

**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 23, 2020
(Date of earliest event reported)

INTEL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	000-06217 (Commission File Number)	94-1672743 (IRS Employer Identification No.)
2200 Mission College Boulevard, Santa Clara, California (Address of principal executive offices)		95054-1549 (Zip Code)

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

N/A
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))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging Growth Company

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

Item 2.02 Results of Operations and Financial Condition.

On April 23, 2020, Intel Corporation ("Intel") issued a press release announcing the financial results of its first quarter ended March 28, 2020 and forward-looking statements relating to its second quarter of 2020. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The attached press release includes non-GAAP financial measures relating to our operations and forecasted outlook. Certain of these non-GAAP measures will be used in Intel's earnings conference for the first quarter of 2020. In addition, the attached press release includes reconciliations of these non-GAAP measures to GAAP measures, as well as an explanation of 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 to these results should be carefully evaluated.

The information in Item 2.02 of this Report and the press release attached hereto as Exhibit 99.1 are furnished and shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are provided as part of this Report:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by Intel entitled "Intel Reports First-Quarter Financial Results" dated April 23, 2020.
104	Cover Page Interactive Data File, formatted in Inline XBRL and included as Exhibit 101.

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 23, 2020

By: /s/ GEORGE S. DAVIS

George S. Davis

Executive Vice President and Chief Financial Officer

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



News Release

Intel Reports First-Quarter 2020 Financial Results

News Summary:

- First-quarter revenue was \$19.8 billion, up 23% year-over-year (YoY). Data-centric revenue* grew 34 percent and PC-centric revenue grew 14 percent YoY.
- First-quarter GAAP earnings-per-share (EPS) was \$1.31, up 51 percent YoY; non-GAAP EPS of \$1.45 was up 63 percent.
- Generated \$6.2 billion cash from operations and \$2.9 billion of free cash flow while strengthening liquidity with \$10.3 billion in new debt and suspension of share buybacks.
- Expecting second-quarter revenue of \$18.5 billion; GAAP EPS of \$1.04 and non-GAAP EPS of \$1.10; not providing full-year guidance given significant economic uncertainty.

SANTA CLARA, Calif., April 23, 2020 -- Intel Corporation today reported first-quarter 2020 financial results.

"Our first-quarter performance is a testament to our team's focus on safeguarding employees, supporting our supply chain partners and delivering for our customers during this unprecedented challenge," said Bob Swan, Intel CEO. "The role technology plays in the world is more essential now than it has ever been, and our opportunity to enrich lives and enable our customers' success has never been more vital. Guided by our cultural values, competitive advantages and financial strength, I am confident we will emerge from this situation an even stronger company."

Q1 2020 Financial Highlights

	GAAP			Non-GAAP		
	Q1 2020	Q1 2019	vs. Q1 2019	Q1 2020	Q1 2019	vs. Q1 2019
Revenue (\$B)	\$19.8	\$16.1	up 23%	\$19.8 [^]	\$16.1 [^]	up 23%
Gross Margin	60.6%	56.6%	up 4.0 pts	62.1%	58.3%	up 3.7 pts
R&D and MG&A (\$B)	\$4.8	\$4.9	down 2%	\$4.8 [^]	\$4.9 [^]	down 2%
Operating Income (\$B)	\$7.0	\$4.2	up 69%	\$7.5	\$4.5	up 67%
Tax Rate	14.4%	12.6%	up 1.8 pts	13.7%	12.5%	up 1.2 pts
Net Income (\$B)	\$5.7	\$4.0	up 42%	\$6.2	\$4.0	up 54%
Earnings Per Share	\$1.31	\$0.87	up 51%	\$1.45	\$0.89	up 63%

In the first quarter, the company generated approximately \$6.2 billion in cash from operations, paid dividends of \$1.4 billion and used \$4.2 billion to repurchase 71 million shares of stock. On March 24, 2020, Intel announced the suspension of share buybacks in light of the COVID-19 pandemic. The dividend remains unchanged. Intel expects to reinstate share buybacks as circumstances warrant.

* Data-centric businesses include DCG, IOTG, Mobileye, NSG, PSG and All Other

[^] No adjustment on a non-GAAP basis

Business Unit Summary**Key Business Unit Revenue and Trends**

		Q1 2020	vs. Q1 2019
Data-centric	DCG	\$7.0 billion	up 43%
	Internet of Things		
	IOTG	\$883 million	down 3%
	Mobileye	\$254 million	up 22%
	NSG	\$1.3 billion	up 46%
	PSG	\$519 million	up 7%
			up 34%*
PC-centric	CCG	\$9.8 billion	up 14%

In the first quarter, Intel achieved 34 percent data-centric revenue growth and 14 percent PC-centric revenue growth YoY. The company maintained essential factory operations with greater than 90 percent on-time delivery while supporting employees, customers and communities in response to the COVID-19 pandemic. This includes a new Intel Pandemic Response Technology Initiative to combat the virus where we can uniquely make a difference with Intel technology, expertise, and resources.

First-quarter data-centric results were led by strength in the Data Center Group (DCG) with revenue up 43 percent YoY driven by broad strength including 53 percent YoY growth in cloud service provider revenue. Intel's memory business (NSG) and Mobileye both set new revenue records in the first quarter. Also, Intel introduced a broad, data-centric portfolio for 5G network infrastructure, including the new Intel Atom® P5900, a 10nm system-on-chip (SoC) for wireless base stations; a next-generation structured ASIC for 5G network acceleration (code-named "Diamond Mesa"); and new 2nd Gen Intel® Xeon® Scalable processors.

The PC-centric business (CCG) exceeded expectations, up 14 percent YoY in the first quarter on improved CPU supply and demand strength as consumers and businesses are relying on PCs for working and learning at home. Recently, Intel launched the 10th Gen Intel® Core™ H-series mobile processors, including a new processor delivering desktop-caliber performance that gamers and creators can take anywhere.

Additional information regarding Intel's results can be found in the Q1'20 Earnings Presentation available at: www.intc.com/results.cfm.

* Data-centric businesses include DCG, IOTG, Mobileye, NSG, PSG and All Other

Business Outlook

Intel's guidance for the second quarter includes both GAAP and non-GAAP estimates. Reconciliations between these GAAP and non-GAAP financial measures are included below. Given the significant economic uncertainty, Intel is not providing full-year guidance.

Q2 2020	GAAP	Non-GAAP
	Approximately	Approximately
Revenue	\$18.5 billion	\$18.5 billion [^]
Operating margin	28%	30%
Tax rate	13%	13% [^]
Earnings per share	\$1.04	\$1.10

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 23, 2020. Actual results may differ materially from Intel's Business Outlook as a result of, among other things, the factors described under "Forward-Looking Statements" below.

Earnings Webcast

Intel will hold a public webcast at 2:00 p.m. PDT today to discuss the results for its first quarter of 2020. The live public webcast can be accessed on Intel's Investor Relations website at www.intc.com/results.cfm. The Q1'20 Earnings Presentation, webcast replay, and audio download will also be available on the site.

Intel plans to report its earnings for the second quarter of 2020 on July 23, 2020 promptly after close of market, and related materials will be available at www.intc.com/results.cfm. A public webcast of Intel's earnings conference call will follow at 2:00 p.m. PDT at www.intc.com.

Forward-Looking Statements

Intel's Business Outlook and other statements in this release that refer to future plans and expectations, including future responses to and effects of the COVID-19 pandemic and expected returns to stockholders such as dividends and stock buybacks, are forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipates," "expects," "intends," "goals," "plans," "guidance," "believes," "seeks," "estimates," "continues," "may," "will," "would," "should," "could," and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements that refer to or are based on estimates, forecasts, projections, uncertain events or assumptions, including statements relating to total addressable market (TAM) or market opportunity, future products and technology and the expected availability and benefits of such products and technology, and anticipated trends in our businesses or the markets relevant to them, also identify forward-looking statements. All forward-looking statements included in this release are based on management's expectations as of the date of this release and, except as required by law, Intel disclaims any obligation to update these forward-looking statements to reflect future events or circumstances. Forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such statements. Intel presently considers the following to be among the important factors that can cause actual results to differ materially from the company's expectations.

[^] No adjustment on a non-GAAP basis

- The COVID-19 pandemic could materially adversely affect Intel's financial condition and results of operations. The pandemic has resulted in authorities imposing numerous unprecedented measures to try to contain the virus. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors, suppliers, and partners. There is considerable uncertainty regarding the business impacts from such measures and potential future measures. Restrictions on our access to or operation of our manufacturing facilities or on our support operations or workforce, or similar limitations for our vendors and suppliers, can impact our ability to meet customer demand and could have a material adverse effect on us. Similarly, current and future restrictions or disruptions of transportation, or disruptions in our customers' operations and supply chains, may adversely affect our results of operations. The pandemic has significantly increased economic and demand uncertainty. It is likely that the current outbreak and continued spread of COVID-19 will cause an economic slowdown, and it is possible that it could cause a global recession. Given the significant economic uncertainty and volatility created by the pandemic, it is difficult to predict the nature and extent of impacts on demand for our products. The pandemic has led to increased disruption and volatility in capital markets and credit markets, which could adversely affect our liquidity and capital resources. A slowdown or recession can also result in adverse impacts such as increased credit and collectibility risks, adverse impacts on our suppliers, failures of counterparties, asset impairments, and declines in the value of our financial instruments. The spread of COVID-19 has caused us to modify our business practices. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, and illness and workforce disruptions could lead to unavailability of our key personnel and harm our ability to perform critical functions. The degree to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, and our Business Outlook is subject to considerable uncertainty. Our expectations are subject to change without warning and investors are cautioned not to place undue reliance on our Business Outlook. The impact of COVID-19 can also exacerbate other risks discussed in this section. See Intel's most recent SEC filings for a detailed description of the risks related to the pandemic. Developments related to COVID-19 have been rapidly changing, and additional impacts and risks may arise that we are not aware of or able to appropriately respond to currently.
 - Demand for Intel's products is highly variable and can differ from expectations due to factors including changes in business and economic conditions; customer confidence or income levels, and the levels of customer capital spending; 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; changes in customer needs and emerging technology trends; and changes in the level of inventory and computing capacity at customers.
 - Intel's results can 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 results can also be caused by the timing of Intel product introductions and related expenses, including marketing programs, and Intel's ability to respond quickly to technological developments and to introduce new products or incorporate new features into existing products, as well as decisions to exit product lines or businesses, which can result in restructuring and asset impairment charges.
 - Intel's results can be affected by adverse economic, social, political and physical/infrastructure conditions in countries where Intel, its customers or its suppliers operate, including recession or slowing growth, military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns (including the COVID-19 pandemic), fluctuations in currency exchange rates, sanctions and tariffs, political disputes, and continuing uncertainty regarding social, political, immigration, and tax and trade policies in the U.S. and abroad, including the United Kingdom's withdrawal from the European Union. Results can also be affected by the formal or informal imposition by countries of new or revised export and/or import and doing-business regulations, which can be changed without prior notice.
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- Intel operates in highly competitive industries and its operations have high costs that are either fixed or difficult to reduce in the short term. In addition, in connection with our strategic transformation to a data-centric company, we have entered new areas and introduced adjacent products, where we face new sources of competition and uncertain market demand or acceptance of our products, and these new areas and products do not always grow as projected.
- The amount, timing and execution of Intel's stock repurchase program fluctuate based on Intel's priorities for the use of cash for other purposes—such as investing in our business, including operational and capital spending, acquisitions, and returning cash to our stockholders as dividend payments—and because of changes in cash flows, tax laws and other laws, or the market price of our common stock.
- Intel's expected tax rate is based on current tax law, including current interpretations of the Tax Cuts and Jobs Act of 2017 ("TCJA"), and current expected income and can be affected by evolving interpretations of TCJA; changes in the volume and mix of profits earned across jurisdictions with varying tax rates; 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.
- Intel's results can be affected by gains or losses from equity securities and interest and other, which can vary depending on gains or losses on the change in fair value, sale, exchange, or impairments of equity and debt investments, interest rates, cash balances, and changes in fair value of derivative instruments.
- Product defects or errata (deviations from published specifications) can adversely impact our expenses, revenues and reputation.
- We or third parties regularly identify security vulnerabilities with respect to our processors and other products as well as the operating systems and workloads running on them. Security vulnerabilities and any limitations of, or adverse effects resulting from, mitigation techniques can adversely affect our results of operations, financial condition, customer relationships, prospects, and reputation in a number of ways, any of which may be material, including incurring significant costs related to developing and deploying updates and mitigations, writing down inventory value, a reduction in the competitiveness of our products, defending against product claims and litigation, responding to regulatory inquiries or actions, paying damages, addressing customer satisfaction considerations, or taking other remedial steps with respect to third parties. Adverse publicity about security vulnerabilities or mitigations could damage our reputation with customers or users and reduce demand for our products and services. A detailed description of these risks is set forth in the "Risk Factors" section of our most recent reports on Forms 10-K and 10-Q.
- Intel's results can be affected by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust, commercial, disclosure and other issues. An unfavorable ruling can 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 can be affected by the timing of closing of acquisitions, divestitures and other significant transactions. In addition, these transactions do not always achieve our financial or strategic objectives and can disrupt our ongoing business and adversely impact our results of operations. We may not realize the expected benefits of portfolio decisions due to numerous risks, including unfavorable prices and terms; changes in market conditions; limitations due to regulatory or governmental approvals, contractual terms, or other conditions; and potential continued financial obligations associated with such transactions.

Detailed information regarding these and other factors that could affect Intel's business and results is included in Intel's SEC filings, including the company's most recent reports on Forms 10-K and 10-Q, particularly the "Risk Factors" sections of those reports. Copies of these filings may be obtained by visiting our Investor Relations website at www.intc.com or the SEC's website at www.sec.gov.

About Intel

Intel (NASDAQ: INTC), a leader in the semiconductor industry, is shaping the data-centric future with computing and communications technology that is the foundation of the world's innovations. The company's engineering expertise is helping address the world's greatest challenges as well as helping secure, power and connect billions of devices and the infrastructure of the smart, connected world - from the cloud to the network to the edge and everything in between. Find more information about Intel at newsroom.intel.com and intel.com.

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INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME AND OTHER INFORMATION

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended	
	Mar 28, 2020	Mar 30, 2019
NET REVENUE	\$ 19,828	\$ 16,061
Cost of sales	7,812	6,972
GROSS MARGIN	12,016	9,089
Research and development (R&D)	3,275	3,332
Marketing, general and administrative (MG&A)	1,541	1,583
R&D AND MG&A	4,816	4,915
Restructuring and other charges	162	—
OPERATING EXPENSES	4,978	4,915
OPERATING INCOME	7,038	4,174
Gains (losses) on equity investments, net	(111)	434
Interest and other, net	(313)	(61)
INCOME BEFORE TAXES	6,614	4,547
Provision for taxes	953	573
NET INCOME	<u>\$ 5,661</u>	<u>\$ 3,974</u>
EARNINGS PER SHARE—BASIC	<u>\$ 1.33</u>	<u>\$ 0.88</u>
EARNINGS PER SHARE—DILUTED	<u>\$ 1.31</u>	<u>\$ 0.87</u>
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
BASIC	4,266	4,492
DILUTED	4,312	4,564
EARNINGS PER SHARE OF COMMON STOCK INFORMATION:		
Weighted average shares of common stock outstanding—basic	4,266	4,492
Dilutive effect of employee equity incentive plans	46	53
Dilutive effect of convertible debt	—	19
Weighted average shares of common stock outstanding—diluted	<u>4,312</u>	<u>4,564</u>
STOCK BUYBACK:		
Shares repurchased	71	49
Cumulative shares repurchased (in billions)	5.5	5.2
Remaining dollars authorized for buyback (in billions)	<u>\$ 19.7</u>	<u>\$ 14.9</u>
OTHER INFORMATION:		
Employees (in thousands)	111.6	108.8

INTEL CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS

(In Millions)	Mar 28, 2020	Dec 28, 2019
CURRENT ASSETS	(unaudited)	
Cash and cash equivalents	\$ 11,380	\$ 4,194
Short-term investments	1,296	1,082
Trading assets	8,127	7,847
Total cash investments	20,803	13,123
Accounts receivable	8,455	7,659
Inventories		
Raw materials	877	840
Work in process	6,654	6,225
Finished goods	1,715	1,679
	9,246	8,744
Other current assets	2,997	1,713
TOTAL CURRENT ASSETS	41,501	31,239
Property, plant and equipment, net	56,770	55,386
Equity investments	3,880	3,967
Other long-term investments	2,943	3,276
Goodwill	26,276	26,276
Identified intangible assets, net	10,429	10,827
Other long-term assets	5,911	5,553
TOTAL ASSETS	\$ 147,710	\$ 136,524
CURRENT LIABILITIES		
Short-term debt	\$ 3,464	\$ 3,693
Accounts payable	4,638	4,128
Accrued compensation and benefits	2,358	3,853
Other accrued liabilities	13,435	10,636
TOTAL CURRENT LIABILITIES	23,895	22,310
Debt	36,455	25,308
Contract liabilities	1,353	1,368
Income taxes payable, non-current	4,651	4,919
Deferred income taxes	2,027	2,044
Other long-term liabilities	2,975	2,916
TEMPORARY EQUITY	—	155
Stockholders' equity		
Preferred stock	—	—
Common stock and capital in excess of par value	25,251	25,261
Accumulated other comprehensive income (loss)	(1,541)	(1,280)
Retained earnings	52,644	53,523
TOTAL STOCKHOLDERS' EQUITY	76,354	77,504
TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY	\$ 147,710	\$ 136,524

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(In Millions; Unaudited)	Three Months Ended	
	Mar 28, 2020	Mar 30, 2019
Cash and cash equivalents, beginning of period	\$ 4,194	\$ 3,019
Cash flows provided by (used for) operating activities:		
Net income	5,661	3,974
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,623	2,229
Share-based compensation	449	389
Amortization of intangibles	427	396
(Gains) losses on equity investments, net	134	(274)
Changes in assets and liabilities:		
Accounts receivable	(796)	(235)
Inventories	(548)	(512)
Accounts payable	117	196
Accrued compensation and benefits	(1,500)	(1,620)
Prepaid supply agreements	(87)	(228)
Income taxes	753	440
Other assets and liabilities	(1,075)	204
Total adjustments	497	985
Net cash provided by operating activities	6,158	4,959
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(3,268)	(3,321)
Purchases of available-for-sale debt investments	(513)	(872)
Maturities and sales of available-for-sale debt investments	625	948
Purchases of trading assets	(3,897)	(1,869)
Maturities and sales of trading assets	3,660	1,554
Sales of equity investments	20	1,077
Other investing	(363)	(239)
Net cash used for investing activities	(3,736)	(2,722)
Cash flows provided by (used for) financing activities:		
Increase (decrease) in short-term debt, net	—	1,682
Issuance of long-term debt, net of issuance costs	10,247	135
Repayment of debt and debt conversion	(1,075)	(861)
Proceeds from sales of common stock through employee equity incentive plans	503	290
Repurchase of common stock	(4,229)	(2,530)
Payment of dividends to stockholders	(1,408)	(1,414)
Other financing	726	596
Net cash provided by (used for) financing activities	4,764	(2,102)
Net increase (decrease) in cash and cash equivalents	7,186	135
Cash and cash equivalents, end of period	\$ 11,380	\$ 3,154

INTEL CORPORATION
SUPPLEMENTAL OPERATING SEGMENT RESULTS

(In Millions)	Three Months Ended	
	Mar 28, 2020	Mar 30, 2019
Net Revenue		
Data Center Group		
Platform	6,427	4,482
Adjacency	566	420
	6,993	4,902
Internet of Things		
IOTG	883	910
Mobileye	254	209
	1,137	1,119
Non-Volatile Memory Solutions Group	1,338	915
Programmable Solutions Group	519	486
Client Computing Group		
Platform	\$ 8,712	\$ 7,824
Adjacency	1,063	762
	9,775	8,586
All other	66	53
TOTAL NET REVENUE	\$ 19,828	\$ 16,061
Operating income (loss)		
Data Center Group	3,492	1,841
Internet of Things		
IOTG	243	251
Mobileye	88	68
	331	319
Non-Volatile Memory Solutions Group	(66)	(297)
Programmable Solutions Group	97	89
Client Computing Group	\$ 4,225	\$ 3,072
All other	(1,041)	(850)
TOTAL OPERATING INCOME	\$ 7,038	\$ 4,174

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.

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

- DCG includes workload-optimized platforms and related products designed for cloud, enterprise, and communication infrastructure market segments.
- IOTG includes high-performance compute solutions for targeted verticals and embedded applications in market segments such as retail, industrial, smart infrastructure, and vision.
- Mobileye includes development of computer vision and machine learning-based sensing, data analysis, localization, mapping, and driving policy technology for advanced driver assistance systems (ADAS) and autonomous driving
- NSG includes memory and storage products like Intel® Optane™ technology and Intel® 3D NAND technology, primarily used in SSDs.
- PSG includes programmable semiconductors, primarily FPGAs and structured ASICs, and related products for communications, cloud and enterprise, and embedded market segments.
- CCG includes platforms designed for end-user form factors, focusing on higher growth segments of 2-in-1, thin-and-light, commercial and gaming, and growing adjacencies such as connectivity, graphics, and memory.

We have sales and marketing, manufacturing, engineering, finance, and administration groups. Expenses for these groups are generally allocated to the operating segments.

All other category includes revenue, expenses, and charges such as:

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

	Q1 2020 compared to Q4 2019	Q1 2020 compared to Q1 2019
Data Center Group		
Platform volumes	(5)%	27%
Platform average selling prices	3%	13%
Client Computing Group		
Notebook platform volumes	4%	22%
Notebook platform average selling prices	5%	(3)%
Desktop platform volumes	(22)%	(4)%
Desktop platform average selling prices	11%	4%

INTEL CORPORATION
EXPLANATION OF NON-GAAP 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 the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business and measuring our performance.

Our non-GAAP 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.

INTEL CORPORATION
SUPPLEMENTAL RECONCILIATIONS OF GAAP OUTLOOK TO NON-GAAP OUTLOOK

Set forth below are reconciliations of the non-GAAP financial measure to the most directly comparable GAAP financial measure. The non-GAAP financial measures disclosed by the company have limitations and should not be considered a substitute for, or superior to, the financial measures prepared in accordance with GAAP, and the financial outlook prepared in accordance with GAAP and the reconciliations from this Business Outlook should be carefully evaluated. Please refer to "Explanation of Non-GAAP Measures" in this document for a detailed explanation of the adjustments made to the comparable GAAP measures, the ways management uses the non-GAAP measures, and the reasons why management believes the non-GAAP measures provide useful information for investors.

		Q2 2020 Outlook
		Approximately
GAAP OPERATING MARGIN		28%
Acquisition-related adjustments		2%
NON-GAAP OPERATING MARGIN		30%
GAAP DILUTED EARNINGS PER COMMON SHARE	\$	1.04
Acquisition-related adjustments		0.07
Income tax effect		(0.01)
NON-GAAP DILUTED EARNINGS PER COMMON SHARE	\$	1.10

INTEL CORPORATION
SUPPLEMENTAL RECONCILIATIONS OF GAAP ACTUALS TO NON-GAAP ACTUALS

Set forth below are reconciliations of the non-GAAP financial measure to the most directly comparable GAAP financial measure. The non-GAAP financial measure disclosed by the company has limitations and should not be considered a substitute for, or superior to, the financial measure prepared in accordance with GAAP, and the reconciliations from GAAP to Non-GAAP actuals should be carefully evaluated. Please refer to "Explanation of Non-GAAP Measures" in this document for a detailed explanation of the adjustments made to the comparable GAAP measures, the ways management uses the non-GAAP measures, and the reasons why management believes the non-GAAP measures provide useful information for investors.

	Three Months Ended	
	Mar 28, 2020	Mar 30, 2019
(In Millions, Except Per Share Amounts)		
GAAP GROSS MARGIN	\$ 12,016	\$ 9,089
Acquisition-related adjustments	289	281
NON-GAAP GROSS MARGIN	<u>\$ 12,305</u>	<u>\$ 9,370</u>
GAAP GROSS MARGIN PERCENTAGE	60.6 %	56.6 %
Acquisition-related adjustments	1.5 %	1.7 %
NON-GAAP GROSS MARGIN PERCENTAGE	<u>62.1 %</u>	<u>58.3 %</u>
GAAP OPERATING INCOME	\$ 7,038	\$ 4,174
Acquisition-related adjustments	339	331
Restructuring and other charges	162	—
NON-GAAP OPERATING INCOME	<u>\$ 7,539</u>	<u>\$ 4,505</u>
GAAP TAX RATE	14.4 %	12.6 %
Other	(0.7)%	(0.1)%
NON-GAAP TAX RATE	<u>13.7 %</u>	<u>12.5 %</u>
GAAP NET INCOME	\$ 5,661	\$ 3,974
Acquisition-related adjustments	339	331
Restructuring and other charges	162	—
Ongoing mark-to-market on marketable equity securities	103	(253)
Income tax effect	(33)	(4)
NON-GAAP NET INCOME	<u>\$ 6,232</u>	<u>\$ 4,048</u>
GAAP DILUTED EARNINGS PER COMMON SHARE	\$ 1.31	\$ 0.87
Acquisition-related adjustments	0.08	0.07
Restructuring and other charges	0.04	—
Ongoing mark-to-market on marketable equity securities	0.03	(0.05)
Income tax effect	(0.01)	—
NON-GAAP DILUTED EARNINGS PER COMMON SHARE	<u>\$ 1.45</u>	<u>\$ 0.89</u>

	Three Months Ended	
	Mar 28, 2020	
(In Millions)		
GAAP CASH FROM OPERATIONS	\$	6,158
Additions to property, plant and equipment		(3,268)
FREE CASH FLOW	<u>\$</u>	<u>2,890</u>
GAAP CASH USED FOR INVESTING ACTIVITIES	\$	(3,736)
GAAP CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	\$	4,764