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 June 29, 2019

Or

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

For the transition period from ________ to ________

Commission File Number 000-06217

INTEL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.001 par value	INTC	Nasdaq Global Select Market

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

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

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

Large Accelerated Filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
☑	☐	☐	☐	☐

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

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

As of June 29, 2019, the registrant had outstanding 4,430 million shares of common stock.

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THE ORGANIZATION OF OUR QUARTERLY REPORT ON FORM 10-Q

The order and presentation of content in our Quarterly Report on Form 10-Q (Form 10-Q) differs from the traditional U.S. Securities and Exchange Commission (SEC) Form 10-Q format. We believe that our format improves readability and better presents how we organize and manage our business. See "Form 10-Q Cross-Reference Index" within Other Key Information for a cross-reference index to the traditional SEC Form 10-Q format.

The preparation of consolidated financial statements is in conformity with U.S. generally accepted accounting principles (GAAP). We have included key metrics that we use to measure our business, some of which are non-GAAP measures. See these "Non-GAAP Financial Measures" within Other Key Information.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains 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," "would," "should," "could," 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, projected growth of markets relevant to our businesses, future products and technology and the expected availability and benefits of such products and technology, expected timing and impact of acquisitions, divestitures, and other significant transactions, expected completion of restructuring activities, uncertain events or assumptions, and other characterizations of future events or circumstances are forward-looking statements. Such statements are based on management's expectations as of the date of this filing and involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include those described throughout this report and our Annual Report on Form 10-K for the year ended December 29, 2018, particularly the "Risk Factors" sections of such reports. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this Form 10-Q and in other documents we file from time to time with the SEC that disclose risks and uncertainties that may affect our business. The forward-looking statements in this Form 10-Q do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that had not been completed as of the date of this filing. In addition, the forward-looking statements in this Form 10-Q are made as of the date of this filing, including expectations based on third-party information and projections that management believes to be reputable, and Intel does not undertake, and expressly disclaims any duty, to update such statements, whether as a result of new information, new developments, or otherwise, except to the extent that disclosure may be required by law.

INTEL UNIQUE TERMS

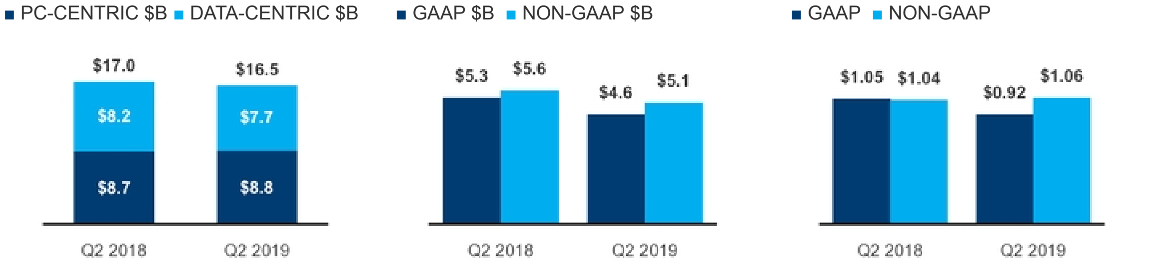
We use specific terms throughout this document to describe our business and results. Below are key terms and how we define them:

PLATFORM PRODUCTS	A microprocessor (processor or central processing unit (CPU)) and chipset, a stand-alone System-on-Chip (SoC), or a multichip package, based on Intel® architecture. Platform products, or platforms, are primarily used in solutions sold through the Client Computing Group (CCG), Data Center Group (DCG), and Internet of Things Group (IOTG) segments.
ADJACENT PRODUCTS	All of our non-platform products for CCG, DCG, and IOTG, such as modem, Ethernet and silicon photonics, as well as Mobileye, Non-Volatile Memory Solutions Group (NSG), and Programmable Solutions Group (PSG) products. Combined with our platform products, adjacent products form comprehensive platform solutions to meet customer needs.
PC-CENTRIC BUSINESS	Our CCG business, including both platform and adjacent products.
DATA-CENTRIC BUSINESSES	Our DCG, Internet of Things (IOTG and Mobileye), NSG, PSG, and all other businesses.

A QUARTER IN REVIEW

Total revenue of $16.5 billion declined year over year as our data-centric businesses were down 7%; this was partially offset by 1% growth in our PC-centric business. Data-centric revenue was down compared to a year ago as cloud customers absorbed capacity, data center total addressable market (TAM) for the quarter contracted in the enterprise and government market segment, China demand weakened, and NAND pricing remained under pressure. Our PC-centric business was up driven by average selling price (ASP) strength with richer commercial segment mix and modem growth. PC client volume declined on small core supply constraint partially offset by sales pull-ins by customers in anticipation of tariff impacts. Lower platform unit sales and further margin compression on memory products resulted in lower gross margins and operating income, which was partially offset by executing the quarter with continued operating margin leverage. In the first six months we generated $12.5 billion of cash flow from operations and returned $8.4 billion to stockholders, including $2.8 billion in dividends and $5.6 billion in buybacks.

REVENUE | **OPERATING INCOME** | **DILUTED EPS**



$16.5B	$4.6B	$5.1B	$0.92	$1.06
GAAP	GAAP	non-GAAP[1]	GAAP	non-GAAP[1]
down $457M or 3% from Q2 2018	down $656M or 12% from Q2 2018	down $460M or 8% from Q2 2018	down $0.13 or 12% from Q2 2018	up $0.02 or 2% from Q2 2018

Declines in data-centric businesses generally, partially offset by growth in PC-centric business and Internet of Things

Lower gross margin from decrease in platform unit sales and NAND pricing degradation, partially offset by CPU ASP strength

Impact from lower platform volume, and NAND pricing pressure, partially offset by the receipt of McAfee, Inc. dividend, as well as lower shares outstanding

BUSINESS SUMMARY

- We have maintained an intense, company-wide focus on improving execution while accelerating innovation. We began shipping our 10 nanometer (nm)-based 10th generation Intel® Core™ processors, code-named Ice Lake. These processors feature a new core architecture and are expected to deliver increased graphics performance and artificial intelligence and new levels of integrated connectivity for thin-and-light laptops and 2-in-1s. We also shared more details about our Project Athena platform innovation program to help the PC ecosystem create advanced laptops that meet ambitious key experience indicators in performance, responsiveness, battery life, form factor, and artificial intelligence.
- At our 2019 Investor Meeting, we shared details on our 7nm process technology and the expected performance gains resulting from a combination of technical innovations across six pillars — process and packaging, architecture, memory, interconnect, security, and software — giving insight into the design and engineering model steering our product development.
- DCG experienced challenges as cloud customers absorbed capacity and the enterprise and government TAM declined. NSG declined as industry-wide pricing pressure for NAND intensified. However, demand for edge compute drove double digit revenue growth for Mobileye and IOTG.
- PC-centric growth was driven by strength in our commercial market segment, as well as adjacencies led by modem. Platform volumes declined in the first half of 2019 compared to first half of 2018 as we experienced small core supply constraints. We continued to invest in capacity expansion for 14nm production, improving our supply in the second half of 2019.
- In July, we signed an agreement to divest the majority of our smartphone modem business, including certain employees, intellectual property, equipment and leases. The transaction enables us to increase the focus of our 5G efforts on the broader opportunity to modernize network and edge infrastructure, and is expected to close in the fourth quarter of 2019. We also acquired Barefoot Networks, an emerging leader in Ethernet switch silicon and software for use in data center.

[1] *See "Non-GAAP Financial Measures" within Other Key Information.*

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Net revenue	**$ 16,505**	**$ 16,962**	**$ 32,566**	**$ 33,028**
Cost of sales	6,627	6,543	13,599	12,878
Gross margin	**9,878**	**10,419**	**18,967**	**20,150**
Research and development	3,438	3,371	6,770	6,682
Marketing, general and administrative	1,589	1,725	3,122	3,625
Restructuring and other charges	184	—	184	—
Amortization of acquisition-related intangibles	50	50	100	100
Operating expenses	**5,261**	**5,146**	**10,176**	**10,407**
Operating income	**4,617**	**5,273**	**8,791**	**9,743**
Gains (losses) on equity investments, net	170	(203)	604	440
Interest and other, net	(63)	459	(124)	357
Income before taxes	**4,724**	**5,529**	**9,271**	**10,540**
Provision for taxes	545	523	1,118	1,080
Net income	**$ 4,179**	**$ 5,006**	**$ 8,153**	**$ 9,460**
Earnings per share – basic	**$ 0.94**	**$ 1.08**	**$ 1.82**	**$ 2.03**
Earnings per share – diluted	**$ 0.92**	**$ 1.05**	**$ 1.79**	**$ 1.98**
Weighted average shares of common stock outstanding:				
Basic	**4,466**	**4,649**	**4,479**	**4,661**
Diluted	**4,523**	**4,747**	**4,543**	**4,768**

See accompanying notes.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(In Millions; Unaudited)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Net income	**$ 4,179**	**$ 5,006**	**$ 8,153**	**$ 9,460**
Changes in other comprehensive income, net of tax:				
Net unrealized holding gains (losses) on derivatives	151	(293)	253	(174)
Actuarial valuation and other pension benefits (expenses), net	8	(122)	17	26
Translation adjustments and other	32	9	82	(13)
Other comprehensive income (loss)	**191**	**(406)**	**352**	**(161)**
Total comprehensive income	**$ 4,370**	**$ 4,600**	**$ 8,505**	**$ 9,299**

See accompanying notes.

CONSOLIDATED CONDENSED BALANCE SHEETS

(In Millions)	Jun 29, 2019	Dec 29, 2018
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 2,867	$ 3,019
Short-term investments	2,414	2,788
Trading assets	6,663	5,843
Accounts receivable	6,233	6,722
Inventories	8,696	7,253
Other current assets	2,366	3,162
Total current assets	**29,239**	**28,787**
Property, plant and equipment, net of accumulated depreciation of $69,227 ($65,342 as of December 29, 2018)	**51,377**	**48,976**
Equity investments	**4,629**	**6,042**
Other long-term investments	**3,577**	**3,388**
Goodwill	**24,583**	**24,513**
Identified intangible assets, net	**11,249**	**11,836**
Other long-term assets	**6,105**	**4,421**
Total assets	**$ 130,759**	**$ 127,963**
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	$ 3,726	$ 1,261
Accounts payable	4,682	3,824
Accrued compensation and benefits	2,554	3,622
Other accrued liabilities	8,743	7,919
Total current liabilities	**19,705**	**16,626**
Debt	**25,089**	**25,098**
Contract liabilities	**1,558**	**2,049**
Income taxes payable, non-current	**4,847**	**4,897**
Deferred income taxes	**1,783**	**1,665**
Other long-term liabilities	**2,583**	**2,646**
Contingencies (Note 12)		
Temporary equity	**247**	**419**
Stockholders' equity:		
Preferred stock	—	—
Common stock and capital in excess of par value, 4,430 issued and outstanding (4,516 issued and outstanding as of December 29, 2018)	25,140	25,365
Accumulated other comprehensive income (loss)	(622)	(974)
Retained earnings	50,429	50,172
Total stockholders' equity	**74,947**	**74,563**
Total liabilities, temporary equity, and stockholders' equity	**$ 130,759**	**$ 127,963**

See accompanying notes.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(In Millions; Unaudited)	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Cash and cash equivalents, beginning of period	**$ 3,019**	**$ 3,433**
Cash flows provided by (used for) operating activities:		
Net income	8,153	9,460
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,379	3,536
Share-based compensation	859	820
Amortization of intangibles	800	782
(Gains) losses on equity investments, net	(100)	(401)
Changes in assets and liabilities:		
Accounts receivable	490	369
Inventories	(1,443)	(303)
Accounts payable	431	274
Accrued compensation and benefits	(1,012)	(884)
Customer deposits and prepaid supply agreements	(444)	1,580
Income taxes	(15)	(1,133)
Other assets and liabilities	448	(403)
Total adjustments	4,393	4,237
Net cash provided by operating activities	**12,546**	**13,697**
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(6,875)	(7,440)
Purchases of available-for-sale debt investments	(1,721)	(1,578)
Maturities of available-for-sale debt investments	1,903	1,720
Purchases of trading assets	(4,498)	(6,501)
Maturities and sales of trading assets	3,808	7,691
Sales of equity investments	1,331	215
Other investing	42	(91)
Net cash used for investing activities	**(6,010)**	**(5,984)**
Cash flows provided by (used for) financing activities:		
Increase (decrease) in short-term debt, net	996	1,991
Issuance of long-term debt, net of issuance costs	601	—
Repayment of debt and debt conversion	(1,033)	(1,169)
Proceeds from sales of common stock through employee equity incentive plans	305	320
Repurchase of common stock	(5,579)	(5,807)
Payment of dividends to stockholders	(2,828)	(2,800)
Other financing	850	(1,067)
Net cash provided by (used for) financing activities	**(6,688)**	**(8,532)**
Net increase (decrease) in cash and cash equivalents	**(152)**	**(819)**
Cash and cash equivalents, end of period	**$ 2,867**	**$ 2,614**
Supplemental disclosures of noncash investing activities and cash flow information:		
Acquisition of property, plant, and equipment included in accounts payable and accrued liabilities	$ 2,678	$ 2,789
Cash paid during the period for:		
Interest, net of capitalized interest	$ 243	$ 209
Income taxes, net of refunds	$ 1,112	$ 2,196

See accompanying notes.

CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

(In Millions, Except Per Share Amounts)	Common Stock and Capital in Excess of Par Value: Shares	Common Stock and Capital in Excess of Par Value: Amount	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
Three Months Ended					
Balance as of March 30, 2019	**4,477**	**$ 25,346**	**$ (813)**	**$ 49,128**	**$ 73,661**
Net income	—	—	—	4,179	4,179
Other comprehensive income (loss)	—	—	191	—	191
Employee equity incentive plans and other	28	31	—	—	31
Share-based compensation	—	471	—	—	471
Temporary equity reduction	—	28	—	—	28
Convertible debt	—	(120)	—	—	(120)
Repurchase of common stock	(67)	(381)	—	(2,764)	(3,145)
Restricted stock unit withholdings	(7)	(235)	—	(114)	(349)
Balance as of June 29, 2019	**4,430**	**$ 25,140**	**$ (622)**	**$ 50,429**	**$ 74,947**
Balance as of March 31, 2018	**4,660**	**$ 26,430**	**$ (683)**	**$ 44,418**	**$ 70,165**
Net income	—	—	—	5,006	5,006
Other comprehensive income (loss)	—	—	(406)	—	(406)
Employee equity incentive plans and other[1]	31	110	—	—	110
Share-based compensation	—	372	—	—	372
Temporary equity reduction	—	147	—	—	147
Convertible debt	—	(563)	—	—	(563)
Non-controlling interest	—	(375)	—	—	(375)
Repurchase of common stock	(76)	(424)	—	(3,589)	(4,013)
Restricted stock unit withholdings	(8)	(227)	—	(169)	(396)
Balance as of June 30, 2018	**4,607**	**$ 25,470**	**$ (1,089)**	**$ 45,666**	**$ 70,047**
Six Months Ended					
Balance as of December 29, 2018	**4,516**	**$ 25,365**	**$ (974)**	**$ 50,172**	**$ 74,563**
Net income	—	—	—	8,153	8,153
Other comprehensive income (loss)	—	—	352	—	352
Employee equity incentive plans and other	39	403	—	—	403
Share-based compensation	—	860	—	—	860
Temporary equity reduction	—	173	—	—	173
Convertible debt	—	(712)	—	—	(712)
Repurchase of common stock	(117)	(659)	—	(4,936)	(5,595)
Restricted stock unit withholdings	(8)	(290)	—	(131)	(421)
Cash dividends declared ($0.63 per share)	—	—	—	(2,829)	(2,829)
Balance as of June 29, 2019	**4,430**	**$ 25,140**	**$ (622)**	**$ 50,429**	**$ 74,947**
Balance as of December 30, 2017	**4,687**	**$ 26,074**	**$ 862**	**$ 42,083**	**$ 69,019**
Adjustment for change in accounting principle	—	—	(1,790)	2,424	634
Opening balance as of December 31, 2017	**4,687**	**26,074**	**(928)**	**44,507**	**69,653**
Net income	—	—	—	9,460	9,460
Other comprehensive income (loss)	—	—	(161)	—	(161)
Employee equity incentive plans and other[1]	46	433	—	—	433
Share-based compensation	—	825	—	—	825
Temporary equity reduction	—	212	—	—	212
Convertible debt	—	(770)	—	—	(770)
Non-controlling interest	—	(375)	—	—	(375)
Repurchase of common stock	(117)	(649)	—	(5,319)	(5,968)
Restricted stock unit withholdings	(9)	(280)	—	(181)	(461)
Cash dividends declared ($0.60 per share)	—	—	—	(2,801)	(2,801)
Balance as of June 30, 2018	**4,607**	**$ 25,470**	**$ (1,089)**	**$ 45,666**	**$ 70,047**

[1] *Includes approximately $375 million of non-controlling interest activity due to our acquisition of Mobileye in 2017, which was eliminated in 2018 due to the purchase of remaining shares.*

See accompanying notes.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1 : BASIS OF PRESENTATION

We prepared our interim consolidated condensed financial statements that accompany these notes in conformity with GAAP, consistent in all material respects with those applied in our Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (2018 Form 10-K), except for changes associated with leases as detailed in "Note 2: Recent Accounting Standards and Accounting Policies." 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, and reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This report should be read in conjunction with the consolidated financial statements in our 2018 Form 10-K.

NOTE 2 : RECENT ACCOUNTING STANDARDS AND ACCOUNTING POLICIES

We assess the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board on our financial statements and below describe impacts from newly adopted standards, as well as material updates to our previous assessments, if any, from our 2018 Form 10-K.

ACCOUNTING STANDARDS ADOPTED

Leases

Standard/Description: This new lease accounting standard requires that we recognize leased assets and corresponding liabilities on the balance sheet and provide enhanced disclosure of lease activity.

Effective Date and Adoption Considerations: Effective in the first quarter of 2019. The standard was adopted applying the modified retrospective approach at the beginning of the period of adoption. Our leased assets and corresponding liabilities exclude non-lease components.

Effect on Financial Statements or Other Significant Matters: Within the opening balances for the fiscal year beginning December 30, 2018, we recognized leased assets and corresponding liabilities in other long-term assets of $706 million, which includes $81 million of previously recognized prepaid land use rights, as well as corresponding accrued liabilities of $180 million and other long-term liabilities of $445 million.

Accounting Policy Updates and Disclosures: We determine if an arrangement is a lease at inception, and classify it as finance or operating. Leased assets and corresponding liabilities are recognized based on the present value of the lease payments over the lease term. Our lease terms may include options to extend when it is reasonably certain that we will exercise that option. We have lease agreements with lease and non-lease components, and the non-lease components are accounted for separately and not included in our leased assets and corresponding liabilities. Leases primarily consist of real property, and, to a lesser extent, certain machinery and equipment.

We recognized leased assets in other long-term assets of $684 million and corresponding accrued liabilities of $178 million, and other long-term liabilities of $426 million as of June 29, 2019. Our leases have remaining lease terms of 1 to 9 years, some of which may include options to extend the leases for up to 39 years. The weighted average remaining lease term was 5.0 years, and the weighted average discount rate was 3.6% as of June 29, 2019.

For the six months ended June 29, 2019, lease expense was $94 million. In accordance with the new leases standard, discounted and undiscounted lease payments under non-cancelable leases as of June 29, 2019, excluding non-lease components, are as follows:

(In Millions)	Remainder of 2019	2020	2021	2022	2023	2024 and Thereafter	Total
Lease payments	$ 93	$ 173	$ 122	$ 96	$ 70	$ 107	**$ 661**
Present value of lease payments							**$ 604**

Lease expense was $231 million in 2018 ($264 million in 2017). Prior to our adoption of the new leases standard, future minimum lease payments as of December 29, 2018, which were undiscounted and included lease and non-lease components, were as follows:

(In Millions)	2019	2020	2021	2022	2023	2024 and Thereafter	Total
Minimum rental commitments under all non-cancelable leases	$ 229	$ 181	$ 133	$ 101	$ 70	$ 121	**$ 835**

NOTE 3 : OPERATING SEGMENTS

We manage our business through the following operating segments:

- Client Computing Group (CCG)
- Data Center Group (DCG)
- Internet of Things Group (IOTG)
- Mobileye
- Non-Volatile Memory Solutions Group (NSG)
- Programmable Solutions Group (PSG)
- All Other

We offer platform products that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone SoC, or a multichip package. A platform product may be enhanced by additional hardware, software, and services offered by Intel. Platform products are used in various form factors across our CCG, DCG, and IOTG operating segments. We derive a substantial majority of our revenue from platform products, which are our principal products and considered as one class of product.

CCG and DCG are our reportable operating segments. IOTG, Mobileye, NSG, and PSG 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 Internet of Things portfolio, presented as Internet of Things, is comprised of IOTG and Mobileye operating segments.

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

- results of operations from non-reportable segments not otherwise presented;
- historical results of operations from divested businesses;
- results of operations of start-up businesses that support our initiatives, including our foundry business;
- amounts included within restructuring and other charges;
- a portion of employee benefits, compensation, and other expenses not allocated to the operating segments; and
- acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

The Chief Operating Decision Maker (CODM), which is our Chief Executive Officer (CEO), 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:

(In Millions)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Net revenue:				
Client Computing Group				
Platform	$ 7,925	$ 8,065	$ 15,749	$ 15,680
Adjacent	916	663	1,678	1,268
	8,841	**8,728**	**17,427**	**16,948**
Data Center Group				
Platform	4,553	5,100	9,035	9,924
Adjacent	430	449	850	859
	4,983	**5,549**	**9,885**	**10,783**
Internet of Things				
IOTG	986	880	1,896	1,720
Mobileye	201	173	410	324
	1,187	**1,053**	**2,306**	**2,044**
Non-Volatile Memory Solutions Group	**940**	**1,079**	**1,855**	**2,119**
Programmable Solutions Group	**489**	**517**	**975**	**1,015**
All other	**65**	**36**	**118**	**119**
Total net revenue	**$ 16,505**	**$ 16,962**	**$ 32,566**	**$ 33,028**
Operating income (loss):				
Client Computing Group	$ 3,737	$ 3,234	$ 6,809	$ 6,025
Data Center Group	1,800	2,737	3,641	5,339
Internet of Things				
IOTG	294	243	545	470
Mobileye	53	44	121	54
	347	**287**	**666**	**524**
Non-Volatile Memory Solutions Group	(284)	(65)	(581)	(146)
Programmable Solutions Group	52	101	141	198
All other	(1,035)	(1,021)	(1,885)	(2,197)
Total operating income	**$ 4,617**	**$ 5,273**	**$ 8,791**	**$ 9,743**

Disaggregated net revenue for each period was as follows:

(In Millions)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Platform revenue				
Desktop platform	$ 2,767	$ 2,954	$ 5,653	$ 5,861
Notebook platform	5,136	5,086	10,063	9,775
DCG platform	4,553	5,100	9,035	9,924
IOTG platform	891	745	1,716	1,464
Other platform[1]	22	25	33	44
	13,369	**13,910**	**26,500**	**27,068**
Adjacent revenue[2]	**3,136**	**3,052**	**6,066**	**5,960**
Total revenue	**$ 16,505**	**$ 16,962**	**$ 32,566**	**$ 33,028**

[1] *Includes our tablet and service provider revenue.*
[2] *Includes all of our non-platform products for CCG, DCG, and IOTG such as modem, Ethernet, and silicon photonics, as well as Mobileye, NSG, and PSG products.*

Planned divestiture of smartphone modem business

On July 25, 2019, we signed a definitive agreement to sell the majority of our smartphone modem business. We will continue to meet current customer commitments for our existing 4G smartphone modem product line. We expect to close the transaction, which will include certain employees, intellectual property, equipment and leases, in the fourth quarter of 2019. We expect to record a gain on divestiture of approximately $500 million, net of tax.

NOTE 4 : EARNINGS PER SHARE

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

(In Millions, Except Per Share Amounts)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Net income available to common stockholders	**$ 4,179**	**$ 5,006**	**$ 8,153**	**$ 9,460**
Weighted average shares of common stock outstanding – basic	**4,466**	**4,649**	**4,479**	**4,661**
Dilutive effect of employee equity incentive plans	40	52	46	59
Dilutive effect of convertible debt	17	46	18	48
Weighted average shares of common stock outstanding – diluted	**4,523**	**4,747**	**4,543**	**4,768**
Earnings per share – basic	**$ 0.94**	**$ 1.08**	**$ 1.82**	**$ 2.03**
Earnings per share – diluted	**$ 0.92**	**$ 1.05**	**$ 1.79**	**$ 1.98**

Potentially dilutive shares of common stock from employee equity incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding restricted stock units (RSUs), and the assumed issuance of common stock under the stock purchase plan. Our convertible debentures due 2039 (2009 debentures) require settlement of the principal amount of the debt in cash upon conversion. Since the conversion premium is paid in cash or stock at our option, we determined the potentially dilutive shares of common stock by applying the treasury stock method.

In all periods presented, securities which would have been anti-dilutive are insignificant and are excluded from the computation of diluted earnings per share. In all periods presented, we included our 2009 debentures in the calculation of diluted earnings per share of common stock 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 5 : CONTRACT LIABILITIES

(In Millions)	Jun 29, 2019	Dec 29, 2018
Prepaid supply agreements	$ 2,143	$ 2,587
Other	162	122
Total contract liabilities	**$ 2,305**	**$ 2,709**

Contract liabilities are primarily related to partial prepayments received from customers on long-term supply agreements towards future NSG product delivery. As new prepaid supply agreements are entered into and performance obligations are negotiated, this component of the contract liability balance will increase, and as customers purchase product and utilize their prepaid balances, the balance will decrease. The short-term portion of prepayments from supply agreements is reported on the consolidated condensed balance sheets within other accrued liabilities.

The following table shows the changes in contract liability balances relating to prepaid supply agreements during the first six months of 2019:

(In Millions)	
Prepaid supply agreements balance as of December 29, 2018	**$ 2,587**
Prepaids utilized	(444)
Prepaid supply agreements balance as of June 29, 2019	**$ 2,143**

NOTE 6 : OTHER FINANCIAL STATEMENT DETAILS

INVENTORIES

(In Millions)	Jun 29, 2019	Dec 29, 2018
Raw materials	$ 808	$ 813
Work in process	5,612	4,511
Finished goods	2,276	1,929
Total inventories	**$ 8,696**	**$ 7,253**

INTEREST AND OTHER, NET

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

	Three Months Ended		Six Months Ended	
(In Millions)	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018
Interest income	$ 125	$ 108	$ 260	$ 199
Interest expense	(135)	(116)	(273)	(228)
Other, net	(53)	467	(111)	386
Total interest and other, net	**$ (63)**	**$ 459**	**$ (124)**	**$ 357**

Interest expense in the preceding table is net of $120 million of interest capitalized in the second quarter of 2019 and $245 million in the first six months of 2019 ($126 million in the second quarter of 2018 and $239 million in the first six months of 2018). In the second quarter of 2018, we completed the divestiture of Wind River, and recognized a pre-tax gain of $494 million.

NOTE 7 : RESTRUCTURING AND OTHER CHARGES

A restructuring program was approved in the second quarter of 2019 to align our workforce with the planned exit of the smartphone modem business. We expect these actions to be substantially complete by end of 2019.

Restructuring and other charges by type for the 2019 Restructuring Program for the period were as follows:

(In Millions)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Employee severance and benefit arrangements	$ 168	$ —	$ 168	$ —
Asset impairment and other charges	16	—	16	—
Total restructuring and other charges	**$ 184**	**$ —**	**$ 184**	**$ —**

NOTE 8 : INVESTMENTS

DEBT INVESTMENTS

Trading Assets

Net gains related to trading assets still held at the reporting date were $99 million in the second quarter of 2019 and $117 million in the first six months of 2019 ($326 million of net losses in the second quarter of 2018 and $214 million in the first six months of 2018). Net losses on the related derivatives were $102 million in the second quarter of 2019 and $104 million in the first six months of 2019 (net gains of $316 million in the second quarter of 2018 and $221 million in the first six months of 2018).

Available-for-Sale Debt Investments

(In Millions)	June 29, 2019 Adjusted Cost	June 29, 2019 Gross Unrealized Gains	June 29, 2019 Gross Unrealized Losses	June 29, 2019 Fair Value	December 29, 2018 Adjusted Cost	December 29, 2018 Gross Unrealized Gains	December 29, 2018 Gross Unrealized Losses	December 29, 2018 Fair Value
Corporate debt	$ 3,160	$ 45	$ (4)	$ 3,201	$ 3,068	$ 2	$ (28)	$ 3,042
Financial institution instruments	3,034	18	(1)	3,051	3,076	3	(11)	3,068
Government debt	903	6	—	909	1,069	1	(9)	1,061
Total available-for-sale debt investments	**$ 7,097**	**$ 69**	**$ (5)**	**$ 7,161**	**$ 7,213**	**$ 6**	**$ (48)**	**$ 7,171**

Government debt includes instruments such as non-U.S. government bonds and U.S. agency securities. Financial institution instruments include instruments issued or managed by financial institutions in various forms such as commercial paper, fixed and floating rate bonds, money market fund deposits, and time deposits. Substantially all time deposits were issued by institutions outside the U.S. as of June 29, 2019 and December 29, 2018.

The fair value of available-for-sale debt investments, by contractual maturity, as of June 29, 2019, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	$ 3,174
Due in 1–2 years	733
Due in 2–5 years	2,722
Due after 5 years	122
Instruments not due at a single maturity date	410
Total	**$ 7,161**

EQUITY INVESTMENTS

(In Millions)	Jun 29, 2019	Dec 29, 2018
Marketable equity securities	$ 197	$ 1,440
Non-marketable equity securities	3,134	2,978
Equity method investments	1,298	1,624
Total	**$ 4,629**	**$ 6,042**

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

(In Millions)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Ongoing mark-to-market adjustments on marketable equity securities	$ (179)	$ (235)	$ 74	$ 371
Observable price adjustments on non-marketable equity securities	8	24	16	148
Impairments	(39)	(26)	(62)	(43)
Sale of equity investments and other[1]	380	34	576	(36)
Total gains (losses) on equity investments, net	**$ 170**	**$ (203)**	**$ 604**	**$ 440**

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

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

(In Millions)	Three Months Ended Jun 29, 2019	Three Months Ended Jun 30, 2018	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Net gains (losses) recognized during the period on equity securities	$ (178)	$ (133)	$ 84	$ 592
Less: Net (gains) losses recognized during the period on equity securities sold during the period	(33)	(11)	(258)	(49)
Unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	**$ (211)**	**$ (144)**	**$ (174)**	**$ 543**

IM Flash Technologies, LLC

IM Flash Technologies, LLC (IMFT) was formed in 2006 by Micron Technology, Inc. (Micron) and Intel to jointly develop NAND flash memory and 3D XPoint™ technology products. IMFT is an unconsolidated variable interest entity and all costs of IMFT are passed on to Micron and Intel through sale of products or services in proportional share of ownership. As of June 29, 2019, we own a 49% interest in IMFT. Our portion of IMFT costs was approximately $224 million in the second quarter of 2019 and approximately $356 million in the first six months of 2019 (approximately $144 million in the second quarter of 2018 and $227 million in the first six months of 2018).

IMFT depends on Micron and Intel for any additional cash needs to be provided in the form of cash calls or member debt financing (MDF). Extensions of MDF may be converted to a capital contribution at the lender's request, or may be repaid upon availability of funds. During the first six months of 2019, IMFT repaid $316 million of MDF to Intel. The carrying balance of our equity method investment in IMFT as of June 29, 2019 is $1.3 billion.

In January 2019, Micron exercised its right to call our interest in IMFT. The sale of our non-controlling interest in IMFT to Micron is expected to close on October 31, 2019. We will continue to purchase product manufactured at the IMFT facility for a period of up to one year following the close date.

ASML Holding N.V.

As of December 29, 2018, Intel owned $1.1 billion in ASML Holding N.V. (ASML). We have fully sold our equity investment in ASML.

NOTE 9 : BORROWINGS

During the first six months of 2019, we received proceeds of $601 million in aggregate from the sale of bonds issued by the Industrial Development Authority of the City of Chandler, Arizona (the Arizona bonds) and the State of Oregon Business Development Commission (the Oregon bonds). The bonds are our unsecured general obligations in accordance with loan agreements we entered into with the Industrial Development Authority of the City of Chandler, Arizona and the State of Oregon Business Development Commission. The bonds mature in 2049 and carry an interest rate of 5.0%. The Arizona bonds and the Oregon bonds are subject to mandatory tender in June 2024 and March 2022, respectively, at which time we can re-market the bonds as either fixed-rate bonds for a specified period or as variable-rate bonds until another fixed-rate period is selected or until their final maturity date.

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NOTE 10 : FAIR VALUE

For information about our fair value policies, and methods and assumptions used in estimating the fair value of our financial assets and liabilities, see "Note 2: Accounting Policies" and "Note 16: Fair Value" in our 2018 Form 10-K.

ASSETS AND LIABILITIES MEASURED AND RECORDED AT FAIR VALUE ON A RECURRING BASIS

	June 29, 2019				December 29, 2018			
	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	$ —	$ 417	$ —	$ 417	$ —	$ 262	$ —	$ 262
Financial institution instruments[1]	410	343	—	753	550	183	—	733
Reverse repurchase agreements	—	1,300	—	1,300	—	1,850	—	1,850
Short-term investments:								
Corporate debt	—	810	—	810	—	937	—	937
Financial institution instruments[1]	—	1,324	—	1,324	—	1,423	—	1,423
Government debt[2]	—	280	—	280	—	428	—	428
Trading assets:								
Corporate debt	—	2,755	—	2,755	—	2,635	—	2,635
Financial institution instruments[1]	54	1,470	—	1,524	67	1,273	—	1,340
Government debt[2]	—	2,384	—	2,384	—	1,868	—	1,868
Other current assets:								
Derivative assets	29	225	—	254	—	180	—	180
Loans receivable[3]	—	57	—	57	—	354	—	354
Marketable equity securities	197	—	—	197	1,440	—	—	1,440
Other long-term investments:								
Corporate debt	—	1,974	—	1,974	—	1,843	—	1,843
Financial institution instruments[1]	—	974	—	974	—	912	—	912
Government debt[2]	—	629	—	629	—	633	—	633
Other long-term assets:								
Derivative assets	—	689	—	689	—	100	—	100
Loans receivable[3]	—	507	—	507	—	229	—	229
Total assets measured and recorded at fair value	**690**	**16,138**	**—**	**16,828**	**2,057**	**15,110**	**—**	**17,167**
Liabilities								
Other accrued liabilities:								
Derivative liabilities	—	303	—	303	—	412	—	412
Other long-term liabilities:								
Derivative liabilities	—	15	18	33	—	415	68	483
Total liabilities measured and recorded at fair value	**$ —**	**$ 318**	**$ 18**	**$ 336**	**$ —**	**$ 827**	**$ 68**	**$ 895**

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

ASSETS MEASURED AND RECORDED AT FAIR VALUE ON A NON-RECURRING BASIS

Our non-marketable equity securities, equity method investments, and certain non-financial assets, such as intangible assets and property, plant and equipment, are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. If an observable price adjustment or impairment is recognized on our non-marketable equity securities during the period, we classify these assets as Level 3 within the fair value hierarchy based on the nature of the fair value inputs.

FINANCIAL INSTRUMENTS NOT RECORDED AT FAIR VALUE ON A RECURRING BASIS

Financial instruments not recorded at fair value on a recurring basis include non-marketable equity securities (that have not been re-measured or impaired in the current period), equity method investments, grants receivable, loans receivable, reverse repurchase agreements, and our short-term and long-term debt.

As of June 29, 2019, the aggregate carrying value of grants receivable, loans receivable, and reverse repurchase agreements was $1.1 billion (the aggregate carrying amount as of December 29, 2018 was $833 million). The estimated fair value of these financial instruments approximates their carrying value and is categorized as Level 2 within the fair value hierarchy based on the nature of the fair value inputs.

As of June 29, 2019, the fair value of short and long-term debt (excluding drafts payable) was $30.0 billion (the fair value as of December 29, 2018 was $27.1 billion). These liabilities are classified as Level 2 within the fair value hierarchy based on the nature of the fair value inputs.

NOTE 11 : DERIVATIVE FINANCIAL INSTRUMENTS

For further information on our derivative policies, see "Note 2: Accounting Policies" in our 2018 Form 10-K.

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)	Jun 29, 2019	Dec 29, 2018
Foreign currency contracts	$ 23,293	$ 19,223
Interest rate contracts	22,292	22,447
Other	1,633	1,356
Total	**$ 47,218**	**$ 43,026**

FAIR VALUE OF DERIVATIVE INSTRUMENTS

	June 29, 2019		December 29, 2018	
(In Millions)	**Assets[1]**	**Liabilities[2]**	**Assets[1]**	**Liabilities[2]**
Derivatives designated as hedging instruments:				
Foreign currency contracts[3]	$ 106	$ 90	$ 44	$ 244
Interest rate contracts	669	20	84	474
Total derivatives designated as hedging instruments	**775**	**110**	**128**	**718**
Derivatives not designated as hedging instruments:				
Foreign currency contracts[3]	134	170	132	155
Interest rate contracts	5	52	20	22
Equity Contracts	29	4	—	—
Total derivatives not designated as hedging instruments	**168**	**226**	**152**	**177**
Total derivatives	**$ 943**	**$ 336**	**$ 280**	**$ 895**

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

AMOUNTS OFFSET IN THE CONSOLIDATED CONDENSED BALANCE SHEETS

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

	June 29, 2019					
				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	$ 937	$ —	$ 937	$ (258)	$ (679)	$ —
Reverse repurchase agreements	1,650	—	1,650	—	(1,650)	—
Total assets	**2,587**	**—**	**2,587**	**(258)**	**(2,329)**	**—**
Liabilities:						
Derivative liabilities subject to master netting arrangements	325	—	325	(258)	(62)	5
Total liabilities	**$ 325**	**$ —**	**$ 325**	**$ (258)**	**$ (62)**	**$ 5**

	December 29, 2018					
				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	$ 292	$ —	$ 292	$ (220)	$ (72)	$ —
Reverse repurchase agreements	2,099	—	2,099	—	(1,999)	100
Total assets	**2,391**	**—**	**2,391**	**(220)**	**(2,071)**	**100**
Liabilities:						
Derivative liabilities subject to master netting arrangements	890	—	890	(220)	(576)	94
Total liabilities	**$ 890**	**$ —**	**$ 890**	**$ (220)**	**$ (576)**	**$ 94**

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

DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS

The before-tax net gains or losses attributed to the effective portion of cash flow hedges, recognized in other comprehensive income (loss), were $122 million net gains in the second quarter of 2019 and $151 million net gains in the first six months of 2019 ($339 million net losses in the second quarter of 2018 and $134 million net losses in the first six months of 2018). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first six months of 2019 and 2018, the amounts excluded from effectiveness testing were insignificant.

DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS

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

	Three Months Ended		Six Months Ended	
(In Millions)	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018
Interest rate contracts	$ 554	$ (113)	$ 1,039	$ (371)
Hedged items	(554)	113	(1,039)	371
Total	**$ —**	**$ —**	**$ —**	**$ —**

The amounts recorded on the consolidated condensed balance sheets related to cumulative basis adjustments for fair value hedges for each period were as follows:

Line Item in the Consolidated Condensed Balance Sheet in Which the Hedged Item is Included	Carrying Amount of the Hedged Item Asset/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)	
Years Ended (In Millions)	Jun 29, 2019	Dec 29, 2018	Jun 29, 2019	Dec 29, 2018
Long-term debt	$ (20,661)	$ (19,622)	$ (649)	$ 390

As of June 29, 2019 and December 29, 2018, the total notional amount of pay variable/receive fixed-interest rate swaps was $20.0 billion.

DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

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

		Three Months Ended		Six Months Ended	
(In Millions)	Location of Gains (Losses) Recognized in Income on Derivatives	Jun 29, 2019	Jun 30, 2018	Jun 29, 2019	Jun 30, 2018
Foreign currency contracts	Interest and other, net	$ (20)	$ 438	$ 37	$ 268
Interest rate contracts	Interest and other, net	(25)	6	(39)	20
Other	Various	35	27	181	(4)
Total		**$ (10)**	**$ 471**	**$ 179**	**$ 284**

NOTE 12 : 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.

European Commission Competition Matter

In 2001, the European Commission (EC) commenced an investigation regarding claims by Advanced Micro Devices, Inc. (AMD) that we used unfair business practices to persuade customers to buy our microprocessors. 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 €1.1 billion ($1.4 billion as of May 2009), which we subsequently paid during the third quarter of 2009, and ordered us to "immediately bring to an end the infringement referred to in" the EC decision.

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. In November 2014, Intervener Association for Competitive Technologies filed comments in support of Intel’s grounds of appeal. The EC and interveners filed briefs in November 2014, we filed a reply in February 2015, and the EC filed a rejoinder in April 2015. The Court of Justice held oral argument in June 2016. In October 2016, Advocate General Wahl, an advisor to the Court of Justice, issued a non-binding advisory opinion that favored Intel on a number of grounds. The Court of Justice issued its decision in September 2017, setting aside the judgment of the General Court and sending the case back to the General Court to examine whether the rebates at issue were capable of restricting competition. The General Court has appointed a panel of five judges to consider our appeal of the EC’s 2009 decision in light of the Court of Justice’s clarifications of the law. In November 2017, the parties filed initial “Observations” about the Court of Justice’s decision and the appeal, and were invited by the General Court to offer supplemental comments to each other’s “Observations,” which the parties submitted in March 2018. Responses to other questions posed by the General Court were filed in May and June 2018. We are now awaiting notice as to whether the General Court will hold a management conference before it conducts oral argument at some future date. Pending the final decision in this matter, the fine paid by Intel has been placed by the EC in commercial bank accounts where it accrues interest.

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 appealed the final judgment. The California Court of Appeal heard oral argument in October 2017, and in November 2017, affirmed the judgment as to McAfee's nine outside directors, reversed the judgment as to former McAfee director and chief executive officer David DeWalt, Intel, and McAfee, and affirmed the trial court's ruling that the plaintiffs are not entitled to a jury trial. At a June 2018 case management conference following remand, the Superior Court set an October hearing date for any additional summary judgment motions that may be filed, and set trial to begin in December 2018. In July 2018, plaintiffs filed a motion for leave to amend the complaint, which the court denied in September 2018. Also in July 2018, McAfee and Intel filed a motion for summary judgment on the aiding and abetting claims asserted against them; in October 2018, the court granted the motion as to McAfee and denied the motion as to Intel.

The parties agreed in principle to settle the case in late October 2018, and finalized the settlement agreement in March 2019. The settlement agreement calls for an aggregate payment by defendants of $12 million. Intel’s contribution to the settlement will be immaterial to its financial statements. In May 2019, the court granted plaintiffs’ motion for preliminary approval of the settlement and scheduled a final approval hearing for October 2019.

Litigation Related to Security Vulnerabilities

In June 2017, a Google research team notified us and other companies that it had identified security vulnerabilities (now commonly referred to as “Spectre” and “Meltdown”) that affect many types of microprocessors, including our products. As is standard when findings like these are presented, we worked together with other companies in the industry to verify the research and develop and validate software and firmware updates for impacted technologies. On January 3, 2018, information on the security vulnerabilities was publicly reported, before software and firmware updates to address the vulnerabilities were made widely available. Numerous lawsuits have been filed against Intel and, in certain cases, our current and former executives and directors, in U.S. federal and state courts and in certain courts in other countries relating to the Spectre and Meltdown security vulnerabilities, as well as another variant of these vulnerabilities (“Foreshadow”) that has since been identified.

As of July 24, 2019, 48 consumer class action lawsuits and three securities class action lawsuits have been filed. The securities class actions, which were consolidated, were dismissed with prejudice in April 2019. The consumer class action plaintiffs, who purport to represent various classes of end users of our products, generally claim to have been harmed by Intel's actions and/or omissions in connection with the security vulnerabilities and assert a variety of common law and statutory claims seeking monetary damages and equitable relief. Of the consumer class action lawsuits, 44 have been filed in the U.S., two of which have been dismissed; two have been filed in Canada; and two have been filed in Israel. In April 2018, the U.S. Judicial Panel on Multidistrict Litigation ordered the U.S. consumer class action lawsuits consolidated for pretrial proceedings in the U.S. District Court for the District of Oregon. Intel filed a motion to dismiss that consolidated action in October 2018, and a hearing on that motion was held in February 2019. In the case pending in the Superior Court of Justice of Ontario, an initial status conference has not yet been scheduled. In the case pending in the Superior Court of Justice of Quebec, the court entered an order in October 2018, staying that case for one year. In Israel, both consumer class action lawsuits were filed in the District Court of Haifa. In the first case, the District Court denied the parties' joint motion to stay filed in January 2019, but to date has deferred Intel’s deadline to respond to the complaint in view of Intel’s pending motion to dismiss in the consolidated class action in the U.S. Intel filed a motion to stay the second case pending resolution of the consolidated class action in the U.S., and a hearing on that motion has been rescheduled for September 2019. In the securities class action litigation, the lead securities class action plaintiffs, who purported to represent classes of acquirers of Intel stock between October 27, 2017 and January 9, 2018, generally alleged that Intel and certain officers violated securities laws by making statements about Intel's products that were revealed to be false or misleading by the disclosure of the security vulnerabilities. The securities class actions were consolidated and were pending in the U.S. District Court for the Northern District of California. Defendants filed a motion to dismiss those actions in August 2018, which the court granted in March 2019. The court's order granted plaintiffs leave to amend their complaint, but the case was dismissed with prejudice in April 2019 after plaintiffs elected not to re-plead. Plaintiffs did not appeal. Additional lawsuits and claims may be asserted on behalf of customers and shareholders seeking monetary damages or other related relief. We dispute the pending claims described above and intend to defend those lawsuits vigorously. Given the procedural posture and the nature of those cases, including that the pending proceedings are in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class or classes being certified or the ultimate size of any class or classes if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from those matters.

In addition to these lawsuits, Intel stockholders have filed seven shareholder derivative lawsuits since January 2018 against certain current and former members of our Board of Directors and certain current and former officers, alleging that the defendants breached their duties to Intel in connection with the disclosure of the security vulnerabilities and the failure to take action in relation to alleged insider trading. The complaints seek to recover damages from the defendants on behalf of Intel. Three of the derivative actions were filed in the U.S. District Court for the Northern District of California and were consolidated, and the other four were filed in the Superior Court of the State of California in San Mateo County and were consolidated. In August 2018, the federal court granted defendants' motion to dismiss the consolidated complaint on the ground that plaintiffs failed to plead facts sufficient to show they were excused from making a pre-lawsuit demand on the Board. The federal court granted plaintiffs leave to amend their complaint, but in September 2018, plaintiffs instead requested that the action be dismissed. The federal court ordered the case dismissed without prejudice in January 2019. In August 2018, the California Superior Court granted defendants' motion to dismiss the consolidated complaint in the action on the ground that plaintiffs failed to plead facts sufficient to show they were excused from making a pre-lawsuit demand on the Board. Plaintiffs filed an amended complaint in April 2019, which defendants moved to dismiss on the same grounds. A hearing on the motion is scheduled for July 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

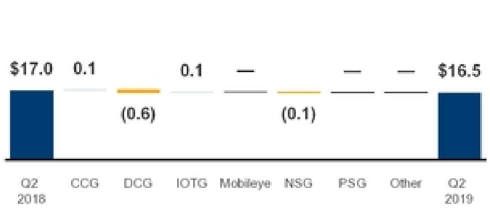
Total revenue of $16.5 billion declined year over year as our data-centric businesses were down 7%; this was partially offset by 1% growth in our PC-centric business. Data-centric revenue was down compared to a year ago as cloud customers absorbed capacity, data center total addressable market (TAM) for the quarter contracted in the enterprise and government market segment, China demand weakened, and NAND pricing remained under pressure. Our PC-centric business was up driven by average selling price (ASP) strength with richer commercial segment mix and modem growth. PC client volume declined on small core supply constraint partially offset by sales pull-ins by customers in anticipation of tariff impacts. Lower platform unit sales and further margin compression on memory products resulted in lower gross margins and operating income, which was partially offset by executing the quarter with continued operating margin leverage. In the first six months we generated $12.5 billion of cash flow from operations and returned $8.4 billion to stockholders, including $2.8 billion in dividends and $5.6 billion in buybacks. For key highlights of the results of our operations, see "A Quarter in Review."

	Three Months Ended				Six Months Ended			
	Q2 2019		Q2 2018		YTD 2019		YTD 2018	
(Dollars in Millions, Except Per Share Amounts)	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	**$ 16,505**	**100.0 %**	**$ 16,962**	**100.0 %**	**$ 32,566**	**100.0 %**	**$ 33,028**	**100.0%**
Cost of sales	6,627	40.2 %	6,543	38.6 %	13,599	41.8 %	12,878	39.0%
Gross margin	**9,878**	**59.8 %**	**10,419**	**61.4 %**	**18,967**	**58.2 %**	**20,150**	**61.0%**
Research and development	3,438	20.8 %	3,371	19.9 %	6,770	20.8 %	6,682	20.2%
Marketing, general and administrative	1,589	9.6 %	1,725	10.2 %	3,122	9.6 %	3,625	11.0%
Restructuring and other charges	184	1.1 %	—	— %	184	0.6 %	—	—%
Amortization of acquisition-related intangibles	50	0.3 %	50	0.3 %	100	0.3 %	100	0.3%
Operating income	**4,617**	**28.0 %**	**5,273**	**31.1 %**	**8,791**	**27.0 %**	**9,743**	**29.5%**
Gains (losses) on equity investments, net	170	1.0 %	(203)	(1.2)%	604	1.9 %	440	1.3%
Interest and other, net	(63)	(0.4)%	459	2.7 %	(124)	(0.4)%	357	1.1%
Income before taxes	**4,724**	**28.6 %**	**5,529**	**32.6 %**	**9,271**	**28.5 %**	**10,540**	**31.9%**
Provision for taxes	545	3.3 %	523	3.1 %	1,118	3.4 %	1,080	3.3%
Net income	**$ 4,179**	**25.3 %**	**$ 5,006**	**29.5 %**	**$ 8,153**	**25.0 %**	**$ 9,460**	**28.6%**
Earnings per share – diluted	**$ 0.92**		**$ 1.05**		**$ 1.79**		**$ 1.98**	

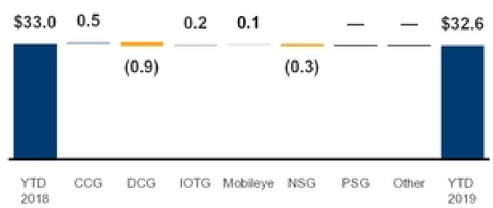
REVENUE

SEGMENT REVENUE WALKS $B

Q2 2019 vs. Q2 2018



YTD 2019 vs. YTD 2018



Q2 2019 vs. Q2 2018

Our Q2 2019 revenue was $16.5 billion, down 3% from Q2 2018. The decrease in revenue was driven by our data-centric businesses, which were collectively down 7% as demand from enterprise and government data center customers weakened and NSG ASPs declined due to lower NAND market pricing. Revenue for our PC-centric business grew by 1% year over year, primarily driven by ASP strength in our commercial market segment, despite a decline in unit sales.

YTD 2019 vs. YTD 2018

Our YTD 2019 revenue was $32.6 billion, down $462 million, or 1% from YTD 2018. Our data-centric businesses were collectively down 6% as demand from enterprise and government data center customers weakened and NSG ASPs declined due to lower NAND market pricing. Revenue for our PC-centric business was up 3% in the first half of 2019 compared to the first half of 2018.

GROSS MARGIN

We derived most of our overall gross margin dollars from the sale of platform products in the CCG and DCG operating segments. Our overall gross margin dollars in Q2 2019 decreased by $541 million, or 5.2% compared to Q2 2018.

GROSS MARGIN $B

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

(In Millions)

$	9,878	**Q2 2019 Gross Margin**
	(370)	Lower gross margin from platform revenue
	(310)	Lower gross margin from adjacent businesses primarily due to lower margins on NAND, modem, and PSG
	145	Lower period charges primarily due to lower factory start-up costs associated with our 10nm products
	(6)	Other
$	10,419	**Q2 2018 Gross Margin**
$	18,967	**YTD 2019 Gross Margin**
	(385)	Higher period charges primarily due to reserved non-qualified 10nm platform product in Q1 2019, offset by lower factory start-up costs associated with our 10nm products
	(355)	Lower gross margin from adjacent businesses due to lower NAND margins
	(230)	Lower gross margin from platform revenue
	(195)	Higher platform unit cost primarily from increased mix of performance products
	(18)	Other
$	20,150	**YTD 2018 Gross Margin**

OPERATING EXPENSES

Total research and development (R&D) and marketing, general and administrative (MG&A) expenses for Q2 2019 were $5.0 billion, down 1% from Q2 2018, and were $9.9 billion for YTD 2019, down 4% from YTD 2018. These expenses represent 30.5% of revenue for Q2 2019 and 30.0% of revenue for Q2 2018, and 30.4% of revenue in the first six months of 2019 and 31.2% of revenue in the first six months of 2018.

RESEARCH AND DEVELOPMENT $B **MARKETING, GENERAL AND ADMINISTRATIVE $B**

(Percentages indicate expenses as a percentage of total revenue)

RESEARCH AND DEVELOPMENT

Q2 2019 – Q2 2018

R&D increased by $67 million, or 2.0%, driven by the following:

\+ Investments in data-centric businesses
\+ Investments in process technology
\- Profit dependent compensation due to a decrease in net income
\- Ramp down of 5G smartphone modem business

YTD 2019 – YTD 2018

R&D increased by $88 million, or 1.3%, driven by the following:

\+ Investments in data-centric businesses
\+ Investments in process technology
\- Corporate spending efficiencies
\- Profit dependent compensation due to a decrease in net income
\- Ramp down of 5G smartphone modem business

MARKETING, GENERAL AND ADMINISTRATIVE

Q2 2019 – Q2 2018

MG&A decreased by $136 million, or 7.9%, driven by the following:

\- Corporate spending efficiencies
\- Profit dependent compensation due to a decrease in net income
\- Lack of expenses due to the Wind River Systems, Inc. (Wind River) divestiture in Q2 2018

YTD 2019 – YTD 2018

MG&A decreased by $503 million, or 13.9%, driven by the following:

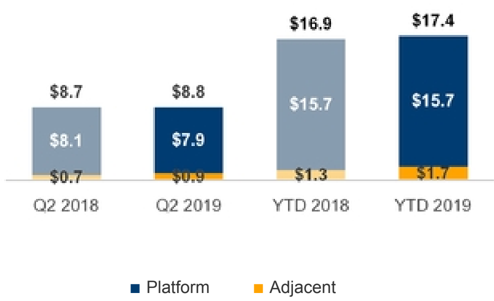
\- Corporate spending efficiencies
\- Profit dependent compensation due to a decrease in net income
\- Lack of expenses due to the Wind River divestiture in Q2 2018

CLIENT COMPUTING GROUP (CCG)

CCG is our largest business unit. The PC market remains a critical facet of our business, providing an important source of IP, scale, and cash flow. CCG is dedicated to delivering client computing end-user solutions, focusing on higher growth segments of 2-in-1, thin-and-light, commercial, and gaming, as well as growing adjacencies such as WiFi and Thunderbolt™ technology. CCG is the human edge in a data-centric world. We deploy platforms that connect people to data and analytics, allowing each person to focus, create, and connect in ways that unlock their individual potential.

We will be exiting the 5G smartphone modem business, while continuing to meet current customer commitments for our existing 4G smartphone modem product lines. We are assessing opportunities for 4G and 5G modems in PCs, as well as Internet of Things and other data-centric devices.

CCG REVENUE $B



CCG OPERATING INCOME $B

REVENUE SUMMARY

Our revenue in Q2 2019 was up 1% compared to Q2 2018, and YTD 2019 up 3% compared to YTD 2018. Revenue increased year over year and year to date driven by ASP strength with richer commercial segment mix, modem growth, and tariff pull-ins, offset by platform volume decline as we experienced small core supply constraints.

	Q2 2019 vs. Q2 2018		YTD 2019 vs. YTD 2018	
(Dollars in Millions)	**%**	**$ Impact**	**%**	**$ Impact**
Desktop platform volume	down (11)%	$ (308)	down (9)%	$ (525)
Desktop platform ASP	up 5%	121	up 6%	317
Notebook platform volume	down (2)%	(109)	down (4)%	(432)
Notebook platform ASP	up 3%	160	up 8%	720
Adjacent products and other		249		399
Total change in revenue		**$ 113**		**$ 479**

OPERATING INCOME SUMMARY

Operating income in Q2 2019 increased 16% from Q2 2018, with an operating margin of 42%. Operating income YTD 2019 increased 13% from YTD 2018, with an operating margin of 39%.

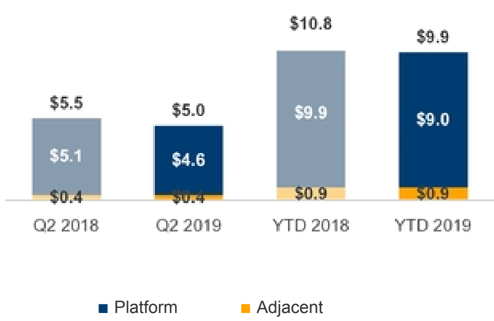
(In Millions)	
$ 3,737	**Q2 2019 CCG Operating Income**
400	Lower period charges primarily due to lower factory start-up costs associated with our 10nm process technology
120	Lower operating expenses partially driven by lower investment in modem
(17)	Other
$ 3,234	**Q2 2018 CCG Operating Income**

$ 6,809	**YTD 2019 CCG Operating Income**
300	Higher gross margin from platform revenue
285	Lower operating expenses partially driven by lower investment in modem
130	Lower period charges from factory start-up costs, offset by reserved non-qualified platform product associated with our 10nm process technology taken in Q1 2019
110	Higher gross margin from adjacent businesses, primarily due to lack of initial production costs of modem products
(41)	Other
$ 6,025	**YTD 2018 CCG Operating Income**

DATA CENTER GROUP (DCG)

DCG develops workload-optimized platforms for compute, storage, and network functions. Customers include cloud service providers, enterprise and government, and communications service providers. DCG is fueled by demand in key workloads like artificial intelligence and network function virtualization across key market segments.

DCG REVENUE $B



DCG OPERATING INCOME $B

REVENUE SUMMARY

Revenue decreased in Q2 2019 and in YTD 2019 due to a decline in platform volume. Cloud customers absorbed capacity, China demand weakened, and TAM contracted in the enterprise and government market segment. In Q2 2019, revenue in the enterprise and government segment was down 31%, cloud service providers segment was down 1%, and the communication service providers segment was up 3% year over year.

	Q2 2019 vs. Q2 2018		YTD 2019 vs. YTD 2018	
(Dollars in Millions)	**%**	**$ Impact**	**%**	**$ Impact**
Platform volume	down (12)%	$ (627)	down (10)%	$ (989)
Platform ASP	up 2%	80	up 1%	100
Adjacent products	down (4)%	(19)	down (1)%	(9)
Total change in revenue		**$ (566)**		**$ (898)**

OPERATING INCOME SUMMARY

Operating income in Q2 2019 decreased 34% from Q2 2018, with an operating margin of 36%. Operating income YTD 2019 decreased 32% from YTD 2018, with an operating margin of 37%.

(In Millions)	
$ 1,800	**Q2 2019 DCG Operating Income**
(465)	Lower gross margin from platform revenue
(240)	Higher period charges, primarily associated with the initial ramp of 10nm
(205)	Higher DCG operating expenses
(27)	Other
$ 2,737	**Q2 2018 DCG Operating Income**
$ 3,641	**YTD 2019 DCG Operating Income**
(760)	Lower gross margin from platform revenue
(470)	Higher period charges, primarily associated with the initial ramp of 10nm
(375)	Higher DCG operating expenses
(93)	Other
$ 5,339	**YTD 2018 DCG Operating Income**

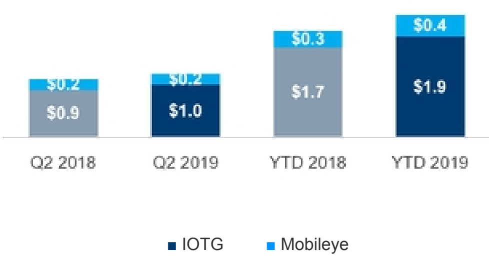
INTERNET OF THINGS

As more intelligence is moving to the edge, more industries want to harness the power of data to create business value, innovate, and grow. We are using our architecture, accelerators, and software assets, combined with scale and partners, to develop a growing Internet of Things portfolio. Our Internet of Things portfolio is comprised of our IOTG and Mobileye businesses.

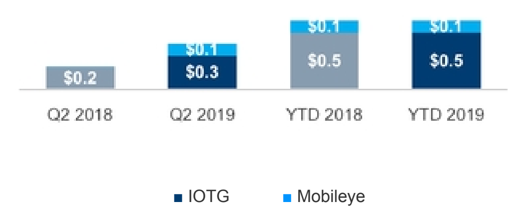
IOTG develops high-performance compute for targeted verticals and embedded markets. Our customers include retailers, manufacturers, health care providers, energy companies, automakers, and governments. We facilitate our customers creating, storing, and processing data generated by connected devices to accelerate business transformations.

Mobileye is the global leader in the development of computer vision and machine learning-based sensing, data analysis, localization, mapping, and driving policy technology for advanced driver assistance systems (ADAS) and autonomous driving. Mobileye's advanced ADAS products form the building blocks for higher levels of autonomy that are being pursued by the automotive industry. Our customers and strategic partners include major U.S. and global Tier 1 automotive system integrators.

INTERNET OF THINGS REVENUE $B



INTERNET OF THINGS OPERATING INCOME $B



REVENUE AND OPERATING INCOME SUMMARY

Q2 2019 vs. Q2 2018

IOTG net revenue was $986 million, up $106 million, due to higher platform unit sales and higher ASPs from favorable core mix, partially offset by lower revenue from our divestiture of Wind River in Q2 2018, which negatively impacted the revenue comparison by approximately $80 million. After adjusting for the Wind River divestiture, IOTG revenue grew 23% year over year. Operating income was $294 million, up $51 million, primarily driven by higher platform revenue from core mix.

Mobileye net revenue was $201 million, up $28 million due to increasing adoption of ADAS. Operating income was $53 million, up $9 million.

YTD 2019 vs. YTD 2018

IOTG net revenue was $1.9 billion, up $176 million, due to $94 million higher platform unit sales and $158 million higher ASPs from favorable core mix, partially offset by lower revenue from our divestiture of Wind River in Q2 2018, which negatively impacted the revenue comparison by approximately $153 million year to date. After adjusting for the Wind River divestiture, IOTG revenue grew 21%. Operating income was $545 million, up $75 million, primarily driven by higher platform revenue from core mix.

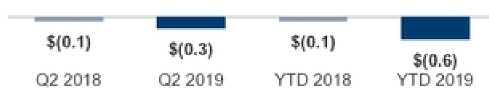
Mobileye net revenue was $410 million, up $86 million due to increasing adoption of ADAS. Operating income was $121 million, up $67 million.

NON-VOLATILE MEMORY SOLUTIONS GROUP (NSG)

NSG's core offerings include Intel® Optane™ and Intel® 3D NAND Technology, driving innovation in SSDs and next-generation memory and storage products. Our customers include enterprise and cloud-based data centers, and users of business and consumer desktops and laptops. We are ramping 64-layer (64L) triple-level cell (TLC) and quad-level cell (QLC) NAND technologies, and Intel® Optane™ technology in innovative new form factors and densities to address the challenges our customers face in a rapidly evolving technological landscape.

NSG REVENUE $B

NSG OPERATING INCOME $B



REVENUE AND OPERATING INCOME SUMMARY

Q2 2019 vs. Q2 2018

Net revenue was $940 million, down $139 million from Q2 2018, driven by a $922 million impact from lower ASP due to lower NAND market pricing, offset by $783 million higher volume due to an increase in demand for component and data center SSD products. NSG had an operating loss of $284 million in Q2 2019, up $219 million from Q2 2018. While we continued to see the ramp at Fab 68 drive cost improvements, the decline in ASP more than offset the improved unit cost, resulting in lower gross margins and higher period charges being taken against certain inventories.

YTD 2019 vs. YTD 2018

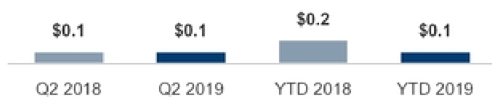
Net revenue was $1.9 billion, down $264 million, driven by a $1.6 billion impact from lower ASP due to lower NAND market pricing, offset by $1.3 billion higher volume due to an increase in demand for component and data center SSD products. NSG had an operating loss of $581 million, up $435 million. While we continued to see the ramp at Fab 68 drive cost improvements, the decline in ASP more than offset the improved unit cost, resulting in lower gross margins and higher period charges being taken against certain inventories.

PROGRAMMABLE SOLUTIONS GROUP (PSG)

PSG offers programmable semiconductors, primarily field-programmable gate array (FPGAs) and related products, for a broad range of market segments, including communications, data center, industrial, and military. PSG collaborates with the other Intel businesses to deliver FPGA acceleration in tandem with Intel microprocessors. This "better together" integration broadens the use of FPGAs and combines the benefits of both technologies to allow more flexibility for systems to operate with increased efficiency and higher performance.

PSG REVENUE $B

PSG OPERATING INCOME $B



REVENUE AND OPERATING INCOME SUMMARY

Q2 2019 vs. Q2 2018

Revenue was $489 million, down $28 million as softness in cloud and enterprise demand more than offset growth in 5G/wireless. Advanced products (28nm, 20nm, and 14nm process technologies) grew 15% year over year. Operating income was $52 million, down $49 million.

YTD 2019 vs. YTD 2018

Revenue was $975 million, down $40 million, driven by a decline in our cloud and enterprise segment, partially offset by strength in wireless and advanced products (28nm, 20nm, and 14nm process technologies). Operating income was $141 million, down $57 million.

GAINS (LOSSES) ON EQUITY INVESTMENTS AND INTEREST AND OTHER, NET

(In Millions)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Gains (losses) on equity investments, net	$ 170	$ (203)	$ 604	$ 440
Interest and other, net	$ (63)	$ 459	$ (124)	$ 357

Gains (losses) on equity investments, net

We recognized a net gain during Q2 2019 primarily due to a $340 million dividend from McAfee, Inc. (McAfee) but partially offset by ongoing mark-to-market losses of $179 million, primarily related to our investment in Cloudera, Inc. (Cloudera). We recognized a net gain during the first six months of 2019 primarily due to dividends of $494 million from McAfee and ongoing mark-to-market gains from ASML Holdings N.V. (ASML), partially offset by ongoing mark-to-market losses from Cloudera. We have fully sold our equity investment in ASML.

We recognized ongoing mark-to-market net losses on our marketable equity securities of $235 million in Q2 2018, primarily related to our interest in Cloudera, and ongoing mark-to-market net gains of $371 million in the first six months of 2018, primarily related to our interests in ASML.

Interest and other, net

For the six months ended June 29, 2019, we paid $1.0 billion to satisfy conversion obligations for $400 million of our $2.0 billion 3.25% junior subordinated 2039 convertible debentures and recognized a loss of $91 million in interest and other, net and $712 million as a reduction in stockholders' equity related to the conversion feature. For the six months ended June 30, 2018, we paid $1.2 billion to satisfy conversion obligations for $476 million of our $2.0 billion 3.25% junior subordinated 2039 convertible debentures and recognized a loss of $130 million in interest and other, net and $770 million as a reduction in stockholders' equity related to the conversion feature.

We recognized a net gain in Q2 2018 and for the first six months of 2018 primarily due to a $494 million gain on the divestiture of Wind River in Q2 2018.

PROVISION FOR TAXES

(Dollars in Millions)	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Income before taxes	$ 4,724	$ 5,529	$ 9,271	$ 10,540
Provision for taxes	$ 545	$ 523	$ 1,118	$ 1,080
Effective tax rate	11.5%	9.5%	12.1%	10.2%

The increase in effective tax rate was primarily driven by one-time benefits that occurred in the first six months of 2018.

LIQUIDITY AND CAPITAL RESOURCES

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

(Dollars in Millions)	Jun 29, 2019	Dec 29, 2018
Cash and cash equivalents, short-term investments, and trading assets	$ 11,944	$ 11,650
Other long-term investments	$ 3,577	$ 3,388
Loans receivable and other	$ 1,691	$ 1,550
Reverse repurchase agreements with original maturities greater than three months	$ 350	$ 250
Total debt	$ 28,815	$ 26,359
Temporary equity	$ 247	$ 419
Debt as percentage of permanent stockholders' equity	38.4%	35.4%

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. When assessing our sources of liquidity, we include investments as shown in the preceding table. Substantially all of our investments in debt instruments and financing receivables are in investment-grade securities.

Other potential sources of liquidity include our commercial paper program and our automatic shelf registration statement on file with the SEC, pursuant to which we may offer an unspecified amount of debt, equity, and other securities. Under our commercial paper program, we have an ongoing authorization from our Board of Directors to borrow up to $10.0 billion. As of June 29, 2019, $1.5 billion of commercial paper remained outstanding.

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; and potential acquisitions, strategic investments, dividends, and common stock repurchases.

CASH FROM OPERATIONS $B

CAPITAL EXPENDITURES $B

CASH TO STOCKHOLDERS $B

(In Millions)	Six Months Ended Jun 29, 2019	Six Months Ended Jun 30, 2018
Net cash provided by operating activities	$ 12,546	$ 13,697
Net cash used for investing activities	(6,010)	(5,984)
Net cash provided by (used for) financing activities	(6,688)	(8,532)
Net increase (decrease) in cash and cash equivalents	**$ (152)**	**$ (819)**

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 six months of 2019 compared to the first six months of 2018, the $1.2 billion decrease in cash provided by operations was primarily attributable to changes in working capital and lower net income. Cash flow related to working capital was down as customers utilized supply agreement prepayments, and as we continued to build inventory. These working capital changes were partially offset by changes in income tax and other assets and liabilities balances.

Investing Activities

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

Cash used for investing activities was flat for the first six months of 2019 compared to the first six months of 2018. Trading asset activity was offset by increased sales of equity investments (substantially all from ASML sales) and reduced capital expenditures.

Financing Activities

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

Cash used for financing activities was lower in the first six months of 2019 compared to the first six months of 2018 due to collateral received for our fair value hedges associated with our senior notes and cash received from issuance of debt partially offset by repayment of commercial paper.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are affected by changes in currency exchange and interest rates, as well as equity and commodity prices. For discussion about market risk and sensitivity analysis related to changes in currency exchange rates, interest rates, equity prices, and commodity prices refer to "Quantitative and Qualitative Disclosures About Market Risk" within "MD&A," in our Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (2018 Form 10-K).

OTHER KEY INFORMATION

RISK FACTORS

The risks described in "Risk Factors" within "Other Key Information" in our 2018 Form 10-K could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face—our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. Below, we have updated the risk factor included in our 2018 Form 10-K titled "Global or regional conditions may harm our financial results." The Risk Factors section in our 2018 Form 10-K otherwise remains current in all material respects.

Global or regional conditions may harm our financial results. We have manufacturing, assembly and test, R&D, sales, and other operations in many countries, and some of our business activities may be concentrated in one or more geographic areas. Moreover, sales outside the U.S. accounted for approximately 84% of our revenue for the fiscal year ended December 29, 2018, with revenue from billings to China, including Hong Kong, contributing approximately 27% of our total revenue. As a result, our operations and our financial results, including our ability to manufacture, assemble and test, design, develop, or sell products, and the demand for our products, may be adversely affected by a number of global and regional factors outside of our control.

Adverse changes in global or regional economic conditions, including recession or slowing growth, changes or uncertainty in fiscal or monetary policy, higher interest rates, tighter credit, inflation, lower capital expenditures by businesses including on IT infrastructure, increases in unemployment, and lower consumer confidence and spending, could significantly harm demand for our products and make it more challenging to forecast our operating results and make business decisions, including regarding prioritization of investments in our business. An economic downturn or increased uncertainty may also lead to increased credit and collectability risks, higher borrowing costs or limits on our access to capital markets, reduced liquidity, adverse impacts on our suppliers, failures of counterparties and other financial institutions, and declines in the value of our financial instruments.

International trade disputes may result in increased tariffs, trade barriers, and other protectionist measures that could increase our manufacturing costs, make our products less competitive, reduce demand for our products, limit our ability to procure components or raw materials, or impede or slow the movement of our goods across borders. Increasing protectionism and economic nationalism may lead to further changes in trade policy, domestic sourcing initiatives, or other formal and informal measures that could make it more difficult to sell our products in, or restrict our access to, some markets.

Escalating trade tensions between the U.S. and China have led to increased tariffs and trade restrictions, including tariffs applicable to some of our products. The U.S. has previously imposed, and continues to impose, restrictions on the export of U.S.-regulated products and technology to certain Chinese technology companies, which have included, and continue to include, certain of our customers. These restrictions have reduced our sales, and continuing or future restrictions could adversely affect our financial results, result in reputational harm to us due to our relationship with such companies, or lead such companies to develop or adopt technologies that compete with our products. It is difficult to predict what further trade-related actions governments may take, which may include additional or increased tariffs and trade restrictions, and we may be unable to quickly and effectively react to such actions.

Trade disputes and protectionist measures could result in declining consumer confidence and slowing economic growth or recession, and could cause our customers to reduce, cancel, or alter the timing of their purchases with us. Sustained trade tensions could lead to long-term changes in global trade and technology supply chains, which could adversely affect our business and growth prospects.

We may be adversely affected by other global and regional factors, including:

- geopolitical and security issues, such as armed conflict and civil or military unrest, political instability, human rights concerns, and terrorist activity;
- natural disasters, public health issues, and other catastrophic events;
- inefficient infrastructure and other disruptions, such as supply chain interruptions and large-scale outages or unreliable provision of services from utilities, transportation, data hosting, or telecommunications providers;
- formal or informal imposition of new or revised export, import, or doing-business regulations, including trade sanctions, tariffs, and changes in the ability to obtain export licenses, which could be changed without notice;
- government restrictions on, or nationalization of, our operations in any country, or restrictions on our ability to repatriate earnings from a particular country;
- differing employment practices and labor issues;
- ineffective legal protection of our IP rights in certain countries;
- local business and cultural factors that differ from our current standards and practices;
- continuing uncertainty regarding social, political, immigration, and tax and trade policies in the U.S. and abroad, including as a result of the United Kingdom's vote to withdraw from the European Union; and
- fluctuations in the market values of our domestic and international investments, which can be negatively affected by liquidity, credit deterioration or losses, interest rate changes, financial results, political risk, sovereign risk, or other factors.

We are subject to laws and regulations worldwide that may differ among jurisdictions, affecting our operations in areas including, but not limited to: IP ownership and infringement; tax; import and export requirements; anti-corruption; foreign exchange controls and cash repatriation restrictions; data privacy requirements; competition; advertising; employment; product regulations; environment, health, and safety requirements; and consumer laws. Compliance with such requirements may be onerous and expensive, and may otherwise impact our business operations negatively. For example, unfavorable developments with evolving laws and regulations worldwide related to 5G or autonomous driving technology may limit global adoption, impede our strategy, and negatively impact our long-term expectations for our investments in these areas. Although we have policies, controls, and procedures designed to help ensure compliance with applicable laws, there can be no assurance that our employees, contractors, suppliers, and/or agents will not violate such laws or our policies. Violations of these laws and regulations could result in fines; criminal sanctions against us, our officers, or our employees; prohibitions on the conduct of our business; and damage to our reputation.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 29, 2019 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 the principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected.

NON-GAAP FINANCIAL MEASURES

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

Our non-GAAP operating income and diluted earnings per share reflect adjustments for one or more of the following items, as well as the related income tax effects. Income tax effects have been calculated using an appropriate tax rate for each adjustment. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated.

Amortization of acquisition-related intangible assets

Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology, brands, and customer relationships acquired in connection with business combinations. We record charges related to the amortization of these intangibles within both cost of sales and operating expenses in our GAAP financial statements. Amortization charges for our acquisition-related intangible assets are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions, rather than our core operations. Consequently, our non-GAAP adjustments exclude these charges to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.

Restructuring and other charges

Restructuring charges are costs associated with a formal restructuring plan and are primarily related to employee severance and benefit arrangements. Other charges include asset impairments. We exclude restructuring and other charges, including any adjustments to charges recorded in prior periods, for purposes of calculating certain non-GAAP measures. We believe that these costs do not reflect our current operating performance. Consequently, our non-GAAP adjustments exclude these charges to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.

Gains or losses from divestiture

We divested Wind River in Q2 2018 and recognized an associated gain. Our non-GAAP earnings per share figures exclude this impact to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.

Ongoing mark-to-market on marketable equity securities

We exclude gains and losses resulting from ongoing mark-to-market adjustments of our marketable equity securities, after the initial mark-to-market adjustment is recorded upon a security becoming marketable, when calculating certain non-GAAP measures, as we do not believe this volatility correlates to our core operational performance. Consequently, our non-GAAP earnings per share figures exclude these impacts to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.

Tax Reform adjustment

During Q2 2018, we made an adjustment to our U.S. Tax Cuts and Jobs Act (Tax Reform) provisional tax estimates that we recorded in Q4 2017. We exclude this provisional tax adjustment when calculating certain non-GAAP measures. We believe excluding this adjustment facilitates a better evaluation of our current operating performance and comparisons to past operating performance.

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

	Three Months Ended	
(In Millions, Except Per Share Amounts)	**Jun 29, 2019**	**Jun 30, 2018**
Operating income	**$ 4,617**	**$ 5,273**
Amortization of acquisition-related intangible assets	337	325
Restructuring and other charges	184	—
Non-GAAP operating income	**$ 5,138**	**$ 5,598**
Earnings per share - diluted	**$ 0.92**	**$ 1.05**
Amortization of acquisition-related intangible assets	0.08	0.07
Restructuring and other charges	0.04	—
(Gains) losses from divestiture	—	(0.10)
Ongoing mark-to-market on marketable equity securities	0.04	0.05
Tax Reform	—	(0.04)
Income tax effect	(0.02)	0.01
Non-GAAP earnings per share - diluted	**$ 1.06**	**$ 1.04**

ISSUER PURCHASES OF EQUITY SECURITIES

We have an ongoing authorization, originally approved by our Board of Directors in 2005 and subsequently amended, to repurchase shares of our common stock in open market or negotiated transactions. As of June 29, 2019, we were authorized to repurchase up to $90.0 billion, of which $11.7 billion remained available.

Common stock repurchase activity under our publicly announced stock repurchase program during the second quarter of 2019 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 Under the Program (In Millions)**
March 31, 2019 - April 27, 2019	4.7	$ 55.82	$ 14,621
April 28, 2019 - May 25, 2019	28.3	$ 46.27	$ 13,311
May 26, 2019 - June 29, 2019	34.2	$ 45.95	**$ 11,739**
Total	**67.2**		

We issue RSUs as part of our equity incentive plans. In our consolidated condensed financial statements, we treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of RSUs as common stock repurchases because they reduce the number of shares that would have been issued upon vesting. These withheld shares of common stock are not considered common stock repurchases under our authorized common stock repurchase program and accordingly are not included in the common stock repurchase totals in the preceding table.

EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference: Form	File Number	Exhibit	Filing Date	Filed or Furnished Herewith
3.1	Third Restated Certificate of Incorporation of Intel Corporation, dated May 17, 2006	8-K	000-06217	3.1	5/22/2006	
3.2	Intel Corporation Bylaws, as amended and restated on January 16, 2019	8-K	000-06217	3.2	1/17/2019	
10.1†	Intel Corporation 2006 Equity Incentive Plan, as amended and restated effective May 16, 2019					X
10.2†	Offer Letter between Intel Corporation and George S. Davis, dated April 2, 2019	8-K	000-06217	10.1	4/3/2019	
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X

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

FORM 10-Q CROSS-REFERENCE INDEX

(a) As of June 29, 2019, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

(b) There were no material changes to our significant contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended December 29, 2018.

SIGNATURES

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

INTEL CORPORATION
(Registrant)

Date:	July 25, 2019	By:	/s/ GEORGE S. DAVIS
			George S. Davis
			Executive Vice President, Chief Financial Officer and Principal Financial Officer
Date:	July 25, 2019	By:	/s/ KEVIN T. MCBRIDE
			Kevin T. McBride
			Vice President of Finance, Corporate Controller and Principal Accounting Officer

Exhibit 10.1

INTEL CORPORATION

2006 EQUITY INCENTIVE PLAN

AS AMENDED AND RESTATED EFFECTIVE MAY 16, 2019

1. PURPOSE

The purpose of this Intel Corporation 2006 Equity Incentive Plan (the "Plan") is to advance the interests of Intel Corporation, a Delaware corporation, and its Subsidiaries (hereinafter collectively "Intel" or the "Corporation"), by stimulating the efforts of employees who are selected to be participants on behalf of Intel, aligning the long-term interests of participants with those of stockholders, heightening the desire of participants to continue in working toward and contributing to the success of Intel, assisting Intel in competing effectively with other enterprises for the services of new employees necessary for the continued improvement of operations, and to attract, motivate and retain the best available individuals for service to the Corporation. This Plan permits the grant of stock options, stock appreciation rights, restricted stock and restricted stock units, each of which shall be subject to such conditions based upon continued employment, passage of time or satisfaction of performance criteria as shall be specified pursuant to the Plan.

2. DEFINITIONS

(a) "Award" means a stock option, stock appreciation right, restricted stock or restricted stock unit granted to a Participant pursuant to the Plan.

(b) "Board of Directors" means the Board of Directors of the Corporation.

(c) "Code" shall mean the Internal Revenue Code of 1986, as such is amended from time to time, and any reference to a section of the Code shall include any successor provision of the Code.

(d) "Committee" shall mean the committee appointed by the Board of Directors from among its members to administer the Plan pursuant to Section 3.

(e) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and any reference to a section of the Exchange Act shall include any successor provision of the Exchange Act.

(f) "Outside Director" shall mean a member of the Board of Directors who is not otherwise an employee of the Corporation.

(g) "Participants" shall mean those individuals to whom Awards have been granted from time to time and any authorized transferee of such individuals.

(h) "Performance Award" means an Award the grant, issuance, retention, vesting and/or settlement of which is subject to satisfaction of one or more of the Qualifying Performance Criteria specified in Section 10(b).

(i) "Plan" means this Intel Corporation 2006 Equity Incentive Plan.

(j) "Share" shall mean a share of common stock, $.001 par value, of the Corporation or the number and kind of shares of stock or other securities which shall be substituted or adjusted for such shares as provided in Section 11.

(k) "Subsidiary" means any corporation or entity in which Intel Corporation owns or controls, directly or indirectly, fifty percent (50%) or more of the voting power or economic interests of such corporation or entity.

3. ADMINISTRATION

(a) *Composition of Committee.* This Plan shall be administered by the Committee. The Committee shall consist of two or more Outside Directors who shall be appointed by the Board of Directors. The Board of Directors shall fill vacancies on the Committee and may from time to time remove or add members of the Committee. The Board of Directors, in its sole discretion, may exercise any authority of the Committee under this Plan in lieu of the Committee's exercise thereof, and in such instances references herein to the Committee shall refer to the Board of Directors.

(b) *Delegation and Administration.* The Committee may delegate to one or more separate committees (any such committee a "Subcommittee") composed of one or more directors of the Corporation (who may but need not be members of the Committee) the ability to grant Awards and take the other actions described in Section 3(c) with respect to Participants who are not executive officers, and such actions shall be treated for all purposes as if taken by the Committee. The Committee may delegate to a Subcommittee of one or more officers of the Corporation the ability to grant Awards and take the other actions described in Section 3(c) with respect to Participants (other than any such officers themselves) who are not directors or executive officers, provided however that the resolution so authorizing such officer(s) shall specify the total number of Shares, rights or options such Subcommittee may so award, and such actions shall be treated for all purposes as if taken by the Committee. Any action by any such Subcommittee within the scope of such delegation shall be deemed for all purposes to have been taken by the Committee, and references in this Plan to the Committee shall include any such Subcommittee. The Committee may delegate the day to day administration of the Plan to an officer or officers of the Corporation or one or more agents, and such administrator(s) may have the authority to execute and distribute agreements or other documents evidencing or relating to Awards granted by the Committee under this Plan, to maintain records relating to the grant, vesting, exercise, forfeiture or expiration of Awards, to process or oversee the issuance of Shares upon the exercise, vesting and/or settlement of an Award, to interpret the terms of Awards and to take such other actions as the Committee may specify. Any action by any such administrator within the scope of its delegation shall be deemed for all purposes to have been taken by the Committee and references in this Plan to the Committee shall include any such administrator, provided that the actions and interpretations of any such administrator shall be subject to review and approval, disapproval or modification by the Committee.

(c) *Powers of the Committee.* Subject to the express provisions and limitations set forth in this Plan, the Committee shall be authorized and empowered to do all things necessary or desirable, in its sole discretion, in connection with the administration of this Plan, including, without limitation, the following:

(i) to prescribe, amend, and rescind rules and regulations relating to the Plan, including the forms of Award Agreement and manner of acceptance of an Award, and to take or approve such further actions as it determines necessary or appropriate to the administration of the Plan and Awards, such as correcting a defect or supplying any omission, or reconciling any inconsistency so that the Plan or any Award Agreement complies with applicable law, regulations and listing requirements and so as to avoid unanticipated consequences or address unanticipated events (including any temporary closure of Nasdaq, disruption of communications or natural catastrophe) deemed by the Committee to be inconsistent with the purposes of the Plan or any Award Agreement, provided that no such action shall be taken absent stockholder approval to the extent required under Section 13;

(ii) to determine which persons are eligible to be Participants, to which of such persons, if any, Awards shall be granted hereunder and the timing of any such Awards, and to grant Awards;

(iii) to grant Awards to Participants and determine the terms and conditions thereof, including the number of Shares subject to Awards and the exercise or purchase price of such Shares and the circumstances under which Awards become exercisable or vested or are forfeited or expire, which terms may but need not be conditioned upon the passage of time, continued employment, the satisfaction of performance criteria, the occurrence of certain events, or other factors;

(iv) to establish or verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award;

(v) to prescribe and amend the terms of the agreements or other documents evidencing Awards made under this Plan (which need not be identical);

(vi) to determine whether, and the extent to which, adjustments are required pursuant to Section 11;

(vii) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in good faith and for the benefit of the Corporation; and

(viii) to make all other determinations deemed necessary or advisable for the administration of this Plan.

(d) *Effect of Change in Status.* The Committee shall have the discretion to determine the effect upon an Award and upon an individual's status as an employee under the Plan (including whether a Participant shall be deemed to have experienced a termination of employment or other change in status) and upon the vesting, expiration or forfeiture of an Award in the case of (i) any individual who is employed by an entity that ceases to be a Subsidiary of the Corporation, (ii) any leave of absence approved by the Corporation or a Subsidiary, (iii) any transfer between locations of employment with the Corporation or a Subsidiary or between the Corporation and any Subsidiary or between any Subsidiaries, (iv) any change in the Participant's status from an employee to a consultant or member of the Board of Directors, or vice versa, and (v) at the request of the Corporation or a Subsidiary, any employee who becomes employed by any partnership, joint venture, corporation or other entity not meeting the requirements of a Subsidiary.

(e) *Determinations of the Committee.* All decisions, determinations and interpretations by the Committee regarding this Plan shall be final and binding on all persons. The Committee may consider such factors as it deems relevant to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any director, officer or employee of the Corporation and such attorneys, consultants and accountants as it may select. Any decision or action by the Committee may be contested only by a Participant or other holder of an Award and only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or was unlawful.

4. PARTICIPANTS

Awards under the Plan may be granted to any person who is an employee or Outside Director of the Corporation. Outside Directors may be granted Awards only pursuant to Section 9 of the Plan. The status of the Chairman of the Board of Directors as an employee or Outside Director shall be determined by the Committee. Any person designated by the Corporation as an independent contractor shall not be treated as an employee and shall not be eligible for Awards under the Plan.

5. EFFECTIVE DATE AND EXPIRATION OF PLAN

(a) *Effective Date.* This Plan was originally approved by the Board of Directors on February 23, 2006 and became effective on May 17, 2006. The current amendment and restatement of the Plan was approved by the Board of Directors on March 13, 2019 and became effective on May 16, 2019.

(b) *Expiration Date*. The Plan shall remain available for the grant of Awards until June 30, 2023 or such earlier date as the Board of Directors may determine; provided, however, that ISOs (as defined below) may not be granted under the Plan after the 10th anniversary of the date of the Board of Directors' most recent approval of the Plan. The expiration of the Committee's authority to grant Awards under the Plan will not affect the operation of the terms of the Plan or the Corporation's and Participants' rights and obligations with respect to Awards granted on or prior to the expiration date of the Plan.

6. SHARES SUBJECT TO THE PLAN

(a) *Aggregate Limits.* Subject to adjustment as provided in Section 11, the aggregate number of Shares authorized for issuance after December 29, 2018 pursuant to Awards under the Plan is 357,300,000. The Shares subject to the Plan may be either Shares reacquired by the Corporation, including Shares purchased in the open market, or authorized but unissued Shares. Any Shares subject to an Award which for any reason expires or terminates unexercised or is not earned in full may again be made subject to an Award under the Plan. Notwithstanding the preceding sentence, the following Shares may not again be made available for issuance as Awards under the Plan: (i) Shares not issued or delivered as a result of the net settlement of an outstanding Stock Appreciation Right, (ii) Shares used to pay the exercise price or withholding taxes related to an outstanding Award, or (iii) Shares repurchased on the open market with the proceeds of the option exercise price.

(b) *Tax Code Limits.* The aggregate number of Shares that may be earned pursuant to Stock Options or Stock Appreciation Rights granted under this Plan during any calendar year to any one Participant shall not exceed 4,000,000. The aggregate number of Shares that may be earned pursuant to Restricted Stock or Restricted Stock Unit Awards granted under this Plan during any calendar year to any one Participant shall not exceed 4,000,000. Notwithstanding anything to the contrary in this Plan, the foregoing limitations shall be subject to adjustment under Section 11.The aggregate number of Shares issued after December 29, 2018 pursuant to incentive stock options granted under the Plan shall not exceed 357,300,000, which limitation shall be subject to adjustment under Section 11 only to the extent that such adjustment is consistent with adjustments permitted of a plan authorizing incentive stock options under Section 422 of the Code.

7. PLAN AWARDS

(a) *Award Types.* The Committee, on behalf of the Corporation, is authorized under this Plan to grant, award and enter into the following arrangements or benefits under the Plan provided that their terms and conditions are not inconsistent with the provisions of the Plan: stock options, stock appreciation rights, restricted stock and restricted stock units. Such arrangements and benefits are sometimes referred to herein as "Awards." The Committee, in its discretion, may determine that any Award granted hereunder shall be a Performance Award.

(i) *Stock Options.* A "Stock Option" is a right to purchase a number of Shares at such exercise price, at such times, and on such other terms and conditions as are specified in or determined pursuant to the document(s) evidencing the Award (the "Option Agreement"). The Committee may grant Stock Options intended to be eligible to qualify as incentive stock options ("ISOs") pursuant to Section 422 of the Code and Stock Options that are not intended to qualify as ISOs ("Non-qualified Stock Options"), as it, in its sole discretion, shall determine.

(ii) *Stock Appreciation Rights.* A "Stock Appreciation Right" or "SAR" is a right to receive, in cash or stock (as determined by the Committee), value with respect to a specific number of Shares equal to or otherwise based on the excess of (i) the market value of a Share at the time of exercise over (ii) the exercise price of the right, subject to such terms and conditions as are expressed in the document(s) evidencing the Award (the "SAR Agreement").

(iii) *Restricted Stock.* A "Restricted Stock" Award is an award of Shares, the grant, issuance, retention and/or vesting of which is subject to such conditions as are expressed in the document(s) evidencing the Award (the "Restricted Stock Agreement").

(iv) *Restricted Stock Unit.* A "Restricted Stock Unit" Award is an award of a right to receive, in cash or stock (as determined by the Committee) the market value of one Share, the grant, issuance, retention and/or vesting of which is subject to such conditions as are expressed in the document(s) evidencing the Award (the "Restricted Stock Unit Agreement").

(b) *Grants of Awards.* An Award may consist of one of the foregoing arrangements or benefits or two or more of them in tandem or in the alternative.

8. EMPLOYEE PARTICIPANT AWARDS

(a) *Grant, Terms and Conditions of Stock Options and SARs*

The Committee may grant Stock Options or SARs at any time and from time to time prior to the expiration of the Plan to eligible employee Participants selected by the Committee. No Participant shall have any rights as a stockholder with respect to any Shares subject to Stock Options or SARs hereunder until said Shares have been issued. Each Stock Option or SAR shall be evidenced only by such agreements, notices and/or terms or conditions documented in such form (including by electronic communications) as may be approved by the Committee. Each Stock Option grant will expressly identify the Stock Option as an ISO or as a Non-qualified Stock Option. Stock Options or SARs granted pursuant to the Plan need not be identical but each must contain or be subject to the following terms and conditions:

(i) *Price.* The purchase price (also referred to as the exercise price) under each Stock Option or SAR granted hereunder shall be established by the Committee. The purchase price per Share shall not be less than 100% of the market value of a Share on the date of grant. For purposes of the Plan, "market value" shall mean the average of the high and low sales prices of the Corporation's common stock. The exercise price of a Stock Option shall be paid in cash or in such other form if and to the extent permitted by the Committee, including without limitation by delivery of already owned Shares, withholding (either actually or by attestation) of Shares otherwise issuable under such Stock Option and/or by payment under a broker-assisted sale and remittance program acceptable to the Committee.

(ii) *No Repricing.* Other than in connection with a change in the Corporation's capitalization or other transaction as described in Section 11(a) through (d) of the Plan, the Corporation shall not, without stockholder approval, reduce the purchase price of a Stock Option or SAR and, at any time when the purchase price of a Stock Option or SAR is above the market value of a Share, the Corporation shall not, without stockholder approval (except in the case of a transaction described in Section 11(a) through (d) of the Plan), cancel and re-grant or exchange such Stock Option or SAR for a new Award with a lower (or no) purchase price or for cash.

(iii) *No Reload Grants.* Stock Options shall not be granted under the Plan in consideration for and shall not be conditioned upon the delivery of Shares to the Corporation in payment of the exercise price and/or tax withholding obligation under any other employee stock option.

(iv) *Duration, Exercise and Termination of Stock Options and SARs.* Each Stock Option or SAR shall be exercisable at such time and in such installments during the period prior to the expiration of the Stock Option or SAR as determined by the Committee. The Committee shall have the right to make the timing of the ability to exercise any Stock Option or SAR subject to continued employment, the passage of time and/or such performance requirements as deemed appropriate by the Committee. At any time after the grant of a Stock Option, the Committee may reduce or eliminate any restrictions on the Participant's right to exercise all or part of the Stock Option, except that no Stock Option shall first become exercisable within one (1) year from its date of grant, other than upon the death, disability or retirement of the person to whom the Stock Option was granted, in each case as specified in the Option Agreement.

Each Stock Option or SAR that vests in full in less than five (5) years (standard grants) must expire within a period of not more than seven (7) years from the grant date and each Stock Option or SAR that vests in full in five (5) or more years (long-term retention grants) must expire within a period of not more than ten (10) years from the grant date. In each case, the Option Agreement or SAR Agreement may provide for expiration prior to the end of the stated term of the Award in the event of the termination of employment or service of the Participant to whom it was granted.

(v) *Suspension or Termination of Stock Options and SARs.* If at any time (including after a notice of exercise has been delivered) the Committee, including any Subcommittee or administrator authorized pursuant to Section 3(b) (any such person, an "Authorized Officer"), reasonably believes that a Participant, other than an Outside Director, has committed an act of misconduct as described in this Section, the Authorized Officer may suspend the Participant's right to exercise any Stock Option or SAR pending a determination of whether an act of misconduct has been committed. If the Committee or an Authorized Officer determines a Participant, other than an Outside Director, has committed an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to Intel, breach of fiduciary duty or deliberate disregard of Corporation rules resulting in loss, damage or injury to the Corporation, or if a Participant makes an unauthorized disclosure of any Corporation trade secret or confidential information, engages in any conduct constituting unfair competition, induces any customer to breach a contract with the Corporation or induces any principal for whom Intel acts as agent to terminate such agency relationship, neither the Participant nor his or her estate shall be entitled to exercise any Stock Option or SAR whatsoever. In addition, for any Participant who is designated as an "executive officer" by the Board of Directors, if the Committee determines that the Participant engaged in an act of embezzlement, fraud or breach of fiduciary duty during the Participant's employment that contributed to an obligation to restate the Corporation's financial statements ("Contributing Misconduct"), the Participant shall be required to repay to the Corporation, in cash and upon demand, the Option Proceeds (as defined below) resulting from any sale or other disposition (including to the Corporation) of Shares issued or issuable upon exercise of a Stock Option or SAR if the sale or disposition was effected during the twelve-month period following the first public issuance or filing with the SEC of the financial statements required to be restated. The term "Option Proceeds" means, with respect to any sale or other disposition (including to the Corporation) of Shares issuable or issued upon exercise of a Stock Option or SAR, an amount determined appropriate by the Committee to reflect the effect of the restatement, up to the amount equal to the number of Shares sold or disposed of multiplied by the difference between the market value per Share at the time of such sale or disposition and the exercise price. The return of Option Proceeds is in addition to and separate from any other relief available to the Corporation due to the executive officer's Contributing Misconduct. Any determination by the Committee or an Authorized Officer with respect to the foregoing shall be final, conclusive and binding on all interested parties. For any Participant who is an executive officer, the determination of the Committee or of the Authorized Officer shall be subject to the approval of the Board of Directors.

(vi) *Conditions and Restrictions Upon Securities Subject to Stock Options or SARs.* Subject to the express provisions of the Plan, the Committee may provide that the Shares issued upon exercise of a Stock Option or SAR shall be subject to such further conditions or agreements as the Committee in its discretion may specify prior to the exercise of such Stock Option or SAR, including, without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions. The obligation to make payments with respect to SARs may be satisfied through cash payments or the delivery of Shares, or a combination thereof as the Committee shall determine. The Committee may establish rules for the deferred delivery of Common Stock upon exercise of a Stock Option or SAR with the deferral evidenced by use of Restricted Stock Units equal in number to the number of Shares whose delivery is so deferred.

(vii) *Other Terms and Conditions.* Stock Options and SARs may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Committee shall deem appropriate.

(viii) *ISOs.* Stock Options intending to qualify as ISOs may only be granted to employees of the Corporation within the meaning of the Code, as determined by the Committee. No ISO shall be granted to any person if immediately after the grant of such Award, such person would own stock, including stock subject to outstanding Awards held by him or her under the Plan or any other plan established by the Corporation, amounting to more than ten percent (10%) of the total combined voting power or value of all classes of stock of the Corporation. To the extent that the Option Agreement specifies that a Stock Option is intended to be treated as an ISO, the Stock Option is intended to qualify to the greatest extent possible as an "incentive stock option" within the meaning of Section 422 of the Code, and shall be so construed; provided, however, that any such designation shall not be interpreted as a representation, guarantee or other undertaking on the part of the Corporation that the Stock Option is or will be determined to qualify as an ISO. If and to the extent that any Shares are issued under a portion of any Stock Option that exceeds the $100,000 limitation of Section 422 of the Code, such Shares shall not be treated as issued under an ISO notwithstanding any designation otherwise. Certain decisions, amendments, interpretations and actions by the Committee and certain actions by a Participant may cause a Stock Option to cease to qualify as an ISO pursuant to the Code and by accepting a Stock Option the Participant agrees in advance to such disqualifying action.

(b) Grant, Terms and Conditions of Restricted Stock and Restricted Stock Units

The Committee may grant Restricted Stock or Restricted Stock Units at any time and from time to time prior to the expiration of the Plan to eligible employee Participants selected by the Committee. A Participant shall have rights as a stockholder with respect to any Shares subject to a Restricted Stock Award hereunder only to the extent specified in this Plan or the Restricted Stock Agreement evidencing such Award. Awards of Restricted Stock or Restricted Stock Units shall be evidenced only by such agreements, notices and/or terms or conditions documented in such form (including by electronic communications) as may be approved by the Committee. Awards of Restricted Stock or Restricted Stock Units granted pursuant to the Plan need not be identical but each must contain or be subject to the following terms and conditions:

(i) *Terms and Conditions.* Each Restricted Stock Agreement and each Restricted Stock Unit Agreement shall contain provisions regarding (a) the number of Shares subject to such Award or a formula for determining such, (b) the purchase price of the Shares, if any, and the means of payment for the Shares, (c) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, issued, retainable and/or vested, (d) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares as may be determined from time to time by the Committee, (e) restrictions on the transferability of the Shares and (f) such further terms and conditions as may be determined from time to time by the Committee, in each case not inconsistent with this Plan.

(ii) *Sale Price.* Subject to the requirements of applicable law, the Committee shall determine the price, if any, at which Shares of Restricted Stock or Restricted Stock Units shall be sold or awarded to a Participant, which may vary from time to time and among Participants and which may be below the market value of such Shares at the date of grant or issuance.

(iii) *Share Vesting.* The grant, issuance, retention and/or vesting of Shares under Restricted Stock or Restricted Stock Unit Awards shall be at such time and in such installments as determined by the Committee or under criteria established by the Committee. The Committee shall have the right to make the timing of the grant and/or the issuance, ability to retain and/or vesting of Shares under Restricted Stock or Restricted Stock Unit Awards subject to continued employment, passage of time and/or such performance criteria and level of achievement versus these criteria as deemed appropriate by the Committee, which criteria may be based on financial performance and/or personal performance evaluations. No condition that is based on performance criteria and level of achievement versus such criteria shall be based on performance over a period of less than one year.

(iv) *Termination of Employment.* The Restricted Stock or Restricted Stock Unit Agreement may provide for the forfeiture or cancellation of the Restricted Stock or Restricted Stock Unit Award, in whole or in part, in the event of the termination of employment or service of the Participant to whom it was granted.

(v) *Restricted Stock Units.* Except to the extent this Plan or the Committee specifies otherwise, Restricted Stock Units represent an unfunded and unsecured obligation of the Corporation and do not confer any of the rights of a stockholder until Shares are issued thereunder. Settlement of Restricted Stock Units upon expiration of the deferral or vesting period shall be made in Shares or otherwise as determined by the Committee. Dividends or dividend equivalent rights shall be payable in cash or in additional shares with respect to Restricted Stock Units only to the extent specifically provided for by the Committee and subject to the limitations of Section 10(c). Until a Restricted Stock Unit is settled, the number of Shares represented by a Restricted Stock Unit shall be subject to adjustment pursuant to Section 11. Any Restricted Stock Units that are settled after the Participant's death shall be distributed to the Participant's designated beneficiary(ies) or, if none was designated, the Participant's estate.

(vi) *Suspension or Termination of Restricted Stock and Restricted Stock Units.* If at any time the Committee, including any Subcommittee or administrator authorized pursuant to Section 3(b) (any such person, an "Authorized Officer"), reasonably believes that a Participant, other than an Outside Director, has committed an act of misconduct as described in this Section, the Authorized Officer may suspend the vesting of Shares under the Participant's Restricted Stock or Restricted Stock Unit Awards pending a determination of whether an act of misconduct has been committed. If the Committee or an Authorized Officer determines a Participant, other than an Outside Director, has committed an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to Intel, breach of fiduciary duty or deliberate disregard of Corporation rules resulting in loss, damage or injury to the Corporation, or if a Participant makes an unauthorized disclosure of any Corporation trade secret or confidential information, engages in any conduct constituting unfair competition, induces any customer to breach a contract with the Corporation or induces any principal for whom Intel acts as agent to terminate such agency relationship, the Participant's Restricted Stock or Restricted Stock Unit Agreement shall be forfeited and cancelled. In addition, for any Participant who is designated as an "executive officer" by the Board of Directors, if the Committee determines that the Participant engaged in an act of embezzlement, fraud or breach of fiduciary duty during the Participant's employment that contributed to an obligation to restate the Corporation's financial statements ("Contributing Misconduct"), the Participant shall be required to repay to the Corporation, in cash and upon demand, the Restricted Stock Proceeds (as defined below) resulting from any sale or other disposition (including to the Corporation) of Shares issued or issuable upon the vesting of Restricted Stock or a Restricted Stock Unit if the sale or disposition was effected during the twelve-month period following the first public issuance or filing with the SEC of the financial statements required to be restated. The term "Restricted Stock Proceeds" means, with respect to any sale or other disposition (including to the Corporation) of Shares issued or issuable upon vesting of Restricted Stock or a Restricted Stock Unit, an amount determined appropriate by the Committee to reflect the effect of the restatement, up to the amount equal to the market value per Share at the time of such sale or other disposition multiplied by the number of Shares or units sold or disposed of. The return of Restricted Stock Proceeds is in addition to and separate from any other relief available to the Corporation due to the executive officer's Contributing Misconduct. Any determination by the Committee or an Authorized Officer with respect to the foregoing shall be final, conclusive and binding on all interested parties. For any Participant who is an executive officer, the determination of the Committee or of the Authorized Officer shall be subject to the approval of the Board of Directors.

9. OUTSIDE DIRECTOR AWARDS

The number of Awards granted to each Outside Director in a fiscal year of the Corporation ("Outside Director Awards") is limited, so that the grant date fair value of all Outside Director Awards granted by the Board of Directors combined with all cash-based compensation earned in the same fiscal year, may not exceed $1,250,000. Notwithstanding anything to the contrary in this Plan, the foregoing limitation shall be subject to adjustment under Section 11. The number of Shares subject to each Outside Director Award, or the formula pursuant to which such number shall be determined, the type or types of Awards included in the Outside Director Awards, the date of grant and the vesting, expiration and other terms applicable to such Outside Director Awards shall be specified from time to time by the Board of Directors, subject to the terms of this Plan, including the terms specified in Section 8. If the Board of Directors reasonably believes that an Outside Director has committed an act of misconduct as specified in Section 8(a)(v) or 8(b)(vi), the Board of Directors may suspend the Outside Director's right to exercise any Stock Option or SAR and/or the vesting of any Restricted Stock or Restricted Stock Unit Award pending a determination of whether an act of misconduct has been committed. If the Board of Directors determines that an Outside Director has committed an act of misconduct, neither the Outside Director nor his or her estate shall be entitled to exercise any Stock Option or SAR whatsoever and shall forfeit any unvested Restricted Stock or Restricted Stock Unit Award.

10. OTHER PROVISIONS APPLICABLE TO AWARDS

(a) *Transferability.* Unless the agreement or other document evidencing an Award (or an amendment thereto authorized by the Committee) expressly states that the Award is transferable as provided hereunder, no Award granted under this Plan, nor any interest in such Award, may be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred in any manner, other than by will or the laws of descent and distribution. The Committee may grant an Award or amend an outstanding Award to provide that the Award is transferable or assignable (a) in the case of a transfer without the payment of any consideration, to any "family member" as such term is defined in Section 1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as such may be amended from time to time, and (b) in any transfer described in clause (ii) of Section 1(a)(5) of the General Instructions to Form S-8 under the 1933 Act as amended from time to time, *provided* that following any such transfer or assignment the Award will remain subject to substantially the same terms applicable to the Award while held by the Participant to whom it was granted, as modified as the Committee shall determine appropriate, and as a condition to such transfer the transferee shall execute an agreement agreeing to be bound by such terms; *provided further*, that an ISO may be transferred or assigned only to the extent consistent with Section 422 of the Code. Any purported assignment, transfer or encumbrance that does not qualify under this Section 10(a) shall be void and unenforceable against the Corporation.

(b) *Qualifying Performance Criteria.* For purposes of this Plan, the term "Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Corporation as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, on a U.S. generally accepted accounting principles ("GAAP") or non-GAAP basis, in each case as specified by the Committee in the Award: (a) cash flow, (b) earnings per share, (c) earnings before one or more of interest, taxes, depreciation and amortization, (d) return on equity, (e) total stockholder return, (f) share price performance, (g) return on capital, (h) return on assets or net assets, (i) revenue, (j) income or net income, (k) operating income or net operating income, (l) operating profit or net operating profit, (m) gross margin, operating margin or profit margin, (n) return on operating revenue, (o) return on invested capital, (p) market segment share, (q) product release schedules, (r) new product innovation, (s) product cost reduction through advanced technology, (t) brand recognition/acceptance, (u) product ship targets, or (v) customer satisfaction. The Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in or provisions under tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, (v) any infrequently occurring or other unusual items, either under applicable accounting provisions or described in management's discussion and analysis of financial condition and results of operations appearing in the Corporation's annual report to stockholders for the applicable year, and (vi) any other events as the Committee shall deem appropriate, if such adjustment is timely approved in connection with the establishment of Qualifying Performance Criteria. Notwithstanding satisfaction of any completion of any Qualifying Performance Criteria, to the extent specified at the time of grant of an Award, the number of Shares, Stock Options, SARs, Restricted Stock Units or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Qualifying Performance Criteria may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

(c) *Dividends.* Unless otherwise provided by the Committee, no adjustment shall be made in Shares issuable under Awards on account of cash dividends that may be paid or other rights that may be issued to the holders of Shares prior to their issuance under any Award. The Committee shall specify whether dividends or dividend equivalent amounts shall be credited and/or payable to any Participant with respect to the Shares subject to any Award; provided, however, that in no event will dividends or dividend equivalents be credited or payable in respect of Stock Options or SARs. Notwithstanding the foregoing, dividends or dividend equivalents credited/payable in connection with an Award that is not yet vested shall be subject to the same restrictions and risk of forfeiture as the underlying Award and shall not be paid until the underlying Award vests.

(d) *Documents Evidencing Awards.* The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic signature or other electronic indication of acceptance, and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

(e) *Additional Restrictions on Awards.* Either at the time an Award is granted or by subsequent action, the Committee may, but need not, impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by a Participant of any Shares issued under an Award, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant or Participants, and (c) restrictions as to the use of a specified brokerage firm for receipt, resales or other transfers of such Shares.

(f) *Subsidiary Awards.* In the case of a grant of an Award to any Participant employed by a Subsidiary, such grant may, if the Committee so directs, be implemented by Intel issuing any subject Shares to the Subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the Subsidiary will transfer the Shares to the Participant in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Committee shall determine.

(g) *Compensation Recovery*. This provision applies to any policy adopted by any exchange on which the securities of the Corporation are listed pursuant to Section 10D of the Exchange Act. To the extent any such policy requires the repayment of incentive-based compensation received by a Participant, whether paid pursuant to an Award granted under this Plan or any other plan of incentive-based compensation maintained in the past or adopted in the future by the Corporation, by accepting an Award under this Plan, the Participant agrees to the repayment of such amounts to the extent required by such policy and applicable law.

11. ADJUSTMENT OF AND CHANGES IN THE COMMON STOCK

(a) The existence of outstanding Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, exchanges, or other changes in the Corporation's capital structure or its business, or any merger or consolidation of the Corporation or any issuance of Shares or other securities or subscription rights thereto, or any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares or other securities of the Corporation or the rights thereof, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. Further, except as expressly provided herein or by the Committee, (i) the issuance by the Corporation of shares of stock or any class of securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Corporation convertible into such shares or other securities, (ii) the payment of a dividend in property other than Shares, or (iii) the occurrence of any similar transaction, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Stock Options or other Awards theretofore granted or the purchase price per Share, unless the Committee shall determine, in its sole discretion, that an adjustment is necessary or appropriate.

(b) If the outstanding Shares or other securities of the Corporation, or both, for which the Award is then exercisable or as to which the Award is to be settled shall at any time be changed or exchanged by declaration of a stock dividend, stock split, combination of shares, extraordinary dividend of cash and/or assets, recapitalization, reorganization or any similar equity restructuring transaction (as that term is used in Accounting Standards Codification 718) affecting the Shares or other securities of the Corporation, the Committee shall equitably adjust the number and kind of Shares or other securities that are subject to this Plan and to the limits under Sections 6 and 9 and that are subject to any Awards theretofore granted, and the exercise or settlement prices of such Awards, so as to maintain the proportionate number of Shares or other securities subject to such Awards without changing the aggregate exercise or settlement price, if any.

(c) No right to purchase fractional Shares shall result from any adjustment in Stock Options or SARs pursuant to this Section 11. In case of any such adjustment, the Shares subject to the Stock Option or SAR shall be rounded down to the nearest whole share.

(d) Any other provision hereof to the contrary notwithstanding (except Section 11(a)), in the event Intel is a party to a merger or other reorganization, outstanding Awards shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, for the assumption of outstanding Awards by the surviving corporation or its parent, for their continuation by Intel (if Intel is a surviving corporation), for accelerated vesting and accelerated expiration, or for settlement in cash.

12. LISTING OR QUALIFICATION OF COMMON STOCK

In the event that the Committee determines in its discretion that the listing or qualification of the Shares available for issuance under the Plan on any securities exchange or quotation or trading system or under any applicable law or governmental regulation is necessary as a condition to the issuance of such Shares, a Stock Option or SAR may not be exercised in whole or in part and a Restricted Stock or Restricted Stock Unit Award shall not vest or be settled unless such listing, qualification, consent or approval has been unconditionally obtained.

13. TERMINATION OR AMENDMENT OF THE PLAN

The Board of Directors may amend, alter or discontinue the Plan and the Board or the Committee may to the extent permitted by the Plan amend any agreement or other document evidencing an Award made under this Plan, provided, however, that the Corporation shall submit for stockholder approval any amendment (other than an amendment pursuant to the adjustment provisions of Section 11) required to be submitted for stockholder approval by NASDAQ or that otherwise would:

(a) Increase the maximum number of Shares for which Awards may be granted under this Plan;

(b) Reduce the price at which Stock Options may be granted below the price provided for in Section 8(a);

(c) Reduce the option price of outstanding Stock Options;

(d) Extend the term of this Plan;

(e) Change the class of persons eligible to be Participants; or

(f) Increase the limits in Section 6.

In addition, no such amendment or alteration shall be made which would impair the rights of any Participant, without such Participant's consent, under any Award theretofore granted, provided that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Corporation, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated.

14. WITHHOLDING

To the extent required by applicable federal, state, local or foreign law, the Committee may and/or a Participant shall make arrangements satisfactory to the Corporation for the satisfaction of any withholding tax obligations that arise with respect to any Stock Option, SAR, Restricted Stock or Restricted Stock Unit Award, or any sale of Shares. The Corporation shall not be required to issue Shares or to recognize the disposition of such Shares until such obligations are satisfied. To the extent permitted or required by the Committee, these obligations may or shall be satisfied by having the Corporation withhold a portion of the Shares of stock that otherwise would be issued to a Participant under such Award or by tendering Shares previously acquired by the Participant.

15. GENERAL PROVISIONS

(a) *Employment At Will.* Neither the Plan nor the grant of any Award nor any action by the Corporation, any Subsidiary or the Committee shall be held or construed to confer upon any person any right to be continued in the employ of the Corporation or a Subsidiary. The Corporation and each Subsidiary expressly reserve the right to discharge, without liability but subject to his or her rights under this Plan, any Participant whenever in the sole discretion of the Corporation or a Subsidiary, as the case may be, it may determine to do so.

(b) *Governing Law.* This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. The Committee may provide that any dispute as to any Award shall be presented and determined in such forum as the Committee may specify, including through binding arbitration. Any reference in this Plan or in the agreement or other document evidencing any Award to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

(c) *Unfunded Plan.* Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are granted Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Corporation shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Corporation or the Committee be deemed to be a trustee of stock or cash to be awarded under the Plan.

(d) *Third Party Administrator.* In connection with a Participant's participation in the Plan, the Corporation may use the services of a third party administrator, including a brokerage firm administrator, and the Corporation may provide this administrator with personal information about a Participant, including a Participant's name, social security number and address, as well as the details of each Award, and this administrator may provide information to the Corporation concerning the exercise of a Participant's rights and account data as it relates to Awards under the Plan.

16. NON-EXCLUSIVITY OF PLAN

Neither the adoption of this Plan by the Board of Directors nor the submission of this Plan to the shareholders of the Corporation for approval shall be construed as creating any limitations on the power of the Board of Directors or the Committee to adopt such other incentive arrangements as either may deem desirable, including, without limitation, the granting of stock options, stock appreciation rights, restricted stock or restricted stock units otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

17. COMPLIANCE WITH OTHER LAWS AND REGULATIONS

This Plan, the grant and exercise of Awards thereunder, and the obligation of the Corporation to sell, issue or deliver Shares under such Awards, shall be subject to all applicable federal, state and local laws, rules and regulations and to such approvals by any governmental or regulatory agency as may be required. The Corporation shall not be required to register in a Participant's name or deliver any Shares prior to the completion of any registration or qualification of such Shares under any federal, state or local law or any ruling or regulation of any government body which the Committee shall determine to be necessary or advisable. To the extent the Corporation is unable to or the Committee deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Corporation's counsel to be necessary or advisable for the lawful issuance and sale of any Shares hereunder, the Corporation shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. No Stock Option shall be exercisable and no Shares shall be issued and/or transferable under any other Award unless a registration statement with respect to the Shares underlying such Stock Option is effective and current or the Corporation has determined that such registration is unnecessary.

18. LIABILITY OF CORPORATION

The Corporation shall not be liable to a Participant or other persons as to: (a) the non-issuance or sale of Shares as to which the Corporation has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; and (b) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Stock Option or other Award granted hereunder.

Exhibit 31.1

CERTIFICATION

I, Robert H. Swan, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:	July 25, 2019	By: /s/ ROBERT H. SWAN
		Robert H. Swan
		Chief Executive Officer, Director and Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, George S. Davis, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date:	July 25, 2019	By:	/s/ GEORGE S. DAVIS
			George S. Davis
			Executive Vice President, Chief Financial Officer and Principal Financial Officer

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Intel Corporation (Intel), that, to his knowledge, the Quarterly Report of Intel on Form 10-Q for the period ended June 29, 2019, 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:	July 25, 2019	By: /s/ ROBERT H. SWAN
		Robert H. Swan
		Chief Executive Officer, Director and Principal Executive Officer
Date:	July 25, 2019	By: /s/ GEORGE S. DAVIS
		George S. Davis
		Executive Vice President, Chief Financial Officer and Principal Financial Officer