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: April 14, 2015
(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 March 28, 2015 and forward-looking statements relating to 2015 and the second quarter of 2015 as presented in a press release of April 14, 2015. This Exhibit 99.1, which discloses financial results in accordance with United States (U.S.) generally accepted accounting principles (GAAP), also includes a reconciliation for non-GAAP financial measures for gross cash, net cash and other longer term investments, which non-GAAP terms were used in Intel’s Q1 2015 earnings conference. The “Supplemental Reconciliations of GAAP to Non-GAAP Results” is included in the tables of Exhibit 99.1 and sets forth how management uses these non-GAAP measures and the reasons why management views these measures as providing useful information for investors. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP and the financial results calculated in accordance with GAAP and reconciliations from Intel’s results should be carefully evaluated.

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 March 28, 2015 and forward-looking statements relating to 2015 and the second quarter of 2015 as posted on the company’s investor website, intc.com, on April 14, 2015.

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: April 14, 2015

By: /s/ Stacy J. Smith

Stacy J. Smith
Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

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

News Release

Intel Reports First-Quarter Revenue of $12.8 Billion, Consistent with Revised Forecast

News Highlights:

- Flat revenue year-on-year: PC business down, offset by growth in data center, Internet of Things (IoT) and non-volatile memory businesses
- Operating income of $2.6 billion, up 4 percent year-over-year
- Data Center Group revenue of $3.7 billion, up 19 percent year-over-year; Internet of Things Group revenue of $533 million, up 11 percent year-over-year

SANTA CLARA, Calif., April 14, 2015 -- Intel Corporation today reported first-quarter revenue of $12.8 billion, operating income of $2.6 billion, net income of $2.0 billion and EPS of 41 cents. The company generated approximately $4.4 billion in cash from operations, paid dividends of $1.1 billion, and used $750 million to repurchase 21 million shares of stock.

"Year-over-year revenues were flat, with double-digit revenue growth in the data center, IoT and memory businesses offsetting lower than expected demand for business desktop PCs," said Intel CEO Brian Krzanich. “These results reinforce the importance of continuing to execute our growth strategy.”

<u>Q1 Key Business Unit Trends</u>

- Client Computing Group revenue of $7.4 billion, down 16 percent sequentially and down 8 percent year-over-year.
- Data Center Group revenue of $3.7 billion, down 10 percent sequentially and up 19 percent year-over-year.
- Internet of Things Group revenue of $533 million, down 10 percent sequentially and up 11 percent year-over-year.
- Software and services operating segments revenue of $534 million, down 4 percent sequentially and down 3 percent year-over-year.

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Financial Comparison			
Quarterly Year-Over-Year			
	Q1 2015	Q1 2014	vs. Q1 2014
Revenue	$12.8 billion	$12.8 billion	flat
Gross Margin	60.5%	59.6%	up 0.9 point
R&D and MG&A	$4.9 billion	$4.9 billion	up 1%
Operating Income	$2.6 billion	$2.5 billion	up 4%
Tax Rate	25.5%	27.7%	down 2.2 points
Net Income	$2.0 billion	$1.9 billion	up 3%
Earnings Per Share	41 cents	38 cents	up 8%

Financial Comparison			
Quarterly Sequential			
	Q1 2015	Q4 2014	vs. Q4 2014
Revenue	$12.8 billion	$14.7 billion	down 13%
Gross Margin	60.5%	65.4%	down 4.9 points
R&D and MG&A	$4.9 billion	$5.0 billion	down 2%
Operating Income	$2.6 billion	$4.5 billion	down 41%
Tax Rate	25.5%	21.4%	up 4.1 points
Net Income	$2.0 billion	$3.7 billion	down 46%
Earnings Per Share	41 cents	74 cents	down 45%

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 April 14.

Q2 2015

- Revenue: $13.2 billion, plus or minus $500 million.
- Gross margin percentage: 62 percent, plus or minus a couple of percentage points.
- R&D plus MG&A spending: approximately $4.9 billion.
- Restructuring charges: approximately $120 million.
- Amortization of acquisition-related intangibles: approximately $60 million.
- Impact of equity investments and interest and other: approximately $60 million net gain.
- Depreciation: approximately $2.0 billion.
- Tax rate: approximately 20 percent.

Full-Year 2015

- Revenue: approximately flat.
- Gross margin percentage: 61 percent, plus or minus a couple of percentage points.
- R&D plus MG&A spending: $19.7 billion, plus or minus $400 million.
- Amortization of acquisition-related intangibles: approximately $250 million.
- Depreciation: $8.0 billion, plus or minus $100 million.
- Tax rate: approximately 25 percent for the third and fourth quarters.
- Full-year capital spending: $8.7 billion, plus or minus $500 million.

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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 June 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 April 21. Intel's Quiet Period will start from the close of business on June 12 until publication of the company's second-quarter earnings release, scheduled for July 15. 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.

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Risk Factors

The above statements and any others in this release that refer to plans and expectations for the second 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 could differ from expectations due to factors including changes in business and economic conditions; consumer confidence or income levels; the introduction, availability and market acceptance of Intel's products, products used together with Intel products 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'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.
- 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. Results may also be affected by the formal or informal imposition by countries of new or revised export and/or import and doing-business regulations, which could be changed without prior notice.

- Intel operates in highly competitive industries and its operations have high costs that are either fixed or difficult to reduce in the short term.

- The amount, timing and execution of Intel's stock repurchase program could be affected by changes in Intel's priorities for the use of cash, such as operational spending, capital spending, acquisitions, and as a result of changes to Intel's cash flows or changes in tax laws.

- Intel's expected tax rate is based on current tax law and current expected income and 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.

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- 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.

- Product defects or errata (deviations from published specifications) may adversely impact our expenses, revenues and reputation.

- Intel's results could be affected 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.

- Intel's results may be affected by the timing of closing of acquisitions, divestitures and other significant transactions.

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 second quarter of 2015 on July 15. 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 CORPORATION
CONSOLIDATED SUMMARY STATEMENT OF INCOME DATA
(In millions, except per share amounts)

	Three Months Ended		
	Mar 28, 2015	Dec 27, 2014	Mar 29, 2014
NET REVENUE	$ 12,781	$ 14,721	$ 12,764
Cost of sales	5,051	5,100	5,151
GROSS MARGIN	7,730	9,621	7,613
Research and development	2,995	2,990	2,846
Marketing, general and administrative	1,953	2,049	2,047
R&D AND MG&A	4,948	5,039	4,893
Restructuring and asset impairment charges	105	57	137
Amortization of acquisition-related intangibles	62	72	73
OPERATING EXPENSES	5,115	5,168	5,103
OPERATING INCOME	2,615	4,453	2,510
Gains (losses) on equity investments, net	32	233	48
Interest and other, net	26	(27)	112
INCOME BEFORE TAXES	2,673	4,659	2,670
Provision for taxes	681	998	740
NET INCOME	$ 1,992	$ 3,661	$ 1,930
BASIC EARNINGS PER SHARE OF COMMON STOCK	$ 0.42	$ 0.77	$ 0.39
DILUTED EARNINGS PER SHARE OF COMMON STOCK	$ 0.41	$ 0.74	$ 0.38
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:			
BASIC	4,741	4,769	4,974
DILUTED	4,914	4,940	5,117

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INTEL CORPORATION
CONSOLIDATED SUMMARY BALANCE SHEET DATA
(In millions)

	Mar 28, 2015	Dec 27, 2014
CURRENT ASSETS		
Cash and cash equivalents	$ 4,244	$ 2,561
Short-term investments	1,864	2,430
Trading assets	8,010	9,063
Accounts receivable, net	3,246	4,427
Inventories		
Raw materials	528	462
Work in process	2,190	2,375
Finished goods	1,700	1,436
	4,418	4,273
Deferred tax assets	2,048	1,958
Other current assets	2,636	3,018
TOTAL CURRENT ASSETS	26,466	27,730
Property, plant and equipment, net	33,296	33,238
Marketable equity securities	6,549	7,097
Other long-term investments	1,675	2,023
Goodwill	10,766	10,861
Identified intangible assets, net	4,211	4,446
Other long-term assets	6,603	6,561
TOTAL ASSETS	$ 89,566	$ 91,956
CURRENT LIABILITIES		
Short-term debt	$ 1,121	$ 1,604
Accounts payable	2,775	2,748
Accrued compensation and benefits	2,011	3,475
Accrued advertising	1,014	1,092
Deferred income	2,196	2,205
Other accrued liabilities	5,918	4,895
TOTAL CURRENT LIABILITIES	15,035	16,019
Long-term debt	12,112	12,107
Long-term deferred tax liabilities	3,462	3,775
Other long-term liabilities	3,125	3,278
TEMPORARY EQUITY	908	912
Stockholders' equity		
Preferred Stock	—	—
Common stock and capital in excess of par value	22,395	21,781
Accumulated other comprehensive income (loss)	68	666
Retained Earnings	32,461	33,418
TOTAL STOCKHOLDERS' EQUITY	54,924	55,865
TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY	$ 89,566	$ 91,956

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INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

	Q1 2015	Q4 2014	Q1 2014
CASH INVESTMENTS:			
Cash and short-term investments	$ 6,108	$ 4,991	$ 10,011
Trading assets	8,010	9,063	9,035
Total cash investments	$ 14,118	$ 14,054	$ 19,046
CURRENT DEFERRED INCOME:			
Deferred income on shipments of components to distributors	$ 965	$ 944	$ 928
Deferred income from software and services	1,231	1,261	1,243
Total current deferred income	$ 2,196	$ 2,205	$ 2,171
SELECTED CASH FLOW INFORMATION:			
Depreciation	$ 1,848	$ 1,889	$ 1,720
Share-based compensation	$ 368	$ 281	$ 283
Amortization of intangibles	$ 251	$ 279	$ 287
Additions to property, plant and equipment	$ (2,025)	$ (2,143)	$ (2,689)
Acquisitions, net of cash acquired	$ (57)	$ (741)	$ (108)
Investments in non-marketable equity investments	$ (278)	$ (47)	$ (144)
Repurchase of common stock	$ (750)	$ (4,000)	$ (545)
Proceeds from sales of common stock to employees & excess tax benefit	$ 363	$ 107	$ 486
Payment of dividends to stockholders	$ (1,137)	$ (1,069)	$ (1,119)
EARNINGS PER SHARE OF COMMON STOCK INFORMATION:			
Weighted average shares of common stock outstanding - basic	4,741	4,769	4,974
Dilutive effect of employee equity incentive plans	82	81	76
Dilutive effect of convertible debt	91	90	67
Weighted average shares of common stock outstanding - diluted	4,914	4,940	5,117
STOCK BUYBACK:			
Shares repurchased	21	115	22
Cumulative shares repurchased (in billions)	4.7	4.7	4.4
Remaining dollars authorized for buyback (in billions)	$ 11.6	$ 12.4	$ 2.6
OTHER INFORMATION:			
Employees (in thousands)	106.4	106.7	106.3

*$179 million of equipment received in Q1 2015 is excluded from capital spending. The equipment was prepaid in 2012 and 2013, 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					Twelve Months Ended	
	Mar 28, 2015	Dec 27, 2014	Sep 27, 2014	Jun 28, 2014	Mar 29, 2014	Dec 27, 2014	Dec 28, 2013
Net Revenue							
Client Computing Group	$ 7,420	$ 8,866	$ 9,191	$ 8,718	$ 8,097	$ 34,872	$ 34,645
Data Center Group	3,679	4,091	3,700	3,509	3,087	14,387	12,163
Internet of Things Group	533	591	530	539	482	2,142	1,801
Software and services operating segments	534	557	558	548	553	2,216	2,188
All other	615	616	575	517	545	2,253	1,911
TOTAL NET REVENUE	$ 12,781	$ 14,721	$ 14,554	$ 13,831	$ 12,764	$ 55,870	$ 52,708
Operating income (loss)							
Client Computing Group	$ 1,410	$ 2,837	$ 3,053	$ 2,586	$ 1,847	$ 10,323	$ 8,708
Data Center Group	1,701	2,266	1,946	1,842	1,336	7,390	5,456
Internet of Things Group	87	177	145	146	115	583	532
Software and services operating segments	3	25	29	19	8	81	57
All other	(586)	(852)	(633)	(749)	(796)	(3,030)	(2,462)
TOTAL OPERATING INCOME	$ 2,615	$ 4,453	$ 4,540	$ 3,844	$ 2,510	$ 15,347	$ 12,291

During the first quarter of 2015, we combined the PC Client Group and Mobile and Communications Group to create the Client Computing Group (CCG). This change in our organizational structure reflects our strategy to address all aspects of the client computing market segment and utilize our intellectual property to offer compelling customer solutions. All prior-period amounts have been retrospectively adjusted to reflect the way we internally manage and monitor segment performance starting in fiscal year 2015 and includes other minor reorganizations.

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

- Client Computing Group: Includes platforms designed for the notebook (including Ultrabook™ devices), 2 in 1 systems, the desktop (including all-in-ones and high-end enthusiast PCs), tablets, and smartphones; wireless and wired connectivity products; as well as mobile communication components.
- Data Center Group: Includes server, network, and storage platforms designed for enterprise, cloud, communications infrastructure, and technical computing segments.
- Internet of Things Group: Includes platforms designed for embedded market segments including retail, transportation, industrial, and buildings and home, along with a broad range of other market segments.
- Software and services operating segments: Includes software and hardware products for endpoint security, network and content security, risk and compliance, and consumer and mobile security from our McAfee business, and software products and services that promote Intel architecture as the platform of choice for software development.
- All other category includes revenue, expenses, and charges such as:
    - results of operations from our Non-Volatile Memory Solutions Group and New Devices Group;
    - amounts included within restructuring and asset impairment charges;
    - a portion of employee benefits, 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 start-up businesses that support our initiatives, including our foundry business; and
    - acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

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INTEL CORPORATION
SUPPLEMENTAL PLATFORM REVENUE INFORMATION

	Q1 2015 compared to Q4 2014	Q1 2015 compared to Q1 2014
Client Computing Group Platform		
Unit Volumes	(18)%	6%
Average Selling Prices	1%	(13)%
Data Center Group Platform		
Unit Volumes	(7)%	15%
Average Selling Prices	(3)%	5%

Client Computing Group Notebook, Desktop and Tablet Platform Key Drivers

- Notebook platform volumes increased 3% from Q1 2014 to Q1 2015
- Notebook platform average selling prices decreased 3% from Q1 2014 to Q1 2015
- Desktop platform volumes decreased 16% from Q1 2014 to Q1 2015
- Desktop platform average selling prices increased 2% from Q1 2014 to Q1 2015
- Tablet platform volumes increased 45% from Q1 2014 to Q1 2015, to 7 million units

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INTEL CORPORATION
EXPLANATION OF NON-GAAP MEASURES

In addition to disclosing financial results in accordance with United States (U.S.) generally accepted accounting principles (GAAP), the accompanying Q1 2015 earnings conference contains references to non-GAAP financial measures of gross cash, net cash and other longer term investments, which are used by management when assessing our sources of liquidity and capital resources. We believe these non-GAAP financial measures are helpful to investors in understanding our capital structure and how we manage our resources. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated.

SUPPLEMENTAL RECONCILIATIONS OF GAAP TO NON-GAAP RESULTS

	Mar 28, 2015	Dec 27, 2014	Dec 25, 2010
GAAP CASH AND CASH EQUIVALENTS	**$ 4,244**	**$ 2,561**	**$ 5,498**
Short-term investments	1,864	2,430	11,294
Trading assets	8,010	9,063	5,093
Total cash investments	**$ 14,118**	**$ 14,054**	**$ 21,885**
GAAP OTHER LONG-TERM INVESTMENTS	**$ 1,675**	**$ 2,023**	**$ 3,026**
Loans receivable and other	1,297	1,285	1,016
Reverse repurchase agreements with original maturities greater than approximately three months	450	450	—
NON-GAAP OTHER LONGER TERM INVESTMENTS	**$ 3,422**	**$ 3,758**	**$ 4,042**
NON-GAAP GROSS CASH	**$ 17,540**	**$ 17,812**	**$ 25,927**

	Mar 28, 2015	Dec 27, 2014	Dec 25, 2010
GAAP CASH AND CASH EQUIVALENTS	**$ 4,244**	**$ 2,561**	**$ 5,498**
Short-term investments	1,864	2,430	11,294
Trading assets	8,010	9,063	5,093
Total cash investments	**$ 14,118**	**$ 14,054**	**$ 21,885**
Short-term debt	(1,121)	(1,604)	(38)
Long-term debt	(12,112)	(12,107)	(2,077)
NON-GAAP NET CASH (excluding other longer term investments)	**$ 885**	**$ 343**	**$ 19,770**
GAAP OTHER LONG-TERM INVESTMENTS	**$ 1,675**	**$ 2,023**	**$ 3,026**
Loans receivable and other	1,297	1,285	1,016
Reverse repurchase agreements with original maturities greater than approximately three months	450	450	—
NON-GAAP OTHER LONGER TERM INVESTMENTS	**$ 3,422**	**$ 3,758**	**$ 4,042**
NON-GAAP NET CASH (including other longer term investments)	**$ 4,307**	**$ 4,101**	**$ 23,812**

Intel Corporation
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CFO Commentary on First-Quarter Results

Note: The presentation of our financial results has been retrospectively adjusted to reflect the change in our operating segment structure, including an update to our definition of platform.*

Summary
The first quarter revenue came in consistent with the revised Outlook we released on March 12 and below the expectation that we provided in the January Earnings call.

First quarter revenue of $12.8B was flat to a year ago and in line with our revised Outlook. Client Computing Group revenue was down 16% quarter over quarter and down 8% from a year ago. The Data Center Group was down 10% quarter over quarter and up 19% from a year ago. Gross margin of 60.5% was down 4.9 points from the fourth quarter and up 0.5 point from our original Q1 Outlook. Operating income for the first quarter was $2.6B, up $0.1B, or 4% from a year ago. Earnings per share was $0.41, up 8% from a year ago.

As we look forward to the second quarter of 2015, we are forecasting the midpoint of the revenue range at $13.2B, up 3% from the first quarter. This forecast is in line with the average seasonal increase for the second quarter. We are forecasting the midpoint of the gross margin range for the second quarter to be 62%, 1.5 points increase from the first quarter.

Turning to the full year 2015, we are forecasting revenue as approximately flat to 2014. We are forecasting the midpoint of the gross margin range for the year to be 61%, 2.7 points decrease from 2014.

The first quarter 2015 results when compared to the first quarter from a year ago were the following:
- Revenue was flat at $12.8B
- Gross margin of 60.5% was up 0.9 point from 59.6%
- Operating income of $2.6B was up $0.1B (4%) from $2.5B
- Net income of $2.0B was up $0.1B (3%) from $1.9B
- Earnings per share of $0.41 was up 3 cents (8%) from $0.38

*Client Computing Group, Data Center Group, and Internet of Things Group microprocessors and chipsets

First Quarter 2015

Revenue

Revenue of $12.8B was down 13% sequentially and flat on a year-on-year basis. Total platform* volumes were down 17% when compared to the fourth quarter. Total platform* average selling prices were up 2% over this same time period.

- Client Computing Group had revenue of $7.4B, down 8% on a year-on-year basis with platform volumes up 6% and platform average selling prices down 13% over that same period. On a year-on-year basis, desktop platform volumes were down 16% and desktop platform average selling prices were up 2%. Notebook platform volumes were up 3% and notebook platform average selling prices were down 3% over that same horizon. Tablet volumes were up 45% on a year-on-year basis. Relative to the fourth quarter, Client Computing Group revenue was down 16% with platform volumes down 18% and platform average selling prices up 1%.
- Data Center Group had revenue of $3.7B, up 19% on a year-on-year basis with platform volumes up 15% and platform average selling prices up 5% over this same period. Relative to the fourth quarter, Data Center Group revenue was down 10% with platform volumes down 7% and platform average selling prices down 3%.
- Internet of Things Group had revenue of $533M, up 11% on a year-on-year basis, down 10% from the fourth quarter.
- Software and services operating segments had revenue of $534M, down 3% on a year-on-year basis, down 4% when compared to the fourth quarter.
- All other operating segments had revenue of $615M, up 13% on a year-on-year basis, flat to the fourth quarter.

Gross Margin

Gross margin dollars were $7.7B, down $1.9B compared to the fourth quarter. Gross margin of 60.5% was down 4.9 points compared to the fourth quarter, and up 0.5 points when compared to the midpoint of our original Outlook.

<u>Gross Margin Reconciliation: Q4'14 to Q1'15 (65.4% to 60.5%, down 4.9 points)</u>
[note: point attributions are approximate]

- \- 2.5 points: Higher platform* unit costs (primarily on higher mix of 14nm products)
- \- 2.0 points: Lower platform* volumes
- \- 0.5 point: Higher platform* write-offs (primarily higher pre-qualification product costs on 14nm)
- \- 0.5 point: Higher factory start-up costs
- \+ 0.5 point: Higher platform* average selling prices

<u>Gross Margin Reconciliation: Q1'15 Original Outlook to Q1'15 (60% +/- couple points to 60.5%, up 0.5 point)</u>
[note: point attributions are approximate]

- \+ 1.5 points: Higher platform* average selling prices
- \+ 1.0 point: Lower factory start-up costs
- \- 1.5 points: Lower platform* volumes
- \- 1.0 point: Higher platform* unit cost (primarily on higher mix of 14nm products)

*Client Computing Group, Data Center Group, and Internet of Things Group microprocessors and chipsets

Gross Margin Reconciliation: Q1'14 to Q1'15 (59.6% to 60.5%, up 0.9 point)
When comparing to the first quarter from a year ago, gross margin was up 0.9 point primarily due to lower 14nm factory startup cost and higher platform* volume driven primarily by tablet and phone volume. These increases were partially offset by the impact of lower platform* average selling prices driven by a higher mix of tablet and phones.

Spending
Spending for R&D and MG&A was $4.9B, down approximately $100M from the fourth quarter, and flat to our original Outlook. The lower first quarter spending compared to the fourth quarter was driven by lower profit dependent and benefit expenses and seasonal marketing spending, which was partially offset by increased product investments and a donation to the Intel Foundation. R&D and MG&A as a percentage of revenue was 39%, up from 34% in the fourth quarter.

Depreciation was $1.8B, in line with expectation.

Restructuring and asset impairment charges in the first quarter were $105M, higher than expectation.

Amortization of acquisition related intangibles was $62M, in line with expectation.

Other Income Statement Items
Gains and losses on equity investments and interest and other income was a net gain of $58M compared to a $206M net gain in the fourth quarter and our original Outlook of approximately zero.

The effective tax rate for the first quarter was 25% and up 4.1 points from the fourth quarter driven by the lack of the U.S. R&D tax credit.

Balance Sheet and Cash Flow Items
On the balance sheet, total cash investments^^ ended the quarter at $14.1B, up $0.1B from the fourth quarter. $10.7B of the total $14.1B total cash investments^^ is held by non-U.S. subsidiaries. Cash flow from operations in the first quarter was approximately $4.4B. During the first quarter, we paid approximately $1.1B in dividends, purchased $2.0B in capital assets and repurchased $750M in stock. Total inventories were up $145M.

Other Items
The total number of employees was approximately flat to the fourth quarter at 106K.

Diluted shares outstanding decreased by 26M shares from the fourth quarter and decreased by 203M shares from the first quarter of a year ago driven primarily by shares repurchases.

*Client Computing Group, Data Center Group, and Internet of Things Group microprocessors and chipsets
^^ Cash and cash equivalents, short-term investments, and trading assets

Q2 2015 Outlook

Intel's Business Outlook for the second quarter does not include the effect of any business combinations, asset acquisitions, divestitures, or other investments that may be completed after April 14. The midpoint of the forecast ranges will be referred to when making comparisons to specific periods.

Revenue

Revenue is expected to be $13.2B, plus or minus $500M in the second quarter. The midpoint of this range is up 3% from the first quarter, in line with the average seasonal increase for the second quarter.

Gross Margin

Gross margin in the second quarter is expected to be 62%, plus or minus a couple of points, up 1.5 points from the first quarter.

Gross Margin Reconciliation: Q1'15 to Q2'15 Outlook (60.5% to 62% +/- a couple points)
[note: point attributions are approximate]

- +1.5 points: Higher platform* average selling prices
- +1.0 point: Lower platform* write-offs (primarily on 14nm products)
- +0.5 point: Lower factory start-up costs
- - 1.5 points: Higher platform* unit costs (primarily on higher mix of 14nm products)

Spending

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

Depreciation is forecast to be approximately $2.0B, up from the first quarter.

Restructuring charges are forecast to be approximately $120M.

Amortization of acquisition-related intangibles is forecast to be approximately $60M.

Other Income Statement Items

Gains and losses from equity investments and interest and other income are expected to be a net gain of approximately $60M, compared to a net gain of $58M in the first quarter.

The tax rate for the second quarter is expected to be approximately 20%, down from the first quarter.

*Client Computing Group, Data Center Group, and Internet of Things Group microprocessors and chipsets

2015 Outlook

The Outlook for full year 2015 does not include the effect of any acquisitions, divestitures or similar transactions that may be completed after April 14. The midpoint of the forecast ranges will be referred to when making comparisons to specific periods.

Revenue

Revenue for the year is expected to be approximately flat to 2014, down from our previous expectation.

Gross Margin

Gross margin for the year is expected to be 61%, plus or minus a couple points, down 1.0 point from our previous Outlook of 62%. The decrease is a result of higher platform* unit costs on lower utilization and increased mix to server, and lower platform* volumes. This is partially offset by higher platform* average selling prices and lower factory start-up costs on 14nm.

Spending

Spending for R&D and MG&A for the year is expected to be approximately $19.7B plus or minus $400M, down $300M from our previous expectation of $20.0B plus or minus $400M.

Depreciation is forecast to be approximately $8.0B plus or minus $100M, down $100M from our previous expectation of $8.1B plus or minus $100M.

Amortization of acquisition-related intangibles is forecast to be approximately $250M roughly flat to our previous expectation of $255M.

Other Income Statement Items

The tax rate for each of the third and fourth quarters is expected to be 25%, down from our previous expectation of 27%.

Balance Sheet and Cash Flow Items

Capital spending for 2015 is expected to be $8.7B plus or minus $500M, down $1.3B, from our previous expectation of $10.0B plus or minus $500M. The reduction is driven by increased reuse of capital on 14nm and the alignment of capacity with demand.

*Client Computing Group, Data Center Group, and Internet of Things Group microprocessors and chipsets

Risk Factors

The above statements and any others in this release that refer to plans and expectations for the second 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 could differ from expectations due to factors including changes in business and economic conditions; consumer confidence or income levels; the introduction, availability and market acceptance of Intel's products, products used together with Intel products 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'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.
- 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. Results may also be affected by the formal or informal imposition by countries of new or revised export and/or import and doing-business regulations, which could be changed without prior notice.

- Intel operates in highly competitive industries and its operations have high costs that are either fixed or difficult to reduce in the short term.

- The amount, timing and execution of Intel's stock repurchase program could be affected by changes in Intel's priorities for the use of cash, such as operational spending, capital spending, acquisitions, and as a result of changes to Intel's cash flows or changes in tax laws.

- Intel's expected tax rate is based on current tax law and current expected income and 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.

- 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.

- Product defects or errata (deviations from published specifications) may adversely impact our expenses, revenues and reputation.

- Intel's results could be affected 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.

- Intel's results may be affected by the timing of closing of acquisitions, divestitures and other significant transactions.

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.