

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 27, 2020

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
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 27, 2020, the registrant had outstanding 4,253 million shares of common stock.

TABLE OF CONTENTS

THE ORGANIZATION OF OUR QUARTERLY REPORT ON FORM 10-Q

The order and presentation of content in our Form 10-Q differs from the traditional SEC Form 10-Q format. Our format is designed to improve readability and better present how we organize and manage our business. See "Form 10-Q Cross-Reference Index" within Other Key Information for a cross-reference index to the traditional SEC Form 10-Q format. To reflect our focus on transforming from a PC-centric¹ company to a data-centric company, we have presented our data-centric businesses¹ first in "Segment Trends and Results" within MD&A.

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

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

	Page
FORWARD-LOOKING STATEMENTS	1
OUR PANDEMIC RESPONSE	2
A QUARTER IN REVIEW	3
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AND SUPPLEMENTAL DETAILS	
Consolidated Condensed Statements of Income	5
Consolidated Condensed Statements of Comprehensive Income	6
Consolidated Condensed Balance Sheets	7
Consolidated Condensed Statements of Cash Flows	8
Consolidated Condensed Statements of Stockholders' Equity	9
Notes to Consolidated Condensed Financial Statements	10
Key Terms	27
MANAGEMENT'S DISCUSSION AND ANALYSIS	
Segment Trends and Results	28
Consolidated Results of Operations	35
Liquidity and Capital Resources	40
Contractual Obligations	41
Quantitative and Qualitative Disclosures about Market Risk	41
Non-GAAP Financial Measures	42
OTHER KEY INFORMATION	
Risk Factors	44
Controls and Procedures	44
Issuer Purchases of Equity Securities	44
Exhibits	45
Form 10-Q Cross-Reference Index	46

¹ Intel's definition is included in "Key Terms" within the Consolidated Condensed Financial Statements and Supplemental Details.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipate," "expect," "intend," "pledge," "committed," "plan," "mission," "opportunities," "future," "upcoming," "believes," "targeted," "estimates," "continue," "likely," "may," "might," "potentially," "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 future responses to and effects of COVID-19; projections of our future financial performance and demand; our anticipated growth and trends in our businesses or operations; projected growth and trends in markets relevant to our businesses; business plans; future products and technology and the expected availability and benefits of such products and technology, including our 10nm and 7nm process technologies, products, and product designs; expectations regarding construction projects; expected timing and impact of acquisitions, divestitures, and other significant transactions; expected completion of restructuring activities; availability, uses, sufficiency, and cost of capital and capital resources, including expected returns to stockholders such as dividends and share repurchases; accounting estimates and judgments regarding reported matters, events and contingencies and our intentions with respect to such matters, events and contingencies, and the actual results thereof; future production capacity and product supply; the future purchase, use, and availability of products, components and services supplied by third parties, including third-party manufacturing services; tax-related expectations; 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, our 2019 Form 10-K, and our Form 10-Q for the quarter ended March 28, 2020, 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. Unless specifically indicated otherwise, the forward-looking statements in this Form 10-Q do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that have not been completed as of the date of this filing. In addition, the forward-looking statements in this Form 10-Q are 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.

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

OUR PANDEMIC RESPONSE

As we closely monitor the COVID-19 pandemic, our top priority remains protecting the health and safety of our employees. Our Pandemic Leadership Team regularly reviews and adapts our policies based on evolving research and guidance related to the virus. While essential operations continue in our factories and labs around the world, we have restricted travel and meetings, changed our business processes, published a wealth of information, and adapted to a world where many in our workforce are remote and those coming on-site are following new safety measures. We have a multi-phase plan to return to working on-site, and remain committed to delivering for our customers and supporting our communities.

Return to working on-site, at-work social distancing policies, and other safety measures. Since the start of the pandemic, employees who are essential to keeping our business running have continued to work on site in our labs and factories. The additional safety measures and practices we put in place during the first quarter of 2020 to protect these employees continue to be implemented subject to each location's return on-site processes.

Our plan for returning the remainder of our workforce to work on-site involves multiple phases that gradually allow additional workers to return while practicing social distancing and other safety measures. This plan considers the varying needs of each location and site and depends on local government regulations, community case trends, and recommendations from public health organizations. In the second quarter of 2020, we implemented a telecommuting reimbursement program to help those employees who are still required to work from home improve their workspaces.

Maintaining safe facilities is core to how we operate. Based on the recommendations from national and international health authorities, and the results of recent scientific studies, we are now mandating the use of facemasks for all employees at all Intel sites during all phases of our return to on-site process, except in the final phase when facemasks are recommended rather than mandated.

Operations. With our factories continuing to operate world-wide, we are working with our customers to meet their specific shipment needs. Our world-class safety standards and supply chain operations have to date allowed our factories to continue to operate safely and with mostly on-time deliveries. We temporarily paused a few of our construction projects in the first quarter of 2020 due to local government restrictions at a small number of our sites. Construction resumed during the quarter across all projects. We do not expect the interruptions to impact either our ability to support customers or our process technology roadmap.

Supply chain. Our existing Business Continuity Program, combined with the additional actions taken throughout the pandemic to address our supply chain, continue to support our operations as an essential business.

In the second quarter of 2020, we introduced a COVID-19 channel relief program to help address the unique business challenges our partners are facing. Benefits of this program include customer support and warranty timeline extensions, extending the expiration term for certain programs, financial assistance to our distribution partners, and providing no-cost design reviews and additional technical enablement benefits.

Using our technology to help. In April, we committed \$50 million towards a Pandemic Response Technology Initiative. Since that announcement, we have worked with over 100 organizations on close to 200 projects aimed at helping to cope with and combat this global pandemic. We have put more than \$30 million of this pledge to work on projects spanning healthcare, education, industrial, retail, transportation, academia, and more.

We will continue to actively monitor the situation and review our plans based on the requirements and recommendations of the federal, state, and local authorities.

A QUARTER IN REVIEW

Total revenue of \$19.7 billion was up \$3.2 billion year over year as our data-centric businesses and PC-centric business grew 34% and 7%, respectively. Data-centric revenue was up, driven by growth across all DCG business market segments, strong mix of high-performance Intel® Xeon® processors, NSG bit growth, and improved NAND pricing. Our PC-centric business was up, driven by strength in notebook platform¹ demand, strong platform ASP, higher modem and Wi-Fi sales, partially offset by desktop demand. Increased platform unit sales, ASP strength, and NSG growth resulted in higher gross margins dollars and operating income, partially offset by higher platform unit cost and platform reserves. In the first six months we generated \$17.3 billion of cash flow from operations and returned \$7.0 billion to stockholders, including \$2.8 billion in dividends and \$4.2 billion in Q1 2020 buybacks.

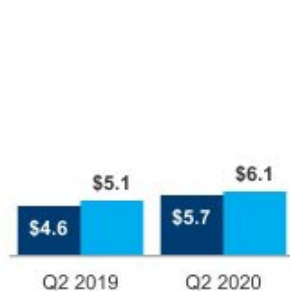
REVENUE

■ PC-CENTRIC \$B
■ DATA-CENTRIC \$B



OPERATING INCOME

■ GAAP \$B ■ NON-GAAP \$B



DILUTED EPS

■ GAAP ■ NON-GAAP



CASH FLOWS

■ OPERATING CASH FLOW \$B
■ FREE CASH FLOW \$B



\$19.7B

GAAP

Revenue up \$3.2B or 20% from Q2 2019

Growth in data-centric businesses primarily driven by DCG and NSG and growth in the PC-centric business

\$5.7B

GAAP

Operating income up \$1.1B or 23% from Q2 2019; Q2 2020 operating margin at 29%

Higher gross margin dollars from increase in platform unit sales and platform ASP strength, NAND market recovery and bit growth, partially offset by increase in platform unit cost and higher platform reserves

\$6.1B

non-GAAP²

Operating income up \$0.9B or 18% from Q2 2019; Q2 2020 operating margin at 31%

\$1.19

GAAP

Diluted EPS up \$0.27 or 29% from Q2 2019

Higher platform volume, platform ASP strength, NAND market recovery and bit growth, adjacency¹ strength, lower period charges, and lower shares outstanding, partially offset by higher platform unit cost, and higher platform reserves

\$1.23

non-GAAP²

Diluted EPS up \$0.17 or 16% from Q2 2019

\$17.3B

GAAP

Operating cash flow up \$4.8B or 38% from Q2 2019

Higher net income and working capital changes driven by inventory and income taxes, offset by other assets and liabilities

\$10.6B

non-GAAP²

Free cash flow up \$5B or 88% from Q2 2019

¹ See "Key Terms" within Consolidated Condensed Financial Statements and Supplemental Details.

² See "Non-GAAP Financial Measures" within MD&A.

BUSINESS SUMMARY

- We experienced growth in most of our data-centric businesses, driven by strong demand across all DCG segments, and strength in 5G adjacencies and NAND. We introduced the 3rd Gen Intel® Xeon® Scalable processors and additions to our hardware and software AI portfolio.
- Growth in our PC-centric business was driven by strength in notebook demand, strong platform ASP, and continued strength in modem, partially offset by desktop demand. We announced the new 10th Gen Intel® Core™ vPro® processors for enterprise needs to deliver increased productivity improvements, connectivity, security features, and remote manageability. We also launched the Intel® Core™ processors with Intel® Hybrid Technology, leveraging Intel's Foveros 3D packaging technology.
- We acquired Moovit for \$915 million to accelerate Mobileye's MaaS offering. Moovit is known for its urban mobility application and brings Mobileye closer to achieving our plan to become a complete mobility provider, including robotaxi services.
- We continue to accelerate our transition to 10nm-based products. We now expect to increase our 10nm-based product shipments for the year by more than 20 percent versus our January expectations. We expect production shipments of our next-generation 10nm client CPU product "Tiger Lake" in Q3 and are targeting initial production shipments of our first 10nm-based Xeon Scalable product, "Ice Lake," for the end of the year. Our 10nm-based products are positioned for 2021, led by our third-generation client product "Alder Lake" and our second-generation server product "Sapphire Rapids." Both products are expected to start initial production shipments in the second half of 2021.
- We now expect an approximate six-month delay in our 7nm-based CPU product timing relative to prior expectations. The primary driver is the yield of our 7nm manufacturing process, which based on recent data, is now trending approximately twelve months behind our internal target. We will continue to invest in our future process technology roadmap, but we will be pragmatic and objective in seeking to deploy the process technology that delivers the most predictability and performance for our customers, whether that be our process, external foundry process or a combination of both. Our advanced packaging technologies combined with our disaggregated architecture give us the flexibility to use the process technology that best serves our customers. As an example, we now expect that our data center discrete GPU design, "Ponte Vecchio", which was described in our 2019 Form 10-K, will be released in late 2021 or early 2022 utilizing external and internal process technologies combined with our advanced packaging technologies.
- We now expect to see initial production shipments of our first Intel-based 7nm product, a client CPU, in late 2022 or early 2023. We are also focused on maintaining an annual cadence of significant product improvements independent of our process roadmap, including for holiday 2022. In addition, we expect to see initial production shipments of our first Intel-based 7nm data center CPU design in the first half of 2023.

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Net revenue	\$ 19,728	\$ 16,505	\$ 39,556	\$ 32,566
Cost of sales	9,221	6,627	17,033	13,599
Gross margin	10,507	9,878	22,523	18,967
Research and development	3,354	3,438	6,629	6,770
Marketing, general and administrative	1,447	1,639	2,988	3,222
Restructuring and other charges	9	184	171	184
Operating expenses	4,810	5,261	9,788	10,176
Operating income	5,697	4,617	12,735	8,791
Gains (losses) on equity investments, net	267	170	156	604
Interest and other, net	(29)	(63)	(342)	(124)
Income before taxes	5,935	4,724	12,549	9,271
Provision for taxes	830	545	1,783	1,118
Net income	\$ 5,105	\$ 4,179	\$ 10,766	\$ 8,153
Earnings per share—basic	\$ 1.20	\$ 0.94	\$ 2.53	\$ 1.82
Earnings per share—diluted	\$ 1.19	\$ 0.92	\$ 2.50	\$ 1.79
Weighted average shares of common stock outstanding:				
Basic	4,246	4,466	4,256	4,479
Diluted	4,284	4,523	4,298	4,543

See accompanying notes.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(In Millions; Unaudited)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Net income	\$ 5,105	\$ 4,179	\$ 10,766	\$ 8,153
Changes in other comprehensive income, net of tax:				
Net unrealized holding gains (losses) on derivatives	319	151	51	253
Actuarial valuation and other pension benefits (expenses), net	11	8	23	17
Translation adjustments and other	59	32	54	82
Other comprehensive income (loss)	389	191	128	352
Total comprehensive income	\$ 5,494	\$ 4,370	\$ 10,894	\$ 8,505

See accompanying notes.

CONSOLIDATED CONDENSED BALANCE SHEETS

(In Millions)	Jun 27, 2020 (unaudited)	Dec 28, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,736	\$ 4,194
Short-term investments	4,791	1,082
Trading assets	12,288	7,847
Accounts receivable	7,441	7,659
Inventories	8,969	8,744
Other current assets	2,165	1,713
Total current assets	44,390	31,239
Property, plant and equipment, net of accumulated depreciation of \$77,988 (\$73,321 as of December 28, 2019)	58,036	55,386
Equity investments	3,901	3,967
Other long-term investments	2,884	3,276
Goodwill	26,943	26,276
Identified intangible assets, net	10,303	10,827
Other long-term assets	6,082	5,553
Total assets	\$ 152,539	\$ 136,524
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 2,254	\$ 3,693
Accounts payable	5,045	4,128
Accrued compensation and benefits	2,833	3,853
Other accrued liabilities	12,349	10,636
Total current liabilities	22,481	22,310
Debt	36,093	25,308
Contract liabilities	1,329	1,368
Income taxes payable, non-current	4,795	4,919
Deferred income taxes	2,723	2,044
Other long-term liabilities	3,108	2,916
Contingencies (Note 13)		
Temporary equity	—	155
Stockholders' equity:		
Preferred stock	—	—
Common stock and capital in excess of par value, 4,253 issued and outstanding (4,290 issued and outstanding as of December 28, 2019)	25,516	25,261
Accumulated other comprehensive income (loss)	(1,152)	(1,280)
Retained earnings	57,646	53,523
Total stockholders' equity	82,010	77,504
Total liabilities, temporary equity, and stockholders' equity	\$ 152,539	\$ 136,524

See accompanying notes.

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(In Millions; Unaudited)	Six Months Ended	
	Jun 27, 2020	Jun 29, 2019
Cash and cash equivalents, beginning of period	\$ 4,194	\$ 3,019
Cash flows provided by (used for) operating activities:		
Net income	10,766	8,153
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	5,248	4,379
Share-based compensation	941	859
Amortization of intangibles	865	800
(Gains) losses on equity investments, net	(92)	(100)
Changes in assets and liabilities:		
Accounts receivable	224	490
Inventories	(271)	(1,443)
Accounts payable	208	431
Accrued compensation and benefits	(919)	(1,012)
Prepaid supply agreements	(161)	(444)
Income taxes	1,203	(15)
Other assets and liabilities	(697)	448
Total adjustments	6,549	4,393
Net cash provided by operating activities	17,315	12,546
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(6,676)	(6,875)
Purchases of available-for-sale debt investments	(4,558)	(1,721)
Maturities and sales of available-for-sale debt investments	1,303	2,031
Purchases of trading assets	(11,429)	(4,498)
Maturities and sales of trading assets	7,430	3,808
Sales of equity investments	186	1,331
Other investing	(602)	(86)
Net cash used for investing activities	(14,346)	(6,010)
Cash flows provided by (used for) financing activities:		
Increase (decrease) in short-term debt, net	—	996
Issuance of long-term debt, net of issuance costs	10,247	601
Repayment of debt and debt conversion	(2,775)	(1,033)
Proceeds from sales of common stock through employee equity incentive plans	512	305
Repurchase of common stock	(4,229)	(5,579)
Payment of dividends to stockholders	(2,811)	(2,828)
Other financing	629	850
Net cash provided by (used for) financing activities	1,573	(6,688)
Net increase (decrease) in cash and cash equivalents	4,542	(152)
Cash and cash equivalents, end of period	\$ 8,736	\$ 2,867
Supplemental disclosures of noncash investing activities and cash flow information:		
Acquisition of property, plant, and equipment included in accounts payable and accrued liabilities	\$ 2,836	\$ 2,678
Cash paid during the period for:		
Interest, net of capitalized interest	\$ 252	\$ 243
Income taxes, net of refunds	\$ 574	\$ 1,112

See accompanying notes.

CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

(In Millions, Except Per Share Amounts; Unaudited)	Common Stock and Capital in Excess of Par Value		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount			
Three Months Ended					
Balance as of March 28, 2020	4,234	\$ 25,251	\$ (1,541)	\$ 52,644	\$ 76,354
Net income	—	—	—	5,105	5,105
Other comprehensive income (loss)	—	—	389	—	389
Employee equity incentive plans and other	25	9	—	—	9
Share-based compensation	—	492	—	—	492
Temporary equity reduction	—	—	—	—	—
Convertible debt	—	—	—	—	—
Repurchase of common stock	—	—	—	—	—
Restricted stock unit withholdings	(6)	(236)	—	(103)	(339)
Balance as of June 27, 2020	4,253	\$ 25,516	\$ (1,152)	\$ 57,646	\$ 82,010
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	27	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
Six Months Ended					
Balance as of December 28, 2019	4,290	\$ 25,261	\$ (1,280)	\$ 53,523	\$ 77,504
Net income	—	—	—	10,766	10,766
Other comprehensive income (loss)	—	—	128	—	128
Employee equity incentive plans and other	42	629	—	—	629
Share-based compensation	—	941	—	—	941
Temporary equity reduction	—	155	—	—	155
Convertible debt	—	(750)	—	—	(750)
Repurchase of common stock	(71)	(420)	—	(3,689)	(4,109)
Restricted stock unit withholdings	(8)	(300)	—	(135)	(435)
Cash dividends declared (\$0.66 per share)	—	—	—	(2,819)	(2,819)
Balance as of June 27, 2020	4,253	\$ 25,516	\$ (1,152)	\$ 57,646	\$ 82,010
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 ¹	38	403	—	—	403
Share-based compensation	—	860	—	—	860
Temporary equity reduction	—	173	—	—	173
Convertible debt	—	(712)	—	—	(712)
Repurchase of common stock	(116)	(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

See accompanying notes.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1 : BASIS OF PRESENTATION

We prepared our interim Consolidated Condensed Financial Statements that accompany these notes in conformity with U.S. GAAP, consistent in all material respects with those applied in our 2019 Form 10-K.

We have made estimates and judgments affecting the amounts reported in our Consolidated Condensed Financial Statements and the accompanying notes. The inputs into our judgments and estimates consider the economic implications of COVID-19 on our critical and significant accounting estimates. 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 2019 Form 10-K where we include additional information about our policies and the methods and assumptions used in our estimates.

NOTE 2 : OPERATING SEGMENTS

We manage our business through the following operating segments:

- DCG
- IOTG
- Mobileye
- NSG
- PSG
- CCG

We derive a substantial majority of our revenue from platform products, which are our principal products and considered as one class of product. We offer platform products that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone SoC, or a multichip package. Platform products are used in various form factors across our DCG, IOTG, and CCG operating segments. Our non-platform, or adjacent products, can be combined with platform products to form comprehensive platform solutions to meet customer needs.

DCG and CCG 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.

We have an “all other” category that 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 CODM, who is our 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. 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		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Net revenue:				
Data Center Group				
Platform	\$ 6,181	\$ 4,553	\$ 12,608	\$ 9,035
Adjacent	936	430	1,502	850
	7,117	4,983	14,110	9,885
Internet of Things				
IOTG	670	986	1,553	1,896
Mobileye	146	201	400	410
	816	1,187	1,953	2,306
Non-Volatile Memory Solutions Group	1,659	940	2,997	1,855
Programmable Solutions Group	501	489	1,020	975
Client Computing Group				
Platform	8,229	7,925	16,941	15,749
Adjacent	1,267	916	2,330	1,678
	9,496	8,841	19,271	17,427
All other	139	65	205	118
Total net revenue	\$ 19,728	\$ 16,505	\$ 39,556	\$ 32,566
Operating income (loss):				
Data Center Group	\$ 3,099	\$ 1,800	6,591	\$ 3,641
Internet of Things				
IOTG	70	294	313	545
Mobileye	(4)	53	84	121
	66	347	397	666
Non-Volatile Memory Solutions Group	322	(284)	256	(581)
Programmable Solutions Group	80	52	177	141
Client Computing Group	2,842	3,737	7,067	6,809
All other	(712)	(1,035)	(1,753)	(1,885)
Total operating income	\$ 5,697	\$ 4,617	\$ 12,735	\$ 8,791

Disaggregated net revenue for each period was as follows:

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Platform revenue				
DCG platform	\$ 6,181	\$ 4,553	\$ 12,608	\$ 9,035
IOTG platform	619	891	1,414	1,716
CCG desktop platform	2,368	2,767	5,208	5,653
CCG notebook platform	5,844	5,136	11,701	10,063
CCG other platform ¹	16	22	31	33
	15,028	13,369	30,962	26,500
Adjacent revenue²	4,700	3,136	8,594	6,066
Total revenue	\$ 19,728	\$ 16,505	\$ 39,556	\$ 32,566

¹ Includes our tablet and service provider revenue.

² Includes all of our non-platform products for DCG, IOTG, and CCG such as modem, Ethernet, and silicon photonics, as well as Mobileye, NSG, and PSG products.

NOTE 3 : EARNINGS PER SHARE

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

(In Millions, Except Per Share Amounts)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Net income available to common stockholders	\$ 5,105	\$ 4,179	\$ 10,766	\$ 8,153
Weighted average shares of common stock outstanding—basic	4,246	4,466	4,256	4,479
Dilutive effect of employee equity incentive plans	38	40	42	46
Dilutive effect of convertible debt	—	17	—	18
Weighted average shares of common stock outstanding—diluted	4,284	4,523	4,298	4,543
Earnings per share—basic	\$ 1.20	\$ 0.94	\$ 2.53	\$ 1.82
Earnings per share—diluted	\$ 1.19	\$ 0.92	\$ 2.50	\$ 1.79

Potentially dilutive shares of common stock from employee equity incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding RSUs, and the assumed issuance of common stock under the stock purchase plan.

In January 2020, we fully redeemed the remaining principal of our 2009 Debentures. We included our 2009 Debentures in the calculation of diluted earnings per share of common stock in 2019 by applying the treasury stock method because the average market price was above the conversion price.

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

NOTE 4 : CONTRACT LIABILITIES

(In Millions)	Jun 27, 2020	Dec 28, 2019
Prepaid supply agreements	\$ 1,644	\$ 1,805
Other	279	236
Total contract liabilities	\$ 1,923	\$ 2,041

Contract liabilities are primarily related to prepayments received from customers on long-term prepaid supply agreements toward future NSG product delivery. The short-term portion of contract liabilities is reported on the Consolidated Condensed Balance Sheets within other accrued liabilities.

The following table shows the changes in contract liability balances relating to long-term prepaid supply agreements during the first six months of 2020:

(In Millions)	
Prepaid supply agreements balance as of December 28, 2019	\$ 1,805
Prepayments utilized	(161)
Prepaid supply agreements balance as of June 27, 2020	\$ 1,644

During the second quarter of 2020, we issued a contract termination notification for breach to our largest prepaid supply customer with a \$1.6 billion contract liability balance. The timing and amount of future anticipated revenue, or reversal of any contract liability balance, resulting from contract termination may vary due to ongoing customer negotiations.

NOTE 5 : OTHER FINANCIAL STATEMENT DETAILS

INVENTORIES

(In Millions)	Jun 27, 2020	Dec 28, 2019
Raw materials	\$ 903	\$ 840
Work in process	6,093	6,225
Finished goods	1,973	1,679
Total inventories	\$ 8,969	\$ 8,744

INTEREST AND OTHER, NET

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

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Interest income	\$ 83	\$ 125	\$ 176	\$ 260
Interest expense	(186)	(135)	(321)	(273)
Other, net	74	(53)	(197)	(111)
Total interest and other, net	\$ (29)	\$ (63)	\$ (342)	\$ (124)

Interest expense in the preceding table is net of \$87 million of interest capitalized in the second quarter of 2020 and \$170 million in the first six months of 2020 (\$120 million in the second quarter of 2019 and \$245 million in the first six months of 2019).

NOTE 6 : RESTRUCTURING AND OTHER CHARGES

A restructuring program was approved in the first quarter of 2020 to further align our workforce with our continuing investments in the business and to execute the planned divestiture of Home Gateway Platform, a division of CCG. We expect these actions to be substantially complete in the third quarter of 2020.

A restructuring program was approved in the second quarter of 2019 to align our workforce with our exit of the smartphone modem business. We expect these actions to be substantially complete in the third quarter of 2020.

Restructuring and other charges by type for each period were as follows:

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Employee severance and benefit arrangements	\$ 1	\$ 168	\$ 106	\$ 168
Asset impairment and other charges	8	16	65	16
Total restructuring and other charges	\$ 9	\$ 184	\$ 171	\$ 184

NOTE 7 : INVESTMENTS

DEBT INVESTMENTS

Trading Assets

For trading assets still held at the reporting date we recorded net gains of \$347 million in the second quarter of 2020 and net gains of \$183 million in the first six months of 2020 (\$99 million of net gains in the second quarter of 2019 and \$117 million of net gains in the first six months of 2019). Net losses on the related derivatives were \$251 million in the second quarter of 2020 and net losses of \$204 million in the first six months of 2020 (\$102 million of net losses in the second quarter of 2019 and \$104 million of net losses in the first six months of 2019).

Available-for-Sale Debt Investments

(In Millions)	Jun 27, 2020				Dec 28, 2019			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt	\$ 3,911	\$ 94	\$ —	\$ 4,005	\$ 2,914	\$ 44	\$ —	\$ 2,958
Financial institution instruments	7,985	24	—	8,009	3,007	15	(1)	3,021
Government debt	2,491	12	—	2,503	560	4	—	564
Total available-for-sale debt investments	\$ 14,387	\$ 130	\$ —	\$ 14,517	\$ 6,481	\$ 63	\$ (1)	\$ 6,543

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 27, 2020 and December 28, 2019.

The fair value of available-for-sale debt investments, by contractual maturity, as of June 27, 2020, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	\$ 7,763
Due in 1–2 years	1,525
Due in 2–5 years	1,359
Due after 5 years	—
Instruments not due at a single maturity date	3,870
Total	\$ 14,517

EQUITY INVESTMENTS

(In Millions)	Jun 27, 2020	Dec 28, 2019
Marketable equity securities	\$ 464	\$ 450
Non-marketable equity securities	3,419	3,480
Equity method investments	18	37
Total	\$ 3,901	\$ 3,967

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

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Ongoing mark-to-market adjustments on marketable equity securities	\$ 165	\$ (179)	\$ 62	\$ 74
Observable price adjustments on non-marketable equity securities	58	8	137	16
Impairment charges	(51)	(39)	(193)	(62)
Sale of equity investments and other ¹	95	380	150	576
Total gains (losses) on equity investments, net	\$ 267	\$ 170	\$ 156	\$ 604

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.

We recognized higher than historically experienced impairment charges on our non-marketable portfolio in the first six months of 2020 based on our assessment of the impact of recent public and private market volatility and tightening of liquidity.

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

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Net gains (losses) recognized during the period on equity securities	\$ 223	\$ (178)	\$ 83	\$ 84
Less: Net (gains) losses recognized during the period on equity securities sold during the period	(55)	(33)	(58)	(258)
Unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	\$ 168	\$ (211)	\$ 25	\$ (174)

IMFT

IMFT was formed in 2006 by Micron Technology, Inc. (Micron) and Intel to jointly develop NAND flash memory and 3D XPoint™ technology products. As of June 29, 2019, we had a carrying value of \$1.3 billion in IMFT and owned a 49% interest in the unconsolidated variable interest entity. We sold our non-controlling interest in IMFT to Micron in October 2019. We will continue to purchase product manufactured by Micron at the IMFT facility under supply agreements, which include the next generation of 3D XPoint™ technology.

NOTE 8 : ACQUISITIONS AND DIVESTITURES

ACQUISITIONS

Acquisition of Moovit

On May 4, 2020, we acquired Moovit, a MaaS solutions company, for total consideration of \$915 million. The fair values of the assets acquired relate to goodwill of \$638 million and intangible assets of \$331 million. The goodwill arising from the acquisition is attributed to the expected synergies and other benefits that will be generated from the combination of Intel and Moovit. We expect substantially all of the goodwill will not be deductible for local tax purposes. The acquisition-related intangible assets are primarily related to Moovit's monthly active user base and application platform. The goodwill and operating results of Moovit are included in our Mobileye operating segment.

DIVESTITURES

Planned Divestiture of our Home Gateway Platform Division

We signed a definitive agreement on April 5, 2020 to sell the majority of Home Gateway Platform, a division of CCG. The transaction contemplates the transfer of certain employees, equipment, and an on-going supply agreement for future units. We reclassified the assets and liabilities as held-for-sale within other current assets/liabilities. We expect to close the transaction in the third quarter of 2020.



NOTE 9 : BORROWINGS

As of June 27, 2020, our short-term debt was \$2.3 billion, primarily comprised of the current portion of our long-term debt (\$3.7 billion as of December 28, 2019).

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

LONG-TERM DEBT

(In Millions)	Jun 27, 2020		Dec 28, 2019
	Effective Interest Rate	Amount	Amount
Floating-rate senior notes:			
Three-month LIBOR plus 0.08%, due May 2020	— %	\$ —	\$ 700
Three-month LIBOR plus 0.35%, due May 2022	1.82 %	800	800
Fixed-rate senior notes:			
1.85%, due May 2020	— %	—	1,000
2.45%, due July 2020	2.48 %	1,750	1,750
1.70%, due May 2021	1.78 %	500	500
3.30%, due October 2021	2.98 %	2,000	2,000
2.35%, due May 2022	1.95 %	750	750
3.10%, due July 2022	2.69 %	1,000	1,000
4.00%, due December 2022 ¹	3.11 %	379	382
2.70%, due December 2022	2.28 %	1,500	1,500
4.10%, due November 2023	3.21 %	400	400
2.88%, due May 2024	2.31 %	1,250	1,250
2.70%, due June 2024	2.13 %	600	600
3.40%, due March 2025	3.46 %	1,500	—
3.70%, due July 2025	3.48 %	2,250	2,250
2.60%, due May 2026	1.94 %	1,000	1,000
3.75%, due March 2027	3.80 %	1,000	—
3.15%, due May 2027	2.48 %	1,000	1,000
2.45%, due November 2029	2.39 %	2,000	1,250
3.90%, due March 2030	3.94 %	1,500	—
4.00%, due December 2032	2.30 %	750	750
4.60%, due March 2040	4.62 %	750	—
4.80%, due October 2041	3.53 %	802	802
4.25%, due December 2042	2.48 %	567	567
4.90%, due July 2045	3.45 %	772	772
4.10%, due May 2046	2.76 %	1,250	1,250
4.10%, due May 2047	2.63 %	1,000	1,000
4.10%, due August 2047	2.20 %	640	640
3.73%, due December 2047	2.89 %	1,967	1,967
3.25%, due November 2049	3.19 %	2,000	1,500
4.75%, due March 2050	4.76 %	2,250	—
3.10%, due February 2060	3.12 %	1,000	—
4.95%, due March 2060	5.00 %	1,000	—
Oregon and Arizona bonds:			
2.40%-2.70%, due December 2035 - 2040	2.49 %	423	423
5.00%, due March 2049	2.12 %	138	138
5.00%, due June 2049	2.15 %	438	438
Junior Subordinated Convertible Debentures:			
3.25%, due August 2039	—	—	372
Total Senior Notes and Other Borrowings		36,926	28,751
Unamortized Premium/Discount and Issuance Costs		(375)	(529)
Hedge Accounting Fair Value Adjustments		1,796	781
Long-term debt		38,347	29,003
Current portion of long-term debt		(2,254)	(3,695)
Total long-term debt		\$ 36,093	\$ 25,308

¹ To manage foreign currency risk associated with the Australian-dollar-denominated notes issued in 2015, we entered into currency interest rate swaps with an aggregate notional amount of \$396 million, which effectively converted these notes to U.S.-dollar-denominated notes. For further discussion on our currency interest rate swaps, see "Note 12: Derivative Financial Instruments."

In the first six months of 2020, we settled \$2.1 billion in short-term debt. In the first quarter of 2020, the remaining \$372 million of our 2009 Debentures were converted or redeemed, and in the second quarter of 2020, we settled \$1.7 billion of our notes due May 2020.

In the first six months of 2020, we issued a total of \$10.3 billion aggregate principal amount of senior notes. We intend to use the net proceeds from the offering for general corporate purposes, which may include refinancing outstanding debt, funding for working capital and capital expenditures, and repurchasing shares of our common stock.

Our senior floating rate notes pay interest quarterly and our senior fixed rate notes pay interest semiannually. We may redeem the fixed rate notes prior to their maturity at our option at specified redemption prices and subject to certain restrictions. The obligations under the notes rank equally in right of payment with all of our other existing and future senior unsecured indebtedness and effectively rank junior to all liabilities of our subsidiaries.

NOTE 10 : FAIR VALUE**ASSETS AND LIABILITIES MEASURED AND RECORDED AT FAIR VALUE ON A RECURRING BASIS**

(In Millions)	Jun 27, 2020				Dec 28, 2019			
	Fair Value Measured and Recorded at Reporting Date Using				Fair Value Measured and Recorded at Reporting Date Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents:								
Corporate debt	\$ —	\$ 715	\$ —	\$ 715	\$ —	\$ 713	\$ —	\$ 713
Financial institution instruments ¹	3,870	1,591	—	5,461	1,064	408	—	1,472
Government debt ²	—	666	—	666	—	—	—	—
Reverse repurchase agreements	—	1,400	—	1,400	—	1,500	—	1,500
Short-term investments:								
Corporate debt	—	1,426	—	1,426	—	347	—	347
Financial institution instruments ¹	—	2,096	—	2,096	—	724	—	724
Government debt ²	—	1,269	—	1,269	—	11	—	11
Trading assets:								
Corporate debt	—	3,605	—	3,605	—	2,848	—	2,848
Financial institution instruments ¹	206	2,304	—	2,510	87	1,578	—	1,665
Government debt ²	—	6,173	—	6,173	—	3,334	—	3,334
Other current assets:								
Derivative assets	30	250	—	280	50	230	—	280
Loans receivable ³	—	348	—	348	—	—	—	—
Marketable equity securities	464	—	—	464	450	—	—	450
Other long-term investments:								
Corporate debt	—	1,864	—	1,864	—	1,898	—	1,898
Financial institution instruments ¹	—	452	—	452	—	825	—	825
Government debt ²	—	568	—	568	—	553	—	553
Other long-term assets:								
Derivative assets	—	1,679	35	1,714	—	690	16	706
Loans receivable ³	—	212	—	212	—	554	—	554
Total assets measured and recorded at fair value	\$ 4,570	\$ 26,618	\$ 35	\$ 31,223	\$ 1,651	\$ 16,213	\$ 16	\$ 17,880
Liabilities								
Other accrued liabilities:								
Derivative liabilities	\$ 48	\$ 432	\$ —	\$ 480	\$ 3	\$ 287	\$ —	\$ 290
Other long-term liabilities:								
Derivative liabilities	—	22	—	22	—	13	—	13
Total liabilities measured and recorded at fair value	\$ 48	\$ 454	\$ —	\$ 502	\$ 3	\$ 300	\$ —	\$ 303

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 and equity method investments that have not been remeasured or impaired in the current period, grants receivable, loans receivable, reverse repurchase agreements with original maturities greater than three months, and issued debt.

As of June 27, 2020, the aggregate carrying value of grants receivable and reverse repurchase agreements with original maturities greater than three months was \$301 million (\$543 million as of December 28, 2019). 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 27, 2020, the fair value of our issued debt was \$42.5 billion (\$30.6 billion as of December 28, 2019). These liabilities are classified as Level 2 within the fair value hierarchy based on the nature of the fair value inputs.

NOTE 11 : OTHER COMPREHENSIVE INCOME (LOSS)

The changes in accumulated other comprehensive income (loss) by component and related tax effects in the first six months of 2020 were as follows:

(In Millions)	Unrealized Holding Gains (Losses) on Derivatives	Actuarial Valuation and Other Pension Expenses	Translation Adjustments and Other	Total
Balance as of December 28, 2019	\$ 54	\$ (1,382)	\$ 48	\$ (1,280)
Other comprehensive income (loss) before reclassifications	19	(2)	69	86
Amounts reclassified out of accumulated other comprehensive income (loss)	60	28	—	88
Tax effects	(28)	(3)	(15)	(46)
Other comprehensive income (loss)	51	23	54	128
Balance as of June 27, 2020	\$ 105	\$ (1,359)	\$ 102	\$ (1,152)

We estimate that we will reclassify approximately \$48 million (before taxes) of net derivative gains included in accumulated other comprehensive income (loss) into earnings within the next 12 months.

NOTE 12 : DERIVATIVE FINANCIAL INSTRUMENTS

VOLUME OF DERIVATIVE ACTIVITY

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

(In Millions)	Jun 27, 2020	Dec 28, 2019
Foreign currency contracts	\$ 29,129	\$ 23,981
Interest rate contracts	14,349	14,302
Other	1,787	1,753
Total	\$ 45,265	\$ 40,036

FAIR VALUE OF DERIVATIVE INSTRUMENTS

(In Millions)	Jun 27, 2020		Dec 28, 2019	
	Assets ¹	Liabilities ²	Assets ¹	Liabilities ²
Derivatives designated as hedging instruments:				
Foreign currency contracts ³	\$ 76	\$ 81	\$ 56	\$ 159
Interest rate contracts	1,713	—	690	9
Total derivatives designated as hedging instruments	1,789	81	746	168
Derivatives not designated as hedging instruments:				
Foreign currency contracts ³	171	224	179	78
Interest rate contracts	4	149	11	54
Equity contracts	30	48	50	3
Total derivatives not designated as hedging instruments	205	421	240	135
Total derivatives	\$ 1,994	\$ 502	\$ 986	\$ 303

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:

Jun 27, 2020						
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		
				Financial Instruments	Cash and Non- Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	\$ 1,985	\$ —	\$ 1,985	\$ (318)	\$ (1,641)	\$ 26
Reverse repurchase agreements	1,500	—	1,500	—	(1,489)	11
Total assets	\$ 3,485	\$ —	\$ 3,485	\$ (318)	\$ (3,130)	\$ 37
Liabilities:						
Derivative liabilities subject to master netting arrangements	\$ 397	\$ —	\$ 397	\$ (318)	\$ (79)	\$ —
Total liabilities	\$ 397	\$ —	\$ 397	\$ (318)	\$ (79)	\$ —
Dec 28, 2019						
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet		
				Financial Instruments	Cash and Non- Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	\$ 974	\$ —	\$ 974	\$ (144)	\$ (808)	\$ 22
Reverse repurchase agreements	1,850	—	1,850	—	(1,850)	—
Total assets	\$ 2,824	\$ —	\$ 2,824	\$ (144)	\$ (2,658)	\$ 22
Liabilities:						
Derivative liabilities subject to master netting arrangements	\$ 262	\$ —	\$ 262	\$ (144)	\$ (72)	\$ 46
Total liabilities	\$ 262	\$ —	\$ 262	\$ (144)	\$ (72)	\$ 46

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

DERIVATIVES IN CASH FLOW HEDGING RELATIONSHIPS

The before-tax net gains or losses attributed to cash flow hedges, recognized in other comprehensive income (loss), were \$392 million net gains in the second quarter of 2020 and \$19 million net gains in the first six months of 2020 (\$122 million net gains in the second quarter of 2019 and \$151 million net gains in the first six months of 2019). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first six months of 2020 and 2019, the amounts excluded from effectiveness testing were insignificant.

DERIVATIVES IN FAIR VALUE HEDGING RELATIONSHIPS

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

(In Millions)	Gains (Losses) Recognized in Consolidated Condensed Statements of Income on Derivatives			
	Three Months Ended		Six Months Ended	
	Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
Interest rate contracts	\$ 78	\$ 554	\$ 1,032	\$ 1,039
Hedged items	(78)	(554)	(1,032)	(1,039)
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 (In Millions)	Carrying Amount of the Hedged Item Asset/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)	
	Jun 27, 2020	Dec 28, 2019	Jun 27, 2020	Dec 28, 2019
	Long-term debt	\$ (13,710)	\$ (12,678)	\$ (1,713)

The total notional amount of pay-variable and receive-fixed interest rate swaps was \$12.0 billion as of June 27, 2020 and as of December 28, 2019.

DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The effects of derivative instruments not designated as hedging instruments on the Consolidated Condensed Statements of Income for each period were as follows:

(In Millions)	Location of Gains (Losses) Recognized in Income on Derivatives	Three Months Ended		Six Months Ended	
		Jun 27, 2020	Jun 29, 2019	Jun 27, 2020	Jun 29, 2019
		Foreign currency contracts	Interest and other, net	\$ (216)	\$ (20)
Interest rate contracts	Interest and other, net	(14)	(25)	(91)	(39)
Other	Various	225	35	(43)	181
Total		\$ (5)	\$ (10)	\$ (196)	\$ 179

NOTE 13 : 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 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. The General Court heard oral argument in March 2020. 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.

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 relating to the Spectre and Meltdown security vulnerabilities, as well as another variant of these vulnerabilities ("Foreshadow") that has since been identified, 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.

As of July 22, 2020, consumer class action lawsuits relating to certain security vulnerabilities publicly disclosed in 2018 were pending in the U.S., Canada, and Israel. The plaintiffs, who purport to represent various classes of purchasers of our products, generally claim to have been harmed by Intel's actions and/or omissions in connection with the security vulnerabilities and assert a variety of common law and statutory claims seeking monetary damages and equitable relief. In the U.S., numerous individual class action suits filed in various jurisdictions were consolidated in April 2018 for all pretrial proceedings in the U.S. District Court for the District of Oregon. In March 2020, the court granted Intel's motion to dismiss the complaint in that consolidated action but granted plaintiffs leave to file an amended complaint, which they did in April 2020. In Canada, in one case pending in the Superior Court of Justice of Ontario, an initial status conference has not yet been scheduled. In a second case pending in the Superior Court of Justice of Quebec, the court has stayed the case until January 2021. 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 proceeding in the U.S. Intel filed a motion to stay the second case pending resolution of the consolidated proceeding in the U.S., and a hearing on that motion has been scheduled for November 2020. Additional lawsuits and claims may be asserted seeking monetary damages or other related relief. We dispute the pending claims described above and intend to defend those lawsuits vigorously. Given the procedural posture and the nature of those cases, including that the pending proceedings are in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class or classes being certified or the ultimate size of any class or classes if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from those matters.

In addition to these lawsuits, Intel stockholders filed multiple 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 sought to recover damages from the defendants on behalf of Intel. Some of the derivative actions were filed in the U.S. District Court for the Northern District of California and were consolidated, and the others were filed in the Superior Court of the State of California in San Mateo County and were consolidated. The federal court granted defendants' motion to dismiss the consolidated complaint in the federal action in August 2018 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 subsequently dismissed the cases without prejudice in January 2019 at plaintiffs' request. In August 2018, the California Superior Court granted defendants' motion to dismiss the consolidated complaint in the state court 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, but granted plaintiffs leave to amend. The court subsequently granted defendants' motion to dismiss plaintiffs' first, second, and third amended complaints, on the same ground, and in March 2020 granted defendants' motion to dismiss plaintiffs' third amended complaint without granting plaintiffs leave to amend. Plaintiffs filed a motion for reconsideration of the court's final order of dismissal, which is scheduled for hearing on July 31, 2020.

Institute of Microelectronics, Chinese Academy of Sciences v. Intel China, Ltd., et al.

In February 2018, the Institute of Microelectronics of the Chinese Academy of Sciences (IMECAS) sued Intel China, Ltd., Dell China, Ltd. (Dell) and Beijing JingDong Century Information Technology, Ltd. (JD) for patent infringement in the Beijing High Court. IMECAS alleges that Intel's Core series processors infringe Chinese patent CN 102956457 ('457 Patent). The complaint demands an injunction and damages of at least RMB 200,000,000 plus the cost of litigation. A trial date is not yet set. In March 2018, Dell tendered indemnity to Intel, which Intel granted in April 2018. JD also tendered indemnity to Intel, which Intel granted in October 2018. In March 2018, Intel filed an invalidation request on the '457 patent with the Chinese Patent Reexamination Board (PRB). The PRB held an oral hearing in September 2018 and in February 2019 upheld the validity of the challenged claims. In January 2020, Intel filed a second invalidation request on the '457 patent with the PRB. In September 2018 and March 2019, Intel filed petitions with the United States Patent & Trademark Office (USPTO) requesting institution of *inter partes* review (IPR) of U.S. Patent No. 9,070,719, the U.S. counterpart to the '457 patent. The USPTO denied institution of Intel's petitions in March and October 2019, respectively. In April 2019, Intel filed a request for rehearing and a petition for Precedential Opinion Panel (POP) in the USPTO to challenge the denial of its first IPR petition, and in November 2019 Intel filed a request for rehearing on the second IPR petition. In January 2020, the USPTO denied the POP petition on the first IPR petition. In June 2020, the Patent Trial and Appeal Board denied Intel's rehearing requests on both petitions.

In October 2019, IMECAS filed second and third lawsuits, in the Beijing IP Court, alleging infringement of Chinese Patent No. CN 102386226 ('226 Patent) based on the manufacturing and sale of Intel's Core i3 microprocessors. Defendants in the second case are Lenovo (Beijing) Co., Ltd. (Lenovo) and Beijing Jiayun Huitong Technology Development Co. Ltd. (BJHT). Defendants in the third case are Intel Corp., Intel China Co., Ltd., the Intel China Beijing Branch, Beijing Digital China Co., Ltd. (Digital China), and JD. Both complaints demand injunctions plus litigation costs and reserve the right to claim damages in unspecified amounts. No proceedings have occurred or are yet scheduled in these lawsuits. In December 2019, Lenovo tendered indemnity to Intel, which Intel granted in March 2020. In July 2020, Intel filed two invalidation requests on the '226 patent with the Chinese PRB. Given the procedural posture and the nature of these cases, the unspecified nature and extent of damages claimed by IMECAS, and uncertainty regarding the availability of injunctive relief under applicable law, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, arising from these matters. We dispute IMECAS's claims and intend to vigorously defend against them.

VLSI Technology LLC v. Intel

In October 2017, VLSI Technology LLC (VLSI) filed a complaint against Intel in the U.S. District Court for the Northern District of California alleging infringement of eight patents acquired from NXP Semiconductors, N.V. (NXP). The patents, which originated at Freescale Semiconductor, Inc. and NXP B.V., are U.S. Patent Nos. 7,268,588; 7,675,806; 7,706,207; 7,709,303; 8,004,922; 8,020,014; 8,268,672; and 8,566,836. VLSI accuses various FPGA and processor products of infringement. VLSI estimated its damages to be as high as \$7.1 billion, and its complaint further sought enhanced damages, future royalties, attorneys' fees, and costs and interest. In May, June, September, and October 2018, Intel filed requests with the Patent Trial and Appeals Board (PTAB) to institute *inter partes* review of the patentability of claims in all eight of the patents-in-suit. The PTAB instituted review of six patents and denied institution on two patents. As a result of the institution decisions, the parties stipulated to stay the District Court action in March 2019. In December 2019 and February 2020, the PTAB found all claims of the '588 and '303 patents, and some claims of the '922 patent, to be unpatentable. The PTAB found the challenged claims of the '014, '672 and '207 patents to be patentable. Intel moved for a continuation of the stay in March 2020 as it appealed certain rulings by the PTAB. In June 2020, the District Court issued an order continuing the stay through August 2021 and setting trial for December 2022.

In June 2018, VLSI filed a second suit against Intel, in U.S. District Court for the District of Delaware, alleging infringement by various Intel processors of five additional patents acquired from NXP: U.S. Patent Nos. 6,212,663; 7,246,027; 7,247,552; 7,523,331; and 8,081,026. VLSI accused Intel of willful infringement and seeks an injunction or, in the alternative, ongoing royalties, enhanced damages, attorneys' fees and costs, and interest. In March 2019, the District Court dismissed VLSI's claims for willful infringement as to all the patents-in-suit except the '027 patent, and also dismissed VLSI's allegations of indirect infringement as to the '633, '331, and '026 patents. In June 2019, Intel filed requests for *inter partes* review of the patentability of claims in all five patents-in-suit. In January 2020, the District Court vacated the November 2020 trial date based on agreement of the parties; no trial date is currently set. In January and February 2020, the PTAB instituted review of the '552, '633, '331 and '026 patents and as a result Intel moved for stay of the District Court proceedings. In May 2020, the District Court stayed the case as to the '026 and '552 patents but allowed the case to proceed on the '027 and '331 patents. VLSI is no longer asserting claims from the '633 patent.

In March 2019, VLSI filed a third suit against Intel, also in U.S. District Court for the District of Delaware, alleging infringement of six more patents acquired from NXP: U.S. Patent Nos. 6,366,522; 6,663,187; 7,292,485; 7,606,983; 7,725,759; and 7,793,025. In April 2019, VLSI voluntarily dismissed this Delaware case without prejudice, in favor of asserting these patents in new cases in the U.S. District Court for the Western District of Texas (WDTX). Specifically, in April 2019, VLSI filed three new infringement suits against Intel in WDTX accusing various Intel processors of infringement. The three suits collectively assert the same six patents from the voluntarily dismissed Delaware case plus two additional patents acquired from NXP, U.S. Patent Nos. 7,523,373 and 8,156,357. VLSI accuses Intel of willful infringement and seeks an injunction or, in the alternative, ongoing royalties, enhanced damages, attorneys' fees and costs, and interest. The District Court has set trial for November 2020. In October and November 2019, and in February 2020, Intel filed *inter partes* review requests on certain asserted claims across six of the patents-in-suit in WDTX. In May and June 2020, the PTAB denied Intel's requests on four of those patents, and Intel has asked for a rehearing on those matters.

In May 2019, VLSI filed a case in Shenzhen Intermediate People's Court against Intel, Intel (China) Co., Ltd., Intel Trading (Shanghai) Co., Ltd., and Intel Products (Chengdu) Co., Ltd. VLSI asserts Chinese Patent 201410094015.9 accusing Intel Core processors of infringement. VLSI requests an injunction as well as RMB 1.3 million in damages. Defendants filed an invalidation petition in October 2019. In May 2020, defendants filed a motion to stay the trial court proceedings pending a determination on invalidity. The court has not yet ruled on the motion to stay.

In May 2019, VLSI filed a second case in Shanghai Intellectual Property Court against Intel (China) Co., Ltd., Intel Trading (Shanghai) Co., Ltd., and Intel Products (Chengdu) Co., Ltd. VLSI asserts Chinese Patent 201080024173.7. The accused Intel products and the claims of VLSI in Shanghai case are the same as in the Shenzhen case. Defendants filed an invalidation petition in October 2019. In June 2020, defendants filed a motion to stay the trial court proceedings pending a determination on invalidity. The court has not yet ruled on the motion to stay.

In October 2019, Intel filed a complaint against Fortress Investment Group LLC, Fortress Credit Co. LLC, VLSI, and DSS Technology Management, Inc. for violations of the Sherman Act, the Clayton Act, and California Business and Professions Code section 17200. In November 2019, Intel voluntarily dismissed that complaint and, along with Apple Inc., filed a new complaint against Fortress Investment Group LLC, Fortress Credit Co. LLC, Uniloc 2017 LLC, Uniloc USA, Inc., Uniloc Luxembourg S.A.R.L., VLSI, INVT SPE LLC, Inventergy Global, Inc., DSS Technology Management, Inc., IXI IP, LLC, and Seven Networks, LLC. Plaintiffs allege violations of Section 1 of the Sherman Act by certain defendants, Section 7 of the Clayton Act by certain defendants, and California Business and Professions Code section 17200 by all defendants based on defendants' unlawful aggregation of patents. Apple alone also alleges certain violations of California Business and Professions Code section 17200 by some defendants. In February 2020, defendants moved to dismiss plaintiffs' complaint. In July 2020, the court granted defendants' motion to dismiss, giving plaintiffs leave to amend by August 2020. The court dismissed antitrust claims related to two DSS patents with prejudice.

Given the procedural posture and the nature of these cases 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, arising from these matters. We dispute VLSI's claims and intend to vigorously defend against them.

KEY TERMS

We use terms throughout our document that are specific to Intel or that are abbreviations that may not be commonly known or used. Below is a list of these terms used in our document.

TERM	DEFINITION
2009 Debentures	3.25% junior subordinated convertible debentures due 2039
2019 Form 10-K	Our Annual Report on Form 10-K for the fiscal year ended December 28, 2019
5G	The next-generation mobile network, which is expected to bring dramatic improvements in network speeds and latency, and which we view as a transformative technology and opportunity for many industries
ADAS	Advanced driver-assistance systems
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
ASIC	Application-specific integrated circuit
ASP	Average Selling Price
CODM	Chief operating decision maker
COVID-19	The infectious disease caused by the most recently discovered coronavirus (aka SARS-CoV-2), which was declared a global pandemic by the World Health Organization
CPU	Processor or central processing unit
Data-centric businesses	Includes our Data Center Group (DCG), Internet of Things Group (IOTG), Mobileye, Non-Volatile Memory Solutions Group (NSG), Programmable Solutions Group (PSG), and all other businesses
EC	European Commission
Edge	Allocated resources that move, store, and process data closer to the source or point of service delivery
Form 10-Q	Quarterly Report on Form 10-Q
FPGA	Field-programmable gate array
IMFT	IM Flash Technologies, LLC
Internet of Things	Refers to the Internet of Things market in which we sell our IOTG and Mobileye products
IOT	Internet of Things portfolio
IOTG	Internet of Things Group operating segment
IP	Intellectual property
MaaS	Mobility-as-a-Service
McAfee	Business, post divestiture of Intel Security Group in Q2 2017, which we retained an interest in as part of our investment strategy
MD&A	Management's Discussion & Analysis
MG&A	Marketing, general and administrative
Moovit	Moovit App Global Ltd, a MaaS solutions company acquired in Q2 2020
NAND	NAND flash memory
nm	Nanometer
OEM	Original equipment manufacturer
PC-centric business	Our Client Computing Group (CCG) business, including both platform and adjacent products
Platform products	A microprocessor (CPU) and chipset, a stand-alone SoC, or a multichip package, based on Intel® architecture. Platform products are primarily used in solutions sold through the CCG, DCG, and IOTG segments
QLC	Quad-level cell
R&D	Research and development
RSU	Restricted stock unit
SEC	U.S. Securities and Exchange Commission
SoC	System-on-Chip
SSD	Solid-state drive
TLC	Triple-level cell
U.S. GAAP	U.S. Generally Accepted Accounting Principles

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

DATA CENTER GROUP

DCG develops workload-optimized platforms for compute, storage, and network functions. Market segments include cloud service providers, enterprise and government, and communications service providers. We offer customers an unmatched, broad portfolio of platforms and technologies designed to provide workload-optimized performance across compute, storage, and network. These offerings span the full spectrum from the data center core to the network edge.

DCG REVENUE \$B



DCG OPERATING INCOME \$B



REVENUE SUMMARY

Revenue in Q2 2020 was up 43% compared to Q2 2019, while YTD 2020 was also up 43% compared to YTD 2019, driven by increased volume, strong mix of platform products resulting in higher ASPs, and growth in adjacencies driven by 5G networking deployment. Year over year revenue in the cloud service providers market segment was up 47% as cloud service providers added capacity to serve demand. The enterprise and government market segment was up 34%, and the communications service providers market segment was up 44% year over year.

We anticipate demand in the enterprise and government market segment to weaken in the second half of 2020 and demand in the cloud service providers market segment to moderate later in the year.

(In Millions)	Q2 2020 vs. Q2 2019		YTD 2020 vs. YTD 2019	
	%	\$ Impact	%	\$ Impact
Platform volume	up 29%	\$ 1,326	up 28%	\$ 2,555
Platform ASP	up 5%	302	up 9%	1,018
Adjacent products	up 118%	506	up 77%	652
Total change in revenue		\$ 2,134		\$ 4,225

OPERATING INCOME SUMMARY

Operating income in Q2 2020 increased 72% from Q2 2019, with an operating margin of 44%. Operating income YTD 2020 increased 81%, with an operating margin of 47%.

(In Millions)

\$	3,099	Q2 2020 DCG Operating Income
	1,450	Higher gross margin from platform revenue
	100	Lower period charges, primarily associated with the initial ramp of 10nm
	(110)	Lower DCG adjacency gross margin
	(105)	Higher platform unit cost
	(36)	Other
\$	1,800	Q2 2019 DCG Operating Income
\$	6,591	YTD 2020 DCG Operating Income
	3,235	Higher gross margin from platform revenue
	135	Lower period charges, primarily associated with the initial ramp of 10nm
	(165)	Lower DCG adjacency gross margin
	(120)	Higher platform unit cost
	(75)	Higher operating expenses
	(60)	Other
\$	3,641	YTD 2019 DCG Operating Income

INTERNET OF THINGS

As more intelligence is moving to the edge, more industries are harnessing the power of data to create business value, to innovate, and to 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 driving assistance and automation solutions. Our product portfolio employs a broad set of technologies, covering computer vision and machine learning-based sensing, data analysis, localization, mapping, and driving policy technology for ADAS and autonomous driving. Mobileye's ADAS products form the building blocks for higher levels of autonomy. Our customers and strategic partners include major global OEMs and Tier 1 automotive system integrators.

INTERNET OF THINGS REVENUE \$B



INTERNET OF THINGS OPERATING INCOME \$B



REVENUE AND OPERATING INCOME SUMMARY

Q2 2020 vs. Q2 2019

IOTG revenue was \$670 million, down \$316 million, driven by weaker demand for IOTG platform products in industrial, retail, and vision, primarily due to COVID-19. Demand was also negatively impacted by trade restrictions related to the U.S. government's Entity List publication. Operating income was \$70 million, down \$224 million year over year.

Mobileye revenue was \$146 million, down \$55 million, due to lower demand as a result of significant decline in global vehicle production related to COVID-19. Mobileye had an operating loss of \$4 million, down \$57 million from an operating income in 2019.

YTD 2020 vs. YTD 2019

IOTG revenue was \$1.6 billion, down \$343 million, driven by weaker demand for IOTG platform products in industrial, retail, and vision due to COVID-19. Demand was also negatively impacted by trade restrictions related to the U.S. government's Entity List publication, the effects of which are expected to continue in the second half of 2020. Operating income was \$313 million, down \$232 million compared to YTD 2019.

Mobileye revenue was \$400 million, down \$10 million, due to lower demand as a result of significant decline in global vehicle production related to COVID-19. Operating income was \$84 million, down \$37 million.

We expect continued negative COVID-19 related impacts on demand for our IOT portfolio in the second half of 2020.

NON-VOLATILE MEMORY SOLUTIONS GROUP

NSG is a technology leader in next-generation memory and storage products based on breakthrough Intel® Optane™ technology and Intel® 3D NAND technology. NSG is disrupting the memory and storage hierarchy with new tiers that balance capacity, performance, and cost. We offer 96-layer and 64-layer TLC NAND high-capacity SSDs, and 64-layer QLC NAND high-capacity SSDs. We also provide unparalleled low latency and high performance with Intel® Optane™ technology. Our products are available in innovative new form factors and densities to address the memory and storage challenges our customers face in a rapidly evolving technological landscape. Our customers include enterprise and cloud-based data centers, and users of business and consumer desktops and laptops.

NSG REVENUE \$B



NSG OPERATING INCOME \$B



REVENUE AND OPERATING INCOME SUMMARY

Q2 2020 vs. Q2 2019

NSG delivered record revenue of \$1.7 billion, up \$719 million from Q2 2019, driven by \$379 million higher volume due to strong demand for NAND products and \$341 million higher ASPs from improved NAND pricing. Operating income was \$322 million, up \$606 million from an operating loss in Q2 2019, due to continued improvements in unit cost, market pricing recovery, and strong demand.

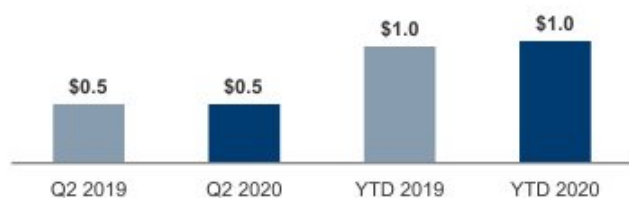
YTD 2020 vs. YTD 2019

NSG delivered revenue of \$3.0 billion, up \$1.1 billion from Q2 2019, driven by \$738 million higher volume due to strong demand for NAND products and \$405 million higher ASP from improved NAND pricing. Operating income was \$256 million, up \$837 million from an operating loss in YTD 2019, due to continued improvements in unit cost, market pricing recovery, and strong demand.

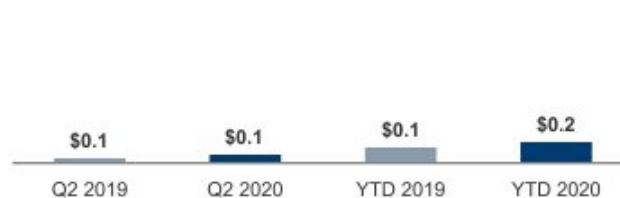
PROGRAMMABLE SOLUTIONS GROUP

PSG offers programmable semiconductors, primarily FPGAs, structured ASICs, and related products, for a broad range of market segments, including communications, data center, industrial, and military. The PSG product portfolio delivers FPGA acceleration in tandem with Intel microprocessors and enables Intel to combine the benefits of its broad portfolio of 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 2020 vs. Q2 2019

Revenue was \$501 million, up \$12 million due to growth in the cloud and enterprise market segment, partially offset by weakness in the embedded and communications market segments. PSG experienced growth in advanced products. Operating income was \$80 million, up \$28 million.

YTD 2020 vs. YTD 2019

Revenue was \$1.0 billion, up \$45 million due to growth in the cloud and enterprise market segment, partially offset by weakness in the embedded and communications market segments. Operating income was \$177 million, up \$36 million.

CLIENT COMPUTING GROUP

As we evolve to deliver leading end-to-end products across architectures and workloads for the data explosion, CCG's contribution is the human touchpoint of this new data-centric era—the PC. As the largest business unit at Intel, CCG deploys platforms that connect people to data, allowing each person to focus, create, and engage in ways that unlock their individual potential. The PC market remains a critical facet of our business, providing an important source of IP, scale, and cash flow. Our mission is to continue to deliver leadership products in our PC business as well as our adjacent businesses. The PC is more essential than ever before with more people working and learning from home due to COVID-19-related impacts. We are dedicated to helping people around the world overcome this crisis.



REVENUE SUMMARY

Revenue in Q2 2020 was up 7% compared to Q2 2019, driven by strength in notebook platform demand, strong ASP and higher LTE modem and Wi-Fi sales, partially offset by desktop demand. YTD 2020 up 11% compared to YTD 2019, driven by strong demand for notebook platform products and higher LTE modem and Wi-Fi sales. Strength in notebook platform products reflects the increased reliance on PCs as more people are working and learning from home due to COVID-19.

While we expect notebook strength in Q3 2020, desktop demand is expected to remain weak in the second half of 2020 as a result of weaker global economic conditions due to COVID-19.

(In Millions)	Q2 2020 vs. Q2 2019		YTD 2020 vs. YTD 2019	
	%	\$ Impact	%	\$ Impact
Desktop platform volume	down (14)%	\$ (460)	down (9)%	\$ (607)
Desktop platform ASP	up 3%	61	up 3%	162
Notebook platform volume	up 9%	434	up 15%	1,501
Notebook platform ASP	up 5%	274	up 1%	138
Adjacent products and other		346		650
Total change in revenue		\$ 655		\$ 1,844

OPERATING INCOME SUMMARY

Operating income in Q2 2020 decreased 24% from Q2 2019, with an operating margin of 30%. Operating income YTD 2020 increased 4%, with an operating margin of 37%.

(In Millions)

\$	2,842	Q2 2020 CCG Operating Income
	(1,115)	Higher platform unit cost due to ramp of 10nm products
	(550)	Higher period charges primarily due to reserved non-qualified platform product related to our 10nm process technology
	325	Higher gross margin from platform revenue
	285	Lower operating expenses driven by lower investment in modem
	205	Higher CCG adjacency product margin
	(45)	Other
\$	3,737	Q2 2019 CCG Operating Income
\$	7,067	YTD 2020 CCG Operating Income
	1,040	Higher gross margin from platform revenue
	590	Lower operating expenses driven by lower investment in modem
	265	Higher CCG adjacency product margin
	(1,710)	Higher platform unit cost due to ramp of 10nm products
	73	Other
\$	6,809	YTD 2019 CCG Operating Income

CONSOLIDATED RESULTS OF OPERATIONS

(In Millions, Except Per Share Amounts)	Three Months Ended				Six Months Ended			
	Q2 2020		Q2 2019		YTD 2020		YTD 2019	
	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue	Amount	% of Net Revenue
Net revenue	\$ 19,728	100.0 %	\$ 16,505	100.0 %	\$ 39,556	100.0 %	\$ 32,566	100.0 %
Cost of sales	9,221	46.7 %	6,627	40.2 %	17,033	43.1 %	13,599	41.8 %
Gross margin	10,507	53.3 %	9,878	59.8 %	22,523	56.9 %	18,967	58.2 %
Research and development	3,354	17.0 %	3,438	20.8 %	6,629	16.8 %	6,770	20.8 %
Marketing, general and administrative	1,447	7.3 %	1,639	9.9 %	2,988	7.6 %	3,222	9.9 %
Restructuring and other charges	9	— %	184	1.1 %	171	0.4 %	184	0.6 %
Operating income	5,697	28.9 %	4,617	28.0 %	12,735	32.2 %	8,791	27.0 %
Gains (losses) on equity investments, net	267	1.4 %	170	1.0 %	156	0.4 %	604	1.9 %
Interest and other, net	(29)	(0.1) %	(63)	(0.4) %	(342)	(0.9) %	(124)	(0.4) %
Income before taxes	5,935	30.1 %	4,724	28.6 %	12,549	31.7 %	9,271	28.5 %
Provision for taxes	830	4.2 %	545	3.3 %	1,783	4.5 %	1,118	3.4 %
Net income	\$ 5,105	25.9 %	\$ 4,179	25.3 %	\$ 10,766	27.2 %	\$ 8,153	25.0 %
Earnings per share—diluted	\$ 1.19		\$ 0.92		\$ 2.50		\$ 1.79	

REVENUE

SEGMENT REVENUE WALK \$B



Q2 2020 vs. Q2 2019

Our Q2 2020 revenue was \$19.7 billion, up \$3.2 billion or 20% from Q2 2019. Compared to a year ago, our data-centric businesses were collectively up 34% as demand from data center customers continued to strengthen as cloud service providers increased capacity to serve customer demand. We also saw NSG bit growth and improved NAND pricing, partially offset by weaker demand in IOTG. Revenue in our PC-centric business was up 7% year over year driven by strength in notebook platform ASP and higher LTE modem and Wi-Fi sales.

YTD 2020 vs. YTD 2019

Our YTD 2020 revenue was \$39.6 billion, up \$7.0 billion or 21% from YTD 2019. Our data-centric businesses were collectively up 34% as demand from data center customers continued to strengthen as cloud service providers increased capacity to serve customer demand. We also saw NSG bit growth and improved NAND pricing, partially offset from weaker demand in IOTG. Our PC-centric business was up 11% year over year driven by strong demand for notebook platform products and higher LTE modem and Wi-Fi sales.

GROSS MARGIN

We derived most of our overall gross margin from the sale of platform products in the DCG and CCG operating segments. Our overall gross margin dollars in Q2 2020 increased by \$629 million, or 6.4% compared to Q2 2019. Our gross margin percentage was down as the increase in platform revenue was offset by higher platform unit costs, platform reserves and a higher proportion of our revenue from lower margin adjacent businesses.

GROSS MARGIN \$B

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



(In Millions)

\$ 10,507	Q2 2020 Gross Margin
1,550	Higher gross margin from platform revenue
815	Higher gross margin from adjacent businesses primarily due to higher margins on NAND and modem
(1,215)	Higher platform unit cost primarily from increased mix of 10nm and performance products
(440)	Higher period charges primarily due to reserved non-qualified platform product related to our 10nm process technology, partially offset by lower factory start-up costs associated with our 10nm products
(81)	Other
\$ 9,878	Q2 2019 Gross Margin
\$ 22,523	YTD 2020 Gross Margin
4,025	Higher gross margin from platform revenue
1,150	Higher gross margin from adjacent businesses primarily due to higher margins on NAND and modem partially offset by lower margins on DCG adjacencies
320	Lower period charges primarily due to lower factory start-up costs associated with our 10nm products
(1,800)	Higher platform unit cost primarily from increased mix of 10nm and performance products
(139)	Other
\$ 18,967	YTD 2019 Gross Margin

OPERATING EXPENSES

Total R&D and MG&A expenses for Q2 2020 were \$4.8 billion, down 5% from Q2 2019, and \$9.6 billion for YTD 2020, down 4% from YTD 2019. These expenses represent 24.3% of revenue for Q2 2020 and 30.8% of revenue for Q2 2019, and 24.3% of revenue in the first six months of 2020 and 30.7% of revenue in the first six months of 2019.

RESEARCH AND DEVELOPMENT \$B

MARKETING, GENERAL AND ADMINISTRATIVE \$B

(Percentages indicate expenses as a percentage of total revenue)



RESEARCH AND DEVELOPMENT

Q2 2020 vs. Q2 2019

R&D decreased \$84 million, or 2.4% driven by the following:

- Ramp down of 5G smartphone modem business
- + Investments in our PC and data-centric businesses
- + Investments in our process technology
- + Profit dependent compensation

YTD 2020 vs. YTD 2019

R&D decreased by \$141 million, or 2.1%, driven by the following:

- Ramp down of 5G smartphone modem business
- + Investments in our PC and data-centric businesses
- + Investments in our process technology
- + Profit dependent compensation

MARKETING, GENERAL AND ADMINISTRATIVE

Q2 2020 vs. Q2 2019

MG&A decreased \$192M, or 11.7%, driven by the following:

- Corporate spending efficiencies
- + Profit dependent compensation

YTD 2020 vs. YTD 2019

MG&A decreased by \$234 million, or 7.3%, driven by the following:

- Corporate spending efficiencies
- + Profit dependent compensation

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

(In Millions)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Ongoing mark-to-market adjustments on marketable equity securities	\$ 165	\$ (179)	\$ 62	\$ 74
Observable price adjustments on non-marketable equity securities	58	8	137	16
Impairment charges	(51)	(39)	(193)	(62)
Sale of equity investments and other	95	380	150	576
Gains (losses) on equity investments, net	\$ 267	\$ 170	\$ 156	\$ 604
Interest and other, net	\$ (29)	\$ (63)	\$ (342)	\$ (124)

Gains (losses) on equity investments, net

Ongoing mark-to-market adjustments during the first six months of 2020 were primarily related to our interest in Cloudera Inc. (Cloudera). During the first six months of 2019, ongoing mark-to-market adjustments were primarily driven by our interests in ASML Holdings N.V. and Cloudera.

We recognized higher than historically experienced impairment charges on our non-marketable portfolio in the first six months of 2020 based on our assessment of the impact of recent public and private market volatility and tightening of liquidity.

We recognized McAfee dividends of \$340 million during Q2 2019 and \$494 million during the first six months of 2019.

Interest and other, net

For the six months ended June 27, 2020, we paid \$1.1 billion to satisfy conversion obligations for \$372 million of our \$2.0 billion 2009 Debentures and recognized a loss of \$109 million in interest and other, net and \$750 million as a reduction in stockholders' equity related to the conversion feature. 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 2009 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.

PROVISION FOR TAXES

(In Millions)	Q2 2020	Q2 2019	YTD 2020	YTD 2019
Income before taxes	\$ 5,935	\$ 4,724	\$ 12,549	\$ 9,271
Provision for taxes	\$ 830	\$ 545	\$ 1,783	\$ 1,118
Effective tax rate	14.0 %	11.5 %	14.2 %	12.1 %

For the six months ended June 27, 2020, the increase in effective tax rate was driven by a lower U.S. tax benefit derived from sales to non-U.S. customers, a one-time tax charge associated with a valuation allowance against a net operating loss deferred tax asset, and a one-time tax charge due to a new interpretation of a tax law in a non-U.S. jurisdiction.

In June 2020, the U.S. Supreme Court declined to hear our appeal of a ruling by the U.S. Court of Appeals for the Ninth Circuit regarding the treatment of stock-based compensation expense in an inter-company cost-sharing transaction for certain pre-acquisition Altera tax years. We expect to incur an immaterial tax liability which we have previously reserved.

LIQUIDITY AND CAPITAL RESOURCES

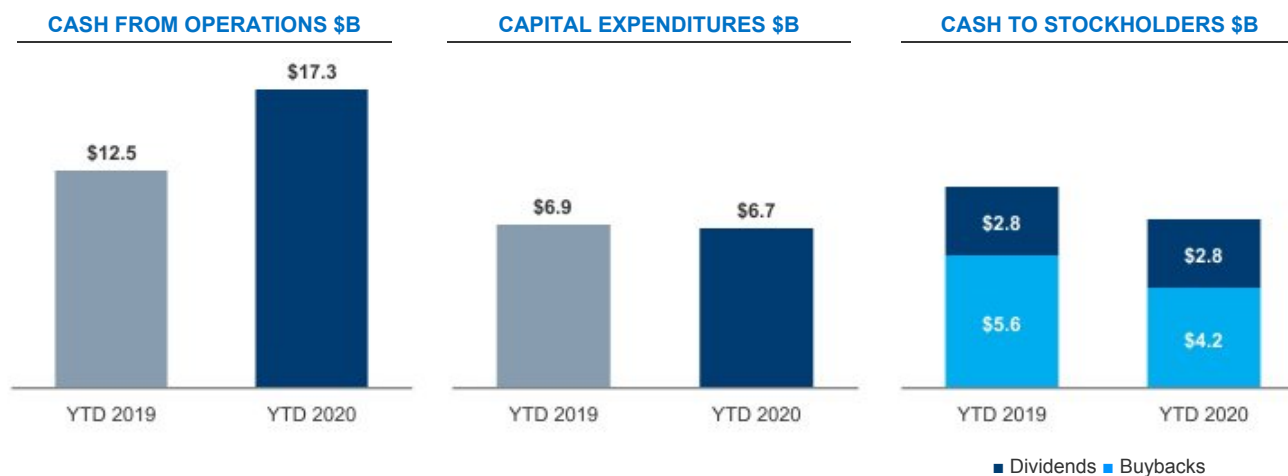
We consider the following when assessing our liquidity and capital resources:

(In Millions)	Jun 27, 2020	Dec 28, 2019
Cash and cash equivalents, short-term investments, and trading assets	\$ 25,815	\$ 13,123
Other long-term investments	\$ 2,884	\$ 3,276
Loans receivable and other	\$ 1,295	\$ 1,239
Reverse repurchase agreements with original maturities greater than three months	\$ 100	\$ 350
Total debt	\$ 38,347	\$ 29,001
Temporary equity	\$ —	\$ 155

Cash generated by operations is our primary source of liquidity. When assessing our sources of liquidity, we include investments as shown in the preceding table. We maintain a diverse investment portfolio that we continually analyze based on issuer, industry, and country. Substantially all of our investments in debt instruments and financing receivables are in investment-grade securities.

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 27, 2020, we had no outstanding commercial paper.

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, and dividends. We have taken actions this year to further strengthen our liquidity. During the first six months of 2020, we issued a total of \$10.3 billion aggregate principal amount of senior notes. Additionally, on March 24, 2020 we suspended the use of our financial resources for stock repurchases, having repurchased approximately \$7.6 billion of our planned \$20.0 billion repurchases announced in October 2019. Dividend payments to stockholders remain unaffected by the suspension of stock repurchases and the company intends to reinstate stock repurchases when market dynamics stabilize.



(In Millions)	Six Months Ended	
	Jun 27, 2020	Jun 29, 2019
Net cash provided by operating activities	\$ 17,315	\$ 12,546
Net cash used for investing activities	(14,346)	(6,010)
Net cash provided by (used for) financing activities	1,573	(6,688)
Net increase (decrease) in cash and cash equivalents	\$ 4,542	\$ (152)

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 2020 compared to the first six months of 2019, the increase in cash provided by operations was due to higher net income and changes in working capital. Changes in working capital were primarily driven by declines in inventory spending and a higher effective tax rate, offset by other assets and liabilities.

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 higher in the first six months of 2020 compared to the first six months of 2019 primarily due to increased purchases of available-for-sale debt investments and trading assets, and decreased sales of equity investments.

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 was provided by financing activities in the first six months of 2020 compared to cash used for financing activities in the first six months of 2019 primarily due to increased issuance of long-term debt, a reduction of repayments of debt and debt conversions, and a reduction in repurchases of common stock.

CONTRACTUAL OBLIGATIONS

In the first six months of 2020, we issued a total of \$10.3 billion aggregate principal amount of senior notes. Our remaining total cash payments over the life of these long-term debt obligations are expected to be approximately \$19.1 billion. These payments include anticipated interest on fixed rate debt that is not recorded on the Consolidated Condensed Balance Sheets. For further information, see "Note 9: Borrowings" within the Consolidated Condensed Financial Statements and Supplemental Details.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are affected by changes in currency exchange and interest rates, as well as equity and commodity prices. Our risk management programs are designed to reduce, but may not entirely eliminate, the impacts of these risks. We performed sensitivity analyses of these risks to our financial positions as of December 28, 2019, and updated that sensitivity analysis as of June 27, 2020, to determine whether material changes in market risks pertaining to currency and interest rates or equity and commodity prices have occurred as a result of the ongoing economic uncertainty resulting from the COVID-19 pandemic. No material revisions were noted since disclosing "Quantitative and Qualitative Disclosures About Market Risk" within MD&A in our 2019 Form 10-K.

NON-GAAP FINANCIAL MEASURES

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

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

Non-GAAP adjustment or measure	Definition	Usefulness to management and investors
Acquisition-related adjustments	Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology, brands, and customer relationships acquired in connection with business combinations. Charges related to the amortization of these intangibles are recorded within both cost of sales and MG&A in our U.S. GAAP financial statements. Amortization charges are recorded over the estimated useful life of the related acquired intangible asset, and thus are generally recorded over multiple years.	We exclude amortization charges for our acquisition-related intangible assets for purposes of calculating certain non-GAAP measures because these charges are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions. These adjustments facilitate a useful evaluation of our current operating performance and comparison to our past operating performance and provide investors with additional means to evaluate cost and expense trends.
Restructuring and other charges	Restructuring charges are costs associated with a formal restructuring plan and are primarily related to employee severance and benefit arrangements. Other charges include asset impairments, pension charges, and costs associated with restructuring activity.	We exclude restructuring and other charges, including any adjustments to charges recorded in prior periods, for purposes of calculating certain non-GAAP measures because these costs do not reflect our current operating performance and are significantly impacted by the timing of restructuring activity. These adjustments facilitate a useful evaluation of our current operating performance and comparisons to past operating results and provide investors with additional means to evaluate expense trends.
Ongoing mark-to-market on marketable equity securities	After the initial mark-to-market adjustment is recorded upon a security becoming marketable, gains and losses are recognized from ongoing mark-to-market adjustments of our marketable equity securities.	We exclude these ongoing gains and losses for purposes of calculating certain non-GAAP measures because we do not believe this volatility correlates to our core operational performance. These adjustments facilitate a useful evaluation of our current operating performance and comparisons to past operating results.
Free cash flow	We reference a non-GAAP financial measure of free cash flow, which is used by management when assessing our sources of liquidity, capital resources, and quality of earnings. Free cash flow is operating cash flow adjusted to exclude additions to property, plant, and equipment.	This non-GAAP financial measure is helpful in understanding our capital requirements and provides an additional means to evaluate the cash flow trends of our business.

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

(In Millions, Except Per Share Amounts)	Three Months Ended	
	Jun 27, 2020	Jun 29, 2019
Operating income	\$ 5,697	\$ 4,617
Acquisition-related adjustments	352	337
Restructuring and other charges	9	184
Non-GAAP operating income	\$ 6,058	\$ 5,138
Operating margin	28.9 %	28.0 %
Acquisition-related adjustments	1.8 %	2.0 %
Restructuring and other charges	— %	1.1 %
Non-GAAP operating margin	30.7 %	31.1 %
Earnings per share—diluted	\$ 1.19	\$ 0.92
Acquisition-related adjustments	0.08	0.08
Restructuring and other charges	—	0.04
Ongoing mark-to-market on marketable equity securities	(0.04)	0.04
Income tax effect	—	(0.02)
Non-GAAP earnings per share—diluted	\$ 1.23	\$ 1.06
	Six Months Ended	
	Jun 27, 2020	Jun 29, 2019
Net cash provided by operating activities	\$ 17,315	\$ 12,546
Additions to property, plant and equipment	(6,676)	(6,875)
Free cash flow	\$ 10,639	\$ 5,671
Net cash used for investing activities	\$ (14,346)	\$ (6,010)
Net cash provided by (used for) financing activities	\$ 1,573	\$ (6,688)

OTHER KEY INFORMATION

RISK FACTORS

The risks described in "Risk Factors" within Other Key Information in our 2019 Form 10-K and our Form 10-Q for the quarter ended March 28, 2020 (Q1 2020 Form 10-Q) could materially and adversely affect our business, financial condition, and results of operations, and the trading price of our common stock could decline. The Risk Factors section in our 2019 Form 10-K, as updated by our Q1 2020 Form 10-Q and the discussions of the COVID-19 pandemic in this report, remains current in all material respects. These risk factors do not identify all risks that we face—our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

CONTROLS AND PROCEDURES

Inherent Limitations on Effectiveness of Controls

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

Evaluation of Disclosure Controls and Procedures

Due to the COVID-19 pandemic, a significant portion of our employees are working from home. Established business continuity plans remain activated in order to mitigate the impact to our control environment, operating procedures, data and internal controls. The design of our processes and controls allow for remote execution with accessibility to secure data.

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 27, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ISSUER PURCHASES OF EQUITY SECURITIES

We have an ongoing authorization, originally approved by our Board of Directors in 2005 and subsequently amended, to repurchase shares of our common stock in open market or negotiated transactions. On March 24, 2020, we suspended stock repurchases in light of the COVID-19 pandemic and no shares were repurchased during the quarter ended June 27, 2020. We intend to reinstate repurchases when market dynamics stabilize. As of June 27, 2020, we were authorized to repurchase up to \$110.0 billion, of which \$19.7 billion remained available.

We issue RSUs as part of our equity incentive plans. In our Consolidated Condensed Financial Statements, we treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of RSUs 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.

EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Third Restated Certificate of Incorporation of Intel Corporation, dated May 17, 2006	8-K	000-06217	3.1	5/22/2006	
3.2	Intel Corporation Bylaws, as amended and restated on January 16, 2019	8-K	000-06217	3.2	1/17/2019	
101.†	Intel Corporation 2006 Employee Stock Purchase Plan, as amended and restated, effective May 14, 2020					X
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350					X
101.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 - formatted in Inline XBRL and included as Exhibit 101					X

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

FORM 10-Q CROSS-REFERENCE INDEX

Item Number	Item	
Part I - Financial Information		
Item 1.	Financial Statements	Pages 5 - 27
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations:	
	Results of operations	Pages 2 - 4 , 28 - 39
	Liquidity and capital resources	Pages 40 - 41
	Off-balance sheet arrangements	(a)
	Contractual obligations	Page 41
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	Page 41
Item 4.	Controls and Procedures	Page 44
Part II - Other Information		
Item 1.	Legal Proceedings	Pages 23 - 26
Item 1A.	Risk Factors	Page 44
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	Page 44
Item 3.	Defaults Upon Senior Securities	Not applicable
Item 4.	Mine Safety Disclosures	Not applicable
Item 5.	Other Information	Not applicable
Item 6.	Exhibits	Page 45
Signatures		Page 47

(a) As of June 27, 2020, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

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 23, 2020

By: /s/ GEORGE S. DAVIS

George S. Davis
Executive Vice President, Chief Financial Officer and Principal Financial Officer

Date: July 23, 2020

By: /s/ KEVIN T. MCBRIDE

Kevin T. McBride
Vice President of Finance, Corporate Controller and Principal Accounting Officer



INTEL CORPORATION
2006 EMPLOYEE STOCK PURCHASE PLAN
AS AMENDED AND RESTATED EFFECTIVE MAY 14, 2020

Section 1. PURPOSE

The purpose of the Plan is to provide an opportunity for Employees of Intel Corporation, a Delaware corporation (“Intel”) and its Participating Subsidiaries (collectively Intel and its Participating Subsidiaries shall be referred to as the “Company”), to purchase Common Stock of Intel and thereby to have an additional incentive to contribute to the prosperity of the Company. It is the intention of the Company that the Plan (excluding any sub-plans thereof except as expressly provided in the terms of such sub-plan) qualify as an “Employee Stock Purchase Plan” under Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), and the Plan shall be administered in accordance with this intent. In addition, the Plan authorizes the grant of options pursuant to sub-plans or special rules adopted by the Committee designed to achieve desired tax or other objectives in particular locations outside of the United States or to achieve other business objectives in the determination of the Committee, which sub-plans shall not be required to comply with the requirements of Section 423 of the Code or all of the specific provisions of the Plan, including but not limited to terms relating to eligibility, Subscription Periods or Purchase Price.

Section 2. DEFINITIONS

- (a) “Applicable Law” shall mean the legal requirements relating to the administration of an employee stock purchase plan under applicable U.S. state corporate laws, U.S. federal and applicable state securities laws, the Code, any stock exchange rules or regulations and the applicable laws of any other country or jurisdiction, as such laws, rules, regulations and requirements shall be in place from time to time.
 - (b) “Board” shall mean the Board of Directors of Intel.
 - (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) “Commencement Date” shall mean the last Trading Day prior to February 1 for the Subscription Period commencing on February 20 and the last Trading Day prior to August 1 for the Subscription Period commencing on August 20.
 - (e) “Committee” shall mean the Compensation Committee of the Board or the subcommittee, officer or officers designated by the Compensation Committee in accordance with
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Section 15 of the Plan (to the extent of the duties and responsibilities delegated by the Compensation Committee of the Board).

- (f) “Common Stock” shall mean the common stock of Intel, par value \$.001 per share, or any securities into which such Common Stock may be converted.
 - (g) “Compensation” shall mean the total compensation paid by the Company to an Employee with respect to a Subscription Period, including salary, commissions, overtime, shift differentials, payouts from Intel's Quarterly Profit Bonus Program (QPB), payouts from the Annual Performance Bonus (APB) program, and all or any portion of any item of compensation considered by the Company to be part of the Employee's regular earnings, but excluding items not considered by the Company to be part of the Employee's regular earnings. Items excluded from the definition of “Compensation” include but are not limited to such items as relocation bonuses, expense reimbursements, certain bonuses paid in connection with mergers and acquisitions, author incentives, recruitment and referral bonuses, foreign service premiums, differentials and allowances, imputed income pursuant to Section 79 of the Code, income realized as a result of participation in any stock option, restricted stock, restricted stock unit, stock purchase or similar equity plan maintained by Intel or a Participating Subsidiary, and tuition and other reimbursements. The Committee shall have the authority to determine and approve all forms of pay to be included in the definition of Compensation and may change the definition on a prospective basis.
 - (h) “Effective Date” shall mean July 31, 2006.
 - (i) “Employee” shall mean an individual classified as an employee (within the meaning of Code Section 3401(c) and the regulations thereunder) by Intel or a Participating Subsidiary on Intel’s or such Participating Subsidiary’s payroll records during the relevant participation period. Individuals classified as independent contractors, consultants, advisers, or members of the Board are not considered “Employees.”
 - (j) “Enrollment Period” shall mean, with respect to a given Subscription Period, that period beginning on the first (1st) day of January and July and ending on the thirty-first (31st) day of January and July during which Employees may elect to participate in order to purchase Common Stock at the end of that Subscription Period in accordance with the terms of this Plan. The duration and timing of Enrollment Periods may be changed or modified by the Committee.
 - (k) “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.
 - (l) “Market Value” on a given date of determination (e.g., a Commencement Date or Purchase Date, as appropriate) shall mean the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange (not including an automated quotation system), its Market Value shall be the closing sales
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price for a share of the Common Stock (or the closing bid, if no sales were reported) on the date of determination as quoted on such exchange on which the Common Stock has the highest average trading volume, as reported in The Wall Street Journal or such other source as the Committee deems reliable, or (ii) if the Common Stock is listed on a national market system and the highest average trading volume of the Common Stock occurs through that system, its Market Value shall be the average of the high and the low selling prices reported on the date of determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable, or (iii) if the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Market Value shall be the average of the mean of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable, or, (iv) in the absence of an established market for the Common Stock, the Market Value thereof shall be determined in good faith by the Board.

- (m) “Offering Price” shall mean the Market Value of a share of Common Stock on the Commencement Date for a given Subscription Period.
 - (n) “Participant” shall mean a participant in the Plan as described in Section 5 of the Plan.
 - (o) “Participating Subsidiary” shall mean a Subsidiary that has been designated by the Committee in its sole discretion as eligible to participate in the Plan with respect to its Employees.
 - (p) “Plan” shall mean this 2006 Employee Stock Purchase Plan, including any sub-plans or appendices hereto.
 - (q) “Purchase Date” shall mean the last Trading Day of each Subscription Period.
 - (r) “Purchase Price” shall have the meaning set out in Section 8(b).
 - (s) “Securities Act” shall mean the U.S. Securities Act of 1933, as amended from time to time, and any reference to a section of the Securities Act shall include any successor provision of the Securities Act.
 - (t) “Stockholder” shall mean a record holder of shares entitled to vote such shares of Common Stock under Intel's by-laws.
 - (u) “Subscription Period” shall mean a period of approximately six (6) months at the end of which an option granted pursuant to the Plan shall be exercised. The Plan shall be implemented by a series of Subscription Periods of approximately six (6) months duration, with new Subscription Periods commencing on each February 20 and August 20 occurring on or after the Effective Date and ending on the last Trading Day in the six (6) month period ending on the following August 19 and February 19, respectively. The duration and timing of Subscription Periods may be changed or modified by the Committee.
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- (v) “Subsidiary” shall mean any entity treated as a corporation (other than Intel) in an unbroken chain of corporations beginning with Intel, within the meaning of Code Section 424(f), whether or not such corporation now exists or is hereafter organized or acquired by Intel or a Subsidiary.
- (w) “Trading Day” shall mean a day on which U.S. national stock exchanges and the NASDAQ National Market System are open for trading and the Common Stock is being publicly traded on one or more of such markets.

Section 3. ELIGIBILITY

Any Employee employed by Intel or by any Participating Subsidiary on a Commencement Date shall be eligible to participate in the Plan with respect to the Subscription Period first following such Commencement Date, provided that the Committee may establish administrative rules requiring that employment commence some minimum period (not to exceed 30 days) prior to a Commencement Date to be eligible to participate with respect to such Subscription Period. The Committee may also determine that a designated group of highly compensated Employees is ineligible to participate in the Plan so long as the excluded category fits within the definition of “highly compensated employee” in Code Section 414(q).

No Employee may participate in the Plan if immediately after an option is granted the Employee owns or is considered to own (within the meaning of Code Section 424(d)) shares of Common Stock, including Common Stock which the Employee may purchase by conversion of convertible securities or under outstanding options granted by Intel or its Subsidiaries, possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of Intel or of any of its Subsidiaries. All Employees who participate in the Plan shall have the same rights and privileges under the Plan, except for differences that may be mandated by local law and that are consistent with Code Section 423(b)(5); provided that individuals participating in a sub-plan adopted pursuant to Section 17 which is not designed to qualify under Code section 423 need not have the same rights and privileges as Employees participating in the Code section 423 Plan. No Employee may participate in more than one Subscription Period at a time.

Section 4. SUBSCRIPTION PERIODS

The Plan shall generally be implemented by a series of six (6) month Subscription Periods with new Subscription Periods commencing on each February 20 and August 20 and ending on the last Trading Day in the six (6) month periods ending on the following August 19 and February 19, respectively, or on such other date as the Committee shall determine, and continuing thereafter until the Plan is terminated pursuant to Section 14 hereof. The first Subscription Period shall commence on August 21, 2006 and shall end on the last Trading Day on or before February 19, 2007. The Committee shall have the authority to change the frequency and/or duration of Subscription Periods (including the commencement dates thereof) with respect to future Subscription Periods if such change is announced at least thirty (30) days prior to the scheduled occurrence of the first Commencement Date to be affected thereafter.

Section 5. PARTICIPATION

- (a) An Employee who is eligible to participate in the Plan in accordance with its terms on a Commencement Date shall automatically receive an option in accordance with Section 8(a) and may become a Participant by completing and submitting, on or before the date prescribed by the Committee with respect to a given Subscription Period, a completed payroll deduction authorization and Plan enrollment form provided by Intel or its Participating Subsidiaries or by following an electronic or other enrollment process as prescribed by the Committee. An eligible Employee may authorize payroll deductions at the rate of any whole percentage of the Employee's Compensation, not to be less than two percent (2%) and not to exceed ten percent (10%) of the Employee's Compensation (or such other percentages as the Committee may establish from time to time before a Commencement Date) of such Employee's Compensation on each payday during the Subscription Period. All payroll deductions will be held in a general corporate account or a trust account. No interest shall be paid or credited to the Participant with respect to such payroll deductions. Intel shall maintain or cause to be maintained a separate bookkeeping account for each Participant under the Plan and the amount of each Participant's payroll deductions shall be credited to such account. A Participant may not make any additional payments into such account, unless payroll deductions are prohibited under Applicable Law, in which case the provisions of Section 5(b) of the Plan shall apply.
 - (b) Notwithstanding any other provisions of the Plan to the contrary, in locations where local law prohibits payroll deductions, an eligible Employee may elect to participate through contributions to his or her account under the Plan in a form acceptable to the Committee. In such event, any such Employees shall be deemed to be participating in a sub-plan, unless the Committee otherwise expressly provides that such Employees shall be treated as participating in the Plan. All such contributions will be held in a general corporate account or a trust account. No interest shall be paid or credited to the Participant with respect to such contributions.
 - (c) Under procedures and at times established by the Committee, a Participant may withdraw from the Plan during a Subscription Period, by completing and filing a new payroll deduction authorization and Plan enrollment form with the Company or by following electronic or other procedures prescribed by the Committee. If a Participant withdraws from the Plan during a Subscription Period, his or her accumulated payroll deductions will be refunded to the Participant without interest, his or her right to participate in the current Subscription Period will be automatically terminated and no further payroll deductions for the purchase of Common Stock will be made during the Subscription Period. Any Participant who wishes to withdraw from the Plan during a Subscription Period, must complete the withdrawal procedures prescribed by the Committee before the last forty-eight (48) hours of such Subscription Period, subject to any changes to the rules established by the Committee pertaining to the timing of withdrawals, limiting the frequency with which Participants may withdraw and re-enroll in the Plan and may impose a waiting period on Participants wishing to re-enroll following withdrawal.
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- (d) A Participant may not increase his or her rate of contribution through payroll deductions or otherwise during a given Subscription Period. A Participant may decrease his or her rate of contribution through payroll deductions one time only during a given Subscription Period and only during an open enrollment period or such other times specified by the Committee by filing a new payroll deduction authorization and Plan enrollment form or by following electronic or other procedures prescribed by the Committee. If a Participant has not followed such procedures to change the rate of contribution, the rate of contribution shall continue at the originally elected rate throughout the Subscription Period and future Subscription Periods; unless the Committee reduces the maximum rate of contribution provided in Section 5(a) and a Participant's rate of contribution exceeds the reduced maximum rate of contribution, in which case the rate of contribution shall continue at the reduced maximum rate of contribution. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code for a given calendar year, the Committee may reduce a Participant's payroll deductions to zero percent (0%) at any time during a Subscription Period scheduled to end during such calendar year. Payroll deductions shall re-commence at the rate provided in such Participant's enrollment form at the beginning of the first Subscription Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 5(c).

Section 6. TERMINATION OF EMPLOYMENT

In the event any Participant terminates employment with Intel and its Participating Subsidiaries for any reason (including death) prior to the expiration of a Subscription Period, the Participant's participation in the Plan shall terminate and all amounts credited to the Participant's account shall be paid to the Participant or, in the case of death, to the Participant's heirs or estate, without interest. Whether a termination of employment has occurred shall be determined by the Committee. If a Participant's termination of employment occurs within a certain period of time as specified by the Committee (not to exceed 30 days) prior to the Purchase Date of the Subscription Period then in progress, his or her option for the purchase of shares of Common Stock will be exercised on such Purchase Date in accordance with Section 9 as if such Participant were still employed by the Company. Following the purchase of shares on such Purchase Date, the Participant's participation in the Plan shall terminate and all amounts credited to the Participant's account shall be paid to the Participant or, in the case of death, to the Participant's heirs or estate, without interest. The Committee may also establish rules regarding when leaves of absence or changes of employment status will be considered to be a termination of employment, including rules regarding transfer of employment among Participating Subsidiaries, Subsidiaries and Intel, and the Committee may establish termination-of-employment procedures for this Plan that are independent of similar rules established under other benefit plans of Intel and its Subsidiaries; provided that such procedures are not in conflict with the requirements of Section 423 of the Code.

Section 7. STOCK

Subject to adjustment as set forth in Section 11, the maximum number of shares of Common Stock which may be issued pursuant to the Plan shall be five hundred twenty-three million (523,000,000) shares. Notwithstanding the above, subject to adjustment as set forth in Section 11, the maximum number of shares that may be purchased by any Employee in a given Subscription Period shall be seventy-two thousand (72,000) shares of Common Stock. If, on a given Purchase Date, the number of shares with respect to which options are to be exercised exceeds either maximum, the Committee shall make, as applicable, such adjustment or pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

Section 8. OFFERING

- (a) On the Commencement Date relating to each Subscription Period, each eligible Employee, whether or not such Employee has elected to participate as provided in Section 5(a), shall be granted an option to purchase that number of whole shares of Common Stock (as adjusted as set forth in Section 11) not to exceed seventy two thousand (72,000) shares (or such lower number of shares as determined by the Committee), which may be purchased with the payroll deductions accumulated on behalf of such Employee during each Subscription Period at the purchase price specified in Section 8(b) below, subject to the additional limitation that no Employee participating in the Plan shall be granted an option to purchase Common Stock under the Plan if such option would permit his or her rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of Intel and its Subsidiaries to accrue at a rate which exceeds U.S. twenty-five thousand dollars (U.S. \$25,000) of the Market Value of such Common Stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time. For purposes of the Plan, an option is “granted” on a Participant’s Commencement Date. An option will expire upon the earliest to occur of (i) the termination of a Participant’s participation in the Plan or such Subscription Period (ii) the beginning of a subsequent Subscription Period in which such Participant is participating; or (iii) the termination of the Subscription Period. This Section 8(a) shall be interpreted so as to comply with Code Section 423(b)(8).
- (b) The Purchase Price under each option shall be with respect to a Subscription Period the lower of (i) a percentage (not less than eighty-five percent (85%)) established by the Committee (“Designated Percentage”) of the Offering Price, or (ii) the Designated Percentage of the Market Value of a share of Common Stock on the Purchase Date on which the Common Stock is purchased; provided that the Purchase Price may be adjusted by the Committee pursuant to Sections 11 or 12 in accordance with Section 424(a) of the Code. The Committee may change the Designated Percentage with respect to any future Subscription Period, but not to below eighty-five percent (85%), and the Committee may determine with respect to any prospective Subscription Period that the option price shall be the Designated Percentage of the Market Value of a share of the Common Stock on the Purchase Date.

Section 9. PURCHASE OF STOCK

Unless a Participant withdraws from the Plan as provided in Section 5(c) or except as provided in Sections 7, 12 or 14(b), upon the expiration of each Subscription Period, a Participant's option shall be exercised automatically for the purchase of that number of whole shares of Common Stock which the accumulated payroll deductions credited to the Participant's account at that time shall purchase at the applicable price specified in Section 8(b). Notwithstanding the foregoing, Intel or its Participating Subsidiary may make such provisions and take such action as it deems necessary or appropriate for the withholding of taxes and/or social insurance which Intel or its Participating Subsidiary determines is required by Applicable Law. Each Participant, however, shall be responsible for payment of all individual tax liabilities arising under the Plan. The shares of Common Stock purchased upon exercise of an option hereunder shall be considered for tax purposes to be sold to the Participant on the Purchase Date. During his or her lifetime, a Participant's option to purchase shares of Common Stock hereunder is exercisable only by him or her.

Section 10. PAYMENT AND DELIVERY

As soon as practicable after the exercise of an option, Intel shall deliver or cause to have delivered to the Participant a record of the Common Stock purchased and the balance of any amount of payroll deductions credited to the Participant's account not used for the purchase, except as specified below. The Committee may permit or require that shares be deposited directly with a broker designated by the Committee or to a designated agent of the Company, and the Committee may utilize electronic or automated methods of share transfer. The Committee may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. Intel or its Participating Subsidiary shall retain the amount of payroll deductions used to purchase Common Stock as full payment for the Common Stock and the Common Stock shall then be fully paid and non-assessable. No Participant shall have any voting, dividend, or other Stockholder rights with respect to shares subject to any option granted under the Plan until the shares subject to the option have been purchased and delivered to the Participant as provided in this Section 10. The Committee may in its discretion direct Intel to retain in a Participant's account for the subsequent Subscription Period any payroll deductions which are not sufficient to purchase a whole share of Common Stock or to return such amount to the Participant. Any other amounts left over in a Participant's account after a Purchase Date shall be returned to the Participant without interest.

Section 11. RECAPITALIZATION

Subject to any required action by the Stockholders of Intel, if there is any change in the outstanding shares of Common Stock because of a merger, consolidation, spin-off, reorganization, recapitalization, dividend in property other than cash, stock split, reverse stock split, stock dividend, liquidating dividend, combination or reclassification of the Common Stock (including any such change in the number of shares of Common Stock effected in connection with a change in domicile of Intel), or any similar equity restructuring transaction (as that term is used in Accounting Standards Codification 718), the number of securities covered by each option under the Plan which has not yet been exercised and the number of securities which have been

authorized and remain available for issuance under the Plan, as well as the maximum number of securities which may be purchased by a Participant in a Subscription Period, and the price per share covered by each option under the Plan which has not yet been exercised, shall be equitably adjusted by the Board, and the Board shall take any further actions which may be necessary or appropriate under the circumstances. The Board's determinations under this Section 11 shall be conclusive and binding on all parties.

Section 12. MERGER, LIQUIDATION, OTHER CORPORATE TRANSACTIONS

- (a) In the event of the proposed liquidation or dissolution of Intel, the Subscription Period will terminate immediately prior to the consummation of such proposed transaction, unless otherwise provided by the Board in its sole discretion, and all outstanding options shall automatically terminate and the amounts of all payroll deductions will be refunded without interest to the Participants.
- (b) In the event of a proposed sale of all or substantially all of the assets of Intel, or the merger or consolidation or similar combination of Intel with or into another entity, then in the sole discretion of the Board, (1) each option shall be assumed or an equivalent option shall be substituted by the successor corporation or parent or subsidiary of such successor entity, (2) a date established by the Board on or before the date of consummation of such merger, consolidation, combination or sale shall be treated as a Purchase Date, and all outstanding options shall be exercised on such date, (3) all outstanding options shall terminate and the accumulated payroll deductions will be refunded without interest to the Participants, or (4) outstanding options shall continue unchanged.

Section 13. TRANSFERABILITY

Neither payroll deductions credited to a Participant's bookkeeping account nor any rights to exercise an option or to receive shares of Common Stock under the Plan may be voluntarily or involuntarily assigned, transferred, pledged, or otherwise disposed of in any way, and any attempted assignment, transfer, pledge, or other disposition shall be null and void and without effect. If a Participant in any manner attempts to transfer, assign or otherwise encumber his or her rights or interests under the Plan, other than as permitted by the Code, such act shall be treated as an election by the Participant to discontinue participation in the Plan pursuant to Section 5(c).

Section 14. AMENDMENT OR TERMINATION OF THE PLAN

- (a) The Plan shall continue from the Effective Date until August 31, 2026, unless it is terminated in accordance with Section 14(b).
 - (b) The Board may, in its sole discretion, insofar as permitted by law, terminate or suspend the Plan, or revise or amend it in any respect whatsoever, and the Committee may revise or amend the Plan consistent with the exercise of its duties and responsibilities as set forth in the Plan or any delegation under the Plan, except that, without approval of the Stockholders, no such revision or amendment shall increase the number of shares subject
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to the Plan, other than an adjustment under Section 11 of the Plan, or make other changes for which Stockholder approval is required under Applicable Law. Upon a termination or suspension of the Plan, the Board may in its discretion (i) return without interest, the payroll deductions credited to Participants' accounts to such Participants or (ii) set an earlier Purchase Date with respect to a Subscription Period then in progress.

Section 15. ADMINISTRATION

- (a) The Board has appointed the Compensation Committee of the Board to administer the Plan (the "Committee"), who will serve for such period of time as the Board may specify and whom the Board may remove at any time. The Committee will have the authority and responsibility for the day-to-day administration of the Plan, the authority and responsibility specifically provided in this Plan and any additional duty, responsibility and authority delegated to the Committee by the Board, which may include any of the functions assigned to the Board in this Plan. The Committee may delegate to a subcommittee or to an officer or officers of Intel the day-to-day administration of the Plan. The Committee shall have full power and authority to adopt, amend and rescind any rules and regulations which it deems desirable and appropriate for the proper administration of the Plan, to construe and interpret the provisions and supervise the administration of the Plan, to make factual determinations relevant to Plan entitlements and to take all action in connection with administration of the Plan as it deems necessary or advisable, consistent with the delegation from the Board. Decisions of the Committee shall be final and binding upon all Participants. Any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting of the Committee duly held. The Company shall pay all expenses incurred in the administration of the Plan.
- (b) In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Company, members of the Board and of the Committee shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted under the Plan, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

Section 16. COMMITTEE RULES FOR FOREIGN JURISDICTIONS

The Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting

the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements; however, if such varying provisions are not in accordance with the provisions of Section 423(b) of the Code, including but not limited to the requirement of Section 423(b)(5) of the Code that all options granted under the Plan shall have the same rights and privileges unless otherwise provided under the Code and the regulations promulgated thereunder, then the individuals affected by such varying provisions shall be deemed to be participating under a sub-plan and not in the Plan. The Committee may also adopt sub-plans applicable to particular Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Code section 423 and shall be deemed to be outside the scope of Code section 423 unless the terms of the sub-plan provide to the contrary. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 7, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. The Committee shall not be required to obtain the approval of the Stockholders prior to the adoption, amendment or termination of any sub-plan unless required by the laws of the foreign jurisdiction in which Employees participating in the sub-plan are located.

Section 17. SECURITIES LAWS REQUIREMENTS

- (a) No option granted under the Plan may be exercised to any extent unless the shares to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, applicable state and foreign securities laws and the requirements of any stock exchange upon which the Shares may then be listed, subject to the approval of counsel for the Company with respect to such compliance. If on a Purchase Date in any Subscription Period hereunder, the Plan is not so registered or in such compliance, options granted under the Plan which are not in material compliance shall not be exercised on such Purchase Date, and the Purchase Date shall be delayed until the Plan is subject to such an effective registration statement and such compliance, except that the Purchase Date shall not be delayed more than twelve (12) months and the Purchase Date shall in no event be more than twenty-seven (27) months from the Commencement Date relating to such Subscription Period. If, on the Purchase Date of any offering hereunder, as delayed to the maximum extent permissible, the Plan is not registered and in such compliance, options granted under the Plan which are not in material compliance shall not be exercised and all payroll deductions accumulated during the Subscription Period (reduced to the extent, if any, that such deductions have been used to acquire shares of Common Stock) shall be returned to the Participants, without interest. The provisions of this Section 17 shall comply with the requirements of Section 423(b)(5) of the Code to the extent applicable.
 - (b) As a condition to the exercise of an option, Intel may require the person exercising such option to represent and warrant at the time of any such exercise that the Shares are being
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purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for Intel, such a representation is required by any of the aforementioned applicable provisions of law.

Section 18. GOVERNMENTAL REGULATIONS

This Plan and Intel's obligation to sell and deliver shares of its stock under the Plan shall be subject to the approval of any governmental authority required in connection with the Plan or the authorization, issuance, sale, or delivery of stock hereunder.

Section 19. NO ENLARGEMENT OF EMPLOYEE RIGHTS

Nothing contained in this Plan shall be deemed to give any Employee or other individual the right to be retained in the employ or service of Intel or any Participating Subsidiary or to interfere with the right of Intel or Participating Subsidiary to discharge any Employee or other individual at any time, for any reason or no reason, with or without notice.

Section 20. GOVERNING LAW

This Plan shall be governed by applicable laws of the State of Delaware and applicable federal law.

Section 21. EFFECTIVE DATE

This Plan shall be effective on the Effective Date, subject to approval of the Stockholders of Intel within twelve (12) months before or after its date of adoption by the Board.

Section 22. REPORTS

Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be made available to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

Section 23. DESIGNATION OF BENEFICIARY FOR OWNED SHARES

With respect to shares of Common Stock purchased by the Participant pursuant to the Plan and held in an account maintained by Intel or its assignee on the Participant's behalf, the Participant may be permitted to file a written designation of beneficiary, who is to receive any shares and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to the end of a Subscription Period but prior to delivery to him or her of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to the Purchase Date of a Subscription Period. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective, to the extent required by local law. The Participant (and if required under the preceding sentence, his or her spouse) may change such designation of beneficiary at any time by

written notice. Subject to local legal requirements, in the event of a Participant's death, Intel or its assignee shall deliver any shares of Common Stock and/or cash to the designated beneficiary. Subject to local law, in the event of the death of a Participant and in the absence of a beneficiary validly designated who is living at the time of such Participant's death, Intel shall deliver such shares of Common Stock and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of Intel), Intel in its sole discretion, may deliver (or cause its assignee to deliver) such shares of Common Stock and/or cash to the spouse, or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to Intel, then to such other person as Intel may determine. The provisions of this Section 23 shall in no event require Intel to violate local law, and Intel shall be entitled to take whatever action it reasonably concludes is desirable or appropriate in order to transfer the assets allocated to a deceased Participant's account in compliance with local law.

Section 24. ADDITIONAL RESTRICTIONS OF RULE 16b-3.

The terms and conditions of options granted hereunder to, and the purchase of shares of Common Stock by, persons subject to Section 16 of the Exchange Act shall comply with the applicable provisions of Rule 16b-3. This Plan shall be deemed to contain, and such options shall contain, and the shares of Common Stock issued upon exercise thereof shall be subject to, such additional conditions and restrictions, if any, as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

Section 25. NOTICES

All notices or other communications by a Participant to Intel or the Committee under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by Intel or the Committee at the location, or by the person, designated by Intel for the receipt thereof.

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 23, 2020

By: /s/ ROBERT H. SWAN

Robert H. Swan

Chief Executive Officer, Director and Principal Executive Officer

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 23, 2020

By: /s/ GEORGE S. DAVIS

George S. Davis
Executive Vice President, Chief Financial Officer and Principal Financial Officer

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 27, 2020, 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 23, 2020

By: /s/ ROBERT H. SWAN

Robert H. Swan

Chief Executive Officer, Director and Principal Executive Officer

Date: July 23, 2020

By: /s/ GEORGE S. DAVIS

George S. Davis

Executive Vice President, Chief Financial Officer and Principal Financial Officer