	$ 1,520

Net revenue for the DCG operating segment increased by $522 million, or 16%, in Q3 2014 compared to Q3 2013. DCG platform average selling prices and unit sales were up 9% and 6%, respectively. Our server platform revenue continued to benefit from growth in the Internet cloud computing and high-performance computing market segments with continued strengthening of the enterprise market segment.

Operating income increased by $395 million, or 26%, in Q3 2014 compared to Q3 2013 with $578 million of higher gross margin partially offset by $183 million of higher operating expenses. The increase in gross margin was driven primarily by higher DCG platform revenue.

Internet of Things Group

The revenue and operating income for the Internet of Things Group (IOTG) operating segment for each period were as follows:

(In Millions)	Q3 2014	Q3 2013
Net revenue	$ 530	$ 464
Operating income	$ 153	$ 152

Net revenue for the IOTG operating segment increased by $66 million, or 14%, in Q3 2014 compared to Q3 2013. The increase was primarily due to higher IOTG platform unit sales based on strength in the retail market segment.

Operating income for the IOTG operating segment increased by $1 million, or 1%, in Q3 2014 compared to Q3 2013. The increase was primarily due to higher IOTG platform revenue offset by higher operating expenses.

Mobile and Communications Group

The revenue and operating loss for the Mobile and Communications Group (MCG) operating segment for each period were as follows:

(In Millions)	Q3 2014	Q3 2013
Net revenue	$ 1	$ 353
Operating loss	$ (1,043)	$ (810)

Net revenue for MCG operating segment decreased by $352 million, or 100%, in Q3 2014 compared to Q3 2013. This decrease was primarily due to higher cash consideration to our customers associated with integrating our tablet and phone platforms. Additionally, lower MCG phone components unit sales contributed to the decrease. These decreases were partially offset by higher tablet platform unit sales.

Operating loss for the MCG operating segment increased by $233 million, or 29%, in Q3 2014 compared to Q3 2013 with $339 million in lower gross margin partially offset by $106 million of lower operating expenses. The operating loss increased primarily due to higher cash consideration provided to customers and lower phone components revenue.

Software and Services Operating Segments

The revenue and operating income (loss) for the software and services (SSG) operating segments, including McAfee and the Software and Services Group, for each period were as follows:

(In Millions)	Q3 2014	Q3 2013
Net revenue	$ 558	$ 545
Operating income (loss)	$ 29	$ 1

Net revenue for the SSG operating segments increased by $13 million in Q3 2014 compared to Q3 2013.

The operating results for the SSG operating segments increased by $28 million in Q3 2014 compared to Q3 2013.

Operating Expenses

Operating expenses for each period were as follows:

(Dollar in Millions)	Q3 2014	Q3 2013
Research and development	$ 2,842	$ 2,742
Marketing, general and administrative	$ 1,979	$ 1,970
R&D and MG&A as percentage of net revenue	33%	35%
Restructuring and asset impairment charges	$ 20	$ 124
Amortization of acquisition-related intangibles	$ 77	$ 74

Research and Development. R&D spending increased by $100 million, or 4%, in Q3 2014 compared to Q3 2013. This increase was driven by higher compensation expenses mainly due to higher profit-dependent compensation and annual salary increases.

Marketing, General and Administrative. MG&A increased by $9 million, in Q3 2014 compared to Q3 2013.

Restructuring and Asset Impairment Charges. Restructuring and asset impairment charges for each period were as follows:

(In Millions)	Q3 2014	Q3 2013
Employee severance and benefit arrangements	$ 9	$ 85
Asset impairments and other restructuring charges	11	39
Total restructuring and asset impairment charges	**$ 20**	**$ 124**

For further discussion, see "Results of Operations – First Nine Months of 2014 Compared to First Nine Months of 2013."

Gains (Losses) on Equity Investments and Interest and Other

Gains (losses) on equity investments, net and interest and other, net for each period were as follows:

(In Millions)	Q3 2014	Q3 2013
Gains (losses) on equity investments, net	$ 35	$ 452
Interest and other, net	$ (25)	$ (32)

We recognized lower net gains on equity investments in Q3 2014 compared to Q3 2013 primarily due to lower gains on sales of equity investments. In Q3 2013, we sold our interest in Clearwire Communications, LLC (Clearwire LLC), which had been accounted for as an equity method investment, and our shares in Clearwire Corporation, which had been accounted for as available-for-sale marketable equity securities. We received proceeds of $470 million on the sale of these investments and recognized a gain of $439 million in Q3 2013.

Provision for Taxes

Our provision for taxes and effective tax rate for each period were as follows:

(Dollars in Millions)	Q3 2014	Q3 2013
Income before taxes	$ 4,550	$ 3,924
Provision for taxes	$ 1,233	$ 974
Effective tax rate	27.1%	24.8%

The U.S. R&D tax credit was reenacted in Q1 2013 retroactive to the beginning of 2012. The U.S. R&D tax credit expired at the end of 2013 and has not been reenacted for 2014. A substantial majority of the increase in our effective tax rate between Q3 2014 and Q3 2013 was driven by the expiration of the U.S. R&D tax credit.

Results of Operations – First Nine Months of 2014 Compared to First Nine Months of 2013

Certain consolidated condensed statements of income data as a percentage of net revenue for each period were as follows:

	YTD 2014		YTD 2013	
(Dollars in Millions, Except Per Share Amounts)	Dollars	% of Net Revenue	Dollars	% of Net Revenue
Net revenue	**$ 41,149**	**100.0%**	**$ 38,874**	**100.0 %**
Cost of sales	15,161	36.8%	15,924	41.0 %
Gross margin	**25,988**	**63.2%**	**22,950**	**59.0 %**
Research and development	8,547	20.8%	7,785	20.0 %
Marketing, general and administrative	6,087	14.8%	6,082	15.6 %
Restructuring and asset impairment charges	238	0.6%	124	0.3 %
Amortization of acquisition-related intangibles	222	0.5%	217	0.6 %
Operating income	**10,894**	**26.5%**	**8,742**	**22.5 %**
Gains (losses) on equity investments, net	178	0.4%	437	1.1 %
Interest and other, net	70	0.2%	(119)	(0.3)%
Income before taxes	**11,142**	**27.1%**	**9,060**	**23.3 %**
Provision for taxes	3,099	7.6%	2,065	5.3 %
Net income	**$ 8,043**	**19.5%**	**$ 6,995**	**18.0 %**
Diluted earnings per common share	**$ 1.58**		**$ 1.37**	

Our net revenue for the first nine months of 2014 increased by $2.3 billion, or 6%, compared to the first nine months of 2013. PCCG and DCG platform unit sales increased by 8% driven by strength in the traditional PC business. To a lesser extent, higher IOTG platform unit sales contributed to the increase. These increases were partially offset by higher cash consideration to our customers associated with integrating our tablet platform and lower MCG phone component unit sales.

Our overall gross margin dollars for the first nine months of 2014 increased by $3.0 billion, or 13%, compared to the first nine months of 2013. This increase was due primarily to higher PCCG and DCG platform revenue and approximately $1.3 billion of lower PCCG and DCG platform unit costs. To a lesser extent, approximately $540 million of lower factory start-up costs was primarily driven by our next generation 14nm process technology and approximately $315 million of lower excess capacity charges also contributed to the increase. These increases were partially offset by approximately $475 million of higher cash consideration provided to customers associated with integrating our tablet platform and higher cost of sales associated with higher tablet platform unit sales.

Our overall gross margin percentage increased to 63.2% in the first nine months of 2014 from 59.0% in the first nine months of 2013. The increase in gross margin percentage was primarily due to the gross margin increase in PCCG. We derived most of our overall gross margin dollars for the first nine months of 2014 and the first nine months of 2013 from the sale of platforms in the PCCG and DCG operating segments.

PC Client Group

The revenue and operating income for the PCCG operating segment for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Net revenue	$ 25,798	$ 24,654
Operating income	$ 10,656	$ 8,377

Net revenue for the PCCG operating segment increased by $1.1 billion, or 5%, in the first nine months of 2014 compared to the first nine months of 2013. PCCG platform unit sales were up 8% while PCCG platform average selling prices were down 4%. The increase in revenue was driven by higher notebook platform unit sales of 11%. To a lesser extent, higher desktop platform unit sales of 5% and higher desktop platform average selling prices of 2% also contributed to the increase. These increases were partially offset by lower notebook platform average selling prices of 9%.

Operating income increased by $2.3 billion, or 27%, in the first nine months of 2014 compared to the first nine months of 2013, which was driven by $2.2 billion of higher gross margin and $74 million of lower operating expenses. The increase in gross margin was driven by approximately $1.2 billion of lower PCCG platform unit costs, approximately $610 million of lower factory start-up costs primarily driven by our next generation 14nm process technology, and higher PCCG platform revenue. Additionally, approximately $220 million of lower excess capacity charges also contributed to the increase. These increases were partially offset by approximately $340 million of higher production costs on our 14nm products treated as period charges.

Data Center Group

The revenue and operating income for the DCG operating segment for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Net revenue	$ 10,296	$ 8,899
Operating income	$ 5,049	$ 3,966

Net revenue for the DCG operating segment increased by $1.4 billion, or 16%, in the first nine months of 2014 compared to the first nine months of 2013. DCG platform average selling prices and unit sales were up 10% and 6%, respectively. Our server platform revenue continued to benefit from growth in the Internet cloud computing and high-performance computing market segments with continued strengthening of the enterprise market segment.

Operating income increased by $1.1 billion, or 27%, in the first nine months of 2014 compared to the first nine months of 2013 with $1.6 billion of higher gross margin partially offset by $519 million of higher operating expenses. The increase in gross margin was driven primarily by higher DCG platform revenue. Lower DCG platform unit costs of approximately $135 million also contributed to the increase.

Internet of Things Group

The revenue and operating income for the IOTG operating segment for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Net revenue	$ 1,551	$ 1,263
Operating income	$ 431	$ 342

Net revenue for the IOTG operating segment increased by $288 million, or 23%, in the first nine months of 2014 compared to the first nine months of 2013. The increase was primarily due to higher IOTG platform unit sales based on strength in the retail and industrial market segments.

Operating income for the IOTG operating segment increased by $89 million, or 26%, in the first nine months of 2014 compared to the first nine months of 2013. The increase was primarily due to higher IOTG platform revenue partially offset by higher IOTG platform operating expenses.

Mobile and Communications Group

The revenue and operating loss for the MCG operating segment for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Net revenue	$ 208	$ 1,049
Operating loss	$ (3,096)	$ (2,274)

Net revenue for the MCG operating segment decreased by $841 million, or 80%, in the first nine months of 2014 compared to the first nine months of 2013. This decrease was primarily due to higher cash consideration to our customers associated with integrating our tablet platform and lower phone component unit sales. These decreases were partially offset by higher tablet platform unit sales.

Operating loss for the MCG operating segment increased by $822 million, or 36%, in the first nine months of 2014 compared to the first nine months of 2013 with $873 million in lower gross margin and $51 million of lower operating expenses. The operating loss increased primarily due to higher cash consideration provided to customers, higher cost of sales associated with higher tablet platform unit sales, and lower phone components revenue. These decreases were partially offset by lower tablet unit costs.

Software and Services Operating Segments

The revenue and operating income (loss) for the SSG operating segments, including McAfee and the Software and Services Group, for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Net revenue	$ 1,659	$ 1,599
Operating income (loss)	$ 30	$ (6)

Net revenue for the SSG operating segments increased by $60 million in the first nine months of 2014 compared to the first nine months of 2013.

The operating results for the SSG operating segments increased by $36 million in the first nine months of 2014 compared to the first nine months of 2013.

Operating Expenses

Operating expenses for each period were as follows:

(Dollars in Millions)	YTD 2014	YTD 2013
Research and development	$ 8,547	$ 7,785
Marketing, general and administrative	$ 6,087	$ 6,082
R&D and MG&A as percentage of net revenue	36%	36%
Restructuring and asset impairment charges	$ 238	$ 124
Amortization of acquisition-related intangibles	$ 222	$ 217

Research and Development. R&D spending increased by $762 million, or 10%, in the first nine months of 2014 compared to the first nine months of 2013. This increase was primarily driven by higher 10nm process technology development costs, higher compensation expenses due to higher profit-dependent compensation and annual salary increases, and increased investments in our products.

Marketing, General and Administrative. MG&A expenses increased by $5 million in the first nine months of 2014 compared to the first nine months of 2013. This increase was primarily due to a Q1 2014 charge related to ongoing litigation, the majority of which was offset by lower marketing expenses in 2014.

Restructuring and Asset Impairment Charges. Beginning in Q3 2013, management has approved several restructuring actions including targeted workforce reductions and the exit of certain businesses and facilities. These actions include the wind down of our 200 millimeter wafer fabrication facility in Massachusetts and the closure of our assembly and test facility in Costa Rica, which we expect to cease production in the first quarter of 2015 and the end of 2014, respectively. These targeted reductions will enable the company to better align our resources in areas providing the greatest benefit in the current business environment.

Restructuring and asset impairment charges for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Employee severance and benefit arrangements	$ 218	$ 85
Asset impairments and other restructuring charges	20	39
Total restructuring and asset impairment charges	**$ 238**	**$ 124**

The restructuring and asset impairment activity for the first nine months of 2014 was as follows:

(In Millions)	Employee Severance and Benefits	Asset Impairments and Other	Total
Accrued restructuring balance as of December 28, 2013	$ 183	$ —	$ 183
Additional accruals	203	19	222
Adjustments	15	1	16
Cash payments	(283)	(3)	(286)
Non-cash settlements	—	(9)	(9)
Accrued restructuring balance as of September 27, 2014	**$ 118**	**$ 8**	**$ 126**

We recorded the additional accruals and adjustments as restructuring and asset impairment charges in the consolidated condensed statements of income and within the “all other” operating segments category. The charges incurred during the first nine months of 2014 included $218 million related to employee severance and benefit arrangements, which impacted approximately 2,800 employees. In Q2 2014, we had estimated that 3,500 employees would be impacted by restructuring actions, but such number has decreased to 2,800 employees, mainly driven by the internal placement of previously impacted employees and the cancellation of prior quarter actions. Most of the accrued restructuring balance as of September 27, 2014 relates to employee severance and benefits, which are expected to be paid within the next 12 months, and was recorded as a current liability within accrued compensation and benefits in the consolidated condensed balance sheets.

Since Q3 2013, we have incurred a total of $478 million in restructuring and asset impairment charges. These charges included a total of $419 million related to employee severance and benefit arrangements for approximately 6,700 employees, and $59 million in asset impairment and other restructuring charges.

We estimate that employee severance and benefit charges to date will result in gross annual savings of approximately$500 million, which will be realized within R&D, cost of sales, and MG&A. We began to realize these savings in Q4 2013 and expect to fully realize these savings beginning in Q2 2015.

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

Gains (losses) on equity investments, net and interest and other, net for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Gains (losses) on equity investments, net	$ 178	$ 437
Interest and other, net	$ 70	$ (119)

We recognized lower net gains on equity investments in the first nine months of 2014 compared to the first nine months of 2013 primarily due to lower gains on sales of equity investments. Net gains on equity investments in the first nine months of 2013 included a gain of $439 million on the sale of our interest in Clearwire LLC, which had been accounted for as an equity method investment, and our shares in Clearwire Corporation, which had been accounted for as available-for-sale marketable equity securities.

We recognized an interest and other net gain in the first nine months of 2014 compared to a net loss in the first nine months of 2013 due to a gain recognized on the divestiture of our Intel Media assets in 2014. For further information, see "Note 8: Divestitures" in the Notes to Consolidated Condensed Financial Statements of this Form 10-Q.

Provision for Taxes

Our provision for taxes and effective tax rate for each period were as follows:

(Dollars in Millions)	YTD 2014	YTD 2013
Income before taxes	$ 11,142	$ 9,060
Provision for taxes	$ 3,099	$ 2,065
Effective tax rate	27.8%	22.8%

The U.S. R&D tax credit was reenacted in Q1 2013 retroactive to the beginning of 2012. The U.S. R&D tax credit expired at the end of 2013 and has not been reenacted for 2014. A substantial majority of the increase in our effective tax rate between the first nine months of 2014 and the first nine months of 2013 was driven by the recognition of the full year of 2012 and first nine months of 2013 portion of the U.S. R&D tax credit.

Liquidity and Capital Resources

(Dollars in Millions)	Sep 27, 2014	Dec 28, 2013
Cash and cash equivalents, short-term investments, and trading assets	$ 15,594	$ 20,087
Other long-term investments	$ 2,153	$ 1,473
Loans receivable and other	$ 1,355	$ 1,226
Reverse repurchase agreements with original maturities greater than approximately three months	$ 450	$ 400
Short-term and long-term debt	$ 13,267	$ 13,446
Debt as percentage of stockholders' equity	23.7%	23.1%

In summary, our cash flows for each period were as follows:

(In Millions)	YTD 2014	YTD 2013
Net cash provided by operating activities	$ 14,647	$ 14,738
Net cash used for investing activities	(8,001)	(14,152)
Net cash used for financing activities	(9,172)	(4,176)
Effect of exchange rate fluctuations on cash and cash equivalents	(5)	(7)
Net increase (decrease) in cash and cash equivalents	**$ (2,531)**	**$ (3,597)**

Operating Activities

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

For the first nine months of 2014 compared to the first nine months of 2013, the $91 million decrease in cash provided by operations was due to changes in assets and liabilities, offset by higher net income and adjustments for non-cash items. The adjustments for non-cash items were higher in the first nine months of 2014 compared to the first nine months of 2013, primarily due to higher depreciation and lower gains on equity investments. Income taxes paid, net of refunds, in the first nine months of 2014 compared to the first nine months of 2013 were $1.9 billion higher mostly due to 2012 income tax overpayments reducing income taxes paid in 2013 and higher income before taxes in 2014.

Changes in assets and liabilities as of September 27, 2014, compared to December 28, 2013, included a decrease in accrued compensation and benefits due to the payout of 2013 profit-dependent compensation and a decrease in accounts payable due to the timing of payments.

For the first nine months of 2014, our three largest customers accounted for 46% of net revenue (44% for the first nine months of 2013) with Hewlett-Packard Company accounting for 18% of our net revenue (17% for the first nine months of 2013), Dell Inc. accounting for 16% of our net revenue (15% for the first nine months of 2013), and Lenovo Group Limited accounting for 12% of our net revenue (12% for the first nine months of 2013). These three customers accounted for 46% of net accounts receivable as of September 27, 2014 (34% as of December 28, 2013).

Investing Activities

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

Cash used for investing activities was lower for the first nine months of 2014 compared to the first nine months of 2013. Cash used for investing activities decreased primarily due to lower purchases of available-for-sale investments and trading assets, higher maturities of available-for-sale investments, and lower cash paid for acquisitions. This decrease was partially offset by lower maturities and sales of trading assets and higher investments in non-marketable equity investments.

Financing Activities

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

The increase in cash used for financing activities for the first nine months of 2014 compared to the first nine months of 2013 was primarily due to higher repurchases of common stock.

Liquidity

Cash generated by operations is our primary source of liquidity. We maintain a diverse investment portfolio that we continually analyze based on issuer, industry, and country. As of September 27, 2014, cash and cash equivalents, short-term investments, and trading assets totaled $15.6 billion ($20.1 billion as of December 28, 2013). In addition to the $15.6 billion, we have $2.2 billion of other long-term investments, $1.4 billion of loans receivable and other, and $450 million of reverse repurchase agreements with original maturities greater than approximately three months, that we include when assessing our sources of liquidity. Most of our investments in debt instruments are in A/A2 or better rated issuances, and the majority of the issuances are rated AA-/Aa3 or better.

Another potential source of liquidity is an ongoing authorization from our Board of Directors to borrow up to $3.0 billion, which was fully available for use as of September 27, 2014. This ongoing authorization includes borrowings under our commercial paper program. Maximum borrowings under our commercial paper program were $2.1 billion during the first nine months of 2014. Our commercial paper was rated A-1+ by Standard & Poor’s and P-1 by Moody’s as of September 27, 2014. We also have an automatic shelf registration statement on file with the SEC, pursuant to which we may offer an unspecified amount of debt, equity, and other securities.

As of September 27, 2014, $11.6 billion of our $15.6 billion of cash and cash equivalents, short-term investments, and trading assets was held by our non-U.S. subsidiaries. Of the $11.6 billion held by our non-U.S. subsidiaries, approximately $2.0 billion was available for use in the U.S. without incurring additional U.S. income taxes in excess of the amounts already accrued in our financial statements as of September 27, 2014. The remaining amount of non-U.S. cash and cash equivalents, short-term investments, and trading assets has been indefinitely reinvested and, therefore, no U.S. current or deferred taxes have been accrued and this amount is earmarked for near-term investment in our operations outside the U.S. and future acquisitions of non-U.S. entities. We believe our U.S. sources of cash and liquidity are sufficient to meet our business needs in the U.S. and do not expect that we will need to repatriate the funds we have designated as indefinitely reinvested outside the U.S. Under current tax laws, should our plans change and we were to choose to repatriate some or all of the funds we have designated as indefinitely reinvested outside the U.S., such amounts would be subject to U.S. income taxes and applicable non-U.S. income and withholding taxes.

We believe we have sufficient financial resources to meet our business requirements in the next 12 months, including capital expenditures for worldwide manufacturing and assembly and test, working capital requirements, dividends, common stock repurchases, acquisitions, and strategic investments.

Fair Value of Financial Instruments

When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider assumptions, such as an obligor’s credit risk, that market participants would use when pricing the asset or liability. For further information, see “Note 3: Fair Value” in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

Marketable Debt Instruments

As of September 27, 2014, our assets measured and recorded at fair value on a recurring basis included $16.9 billion of marketable debt instruments. Of these instruments, $6.8 billion was classified as Level 1, $10.0 billion as Level 2, and $120 million as Level 3.

Our marketable debt instruments that are measured and recorded at fair value on a recurring basis and classified as Level 1 were classified as such due to the use of observable market prices for identical securities that are traded in active markets. We evaluate security-specific market data when determining whether the market for a debt security is active.

Of the $10.0 billion of marketable debt instruments measured and recorded at fair value on a recurring basis and classified as Level 2, approximately 50% was classified as Level 2 due to the use of a discounted cash flow model, and approximately 50% was classified as such due to the use of non-binding market consensus prices that were corroborated with observable market data.

Our marketable debt instruments that are measured and recorded at fair value on a recurring basis and classified as Level 3, are classified as such because the fair values are generally derived from discounted cash flow models, performed either by us or our pricing providers, using inputs that we are unable to corroborate with observable market data. We monitor and review the inputs and results of these valuation models to ensure the fair value measurements are reasonable and consistent with market experience in similar asset classes.

Loans Receivable and Reverse Repurchase Agreements

As of September 27, 2014, our assets measured and recorded at fair value on a recurring basis included $758 million of loans receivable and $268 million of reverse repurchase agreements. All of these investments were classified as Level 2, as the fair value is determined using a discounted cash flow model with all significant inputs derived from or corroborated with observable market data.

Marketable Equity Securities

As of September 27, 2014, our assets measured and recorded at fair value on a recurring basis included $6.5 billion of marketable equity securities. Substantially all of these securities were classified as Level 1 because the valuations were based on quoted prices for identical securities in active markets. Our assessment of an active market for our marketable equity securities generally takes into consideration the number of days that each individual equity security trades over a specified period.

Contractual Obligations

During Q3 2014, we entered into a series of agreements with Tsinghua Unigroup Ltd., an operating subsidiary of Tsinghua Holdings Co. Ltd., to among other things, jointly develop Intel architecture and communications-based solutions for mobile phones. Subject to regulatory approvals and other closing conditions, we have also agreed to invest up to RMB 9.0 billion (approximately $1.5 billion as of the date of the agreement) for a minority stake of approximately 20% of the holding company under Tsinghua Unigroup which will own Spreadtrum Communications and RDA Microelectronics. As of Q3 2014, these amounts have not been recognized in our consolidated condensed balance sheet.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are affected by changes in currency exchange rates, interest rates, and equity prices. The information in this section should be read in conjunction with the discussion about market risk and sensitivity analysis related to changes in currency exchange rates and changes in interest rates in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the year ended December 28, 2013. All of the following potential changes are based on sensitivity analyses performed on our financial positions as of September 27, 2014 and December 28, 2013. Actual results may differ materially.

Equity Prices

Our investments include marketable equity securities and equity derivative instruments. We typically do not attempt to reduce or eliminate our equity market exposure through hedging activities at the inception of our investments. Before we enter into hedge arrangements, we evaluate legal, market, and economic factors, as well as the expected timing of disposal to determine whether hedging is appropriate. Our equity market risk management program may include equity derivatives with or without hedge accounting designation that utilize warrants, equity options, or other equity derivatives. We also utilize total return swaps to offset changes in liabilities related to the equity market risks of certain deferred compensation arrangements. Gains and losses from changes in fair value of these total return swaps are generally offset by the losses and gains on the related liabilities.

As of September 27, 2014, the fair value of our marketable equity investments and our equity derivative instruments, including hedging positions, was $6.5 billion ($6.3 billion as of December 28, 2013). Substantially all of our marketable equity investments portfolio as of September 27, 2014, was concentrated in our investment in ASML Holding N.V. of $6.3 billion ($5.9 billion as of December 28, 2013). Our marketable equity method investments are excluded from our analysis, as the carrying value does not fluctuate based on market price changes unless an other-than-temporary impairment is deemed necessary. To determine reasonably possible decreases in the market value of our marketable equity investments, we have analyzed the historical market price sensitivity of our marketable equity investment portfolio. Assuming a loss of 30% in market prices, and after reflecting the impact of hedges and offsetting positions, the aggregate value of our marketable equity investments could decrease by approximately $2.0 billion, based on the value as of September 27, 2014 (a decrease in value of approximately $1.6 billion, based on the value as of December 28, 2013 using an assumed loss of 25%).

Many of the same factors that could result in an adverse movement of equity market prices affect our non-marketable equity investments, although we cannot always quantify the impact directly. Financial markets are volatile, which could negatively affect the prospects of the companies we invest in, their ability to raise additional capital, and the likelihood of our ability to realize value in our investments through liquidity events such as initial public offerings, mergers, and private sales. These types of investments involve a great deal of risk, and there can be no assurance that any specific company will grow or become successful; consequently, we could lose all or part of our investment. Our non-marketable equity investments, excluding investments accounted for under the equity method, had a carrying amount of $1.9 billion as of September 27, 2014 ($1.3 billion as of December 28, 2013). The carrying amount of our non-marketable equity method investments was $1.5 billion as of September 27, 2014 ($1.0 billion as of December 28, 2013). The majority of our non-marketable equity method investments balance as of September 27, 2014 was concentrated in our IM Flash Technologies, LLC (IMFT) and Cloudera, Inc. investments of $713 million and $280 million, respectively ($646 million for IMFT as of December 28, 2013).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 27, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error 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. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see “Note 22: Contingencies” in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

The risks described in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 28, 2013, 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. The Risk Factors section of our 2013 Annual Report on Form 10-K remains current in all material respects.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

We have an ongoing authorization, originally approved by our Board of Directors in 2005, and subsequently amended, to repurchase up to $65 billion in shares of our common stock in open market or negotiated transactions. This amount includes an increase of $20 billion in the authorization limit approved by our Board of Directors in July 2014. As of September 27, 2014, $16.4 billion remained available for repurchase under the existing repurchase authorization limit.

Common stock repurchase activity under our publicly announced stock repurchase plan during the third quarter of 2014 was as follows:

Period	Total Number of Shares Purchased (In Millions)	Average Price Paid Per Share	Dollar Value of Shares That May Yet Be Purchased (In Millions)
June 29, 2014 – July 26, 2014	101.1	$ 34.27	$ 17,025
July 27, 2014 – August 23, 2014	8.6	$ 34.36	$ 16,730
August 24, 2014 – September 27, 2014	9.8	$ 34.36	**$ 16,393**
Total	**119.5**	**$ 34.28**	

In our consolidated condensed financial statements, we also treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of restricted stock units 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 plan and accordingly are not included in the common stock repurchase totals in the preceding table.

For further discussion, see "Note 17: Common Stock Repurchases" in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Intel Corporation Third Restated Certificate of Incorporation of Intel Corporation dated May 17, 2006	8-K	000-06217	3.1	5/22/2006	
3.2	Intel Corporation Bylaws, as amended and restated on July 26, 2011	8-K	000-06217	3.1	7/27/2011	
10.1**	Intel Corporation 2006 Equity Incentive Plan Standard Terms and Conditions Relating to Restricted Stock Units Granted on and after January 23, 2014 under the 2006 Equity Incentive Plan (standard OSU program)					X
10.2**	Intel Corporation Non-Employee Director Restricted Stock Unit Agreement under the 2006 Equity Incentive Plan (for RSUs granted on or after July 1, 2014 under the OSU program)					X
12.1	Statement Setting Forth the Computation of Ratios of Earnings to Fixed Charges					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act)					X
31.2	Certification of Chief Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

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

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 29, 2014	By:	/s/ STACY J. SMITH
			Stacy J. Smith
			Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

Exhibit 10.1

INTEL CORPORATION

2006 EQUITY INCENTIVE PLAN

STANDARD TERMS AND CONDITIONS RELATING TO RESTRICTED STOCK UNITS GRANTED ON AND AFTER JANUARY 23, 2014 UNDER THE INTEL CORPORATION 2006 EQUITY INCENTIVE PLAN (standard OSU program)

1. **TERMS OF RESTRICTED STOCK UNIT**

Unless provided otherwise in the Notice of Grant, these standard terms and conditions ("Standard Terms") apply to Restricted Stock Units ("RSUs") granted to you, a U.S. employee, under the Intel Corporation 2006 Equity Incentive Plan (the "2006 Plan"). Your Notice of Grant, these Standard Terms and the 2006 Plan constitute the entire understanding between you and Intel Corporation (the "Corporation") regarding the RSUs identified in your Notice of Grant.

2. **VESTING OF RSUs**

Provided that you remain continuously employed by the Corporation or a Subsidiary on a full time basis from the Grant Date specified in the Notice of Grant through the vesting date that is three years and one month after the grant date (as specified in the Notice of Grant), then as of the vesting date the RSUs shall vest and be converted into the right to receive the number of shares of the Corporation's Common Stock, $.001 par value (the "Common Stock"), determined by multiplying the Target Number of Shares as specified on the Notice of Grant by the conversion rate as set forth below, and except as otherwise provided in these Standard Terms. If a vesting date falls on a weekend or any other day on which the NASDAQ Stock Market ("NASDAQ") is not open, affected RSUs shall vest on the next following NASDAQ business day.

RSUs will vest to the extent provided in and in accordance with the terms of the Notice of Grant and these Standard Terms. If your status as an Employee terminates for any reason except death, Disablement (defined below) or Retirement (defined below), prior to the vesting date set forth in your Notice of Grant, your unvested RSUs and dividend equivalents will be cancelled.

3. **CONVERSION OF RSUs**

(a) The conversion rate of RSUs into the right to receive a number of shares of Common Stock depends on the Corporation's Total Stockholder Return ("Intel TSR") relative to the Total Stockholder Return of the Tech 15 ("Tech 15 TSR") at the end of the Performance Period, as those terms are defined in this section 3. The conversion rate of RSUs into the right to receive a number of shares of Common Stock shall be determined in accordance with following:

(1) If the Intel TSR and Tech 15 TSR are within 1 percentage point, the conversion rate shall be 100%.

(2) If the Intel TSR is greater than the Tech 15 TSR, the conversion rate shall be 100% plus four times the difference in percentage points; provided that the maximum conversion rate is 200%.

(3) If the Tech 15 TSR is greater than the Intel TSR, the conversion rate shall be 100% minus two times the difference in percentage points; provided that, if the Tech 15 TSR exceeds the Intel TSR by more than 25 percentage points, then the conversion rate shall be 0%.

(4) In the event that the conversion rate results in the right to receive a partial share of Common Stock, the conversion rate shall be rounded down so that the RSUs shall not convert into the right to receive the partial share.

By way of illustration, assume the Tech 15 TSR is 100%. If the Intel TSR equals 100.5%, the conversion rate is 100%, so that your RSUs convert into the right to receive 100% of the Target Number of Shares. If the Intel TSR is 105%, the difference is 5 percentage points and the conversion rate is 120%, so that your RSUs convert into the right to receive 120% of the Target Number of Shares. If the Intel TSR is 90%, the difference is 10 percentage points and the conversion rate is 80%, so that your RSUs convert into the right to receive 80% of the Target Number of Shares. If the Intel TSR is 70%, the difference is more than 25 percentage points, so the conversion rate is 0%

(b) Intel TSR is a percentage (to the third decimal point) derived by:

(1) A numerator that is difference between the average closing sale price of Common Stock during the 3 months following and including the grant date subtracted from the average closing sale price of Common Stock during the 3 months prior to and including the end of the Performance Period, plus any dividends paid or payable with respect to a ex-dividend date that occurs during the Performance Period; and

(2) A denominator that is the average closing sale price of Common Stock during the 3 months following and including the grant date.

(c) Tech 15 TSR is the median TSR of the fifteen technology companies included in the Corporation's peer group for determining executive compensation, as determined by the Compensation Committee prior to the grant date, and regardless of any subsequent change after the grant date.

TSR of each stock for purposes of the Tech 15 TSR is a percentage (to the third decimal point) derived by:

(1) A numerator that is the difference between the weighted average closing sale price of common stock during the 3 months following and including the grant date subtracted from the weighted average closing sale price of common stock during the 3 months prior to and including the end of the Performance Period, plus any dividends paid or payable with respect to an ex-dividend date that occurs during the Performance Period; and

(2) A denominator that is the average closing sale price of common stock during the 3 months following and including the grant date; and

(d) For purposes of determining TSR of any company (including the Corporation):

(1) Any dividend paid or payable in cash shall be valued at its cash amount (without any deemed reinvestment and without any adjustments for applicable taxes or tax withholding). Any dividend paid in securities with a readily ascertainable fair market value shall be valued at the market value of the securities as of the dividend ex-dividend date. Any dividend paid in other property shall be valued based on the value assigned to such dividend by the paying company for tax purposes.

(2) Any company included in the Tech 15 TSR on the grant date that does not have a stock price that is quoted on a national securities exchange at the end of the Performance Period will be factored into the median calculation based on its TSR from the grant date until the last date on which its stock price was last quoted on a national securities exchange in the United States.

(3) The Compensation Committee may equitably adjust a company's TSR for equity restructuring transactions such as, but not limited to, a stock split, combination of shares, extraordinary dividend of cash and/or assets, recapitalization or reorganization.

(4) Any company included in the Tech 15 TSR on the grant date that has a price of stock or a price of a security backed by stock that is quoted on a national securities exchange in the United States and on a national securities exchange outside the United States will be factored into the median calculation based on its price of stock or a price of a security backed by stock quoted on the national securities exchange in the United States.

(e) Performance Period is the period beginning with the grant date and ending three years later on the third anniversary of the grant date. If the third anniversary of the grant date falls on a weekend or any other day on which the NASDAQ is not open, the Performance Period shall end on the next following NASDAQ business day. If for any reason the Corporation (including any successor corporation) ceases to have its stock price quoted on a national securities exchange, the Performance Period shall end as of the last date that the stock price is quoted on a national securities exchange.

4. **DIVIDEND EQUIVALENTS**

Dividend equivalents will vest at the same time as their corresponding RSUs and convert into the right to receive shares of Common Stock. Dividend equivalents will be paid on the number of shares of the Corporation’s Common Stock into which this RSU is converted by determining the sum of the dividends paid or payable on such number of shares of Common Stock with respect to each ex-dividend date that occurs between the Grant Date and the vesting date specified in the Notice of Grant (without any interest or compounding), divided (to the third decimal point) by the average of the highest and lowest sales prices of the Common Stock as reported by NASDAQ on the last day of the Performance Period. The quotient derived from the previous sentence shall be rounded down so that dividend equivalents will convert into the right to receive whole shares of Common Stock.

5. **SETTLEMENT INTO COMMON STOCK**

Shares of Common Stock will be issued or become free of restrictions as soon as practicable following the vesting date of the RSUs and dividend equivalents, provided that you have satisfied your tax withholding obligations as specified under Section 11 of these Standard Terms and you have completed, signed and returned any documents and taken any additional action that the Corporation deems appropriate to enable it to accomplish the delivery of the shares of Common Stock. The shares of Common Stock will be issued in your name (or may be issued to your executor or personal representative, in the event of your death or Disablement), and may be effected by recording shares on the stock records of the Corporation or by crediting shares in an account established on your behalf with a brokerage firm or other custodian, in each case as determined by the Corporation. In no event will the Corporation be obligated to issue a fractional share.

Notwithstanding the foregoing, (i) the Corporation shall not be obligated to deliver any shares of the Common Stock during any period when the Corporation determines that the conversion of a RSU or the delivery of shares hereunder would violate any laws of the United States or your country of residence or employment and/or may issue shares subject to any restrictive legends that, as determined by the Corporation’s counsel, is necessary to comply with securities or other regulatory requirements, and (ii) the date on which shares are issued or credited to your account may include a delay in order to provide the Corporation such time as it determines appropriate to calculate Intel TSR and Tech 15 TSR, for the Committee (as defined below) to certify performance results, to calculate and address tax withholding and to address other administrative matters. The number of shares of Common Stock into which RSUs and dividend equivalents convert as specified in the Notice of Grant shall be adjusted for stock splits and similar matters as specified in and pursuant to the 2006 Plan.

6. **SUSPENSION OR TERMINATION OF RSU FOR MISCONDUCT**

If at any time the Committee of the Board of Directors of the Corporation established pursuant to the 2006 Plan (the "Committee"), including any Subcommittee or “Authorized Officer” (as defined in Section 8(a)(vi) of the 2006 Plan) notifies the Corporation that they reasonably believe that you have committed an act of misconduct as described in Section 8(a)(vi) of the 2006 Plan (embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Corporation, breach of fiduciary duty or deliberate disregard of Corporation rules resulting in loss, damage or injury to the Corporation, an unauthorized disclosure of any Corporation trade secret or confidential information, any conduct constituting unfair competition, inducing any customer to breach a contract with the Corporation or inducing any principal for whom the Corporation acts as agent to terminate such agency relationship), the vesting of your RSUs and dividend equivalents may be suspended pending a determination of whether an act of misconduct has been committed. If the Corporation determines that you have committed an act of misconduct, all RSUs and dividend equivalents not vested as of the date the Corporation was notified that you may have committed an act of misconduct shall be cancelled and neither you nor any beneficiary shall be entitled to any claim with respect to the RSUs and dividend equivalents whatsoever. Any determination by the Committee or an Authorized Officer with respect to the foregoing shall be final, conclusive, and binding on all interested parties.

7. **TERMINATION OF EMPLOYMENT**

Except as expressly provided otherwise in these Standard Terms, if your employment by the Corporation terminates for any reason, whether voluntarily or involuntarily, other than on account of death, Disablement (defined below) or Retirement (defined below), all RSUs and dividend equivalents not then vested shall be cancelled on the date of employment termination, regardless of whether such employment termination is as a result of a divestiture or otherwise. For purposes of this Section 7, your employment with any partnership, joint venture or corporation not meeting the requirements of a Subsidiary in which the Corporation or a Subsidiary is a party shall be considered employment for purposes of this provision if either (a) the entity is designated by the Committee as a Subsidiary for purposes of this provision or (b) you are specifically designated as an employee of a Subsidiary for purposes of this provision.

For purposes of this provision, your employment is not deemed terminated if, prior to sixty (60) days after the date of termination from the Corporation or a Subsidiary, you are rehired by the Corporation or a Subsidiary on a basis that would make you eligible for future grants of Intel RSUs and dividend equivalents, nor would your transfer from the Corporation to any Subsidiary or from any one Subsidiary to another, or from a Subsidiary to the Corporation be deemed a termination of employment.

8. **DEATH**

Except as expressly provided otherwise in these Standard Terms, if you die while employed by the Corporation, your RSUs and dividend equivalents will become one hundred percent (100%) vested.

9. **DISABILITY**

Except as expressly provided otherwise in these Standard Terms, if your employment terminates as a result of Disablement, your RSUs and dividend equivalents will become one hundred percent (100%) vested upon the later of the date of your termination of employment due to your Disablement or the date of determination of your Disablement.

For purposes of this Section 9, “Disablement” shall be determined in accordance with the standards and procedures of the then-current Long Term Disability Plan maintained by the Corporation or the Subsidiary that employs you, and in the event you are not a participant in a then-current Long Term Disability Plan maintained by the Corporation or the Subsidiary that employs you, “Disablement” shall have the same meaning as disablement is defined in the Intel Long Term Disability Plan, which is generally a physical condition arising from an illness or injury, which renders an individual incapable of performing work in any occupation, as determined by the Corporation.

10. **RETIREMENT**

Except as expressly provided otherwise in these Standard Terms, if your employment terminates as a result of Retirement, your RSUs and dividend equivalents will become one hundred percent (100%) vested upon the date of your Retirement. For purposes of this Section 10, “Retirement” shall mean:

(a) You terminate employment with the Corporation at or after age 60 (“Standard Retirement”); or

(b) You terminate employment with the Corporation and as of the termination date your age plus years of service (in each case measured in complete, whole years) equals or exceeds 75 (“Rule of 75”).

11. **TAX WITHHOLDING**

RSUs and dividend equivalents are taxable upon vesting based on the Market Value on the date of vesting. To the extent required by applicable federal, state or other law, you shall make arrangements satisfactory to the Corporation for the payment and satisfaction of any income tax, social security tax, payroll tax, or payment on account of other tax related to withholding obligations that arise by reason of vesting of a RSU and, if applicable, any sale of shares of the Common Stock. The Corporation shall not be required to issue or lift any restrictions on shares of the Common Stock pursuant to your RSUs and dividend equivalents or to recognize any purported transfer of shares of the Common Stock until such obligations are satisfied.

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

You are ultimately liable and responsible for all taxes owed by you in connection with your RSUs and dividend equivalents, regardless of any action the Corporation takes or any transaction pursuant to this Section 11 with respect to any tax withholding obligations that arise in connection with the RSUs and dividend equivalents. The Corporation makes no representation or undertaking regarding the treatment of any tax withholding in connection with the grant, issuance, vesting or settlement of the RSUs and dividend equivalents or the subsequent sale of any of the shares of Common Stock underlying the RSUs and dividend equivalents that vest. The Corporation does not commit and is under no obligation to structure the RSU program to reduce or eliminate your tax liability.

12. **RIGHTS AS A STOCKHOLDER AND RESTRICTIONS**

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

You will have the rights of a stockholder only after shares of the Common Stock have been issued to you following vesting of your RSUs and dividend equivalents and satisfaction of all other conditions to the issuance of those shares as set forth in these Standard Terms. RSUs and dividend equivalents shall not entitle you to any rights of a stockholder of Common Stock and there are no voting or dividend rights with respect to your RSUs and dividend equivalents. RSUs and dividend equivalents shall remain terminable pursuant to these Standard Terms at all times until they vest and convert into shares. As a condition to having the right to receive shares of Common Stock pursuant to your RSUs and dividend equivalents, you acknowledge that unvested RSUs and dividend equivalents shall have no value for purposes of any aspect of your employment relationship with the Corporation.

Notwithstanding anything to the contrary in these Standard Terms or the applicable Notice of Grant, your RSUs and dividend equivalents are subject to reduction by the Corporation if you change your employment classification from a full-time employee to a part-time employee.

RSUs and dividend equivalents are not part of your employment contract (if any) with the Corporation, your salary, your normal or expected compensation, or other remuneration for any purposes, including for purposes of computing severance pay or other termination compensation or indemnity.

13. **DISPUTES**

Any question concerning the interpretation of these Standard Terms, your Notice of Grant, the RSUs or the 2006 Plan, any adjustments required to be made thereunder, and any controversy that may arise under the Standard Terms, your Notice of Grant, the RSUs or the 2006 Plan shall be determined by the Committee (including any person(s) to whom the Committee has delegated its authority) in its sole and absolute discretion. Such decision by the Committee shall be final and binding unless determined pursuant to Section 15(f) to have been arbitrary and capricious.

14. **AMENDMENTS**

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

15. **THE 2006 PLAN AND OTHER TERMS; OTHER MATTERS**

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

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

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

(c) Notwithstanding any other provision of these Standard Terms, if any changes in the financial or tax accounting rules applicable to the RSUs and dividend equivalents covered by these Standard Terms shall occur which, in the sole judgment of the Committee, may have an adverse effect on the reported earnings, assets or liabilities of the Corporation, the Committee may, in its sole discretion, modify these Standard Terms or cancel and cause a forfeiture with respect to any unvested RSUs and dividend equivalents at the time of such determination.

(d) Nothing contained in these Standard Terms creates or implies an employment contract or term of employment upon which you may rely.

(e) Notwithstanding any provision of these Standard Terms, the Notice of Grant or the 2006 Plan to the contrary, if, at the time of your termination of employment with the Corporation, you are a “specified employee” as defined in Section 409A of the Internal Revenue Code ("Code"), and one or more of the payments or benefits received or to be received by you pursuant to the RSUs and dividend equivalents would constitute deferred compensation subject to Section 409A, no such payment or benefit will be provided under the RSUs until the earliest of (A) the date which is six (6) months after your "separation from service” for any reason, other than death or “disability” (as such terms are used in Section 409A(a)(2) of the Code), (B) the date of your death or “disability” (as such term is used in Section 409A(a)(2)(C) of the Code) or (C) the effective date of a “change in the ownership or effective control” of the Corporation (as such term is used in Section 409A(a)(2)(A)(v) of the Code). The provisions of this Section 15(e) shall only apply to the extent required to avoid your incurrence of any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder. In addition, if any provision of the RSUs would cause you to incur any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Corporation may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

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

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

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

Exhibit 10.2

INTEL CORPORATION

NON-EMPLOYEE DIRECTOR

RESTRICTED STOCK UNIT AGREEMENT
UNDER THE 2006 EQUITY INCENTIVE PLAN

(for RSUs granted on or after July 1, 2014 under the OSU program)

1. **TERMS OF RESTRICTED STOCK UNIT**

This Restricted Stock Unit Agreement (this “Agreement”), the Notice of Grant delivered herewith (the “Notice of Grant”) and the Intel Corporation 2006 Equity Incentive Plan (the “2006 Plan”), as such may be amended from time to time, constitute the entire understanding between you and Intel Corporation (the “Corporation”) regarding the Restricted Stock Units (“RSUs”) identified in your Notice of Grant.

2. **VESTING OF RSUs**

Provided that you continuously serve as a member of the Corporation’s Board of Directors from the Grant Date specified in the Notice of Grant through the vesting date that is the third anniversary of the grant date (as specified in the Notice of Grant), then as of the vesting date the RSUs shall vest and be converted into the right to receive the number of shares of the Corporation’s Common Stock, $.001 par value (the “Common Stock”), determined by multiplying the Target Number of Shares as specified in the Notice of Grant by the conversion rate as set forth below, and except as otherwise provided in this Agreement. If a vesting date falls on a weekend or any other day on which the NASDAQ Stock Market ("NASDAQ") is not open, affected RSUs shall vest on the next following NASDAQ business day.

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

3. **CONVERSION OF RSUs**

(a) The conversion rate of RSUs into the right to receive a number of shares of Common Stock depends on the Corporation’s Total Stockholder Return (“Intel TSR”) relative to the Total Stockholder Return of the Tech 15 (“Tech 15 TSR”) at the end of the Performance Period, as those terms are defined in this section 3. The conversion rate of RSUs into the right to receive a number of shares of Common Stock shall be determined in accordance with following:

(1) If the Intel TSR and Tech 15 TSR are within 1 percentage point, the conversion rate shall be 100%.

(2) If the Intel TSR is greater than the Tech 15 TSR, the conversion rate shall be 100% plus four times the difference in percentage points; provided that the maximum conversion rate is 200%.

(3) If the Tech 15 TSR is greater than the Intel TSR, the conversion rate shall be 100% minus two times the difference in percentage points; provided that, if the Tech 15 TSR exceeds the Intel TSR by more than 25 percentage points, then the conversion rate shall be 0%.

(4) In the event that the conversion rate results in the right to receive a partial share of Common Stock, the conversion rate shall be rounded down so that the RSUs shall not convert into the right to receive the partial share.

By way of illustration, assume the Tech 15 TSR is 100%. If the Intel TSR equals 100.5%, the conversion rate is 100%, so that your RSUs convert into the right to receive 100% of the Target Number of Shares. If the Intel TSR is 105%, the difference is 5 percentage points and the conversion rate is 120%, so that your RSUs convert into the right to receive 120% of the Target Number of Shares. If the Intel TSR is 90%, the difference is 10 percentage points and the conversion rate is 80%, so that your RSUs convert into the right to receive 80% of the Target Number of Shares. If the Intel TSR is 70%, the difference is more than 25 percentage points, so the conversion rate is 0%.

(b) Intel TSR is a percentage (to the third decimal point) derived by:

(1) A numerator that is the difference between the average closing sale price of Common Stock during the 3 months following and including the beginning of the Performance Period subtracted from the average closing sale price of Common Stock during the 3 months prior to and including the end of the Performance Period, plus any dividends paid or payable with respect to an ex-dividend date that occurs during the Performance Period; and

(2) A denominator that is the average closing sale price of Common Stock during the 3 months following and including the beginning of the Performance Period.

(c) Tech 15 TSR is the median TSR of the fifteen technology companies included in the Corporation's peer group for determining executive compensation, as determined by the Compensation Committee earlier in the calendar year of the grant date, and regardless of any subsequent change after the beginning of the Performance Period.

TSR of each stock for purposes of the Tech 15 TSR is a percentage (to the third decimal point) derived by:

(1) A numerator that is the difference between the weighted average closing sale price of common stock during the 3 months following and including the beginning of the Performance Period subtracted from the weighted average closing sale price of common stock during the 3 months prior to and including the end of the Performance Period, plus any dividends paid or payable with respect to an ex-dividend date that occurs during the Performance Period; and

(2) A denominator that is the average closing sale price of common stock during the 3 months following and including the beginning of the Performance Period.

(d) For purposes of determining TSR of any company (including the Corporation):

(1) Any dividend paid or payable in cash shall be valued at its cash amount (without any deemed reinvestment and without any adjustments for applicable taxes or tax withholding). Any dividend paid in securities with a readily ascertainable fair market value shall be valued at the market value of the securities as of the ex-dividend date. Any dividend paid in other property shall be valued based on the value assigned to such dividend by the paying company for tax purposes.

(2) Any company included in the Tech 15 TSR on the grant date that does not have a stock price that is quoted on a national securities exchange at the end of the Performance Period will be factored into the median calculation based on its TSR from the grant date until the last date on which its stock price was last quoted on a national securities exchange in the United States.

(3) The Compensation Committee may equitably adjust a company's TSR for equity restructuring transactions such as, but not limited to, a stock split, combination of shares, extraordinary dividend of cash and/or assets, recapitalization or reorganization.

(4) Any company included in the Tech 15 TSR on the grant date that has a price of stock or a price of a security backed by stock that is quoted on a national securities exchange in the United States and on a national securities exchange outside the United States will be factored into the median calculation based on its price of stock or a price of a security backed by stock quoted on the national securities exchange in the United States.

(e) Performance Period is the same performance period of similarly designed performance based restricted stock units granted by the Compensation Committee earlier in the calendar year of the grant date.

4. **DIVIDEND EQUIVALENTS**

Dividend equivalents will vest at the same time as their corresponding RSUs and convert into the right to receive shares of Common Stock. Dividend equivalents will be paid on the number of shares of the Corporation's Common Stock into which this RSU is converted by determining the sum of the dividends paid or payable on such number of shares of Common Stock with respect to each ex-dividend date that occurs between the Grant Date and the vesting date specified in the Notice of Grant (without any interest or compounding), divided (to the third decimal point) by the average of the highest and lowest sales prices of the Common Stock as reported by NASDAQ on the last day of the Performance Period. The quotient derived from the previous sentence shall be rounded down so that dividend equivalents will convert into the right to receive whole shares of Common Stock.

5. **SETTLEMENT INTO COMMON STOCK**

Shares of Common Stock will be issued or become free of restrictions as soon as practicable following the vesting date of the RSUs and dividend equivalents, provided that you have satisfied your tax withholding obligations as specified under Section 11 of this Agreement and you have completed, signed and returned any documents and taken any additional action that the Corporation deems appropriate to enable it to accomplish the delivery of the shares of Common Stock. The shares of Common Stock will be issued in your name (or may be issued to your executor or personal representative, in the event of your death or Disablement), and may be effected by recording shares on the stock records of the Corporation or by crediting shares in an account established on your behalf with a brokerage firm or other custodian, in each case as determined by the Corporation. In no event will the Corporation be obligated to issue a fractional share.

Notwithstanding the foregoing, (i) the Corporation shall not be obligated to deliver any shares of the Common Stock during any period when the Corporation determines that the conversion of a RSU or the delivery of shares hereunder would violate any laws of the United States or your country of residence or employment and/or may issue shares subject to any restrictive legends that, as determined by the Corporation's counsel, is necessary to comply with securities or other regulatory requirements, and (ii) the date on which shares are issued or credited to your account may include a delay in order to provide the Corporation such time as it determines appropriate to calculate Intel TSR and Tech 15 TSR, for the Committee (as defined below) to certify performance results, to calculate and address tax withholding and to address other administrative matters. The number of shares of Common Stock into which RSUs and dividend equivalents convert as specified in the Notice of Grant shall be adjusted for stock splits and similar matters as specified in and pursuant to the 2006 Plan.

6. **TERMINATION OF SERVICE AS DIRECTOR**

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

7. **DEATH**

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

8. **DISABILITY**

Except as expressly provided otherwise in this Agreement, your RSUs and dividend equivalents will become one hundred percent (100%) vested, if your service as a member of the Corporation's Board of Directors terminates due to your Disablement. For purposes of this Section, "Disablement" shall be determined in accordance with the standards and procedures of the then-current Long Term Disability Plan maintained by the Corporation and in the event you are not a participant in a then-current Long Term Disability Plan maintained by the Corporation, "Disablement" means a physical condition arising from an illness or injury, which renders an individual incapable of performing work in any occupation, as determined by the Corporation.

9. **RETIREMENT**

If you retire from service as a member of the Corporation's Board of Directors at age 72 or more, or with at least seven (7) years of service as a member of the Corporation's Board of Directors, your RSUs will become one hundred percent (100%) vested.

10. **TAX WITHHOLDING**

RSUs and dividend equivalents are taxable upon vesting (as indicated in your Notice of Grant) or, if later, the date to which you have deferred settlement of your RSUs. To the extent required by applicable federal, state or other law, you shall make arrangements satisfactory to the Corporation (or the Subsidiary that employs you, if your Subsidiary is involved in the administration of the 2006 Plan) for the payment and satisfaction of any income tax, social security tax, payroll tax, social taxes, applicable national or local taxes, or payment on account of other tax related to withholding obligations that arise by reason of granting of a RSU, vesting of a RSU or any sale of shares of the Common Stock (whichever is applicable).

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

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

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

11. **ELECTION TO DEFER RECEIPT OF RSU SHARES**

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

12. **RIGHTS AS A STOCKHOLDER**

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

You will have the rights of a stockholder only after shares of the Common Stock have been issued to you following vesting of your RSUs and dividend equivalents and satisfaction of all other conditions to the issuance of those shares as set forth in this Agreement. RSUs and dividend equivalents shall not entitle you to any rights of a stockholder of Common Stock and there are no voting or dividend rights with respect to your RSUs and dividend equivalents. RSUs and dividend equivalents shall remain terminable pursuant to this Agreement at all times until they vest and convert into shares. As a condition to having the right to receive shares of Common Stock pursuant to your RSUs and dividend equivalents, you acknowledge that unvested RSUs and dividend equivalents shall have no value for purposes of any aspect of your employment relationship with the Corporation.

13. **AMENDMENTS**

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

14. **THE 2006 PLAN AND OTHER TERMS; OTHER MATTERS**

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

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

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

(c) Notwithstanding any other provision of this Agreement, if any changes in the financial or tax accounting rules applicable to the RSUs and dividend equivalents covered by this Agreement shall occur which, in the sole judgment of the Committee, may have an adverse effect on the reported earnings, assets or liabilities of the Corporation, the Committee may, in its sole discretion, modify this Agreement or cancel and cause a forfeiture with respect to any unvested RSUs and dividend equivalents at the time of such determination.

(d) Because this Agreement relates to terms and conditions under which you may be issued shares of Common Stock of Intel Corporation, a Delaware corporation, an essential term of this Agreement is that it shall be governed by the laws of the State of Delaware, without regard to choice of law principles of Delaware or other jurisdictions. The Committee may provide that any dispute as to this Agreement shall be presented and determined in such forum as the Board of Directors may specify, including through binding arbitration. Any action, suit, or proceeding relating to this Agreement or the RSUs and dividend equivalents granted hereunder shall be brought in the state or federal courts of competent jurisdiction in the State of California.

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

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

Exhibit 12.1

INTEL CORPORATION

STATEMENT SETTING FORTH THE COMPUTATION
OF RATIOS OF EARNINGS TO FIXED CHARGES

	Nine Months Ended	
(Dollars in Millions)	**Sep 27, 2014**	**Sep 28, 2013**
Earnings[1]	$ 11,302	$ 9,212
Adjustments:		
Add - Fixed charges	371	395
Subtract - Capitalized interest	(203)	(176)
Earnings and fixed charges (net of capitalized interest)	**$ 11,470**	**$ 9,431**
Fixed charges:		
Interest[2]	$ 139	$ 189
Capitalized interest	203	176
Estimated interest component of rental expense	29	30
Total	**$ 371**	**$ 395**
Ratio of earnings before taxes and fixed charges, to fixed charges	**31x**	**24x**

[1] *After adjustments required by Item 503(d) of Regulation S-K.*
[2] *Interest within provision for taxes on the consolidated condensed statements of income is not included.*

Exhibit 31.1

CERTIFICATION

I, Brian M. Krzanich, certify that:

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

Date: October 29, 2014

By: /s/ BRIAN M. KRZANICH

Brian M. Krzanich
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Stacy J. Smith, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:	October 29, 2014	By:	/s/ STACY J. SMITH
			Stacy J. Smith Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Intel Corporation (Intel), that, to his knowledge, the Quarterly Report of Intel on Form 10-Q for the period ended September 27, 2014, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Intel. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 10-Q. A signed original of this statement has been provided to Intel and will be retained by Intel and furnished to the Securities and Exchange Commission or its staff upon request.

Date:	October 29, 2014	By:	/s/ BRIAN M. KRZANICH
			Brian M. Krzanich Chief Executive Officer
Date:	October 29, 2014	By:	/s/ STACY J. SMITH
			Stacy J. Smith Executive Vice President, Chief Financial Officer, and Principal Accounting Officer