

**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: January 21, 2021
(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-4(c))

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 January 21, 2021, Intel Corporation ("Intel") issued a press release announcing the financial results of its fourth quarter and full year ended December 26, 2020 and forward-looking statements relating to its first quarter of 2021. 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 fourth 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 Items 2.02 and 7.01 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 7.01 Regulation FD Disclosure.

On January 21, 2021, Intel also announced in the press release attached as Exhibit 99.1 that its Board of Directors had approved an increase in the quarterly cash dividend. The increase was effective beginning with the dividend declared concurrently with the announcement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibits are provided as part of this Report:

| Exhibit Number | Description |
|-----------------------|--|
| 99.1 | Press Release issued by Intel entitled "Intel Reports Fourth-Quarter and Full-Year 2020 Financial Results" dated January 21, 2021. |
| 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: January 21, 2021

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 Fourth-Quarter and Full-Year 2020 Financial Results Announces Five Percent Increase to Quarterly Cash Dividend

News Summary

- Fourth-quarter revenue was \$20.0 billion, exceeding October guidance by \$2.6 billion and down 1 percent year-over-year (YoY). Full-year revenue set an all-time Intel record of \$77.9 billion, up 8 percent YoY.
- Delivered outstanding fourth-quarter earnings per share (EPS) of \$1.42 (\$1.52 on a non-GAAP basis, exceeding October guidance by 42 cents).
- In 2020, Intel generated a record \$35.4 billion cash from operations and \$21.1 billion of free cash flow (FCF) and returned \$19.8 billion to shareholders.
- Forecasting first-quarter 2021 revenue of approximately \$18.6 billion (non-GAAP revenue of \$17.5 billion); expecting first-quarter EPS of \$1.03 (non-GAAP EPS of \$1.10).¹

SANTA CLARA, Calif., January 21, 2021 -- Intel Corporation today reported fourth-quarter and full-year 2020 financial results. The company also announced that its board of directors approved a cash dividend increase of five percent to \$1.39 per share on an annual basis. The board declared a quarterly dividend of \$0.3475 per share on the company's common stock, which will be payable on March 1 to shareholders of record on February 7.

"We significantly exceeded our expectations for the quarter, capping off our fifth consecutive record year," said Bob Swan, Intel CEO. "Demand for the computing performance Intel delivers remains very strong and our focus on growth opportunities is paying off. It has been an honor to lead this wonderful company, and I am proud of what we have achieved as a team. Intel is in a strong strategic and financial position as we make this leadership transition and take Intel to the next level."

Q4 2020 Financial Highlights

| | GAAP | | | Non-GAAP | | |
|--------------------|---------|---------|--------------|---------------------|---------------------|--------------|
| | Q4 2020 | Q4 2019 | vs. Q4 2019 | Q4 2020 | Q4 2019 | vs. Q4 2019 |
| Revenue (\$B) | \$20.0 | \$20.2 | down 1% | \$20.0 [^] | \$20.2 [^] | down 1% |
| Gross margin | 56.8% | 58.8% | down 2.0 ppt | 58.4% | 60.1% | down 1.7 ppt |
| R&D and MG&A (\$B) | \$5.4 | \$5.0 | up 9% | \$5.4 | \$4.9 | up 9% |
| Operating margin | 29.5% | 33.6% | down 4.2 ppt | 31.5% | 35.7% | down 4.2 ppt |
| Tax rate | 21.8% | 14.4% | up 7.4 ppt | 21.5% | 13.6% | up 7.9 ppt |
| Net income (\$B) | \$5.9 | \$6.9 | down 15% | \$6.2 | \$6.7 | down 6% |
| Earnings per share | \$1.42 | \$1.58 | down 10% | \$1.52 | \$1.52 | flat |

In the fourth quarter, the company generated \$9.9 billion in cash from operations and paid dividends of \$1.4 billion.

¹ Non-GAAP outlook excludes the NAND memory business; full reconciliation between GAAP and non-GAAP measures is provided below

[^] No adjustment on a non-GAAP basis

Full-Year 2020 Financial Highlights

| | GAAP | | | Non-GAAP | | |
|----------------------|--------|--------|--------------|---------------------|---------------------|--------------|
| | 2020 | 2019 | vs. 2019 | 2020 | 2019 | vs. 2019 |
| Revenue (\$B) | \$77.9 | \$72.0 | up 8% | \$77.9 [^] | \$72.0 [^] | up 8% |
| Gross margin | 56.0% | 58.6% | down 2.5 ppt | 57.6% | 60.1% | down 2.6 ppt |
| R&D and MG&A (\$B) | \$19.7 | \$19.7 | flat | \$19.5 | \$19.5 | flat |
| Operating margin | 30.4% | 30.6% | down 0.2 ppt | 32.5% | 33.0% | down 0.5 ppt |
| Tax rate | 16.7% | 12.5% | up 4.2 ppt | 16.4% | 12.2% | up 4.2 ppt |
| Net income (\$B) | \$20.9 | \$21.0 | down 1% | \$22.4 | \$21.8 | up 3% |
| Earnings per share | \$4.94 | \$4.71 | up 5% | \$5.30 | \$4.87 | up 9% |
| Cash from Operations | \$35.4 | \$33.1 | up 7% | \$35.4 [^] | \$33.1 [^] | up 7% |
| Free cash flow | N/A | N/A | N/A | \$21.1 | \$16.9 | up 25% |

For the full year, the company generated a record \$35.4 billion cash from operations, paid dividends of \$5.6 billion, and used \$14.2 billion to repurchase 274.6 million shares of stock.

Business Unit Summary

| Key Business Unit Revenue and Trends | Q4 2020 | vs. Q4 2019 | 2020 | vs. 2019 |
|--------------------------------------|----------------|------------------|----------------|---------------|
| Data-centric: | | | | |
| DCG | \$6.1 billion | down 16% | \$26.1 billion | up 11% |
| Internet of Things | | | | |
| IOTG | \$777 million | down 16% | \$3.0 billion | down 21% |
| Mobileye | \$333 million | up 39% | \$967 million | up 10% |
| NSG | \$1.2 billion | down 1% | \$5.4 billion | up 23% |
| PSG | \$422 million | down 16% | \$1.9 billion | down 7% |
| | | down 11%* | | up 9%* |
| PC-centric: | | | | |
| CCG | \$10.9 billion | up 9% | \$40.1 billion | up 8% |

Fourth-quarter revenue exceeded prior expectations by \$2.6 billion driven by record PC-centric revenue with PC unit volumes up 33 percent YoY led by record notebook sales. The company also achieved better-than-expected data-centric results, including record Mobileye revenue.

2020 marked Intel's fifth consecutive year of record revenue. The Client Computing Group, Data Center Group, Non-volatile Memory Solutions Group, and Mobileye all achieved record full-year revenue. In 2020, the company invested \$13.6 billion in research and development and \$14.3 billion in capital expenditures while focusing to strengthen its core CPU business, improve execution and accelerate growth.

Q4'20 Business Highlights

- Started production of 10nm-based 3rd Gen Intel® Xeon® Scalable processors ("Ice Lake"), ramping in Q1.
- Launched 11th Gen Intel® Core™ processors ("Tiger Lake"); announced 11th Gen Intel® Core™ S-Series desktop processors ("Rocket Lake"), now shipping.
- Entered discrete graphics market with Intel® Iris® Xe MAX graphics, Intel's first Xe-based discrete GPU.
- Announced Amazon Web Services selected Intel's Habana Gaudi AI processors for EC2 training.
- Delivered gold release of Intel® oneAPI developer toolkit.
- Announced expanded network infrastructure solutions portfolio.
- Introduced new Intel® Optane™ SSD series and 3rd gen Intel Optane persistent memory "Crow Pass" for enterprise and cloud customers.

Additional information regarding Intel's results can be found in the Q4'20 Earnings Presentation available at: www.intc.com.

[^] No adjustment on a non-GAAP basis

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

Business Outlook

Intel's guidance for the first quarter includes both GAAP and non-GAAP estimates. Our Non-GAAP measures exclude the NAND memory business, which is subject to a previously-announced pending sale. Reconciliations between GAAP and non-GAAP financial measures are included below.

| Q1 2021 | GAAP | Non-GAAP |
|--------------------|---------------------------------|---------------------------------|
| Revenue | Approximately \$18.6 billion | Approximately \$17.5 billion |
| Operating margin | 27% | 30% |
| Tax rate | 14.5% | 14.5%^ |
| Earnings per share | \$1.03 | \$1.10 |

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 fourth quarter of 2020. The live public webcast can be accessed on Intel's Investor Relations website at www.intc.com. Intel Chairman, Omar Ishrak and incoming CEO, Pat Gelsinger will join Intel CEO, Bob Swan and Intel CFO, George Davis on today's call. The Q4'20 Earnings Presentation, webcast replay, and audio download will also be available on the site.

Intel plans to report its earnings for the first quarter of 2021 on April 22, 2021 promptly after close of market, and related materials will be available at www.intc.com. A public webcast of Intel's earnings conference call will follow at 2:00 p.m. PDT at www.intc.com.

^ No adjustment on a non-GAAP basis

Forward-Looking Statements

Intel's Business Outlook and other statements in this release that refer to future plans and expectations are forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipates," "expects," "intends," "goals," "plans," "forecasting," "guidance," "believes," "seeks," "estimates," "continues," "launching," "aim," "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 the pending sale of our NAND memory and storage business, market opportunity, business plans, future macroeconomic conditions, 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.

- The COVID-19 pandemic has adversely affected significant portions of Intel's business and could have a material adverse effect on Intel's financial condition and results of operations. The pandemic has resulted in authorities imposing numerous 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. Restrictions on our manufacturing or 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. 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 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 pandemic has significantly increased economic and demand uncertainty. Demand for our products has been harmed in several areas of our business and/or could be materially harmed in the future. The pandemic has led to increased disruption and volatility in capital markets and credit markets, which could adversely affect our liquidity and capital resources. An economic 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 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. The impact of the pandemic can also exacerbate other risks discussed in this section.
 - 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, changes in government grants and incentives, and continuing uncertainty regarding social, political,
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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.

- 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, 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. Our stock repurchase program may be suspended or terminated at any time.
- 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 and location of assets 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.
- Intel's results can be affected by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust, commercial, disclosure, and other issues, as well as by the impact and timing of settlements and dispute resolutions. An unfavorable ruling can include monetary damages or an injunction prohibiting us from manufacturing or selling one or more products, precluding particular business practices, impacting our ability to design products, or requiring other remedies such as compulsory licensing of intellectual property.
- Intel's results can be affected by the impact and 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. Risks and uncertainties relating to the pending sale of our NAND memory and storage business to SK hynix are described in our Form 8-K filed with the SEC on October 20, 2020.

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) is an industry leader, creating world-changing technology that enables global progress and enriches lives. Inspired by Moore's Law, we continuously work to advance the design and manufacturing of semiconductors to help address our customers' greatest challenges. By embedding intelligence in the cloud, network, edge and every kind of computing device, we unleash the potential of data to transform business and society for the better. To learn more about Intel's innovations, go to newsroom.intel.com and intel.com.

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Intel Corporation
Consolidated Statements of Income and Other Information

| (In Millions, Except Per Share Amounts) | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|-----------------|---------------------|------------------|
| | Dec 26, 2020 | Dec 28, 2019 | Dec 26, 2020 | Dec 28, 2019 |
| Net revenue | \$ 19,978 | \$ 20,209 | \$ 77,867 | \$ 71,965 |
| Cost of sales | 8,630 | 8,331 | 34,255 | 29,825 |
| Gross margin | 11,348 | 11,878 | 43,612 | 42,140 |
| Research and development | 3,655 | 3,384 | 13,556 | 13,362 |
| Marketing, general and administrative | 1,757 | 1,592 | 6,180 | 6,350 |
| Restructuring and other charges | 52 | 105 | 198 | 393 |
| Operating expenses | 5,464 | 5,081 | 19,934 | 20,105 |
| Operating income | 5,884 | 6,797 | 23,678 | 22,035 |
| Gains (losses) on equity investments, net | 1,692 | 617 | 1,904 | 1,539 |
| Interest and other, net | (88) | 654 | (504) | 484 |
| Income before taxes | 7,488 | 8,068 | 25,078 | 24,058 |
| Provision for taxes | 1,631 | 1,163 | 4,179 | 3,010 |
| Net income | \$ 5,857 | \$ 6,905 | \$ 20,899 | \$ 21,048 |
| Earnings per share—basic | \$ 1.43 | \$ 1.60 | \$ 4.98 | \$ 4.77 |
| Earnings per share—diluted | \$ 1.42 | \$ 1.58 | \$ 4.94 | \$ 4.71 |
| Weighted average shares of common stock outstanding: | | | | |
| Basic | 4,094 | 4,319 | 4,199 | 4,417 |
| Diluted | 4,119 | 4,373 | 4,232 | 4,473 |

| (In Millions) | Three Months Ended | |
|--|--------------------|--------------|
| | Dec 26, 2020 | Dec 28, 2019 |
| Earnings per share of common stock information: | | |
| Weighted average shares of common stock outstanding—basic | 4,094 | 4,319 |
| Dilutive effect of employee equity incentive plans | 25 | 42 |
| Dilutive effect of convertible debt | — | 12 |
| Weighted average shares of common stock outstanding—diluted | 4,119 | 4,373 |
| Stock buyback¹: | | |
| Shares repurchased | 38 | 63 |
| Cumulative shares repurchased (in billions) | 5.7 | 5.5 |
| Remaining dollars authorized for buyback (in billions) | \$ 9.7 | \$ 23.7 |
| Other information: | | |
| Employees (in thousands) | 110.6 | 110.8 |

¹ In August 2020, we entered into ASR agreements with financial institutions under which we paid an aggregate of \$10.0 billion and received an aggregate initial share delivery of 165.5 million shares of our common stock, which were immediately retired. We received and immediately retired an additional 37.7 million shares upon settlement of the ASR agreements in December 2020. In total, 203.2 million shares were repurchased under the ASR agreements at an average repurchase price per share of \$49.20.

Intel Corporation
Consolidated Balance Sheets

| (In Millions) | Dec 26, 2020 | Dec 28, 2019 |
|--|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 5,865 | \$ 4,194 |
| Short-term investments | 2,292 | 1,082 |
| Trading assets | 15,738 | 7,847 |
| Accounts receivable, net of allowance for doubtful accounts | 6,782 | 7,659 |
| Inventories | | |
| Raw materials | 908 | 840 |
| Work in process | 6,007 | 6,225 |
| Finished goods | 1,512 | 1,679 |
| | 8,427 | 8,744 |
| Assets held for sale | 5,400 | — |
| Other current assets | 2,745 | 1,713 |
| Total current assets | 47,249 | 31,239 |
| Property, plant and equipment, net | 56,584 | 55,386 |
| Equity investments | 5,152 | 3,967 |
| Other long-term investments | 2,192 | 3,276 |
| Goodwill | 26,971 | 26,276 |
| Identified intangible assets, net | 9,026 | 10,827 |
| Other long-term assets | 5,917 | 5,553 |
| Total assets | \$ 153,091 | \$ 136,524 |
| Liabilities, temporary equity, and stockholders' equity | | |
| Current liabilities | | |
| Short-term debt | \$ 2,504 | \$ 3,693 |
| Accounts payable | 5,581 | 4,128 |
| Accrued compensation and benefits | 3,999 | 3,853 |
| Other accrued liabilities | 12,670 | 10,636 |
| Total current liabilities | 24,754 | 22,310 |
| Debt | 33,897 | 25,308 |
| Contract liabilities | 1,367 | 1,368 |
| Income taxes payable | 4,578 | 4,919 |
| Deferred income taxes | 3,843 | 2,044 |
| Other long-term liabilities | 3,614 | 2,916 |
| Temporary equity | — | 155 |
| Stockholders' equity | | |
| Preferred stock, \$0.001 par value, 50 shares authorized; none issued | — | — |
| Common stock, \$0.001 par value, 10,000 shares authorized; 4,062 shares issued and outstanding (4,290 issued and outstanding in 2019) and capital in excess of par value | 25,556 | 25,261 |
| Accumulated other comprehensive income (loss) | (751) | (1,280) |
| Retained earnings | 56,233 | 53,523 |
| Total stockholders' equity | 81,038 | 77,504 |
| Total liabilities, temporary equity, and stockholders' equity | \$ 153,091 | \$ 136,524 |

Intel Corporation
Consolidated Statements of Cash Flows

| (In Millions) | Twelve Months Ended | |
|---|---------------------|-----------------|
| | Dec 26, 2020 | Dec 28, 2019 |
| Cash and cash equivalents, beginning of period | \$ 4,194 | \$ 3,019 |
| Cash flows provided by (used for) operating activities: | | |
| Net income | 20,899 | 21,048 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 10,482 | 9,204 |
| Share-based compensation | 1,854 | 1,705 |
| Amortization of intangibles | 1,757 | 1,622 |
| (Gains) losses on equity investments, net | (1,757) | (892) |
| (Gains) losses on divestitures | (30) | (690) |
| Changes in assets and liabilities: | | |
| Accounts receivable | 883 | (935) |
| Inventories | (687) | (1,481) |
| Accounts payable | 412 | 696 |
| Accrued compensation and benefits | 463 | 91 |
| Prepaid supply agreements | (181) | (782) |
| Income taxes | 1,620 | 885 |
| Other assets and liabilities | (331) | 2,674 |
| Total adjustments | 14,485 | 12,097 |
| Net cash provided by operating activities | 35,384 | 33,145 |
| Cash flows provided by (used for) investing activities: | | |
| Additions to property, plant and equipment | (14,259) | (16,213) |
| Additions to held for sale NAND property, plant and equipment | (194) | — |
| Acquisitions, net of cash acquired | (837) | (1,958) |
| Purchases of available-for-sale debt investments | (6,862) | (2,268) |
| Maturities and sales of available-for-sale debt investments | 6,781 | 4,226 |
| Purchases of trading assets | (22,377) | (9,162) |
| Maturities and sales of trading assets | 15,377 | 7,178 |
| Purchases of equity investments | (720) | (522) |
| Sales of equity investments | 910 | 2,688 |
| Proceeds from divestitures | 123 | 911 |
| Other investing | 1,262 | 715 |
| Net cash used for investing activities | (20,796) | (14,405) |
| Cash flows provided by (used for) financing activities: | | |
| Issuance of long-term debt, net of issuance costs | 10,247 | 3,392 |
| Repayment of debt and debt conversion | (4,525) | (2,627) |
| Proceeds from sales of common stock through employee equity incentive plans | 897 | 750 |
| Repurchase of common stock | (14,229) | (13,576) |
| Payment of dividends to stockholders | (5,568) | (5,576) |
| Other financing | 261 | 72 |
| Net cash provided by (used for) financing activities | (12,917) | (17,565) |
| Net increase (decrease) in cash and cash equivalents | 1,671 | 1,175 |
| Cash and cash equivalents, end of period | \$ 5,865 | \$ 4,194 |

Intel Corporation
Supplemental Operating Segment Results

| (In Millions) | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|------------------|---------------------|------------------|
| | Dec 26, 2020 | Dec 28, 2019 | Dec 26, 2020 | Dec 28, 2019 |
| Net revenue | | | | |
| Data Center Group | | | | |
| Platform | \$ 5,297 | \$ 6,587 | \$ 23,056 | \$ 21,441 |
| Adjacency | 791 | 626 | 3,047 | 2,040 |
| | 6,088 | 7,213 | 26,103 | 23,481 |
| Internet of Things | | | | |
| IOTG | 777 | 920 | 3,007 | 3,821 |
| Mobileye | 333 | 240 | 967 | 879 |
| | 1,110 | 1,160 | 3,974 | 4,700 |
| Non-Volatile Memory Solutions Group | 1,208 | 1,217 | 5,358 | 4,362 |
| Programmable Solutions Group | 422 | 505 | 1,853 | 1,987 |
| Client Computing Group | | | | |
| Platform | 9,939 | 8,553 | 35,642 | 32,681 |
| Adjacency | 1,000 | 1,457 | 4,415 | 4,465 |
| | 10,939 | 10,010 | 40,057 | 37,146 |
| All other | 211 | 104 | 522 | 289 |
| Total net revenue | \$ 19,978 | \$ 20,209 | \$ 77,867 | \$ 71,965 |
| Operating income (loss) | | | | |
| Data Center Group | \$ 2,077 | \$ 3,471 | \$ 10,571 | \$ 10,227 |
| Internet of Things | | | | |
| IOTG | 123 | 243 | 497 | 1,097 |
| Mobileye | 110 | 57 | 241 | 245 |
| | 233 | 300 | 738 | 1,342 |
| Non-Volatile Memory Solutions Group | 76 | (96) | 361 | (1,176) |
| Programmable Solutions Group | 43 | 85 | 260 | 318 |
| Client Computing Group | 4,508 | 4,088 | 15,129 | 15,202 |
| All other | (1,053) | (1,051) | (3,381) | (3,878) |
| Total operating income | \$ 5,884 | \$ 6,797 | \$ 23,678 | \$ 22,035 |

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, based on Intel® architecture. 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 service providers, enterprise and government, and communications service providers market segments.
- IOTG includes high-performance compute solutions for targeted verticals and embedded applications in market segments such as retail, industrial, healthcare, 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 and graphics.

Beginning with the first quarter of 2021, we expect our DCG operating segment to include the results of our Intel Optane memory business, and our NSG segment will be composed of our NAND memory business.

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

We have an "all other" category that includes revenue, expenses, and charges such as:

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

| | Q4 2020 compared to Q3 2020 | Q4 2020 compared to Q4 2019 | YTD 2020 compared to YTD 2019 |
|--|-----------------------------------|-----------------------------------|-------------------------------------|
| Data Center Group | | | |
| Platform volumes | 1% | (9)% | 11% |
| Platform average selling prices | 2% | (12)% | (3)% |
| Adjacency revenue | 5% | 26% | 49% |
| Client Computing Group | | | |
| Desktop platform volumes | 25% | (7)% | (11)% |
| Desktop platform average selling prices | (2)% | 1% | 2% |
| Notebook platform volumes | 22% | 54% | 28% |
| Notebook platform average selling prices | (9)% | (15)% | (6)% |
| Adjacency revenue | (8)% | (31)% | (1)% |

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 our operating performance, enable comparison of financial trends and results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business and measuring our performance.

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

| Non-GAAP adjustment or measure | Definition | Usefulness to management and investors |
|--|---|--|
| NAND memory business | Our NAND memory business is subject to a pending sale to SK hynix, as announced in October 2020. | We exclude the impact of our NAND memory business in certain non-GAAP measures related to outlook because these adjustments facilitate a useful evaluation of our core operational performance as viewed by management. |
| 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. 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. |
| Gains (losses) from divestiture | Gains or losses are recognized at the close of a divestiture. | We exclude gains or losses resulting from divestitures for purposes of calculating certain non-GAAP measures because they do not reflect our current operating performance. These adjustments facilitate a useful evaluation of our current operating performance and comparisons to past operating results. |
| 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. We excluded additions to held for sale NAND property, plant and equipment because the additions are not representative of our long-term capital requirements and we expect these assets to be sold. |

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 U.S. GAAP financial measure. 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 reconciliations from U.S. 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 U.S. 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.

| (In Millions, Except Per Share Amounts) | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|------------------|---------------------|------------------|
| | Dec 26, 2020 | Dec 28, 2019 | Dec 26, 2020 | Dec 28, 2019 |
| GAAP gross margin | \$ 11,348 | \$ 11,878 | \$ 43,612 | \$ 42,140 |
| Acquisition-related adjustments | 310 | 268 | 1,211 | 1,124 |
| Non-GAAP gross margin | <u>\$ 11,658</u> | <u>\$ 12,146</u> | <u>\$ 44,823</u> | <u>\$ 43,264</u> |
| GAAP gross margin percentage | 56.8 % | 58.8 % | 56.0 % | 58.6 % |
| Acquisition-related adjustments | 1.6 % | 1.3 % | 1.6 % | 1.6 % |
| Non-GAAP gross margin percentage | <u>58.4 %</u> | <u>60.1 %</u> | <u>57.6 %</u> | <u>60.1 %</u> |
| GAAP R&D and MG&A | \$ 5,412 | \$ 4,976 | \$ 19,736 | \$ 19,712 |
| Acquisition-related adjustments | (53) | (50) | (205) | (200) |
| Non-GAAP R&D and MG&A | <u>\$ 5,359</u> | <u>\$ 4,926</u> | <u>\$ 19,531</u> | <u>\$ 19,512</u> |
| GAAP operating income | \$ 5,884 | \$ 6,797 | \$ 23,678 | \$ 22,035 |
| Acquisition-related adjustments | 363 | 318 | 1,416 | 1,324 |
| Restructuring and other charges | 52 | 105 | 198 | 393 |
| Non-GAAP operating income | <u>\$ 6,299</u> | <u>\$ 7,220</u> | <u>\$ 25,292</u> | <u>\$ 23,752</u> |
| GAAP operating margin | 29.5 % | 33.6 % | 30.4 % | 30.6 % |
| Acquisition-related adjustments | 1.8 % | 1.6 % | 1.8 % | 1.8 % |
| Restructuring and other charges | 0.3 % | 0.5 % | 0.3 % | 0.5 % |
| Non-GAAP operating margin | <u>31.5 %</u> | <u>35.7 %</u> | <u>32.5 %</u> | <u>33.0 %</u> |
| GAAP tax rate | 21.8 % | 14.4 % | 16.7 % | 12.5 % |
| Income tax effects | (0.3)% | (0.8)% | (0.3)% | (0.3)% |
| Non-GAAP tax rate | <u>21.5 %</u> | <u>13.6 %</u> | <u>16.4 %</u> | <u>12.2 %</u> |
| GAAP net income | \$ 5,857 | \$ 6,905 | \$ 20,899 | \$ 21,048 |
| Acquisition-related adjustments | 363 | 318 | 1,416 | 1,324 |
| Restructuring and other charges | 52 | 105 | 198 | 393 |
| (Gains) losses from divestiture | — | (690) | (6) | (690) |
| Ongoing mark-to-market on marketable equity securities | 48 | (89) | 133 | (277) |
| Income tax effects | (75) | 114 | (209) | (14) |
| Non-GAAP net income | <u>\$ 6,245</u> | <u>\$ 6,663</u> | <u>\$ 22,431</u> | <u>\$ 21,784</u> |
| GAAP earnings per share—diluted | \$ 1.42 | \$ 1.58 | \$ 4.94 | \$ 4.71 |
| Acquisition-related adjustments | 0.09 | 0.07 | 0.33 | 0.29 |
| Restructuring and other charges | 0.02 | 0.02 | 0.05 | 0.09 |
| (Gains) losses from divestiture | — | (0.16) | — | (0.16) |
| Ongoing mark-to-market on marketable equity securities | 0.01 | (0.02) | 0.03 | (0.06) |
| Income tax effects | (0.02) | 0.03 | (0.05) | — |
| Non-GAAP earnings per share—diluted | <u>\$ 1.52</u> | <u>\$ 1.52</u> | <u>\$ 5.30</u> | <u>\$ 4.87</u> |

| (In Millions) | Twelve Months Ended | |
|--|---------------------|-----------------|
| | Dec 26, 2020 | |
| GAAP cash from operations | \$ | 35,384 |
| Additions to property, plant and equipment | | (14,259) |
| Free cash flow | \$ | 21,125 |
| GAAP cash used for investing activities | \$ | (20,796) |
| GAAP cash provided by (used for) financing activities | \$ | (12,917) |

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 U.S. GAAP financial measure. 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 outlook prepared in accordance with U.S. 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 U.S. 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.

| | <u>Q1 2021 Outlook</u> | |
|--|------------------------|-------------|
| | Approximately | |
| GAAP net revenue | \$ | 18.6 |
| NAND memory business | | (1.1) |
| Non-GAAP net revenue | \$ | 17.5 |
| GAAP operating margin | | 27 % |
| Acquisition-related adjustments | | 2 % |
| Restructuring and other charges | | — % |
| Income tax effects | | 2 % |
| NAND memory business | | (1)% |
| Non-GAAP operating margin | | 30 % |
| GAAP earnings per share—diluted | \$ | 1.03 |
| Acquisition-related adjustments | | 0.09 |
| Restructuring and other charges | | 0.01 |
| Income tax effects | | (0.01) |
| NAND memory business | | (0.02) |
| Non-GAAP earnings per share—diluted | \$ | 1.10 |