UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report: July 15, 2014
(Date of earliest event reported)

INTEL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	000-06217	94-1672743
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2200 Mission College Blvd., Santa Clara, California	95054-1549
(Address of principal executive offices)	(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4c))

Item 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Attached hereto as Exhibit 99.1 and incorporated by reference herein is financial information for Intel Corporation for the quarter ended June 28, 2014 and forward-looking statements relating to 2014 and the third quarter of 2014 as presented in a press release of July 15, 2014.

Attached hereto as Exhibit 99.2 and incorporated by reference herein is financial information and commentary by Stacy J. Smith, Executive Vice President and Chief Financial Officer of Intel Corporation for the quarter ended June 28, 2014 and forward-looking statements relating to 2014 and the third quarter of 2014 as posted on the company's investor website, intc.com, on July 15, 2014.

The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

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 hereunto duly authorized.

INTEL CORPORATION
(Registrant)

Date: July 15, 2014	By:	/s/ Cary I. Klafter
		Cary I. Klafter
		Corporate Secretary

Intel Corporation
2200 Mission College Blvd.
Santa Clara, CA 95054-1549

News Release

Intel Reports Second-Quarter Revenue of $13.8 Billion

Achieves Record Quarterly Microprocessor Unit Shipments
Net Income of $2.8 Billion, Up 40 Percent Year-Over-Year
Targets $4 Billion for Share Repurchases in the Third Quarter

SANTA CLARA, Calif., July 15, 2014 -- Intel Corporation today reported second-quarter revenue of $13.8 billion, operating income of $3.8 billion, net income of $2.8 billion and EPS of $0.55. The company generated approximately $5.5 billion in cash from operations, paid dividends of $1.1 billion, and used $2.1 billion to repurchase 74 million shares of stock.

“Our second-quarter results showed the strength of our strategy to extend the reach of Intel technology from the data center to PCs to the Internet of Things,” said Intel CEO Brian Krzanich. “With the ramp of our Baytrail SoC family, we have expanded into new segments such as Chrome-based systems, and we are on track to meet our 40 million unit tablet goal. In addition, we hit an important qualification milestone for our upcoming 14nm Broadwell product, and expect the first systems to be on shelves during the holidays.”

Intel announced that it intends to return more cash to shareholders by lowering its cash balance further through increased share repurchases. The board of directors authorized an increase of $20 billion to its share repurchase program and the company is forecasting share repurchases of approximately $4 billion in the third quarter, with additional share repurchases in the fourth quarter. Over the last decade Intel has returned almost $90 billion to shareholders through dividends and share repurchases.

"This change in our capital structure is the continuation of a multi-year focus on creating value and returning cash to our shareholders, and reinforces our confidence in the business," said Stacy J. Smith, Intel CFO and executive vice president.

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Q2 Key Business Unit Trends

- PC Client Group revenue of $8.7 billion, up 9 percent sequentially and up 6 percent year-over-year.
- Data Center Group revenue of $3.5 billion, up 14 percent sequentially and up 19 percent year-over-year.
- Internet of Things Group revenue of $539 million, up 12 percent sequentially and up 24 percent year-over-year.
- Mobile and Communications Group revenue of $51 million, down 67 percent sequentially and down 83 percent year-over-year.
- Software and services operating segments revenue of $548 million, down 1 percent sequentially and up 3 percent year-over-year.

Financial Comparison			
Quarterly			
	Q2 2014	Q1 2014	vs. Q1 2014
Revenue	$13.8 billion	$12.8 billion	up 8%
Gross Margin	64.5%	59.6%	up 4.9 points
R&D and MG&A	$4.9 billion	$4.9 billion	up 1%
Operating Income	$3.8 billion	$2.5 billion	up 53%
Tax Rate	28.7%	27.7%	up 1.0 point
Net Income	$2.8 billion	$1.9 billion	up 45%
Earnings Per Share	55 cents	38 cents	up 45%

Financial Comparison			
Year-Over-Year			
	Q2 2014	Q2 2013	vs. Q2 2013
Revenue	$13.8 billion	$12.8 billion	up 8%
Gross Margin	64.5%	58.3%	up 6.2 points
R&D and MG&A	$4.9 billion	$4.7 billion	up 5%
Operating Income	$3.8 billion	$2.7 billion	up 41%
Tax Rate	28.7%	25.7%	up 3.0 points
Net Income	$2.8 billion	$2.0 billion	up 40%
Earnings Per Share	55 cents	39 cents	up 41%

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Business Outlook

Intel's Business Outlook does not include the potential impact of any business combinations, asset acquisitions, divestitures, strategic investments and other significant transactions that may be completed after July 15.

Q3 2014

- Revenue: $14.4 billion, plus or minus $500 million.
- Gross margin percentage: 66 percent, plus or minus a couple of percentage points.
- R&D plus MG&A spending: approximately $4.9 billion.
- Restructuring charges: approximately $20 million.
- Amortization of acquisition-related intangibles: approximately $65 million.
- Impact of equity investments and interest and other: approximately zero.
- Depreciation: approximately $1.9 billion.
- Tax rate: approximately 28 percent.

Full-Year 2014

- Revenue: growth of approximately 5 percent, slightly higher than prior expectations.
- Gross margin percentage: 63 percent, plus or minus a couple percentage points, in line with prior expectations.
- R&D plus MG&A spending: $19.3 billion, plus or minus $200 million, slightly higher than prior expectations of $19.2 billion.
- Amortization of acquisition-related intangibles: approximately $300 million, unchanged from prior expectations.
- Depreciation: approximately $7.4 billion, unchanged from prior expectations.
- Tax rate: each of the remaining quarters of 2014 is still expected to be approximately 28 percent, unchanged from prior.
- Full-year capital spending: $11.0 billion, plus or minus $500 million, unchanged from prior expectations.

For additional information regarding Intel's results and Business Outlook, please see the CFO commentary at: www.intc.com/results.cfm.

Status of Business Outlook

Intel's Business Outlook is posted on intc.com and may be reiterated in public or private meetings with investors and others. The Business Outlook will be effective through the close of business on September 12 unless earlier updated; except that the Business Outlook for amortization of acquisition-related intangibles, impact of equity investments and interest and other, restructuring charges, and tax rate, will be effective only through the close of business on July 22. Intel's Quiet Period will start from the close of business on September 12 until publication of the company's third-quarter earnings release, scheduled for October 14. During the Quiet Period, all of the Business Outlook and other forward-looking statements disclosed in the company's news releases and filings with the SEC should be considered as historical, speaking as of prior to the Quiet Period only and not subject to an update by the company.

Risk Factors

The above statements and any others in this document that refer to plans and expectations for the third quarter, the year and the future are forward-looking statements that involve a number of risks and uncertainties. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “will,” “should” and their variations identify forward-looking statements. Statements that refer to or are based on projections, uncertain events or assumptions also identify forward-looking statements. Many factors could affect Intel’s actual results, and variances from Intel’s current expectations regarding such factors could cause actual results to differ materially from those expressed in these forward-looking statements. Intel presently considers the following to be important factors that could cause actual results to differ materially from the company’s expectations.

- Demand for Intel's products is highly variable and, in recent years, Intel has experienced declining orders in the traditional PC market segment. Demand could be different from Intel's expectations due to factors including changes in business and economic conditions; consumer confidence or income levels; customer acceptance of Intel’s and competitors’ products; competitive and pricing pressures, including actions taken by competitors; supply constraints and other disruptions affecting customers; changes in customer order patterns including order cancellations; and changes in the level of inventory at customers.
- Intel operates in highly competitive industries and its operations have high costs that are either fixed or difficult to reduce in the short term.
- Intel's gross margin percentage could vary significantly from expectations based on capacity utilization; variations in inventory valuation, including variations related to the timing of qualifying products for sale; changes in revenue levels; segment product mix; the timing and execution of the manufacturing ramp and associated costs; excess or obsolete inventory; changes in unit costs; defects or disruptions in the supply of materials or resources; and product manufacturing quality/yields. Variations in gross margin may also be caused by the timing of Intel product introductions and related expenses, including marketing expenses, and Intel's ability to respond quickly to technological developments and to introduce new products or incorporate new features into existing products, which may result in restructuring and asset impairment charges.
- The tax rate expectation is based on current tax law and current expected income. The tax rate may be affected by the jurisdictions in which profits are determined to be earned and taxed; changes in the estimates of credits, benefits and deductions; the resolution of issues arising from tax audits with various tax authorities, including payment of interest and penalties; and the ability to realize deferred tax assets.
- The amount, timing and other execution of Intel's stock buyback program could be affected by changes in Intel's priorities for the use of cash for other purposes, such as operational spending, capital spending, acquisitions, and because of changes in cash flows and changes in tax laws.
- Gains or losses from equity securities and interest and other could vary from expectations depending on gains or losses on the sale, exchange, change in the fair value or impairments of debt and equity investments; interest rates; cash balances; and changes in fair value of derivative instruments.
- Intel's results could be affected by adverse economic, social, political and physical/infrastructure conditions in countries where Intel, its customers or its suppliers operate, including military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns and fluctuations in currency exchange rates.
- Intel’s results could be affected by the timing of closing of acquisitions, divestitures and other significant transactions.

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- Intel's results could be affected by adverse effects associated with product defects and errata (deviations from published specifications), and by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust, disclosure and other issues. An unfavorable ruling could include monetary damages or an injunction prohibiting Intel from manufacturing or selling one or more products, precluding particular business practices, impacting Intel's ability to design its products, or requiring other remedies such as compulsory licensing of intellectual property.

A detailed discussion of these and other factors that could affect Intel's results is included in Intel's SEC filings, including the company's most recent reports on Form 10-K and Form 10-Q.

Earnings Webcast

Intel will hold a public webcast at 2 p.m. PDT today on its Investor Relations website at www.intc.com. A webcast replay and MP3 download will also be available on the site.

Intel plans to report its earnings for the third quarter of 2014 on October 14. Immediately following the earnings report, the company plans to publish a commentary by Stacy J. Smith, Intel CFO and executive vice president, at www.intc.com/results.cfm. A public webcast of Intel's earnings conference call will follow at 2 p.m. PDT at www.intc.com.

About Intel

Intel (NASDAQ: INTC) is a world leader in computing innovation. The company designs and builds the essential technologies that serve as the foundation for the world's computing devices. As a leader in corporate responsibility and sustainability, Intel also manufactures the world's first commercially available "conflict-free" microprocessors. Additional information about Intel is available at newsroom.intel.com and blogs.intel.com and about Intel's conflict-free efforts at conflictfree.intel.com.

Intel, the Intel logo and Core are trademarks of Intel Corporation in the United States and other countries.
*Other names and brands may be claimed as the property of others.

INTEL CORPORATION
CONSOLIDATED SUMMARY STATEMENT OF INCOME DATA
(In millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	Jun 28, 2014	Jun 29, 2013	Jun 28, 2014	Jun 29, 2013
NET REVENUE	$ 13,831	$ 12,811	$ 26,595	$ 25,391
Cost of sales	4,914	5,341	10,065	10,855
GROSS MARGIN	8,917	7,470	16,530	14,536
Research and development	2,859	2,516	5,705	5,043
Marketing, general and administrative	2,061	2,165	4,108	4,112
R&D AND MG&A	4,920	4,681	9,813	9,155
Restructuring and asset impairment charges	81	—	218	—
Amortization of acquisition-related intangibles	72	70	145	143
OPERATING EXPENSES	5,073	4,751	10,176	9,298
OPERATING INCOME	3,844	2,719	6,354	5,238
Gains (losses) on equity investments, net	95	11	143	(15)
Interest and other, net	(17)	(37)	95	(87)
INCOME BEFORE TAXES	3,922	2,693	6,592	5,136
Provision for taxes	1,126	693	1,866	1,091
NET INCOME	$ 2,796	$ 2,000	$ 4,726	$ 4,045
BASIC EARNINGS PER COMMON SHARE	$ 0.56	$ 0.40	$ 0.95	$ 0.82
DILUTED EARNINGS PER COMMON SHARE	$ 0.55	$ 0.39	$ 0.92	$ 0.79
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	4,981	4,978	4,977	4,963
DILUTED	5,123	5,106	5,120	5,093

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INTEL CORPORATION
CONSOLIDATED SUMMARY BALANCE SHEET DATA
(In millions)

	Jun 28, 2014	Mar 29, 2014	Dec 28, 2013
CURRENT ASSETS			
Cash and cash equivalents	$ 3,049	$ 4,777	$ 5,674
Short-term investments	4,491	5,234	5,972
Trading assets	9,771	9,035	8,441
Accounts receivable, net	3,489	3,505	3,582
Inventories			
Raw materials	503	463	458
Work in process	2,071	1,803	1,998
Finished goods	1,369	1,497	1,716
	3,943	3,763	4,172
Deferred tax assets	2,255	2,507	2,594
Other current assets	2,008	1,733	1,649
TOTAL CURRENT ASSETS	29,006	30,554	32,084
Property, plant and equipment, net	33,115	32,502	31,428
Marketable equity securities	6,044	6,085	6,221
Other long-term investments	2,184	1,765	1,473
Goodwill	10,621	10,617	10,513
Identified intangible assets, net	4,697	4,963	5,150
Other long-term assets	6,126	5,446	5,489
TOTAL ASSETS	$ 91,793	$ 91,932	$ 92,358
CURRENT LIABILITIES			
Short-term debt	$ 14	$ 36	$ 281
Accounts payable	2,960	3,010	2,969
Accrued compensation and benefits	2,409	1,979	3,123
Accrued advertising	1,067	1,019	1,021
Deferred income	2,171	2,171	2,096
Other accrued liabilities	3,630	5,337	4,078
TOTAL CURRENT LIABILITIES	12,251	13,552	13,568
Long-term debt	13,180	13,172	13,165
Long-term deferred tax liabilities	4,187	4,302	4,397
Other long-term liabilities	2,928	2,868	2,972
Stockholders' equity			
Preferred Stock	—	—	—
Common stock and capital in excess of par value	22,475	22,166	21,536
Accumulated other comprehensive income (loss)	1,120	1,156	1,243
Retained Earnings	35,652	34,716	35,477
TOTAL STOCKHOLDERS' EQUITY	59,247	58,038	58,256
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 91,793	$ 91,932	$ 92,358

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INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

	Q2 2014	Q1 2014	Q2 2013
CASH INVESTMENTS:			
Cash and short-term investments	$ 7,540	$ 10,011	$ 9,992
Trading assets	9,771	9,035	7,358
Total cash investments	$ 17,311	$ 19,046	$ 17,350
CURRENT DEFERRED INCOME:			
Deferred income on shipments of components to distributors	$ 951	$ 928	$ 770
Deferred income from software and services group	1,220	1,243	1,201
Total current deferred income	$ 2,171	$ 2,171	$ 1,971
SELECTED CASH FLOW INFORMATION:			
Depreciation	$ 1,880	$ 1,720	$ 1,712
Share-based compensation	$ 303	$ 283	$ 292
Amortization of intangibles	$ 290	$ 287	$ 279
Capital spending*	$ (2,828)	$ (2,689)	$ (2,723)
Net cash (used)/received for acquisitions/divestitures	$ (29)	$ 42	$ (286)
Investments in non-marketable equity instruments	$ (971)	$ (144)	$ (90)
Stock repurchase program	$ (2,081)	$ (545)	$ (550)
Proceeds from sales of shares to employees & excess tax benefit	$ 584	$ 486	$ 612
Dividends paid	$ (1,126)	$ (1,119)	$ (1,123)
EARNINGS PER COMMON SHARE INFORMATION:			
Weighted average common shares outstanding - basic	4,981	4,974	4,978
Dilutive effect of employee equity incentive plans	68	76	67
Dilutive effect of convertible debt	74	67	61
Weighted average common shares outstanding - diluted	5,123	5,117	5,106
STOCK BUYBACK:			
Shares repurchased	76	22	23
Cumulative shares repurchased (in billions)	4.5	4.4	4.3
Remaining dollars authorized for buyback (in billions)	$ 0.5	$ 2.6	$ 4.2
OTHER INFORMATION:			
Employees (in thousands)	104.9	106.3	106.0

* $121 million of equipment received in the first six months of 2014 is excluded from capital spending. This equipment was prepaid in 2010 and 2011, and was reflected as cash from operations in the respective periods in which the cash was paid.

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INTEL CORPORATION
SUPPLEMENTAL OPERATING SEGMENT RESULTS
(In millions)

	Three Months Ended		Six Months Ended	
	Jun 28, 2014	Jun 29, 2013	Jun 28, 2014	Jun 29, 2013
Net Revenue				
PC Client Group	$ 8,667	$ 8,160	$ 16,608	$ 16,214
Data Center Group	3,509	2,944	6,596	5,721
Internet of Things Group	539	434	1,021	799
Mobile and Communications Group	51	292	207	696
Software and services operating segments	548	534	1,101	1,054
All other	517	447	1,062	907
TOTAL NET REVENUE	$ 13,831	$ 12,811	$ 26,595	$ 25,391
Operating income (loss)				
PC Client Group	$ 3,734	$ 2,646	$ 6,536	$ 5,134
Data Center Group	1,817	1,302	3,134	2,446
Internet of Things Group	155	123	278	190
Mobile and Communications Group	(1,124)	(761)	(2,053)	(1,464)
Software and services operating segments	8	(1)	1	(7)
All other	(746)	(590)	(1,542)	(1,061)
TOTAL OPERATING INCOME	$ 3,844	$ 2,719	$ 6,354	$ 5,238

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

Our operating segment results shown above are comprised of the following:

- **PC Client Group:** Delivering platforms designed for the notebook (including Ultrabook™ devices and 2 in 1 systems) and the desktop (including all-in-ones and high-end enthusiast PCs); wireless and wired connectivity products; as well as home gateway and set-top box components.
- **Data Center Group**: Delivering platforms designed for the server, workstation, networking and storage computing market segments.
- **Internet of Things Group**: Delivering platforms designed for embedded market segments including retail, transportation, industrial, and buildings and homes, along with a broad range of other market segments.
- **Mobile and Communications Group**: Delivering platforms designed for the tablet and smartphone market segments; and mobile communications components such as baseband processors, radio frequency transceivers, Wi-Fi, Bluetooth*, global navigation satellite systems, and power management chips.
- **Software and services operating segments** consists of the following:
  - McAfee: A wholly owned subsidiary delivering software products for endpoint security, network and content security, risk and compliance, and consumer and mobile security.
  - Software and Services Group: Delivering software products and services that promote Intel architecture as the platform of choice for software development.
- **All other** category includes revenue, expenses, and charges such as:
  - Results of operations from our Non-Volatile Memory Solutions Group, Netbook Group, and New Devices Group;
  - Amounts included within restructuring and asset impairment charges;
  - A portion of profit-dependent compensation and other expenses not allocated to the operating segments;
  - Divested businesses for which discrete operating results are not regularly reviewed by our CODM;
  - Results of operations of startup businesses that support our initiatives, including our foundry business;
  - Acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

INTEL CORPORATION
SUPPLEMENTAL PLATFORM REVENUE INFORMATION

	Q2 2014 compared to Q1 2014	Q2 2014 compared to Q2 2013	Q2 YTD 2014 compared to Q2 YTD 2013
PC Client Group Platform			
Unit Volumes	12%	9%	5%
Average Selling Prices	(3)%	(4)%	(3)%
Data Center Group Platform			
Unit Volumes	12%	9%	6%
Average Selling Prices	3%	11%	10%

PC Client Group Notebook and Desktop Platform Key Drivers

- Notebook platform volumes increased 9% from Q2 2013 to Q2 2014
- Notebook platform average selling prices decreased 7% from Q2 2013 to Q2 2014
- Desktop platform volumes increased 8% from Q2 2013 to Q2 2014
- Desktop platform average selling prices increased 2% from Q2 2013 to Q2 2014

- Notebook platform volumes increased 6% from the first six months of 2013 to the first six months of 2014
- Notebook platform average selling prices decreased 8% from the first six months of 2013 to the first six months of 2014
- Desktop platform volumes increased 4% from the first six months of 2013 to the first six months of 2014
- Desktop platform average selling prices increased 3% from the first six months of 2013 to the first six months of 2014

Intel Corporation
2200 Mission College Blvd.
Santa Clara, CA 95054-1549

CFO Commentary on Second-Quarter 2014 Results

Summary

The second quarter came in above the expectations we provided in the April Earnings call, and consistent with the revised outlook we released on June 12. It was a good quarter representing financial growth and solid momentum as we approach the second half of the year.

Second-quarter revenue of $13.8B was up 8% sequentially, above the average seasonal increase in the second quarter and in line with our revised outlook on June 12. Gross margin of 64.5% was up almost 5 points from the first quarter and 1.5 points above our original Q2 guidance. The almost five point increase relative to the first quarter is primarily due to lower 14nm startup costs, higher platform* volumes, and lower platform* unit costs. Net income for the second quarter was $2.8B with earnings per share of $0.55.

In the second quarter we repurchased $2.1B of stock. We have also announced an additional $20 billion of authorizations for future stock repurchases. Our intent is to repurchase another $4B of stock in Q3 with additional repurchases planned for Q4.

Looking forward, we are forecasting revenue of $14.4B for the third quarter, up approximately 4 percent from the second quarter, this forecast is in line with the average seasonal increase for Q3 that we have seen over the last several years. We expect third-quarter gross margin to increase by 1.5 points to 66%, driven by lower platform* unit costs and higher platform* volumes, partially offset by lower platform* average selling prices. For the year, we expect revenue growth relative to last year of approximately 5%, and our gross margin forecast is now 63% versus the April 15 Outlook of 61%.

The second quarter 2014 results when compared to the second quarter from a year ago were the following:

- Revenue of $13.8B was up 8%, from $12.8B
- Gross margin of 64.5% was up 6.2 points from 58.3%
- Operating income of $3.8B was up 41% from $2.7B
- Net income of $2.8B was up 40% from $2.0B
- Earnings per share of 55 cents was up 41% from 39 cents

*PC Client Group and Data Center Group microprocessors and chipsets

Second Quarter 2014

Revenue

Revenue of $13.8B was up 8% sequentially and up 8% from a year ago. Total platform* volumes, across PC and Data Center, were up 12% when compared to the first quarter. Total platform* average selling prices were down 2% when compared to the first quarter.

- PC Client Group had revenue of $8.7B, up 6% year over year. PC Client Group platform volumes were up 9% and platform average selling prices were down 4% from a year ago. On a year-on-year basis, desktop platform volumes were up 8% and desktop platform average selling prices were up 2%. On a year-on-year basis, notebook platform volumes were up 9% and notebook platform average selling prices were down 7%. Relative to the first quarter, PC Client Group revenue was up 9% with platform volumes up 12% and platform average selling prices down 3%.
- Data Center Group had revenue of $3.5B, up 19% on a year-on-year basis. Platform volumes were up 9% and platform average selling prices were up 11% over this same horizon. Data Center Group revenue was up 14% from the first quarter with platform volumes up 12% and platform average selling prices up 3%.
- Internet of Things Group had revenue of $539M, up 24% on a year-over-year basis, and up 12% from the first quarter.
- Mobile and Communications Group had revenue of $51M, down 83% on a year-over-year basis, and down 67% from the first quarter.
- The software and services operating segments had revenue of $548M, up 3% on a year-over-year basis, and down 1% from the first quarter.
- All other operating segments had revenue of $517M, up 16% on a year-over-year basis, and down 5% from the first quarter.

Gross Margin

Gross margin dollars were $8.9B, up $1.3B compared to the first quarter. Gross margin of 64.5% was up 4.9 points compared to the first quarter, up 1.5 points from our April Outlook, and in line with our Revised Outlook provided on June 12.

Gross Margin Reconciliation: Q1'14 to Q2'14 (59.6% to 64.5%, up 4.9 points)
[note: point attributions are approximate]

- + 2.5 points: Lower other cost of sales (primarily on 14nm factory start-up)
- + 2.0 points: Higher platform* volumes
- + 1.0 point: Lower platform* unit costs
- + 1.0 point: Lower platform* inventory write-offs (pre-qualification products costs) primarily on the qualification of 14nm products
- - 1.0 point: Tablet impact

Gross Margin Reconciliation: Q2'14 Original Outlook to Q2'14 (63% +/- couple points to 64.5%, up 1.5 points)
[note: point attributions are approximate]

- + 1.0 point: Higher platform* volumes
- + 1.0 point: Lower platform* unit costs
- - 0.5 point: Tablet impact

*PC Client Group and Data Center Group microprocessors and chipsets

Gross Margin Reconciliation: Q2'13 to Q2'14 (58.3% to 64.5%, up 6.2 points)
When comparing to the second quarter from a year ago, gross margin was up 6.2 points primarily due to lower factory start-up costs primarily on 14nm, lower platform* unit costs primarily on 22nm, and higher platform* volume, partially offset by the ramp of tablet volume.

Spending
Spending for R&D and MG&A was $4.9B, flat from the first quarter and in line with the Revised Outlook provided on June 12. R&D and MG&A as a percentage of revenue was 36%, down from 38% in the first quarter.

Depreciation was $1.9B, in line with expectations.

Amortization of acquisition related intangibles was $72M, in line with expectations.

Other Income Statement Items
Gains and losses on equity investments and interest and other income was a net gain of $78M compared to a $160M net gain in the first quarter and our Outlook of an approximately $75M net gain. The lower net gain relative to the first quarter was driven primarily by the first quarter gain on sale of Intel Media which was partially offset by dividends received in the second quarter as a result of our equity investment in ASML.

The provision for taxes in the second quarter was at a 28.7% tax rate, slightly above our Revised Outlook provided on June 12 of 28%.

Balance Sheet and Cash Flow Items
On the balance sheet, total cash investments^^ ended the quarter at $17.3B, down $1.7B from the first quarter. $11.2B of the total $17.3B total cash investments^^ is held by non-U.S. subsidiaries. Cash flow from operations in the second quarter was approximately $5.5B. During the second quarter, we paid approximately $1.1B in dividends, purchased $2.8B in capital assets and repurchased $2.1B in stock. Total inventories were up $180M. We expect our net inventory levels to increase as we ramp Broadwell in the back half of this year.

Other Items
The total number of employees was down 1K from the first quarter at 105K.

Diluted shares outstanding was approximately flat to the prior quarter at 5.1B shares outstanding.

Q3 2014 Outlook
Intel's Business Outlook for the third quarter does not include the effect of any business combinations, asset acquisitions, divestitures, or other investments that may be completed after July 15. The midpoint of the forecast ranges will be referred to when making comparisons to specific periods.

Revenue
Revenue is expected to be $14.4B, plus or minus $500M in the third quarter. The midpoint of this range is up slightly above 4% from the second quarter, in line with the average seasonal increase for the third quarter that we have seen over the last several years.

*PC Client Group and Data Center Group microprocessors and chipsets
^^ Cash and cash equivalents, short-term investments, and trading assets

Gross Margin
Gross margin in the third quarter is expected to be 66%, plus or minus a couple points, up 1.5 points from the second quarter.

Gross Margin Reconciliation: Q2'14 to Q3'14 Outlook (64.5% to 66% +/- a couple points)
[note: point attributions are approximate]

- + 1.5 points: Lower platform* unit costs
- + 0.5 point: Higher platform* volume
- - 0.5 point: Lower platform* average selling prices

Spending
Spending for R&D and MG&A in the third quarter is expected to be approximately $4.9B, flat to the second quarter.

Depreciation is forecast to be approximately $1.9B, flat from the second quarter.

Restructuring charges are forecast to be approximately $20M.

Amortization of acquisition-related intangibles is forecast to be approximately $65M.

Other Income Statement Items
Gains and losses from equity investments and interest and other income are expected to be approximately zero, compared to a net gain of $78M in the second quarter.

2014 Outlook

The Outlook for full year 2014 does not include the effect of any acquisitions, divestitures or similar transactions that may be completed after July 15.

Revenue
Revenue for the year is expected to grow approximately 5% relative to 2013, an increase from the April outlook of approximately flat.

Gross Margin
Gross margin for the year is expected to be 63% plus or minus a couple points, up versus our prior expectation in April Outlook of 61%. This is driven primarily by lower platform* unit costs, higher platform* volumes, and partially offset by lower platform* average selling prices.

Spending
Spending for R&D and MG&A for the year is now expected to be $19.3B plus or minus $200M, higher than our prior expectation of $19.2B in the Revised Outlook on June 12, primarily as a result of increases in revenue- and profit-dependent spending and marketing expenses.

Amortization of acquisition-related intangibles is still expected to be approximately $300M.

Depreciation for the year is still forecast to be approximately $7.4B.

*PC Client Group and Data Center Group microprocessors and chipsets

Other Income Statement Items
The tax rate for each of the remaining quarters of 2014 is still expected to be 28%, in line with our Revised Outlook on June 12.

Balance Sheet and Cash Flow Items
Capital spending for 2014 is expected to be $11.0B plus or minus $500M, unchanged from our prior expectations.

Risk Factors

The above statements and any others in this document that refer to plans and expectations for the third quarter, the year and the future are forward-looking statements that involve a number of risks and uncertainties. Words such as “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “may,” “will,” “should” and their variations identify forward-looking statements. Statements that refer to or are based on projections, uncertain events or assumptions also identify forward-looking statements. Many factors could affect Intel’s actual results, and variances from Intel’s current expectations regarding such factors could cause actual results to differ materially from those expressed in these forward-looking statements. Intel presently considers the following to be important factors that could cause actual results to differ materially from the company’s expectations.

- Demand for Intel's products is highly variable and, in recent years, Intel has experienced declining orders in the traditional PC market segment. Demand could be different from Intel's expectations due to factors including changes in business and economic conditions; consumer confidence or income levels; customer acceptance of Intel’s and competitors’ products; competitive and pricing pressures, including actions taken by competitors; supply constraints and other disruptions affecting customers; changes in customer order patterns including order cancellations; and changes in the level of inventory at customers.
- Intel operates in highly competitive industries and its operations have high costs that are either fixed or difficult to reduce in the short term.
- Intel's gross margin percentage could vary significantly from expectations based on capacity utilization; variations in inventory valuation, including variations related to the timing of qualifying products for sale; changes in revenue levels; segment product mix; the timing and execution of the manufacturing ramp and associated costs; excess or obsolete inventory; changes in unit costs; defects or disruptions in the supply of materials or resources; and product manufacturing quality/yields. Variations in gross margin may also be caused by the timing of Intel product introductions and related expenses, including marketing expenses, and Intel's ability to respond quickly to technological developments and to introduce new products or incorporate new features into existing products, which may result in restructuring and asset impairment charges.
- The tax rate expectation is based on current tax law and current expected income. The tax rate may be affected by the jurisdictions in which profits are determined to be earned and taxed; changes in the estimates of credits, benefits and deductions; the resolution of issues arising from tax audits with various tax authorities, including payment of interest and penalties; and the ability to realize deferred tax assets.
- The amount, timing and other execution of Intel's stock buyback program could be affected by changes in Intel's priorities for the use of cash for other purposes, such as operational spending, capital spending, acquisitions, and because of changes in cash flows and changes in tax laws.
- Gains or losses from equity securities and interest and other could vary from expectations depending on gains or losses on the sale, exchange, change in the fair value or impairments of debt and equity investments; interest rates; cash balances; and changes in fair value of derivative instruments.

- Intel's results could be affected by adverse economic, social, political and physical/infrastructure conditions in countries where Intel, its customers or its suppliers operate, including military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns and fluctuations in currency exchange rates.
- Intel’s results could be affected by the timing of closing of acquisitions, divestitures and other significant transactions.
- Intel's results could be affected by adverse effects associated with product defects and errata (deviations from published specifications), and by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust, disclosure and other issues. An unfavorable ruling could include monetary damages or an injunction prohibiting Intel from manufacturing or selling one or more products, precluding particular business practices, impacting Intel’s ability to design its products, or requiring other remedies such as compulsory licensing of intellectual property.

A detailed discussion of these and other factors that could affect Intel’s results is included in Intel’s SEC filings, including the company’s most recent reports on Form 10-K and Form 10-Q.