

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 (Date of earliest event reported): October 27, 2022



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,
(Address of principal executive offices)

Santa Clara,

California

95054-1549
(Zip Code)

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

Not Applicable
(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:

Title of each class
Common stock, \$0.001 par value

Trading Symbol(s)
INTC

Name of each exchange on which registered
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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 October 27, 2022, Intel Corporation ("Intel") issued a press release announcing the financial results of its third quarter ended October 1, 2022 and forward-looking statements relating to its fourth quarter and full year 2022. 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 third quarter of 2022. 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:

Exhibit Number	Description
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99.1	Press Release issued by Intel entitled "Intel Reports Third-Quarter 2022 Financial Results" dated October 27, 2022
104	Cover Page Interactive Data File, formatted in Inline XBRL and included as Exhibit 101.

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



News Release

Intel Reports Third-Quarter 2022 Financial Results

NEWS SUMMARY

- Third-quarter GAAP revenue of \$15.3 billion, down 20% year over year (YoY), and non-GAAP revenue of \$15.3 billion, down 15% YoY.
- Third-quarter results include GAAP restructuring charges of \$664 million, reflecting initial cost reduction actions.
- The company is focused on driving \$3 billion in cost reductions in 2023, growing to \$8 billion to \$10 billion in annualized cost reductions and efficiency gains by the end of 2025.
- Third-quarter GAAP earnings per share (EPS) was \$0.25; non-GAAP EPS was \$0.59.
- Listed Mobileye on the Nasdaq Stock Exchange this week.
- Revising full-year revenue guidance to \$63 billion to \$64 billion, reflecting continued macroeconomic headwinds.

SANTA CLARA, Calif., October 27, 2022 – Intel Corporation today reported third-quarter 2022 financial results.

“Despite the worsening economic conditions, we delivered solid results and made significant progress with our product and process execution during the quarter,” said Pat Gelsinger, Intel CEO. “To position ourselves for this business cycle, we are aggressively addressing costs and driving efficiencies across the business to accelerate our IDM 2.0 flywheel for the digital future.”

“As we usher in the next phase of IDM 2.0, we are focused on embracing an internal foundry model to allow our manufacturing group and business units to be more agile, make better decisions and establish a leadership cost structure,” said David Zinsner, Intel CFO. “We remain committed to the strategy and long-term financial model communicated at our Investor Meeting.”

Q3 2022 Financial Highlights

	GAAP			Non-GAAP		
	Q3 2022	Q3 2021	vs. Q3 2021	Q3 2022	Q3 2021	vs. Q3 2021
Revenue (\$B)	\$15.3	\$19.2	down 20%	\$15.3 [^]	\$18.1	down 15%
Gross Margin	42.6%	56.0%	down 13.4 ppts	45.9%	58.3%	down 12.4 ppts
R&D and MG&A (\$B)	\$6.0	\$5.5	up 10%	\$5.4	\$4.8	up 12%
Operating Margin	(1.1)%	27.2%	down 28.4 ppts	10.8%	31.8%	down 21 ppts
Tax Rate	642.0%	0.5%	n/m ¹	(38.7)%	(4.2)%	n/m ¹
Net Income (\$B)	\$1.0	\$6.8	down 85%	\$2.4	\$5.9	down 59%
Earnings Per Share	\$0.25	\$1.67	down 85%	\$0.59	\$1.45	down 59%

¹ Not meaningful.

In the third quarter, the company generated \$1.0 billion in cash from operations and paid dividends of \$1.5 billion.

Note: 2021 non-GAAP results excludes the NAND memory business. Intel completed the first closing of the divestiture on Dec. 29, 2021. Full reconciliations between GAAP and non-GAAP measures are provided below.

[^] No adjustment on a non-GAAP basis.

Business Unit Summary

Intel previously announced several organizational changes to accelerate its execution and innovation by allowing it to capture growth in both large traditional markets and high-growth emerging markets. This includes the reorganization of Intel's business units to capture this growth and provide increased transparency, focus and accountability. As a result, the company modified its segment reporting in the first quarter of 2022 to align to the previously announced business reorganization. All prior-period segment data has been retrospectively adjusted to reflect the way the company internally manages and monitors operating segment performance starting in fiscal year 2022.

Key Business Unit Revenue and Trends	Q3 2022	vs. Q3 2021
Client Computing Group (CCG)	\$8.1 billion	down 17%
Datacenter and AI Group (DCAI)	\$4.2 billion	down 27%
Network and Edge Group (NEX)	\$2.3 billion	up 14%
Accelerated Computing Systems and Graphics Group (AXG)	\$185 million	up 8%
Mobileye	\$450 million	up 38%
Intel Foundry Services (IFS)	\$171 million	down 2%

Business Highlights

- Intel continues to make progress with its goal of achieving five nodes in four years. Intel 4 is progressing towards high-volume-manufacturing, and the company expects to tape out a production stepping of Meteor Lake in the fourth quarter, the final step in taking the 14th Gen Intel® Core® processors from the design phase to early production in silicon. Intel 3 continues to progress on schedule. On Intel 20A and Intel 18A, Intel's first internal test chips and those of a major potential foundry customer have taped out with products undergoing fabrication.
- In the third quarter, CCG launched the 13th Gen Intel® Core™ processors, which offer the world's fastest desktop processor and optimized gaming, content creation and productivity. CCG also introduced Intel® Unison™ to deliver best-in-industry multidevice user experiences.
- DCAI shipped its 4th Gen Intel® Xeon™ Scalable processor high-volume SKUs. In addition, Google Introduced its C3 machine series powered by Intel's 4th Gen Intel® Xeon™ Scalable processor and Google's custom Intel® Infrastructure Processing Unit E3200.
- NEX introduced its 12th Gen Intel® Core™ processors optimized for IoT applications, designed for use cases across retail, banking, hospitality, education, industrial manufacturing and healthcare.
- AXG launched the Intel® Data Center GPU Flex Series, giving customers a single GPU solution for a wide range of visual cloud workloads, and the Intel® Arc™ A770 and A750 desktop GPUs, bringing much-needed GPU pricing and performance balance to gamers around the world.
- This week Mobileye went public on the Nasdaq Stock Exchange, which Intel believes will unlock value for Intel's stockholders.
- IFS announced that NVIDIA has committed to joining the U.S. Department of Defense's (DOD) RAMP-C program, led by Intel, which enables both commercial foundry customers and the DOD to take advantage of Intel's at-scale investments in leading-edge technologies. In addition, since the second quarter, IFS has expanded engagements to seven of the 10 largest foundry customers, coupled with consistent pipeline growth to include 35 customer test chips.

During the quarter, Intel introduced the Semiconductor Co-Investment Program (SCIP), a new funding model for the capital-intensive semiconductor industry. As part of SCIP, Intel signed a definitive agreement with Brookfield Asset Management, one of the largest global alternative asset managers, under which the companies will jointly invest up to \$30 billion in Intel's manufacturing expansion at its Ocotillo campus in Chandler, Arizona. The company also made progress toward creating a geographically balanced, secure and resilient semiconductor supply chain as it broke ground on two of the world's most advanced chipmaking facilities in Ohio. This site is intended to power a new generation of innovative products from Intel and serve the needs of foundry customers as part of the company's IDM 2.0 strategy.

As Intel embarks on its next phase of IDM 2.0, it is embracing a foundry mindset and model for its IFS customers and Intel product lines. To drive this, Intel created the IDM 2.0 Acceleration Office (IAO) led by Stuart Pann, chief business transformation officer. The IAO will be responsible for fully operationalizing Intel's IDM 2.0 model and for developing and implementing the systems and processes to support the company's internal requirements and external foundry customer commitments. This is intended to allow Intel to identify and address structural inefficiencies that exist in its current model, achieve more transparency on its financial execution, better measure itself against other foundries and drive to best-in-class foundry performance.

Business Outlook

Intel's guidance for the fourth quarter and full year includes both GAAP and non-GAAP estimates. Reconciliations between GAAP and non-GAAP financial measures are included below.

Q4 2022	GAAP	Non-GAAP
Revenue	Approximately \$14-15 billion	Approximately \$14-15 billion [^]
Gross Margin	41.4%	45.0%
Tax rate	40%	14%
Earnings (loss) per share	\$(0.10)	\$0.20
Full-Year 2022	GAAP	Non-GAAP
Revenue	Approximately \$63-64 billion	Approximately \$63-64 billion [^]
Gross Margin	43.1%	47.5%
Tax rate	(5)%	2%
Earnings per share	\$2.00	\$1.95
Full-year net capital spending	\$25 billion	\$21 billion
Adjusted free cash flow	N/A	(\$2-4 billion)

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 p.m. PDT today to discuss the results for its third quarter of 2022. The live public webcast can be accessed on Intel's Investor Relations website at www.intc.com. The Q3'22 earnings presentation and webcast replay will also be available on the site.

[^] 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 "accelerate," "achieve," "adjust," "allow," "anticipates," "believes," "committed," "continues," "could," "deliver," "drive," "estimates," "expand," "expects," "focus," "forecast," "future," "goals," "grow," "guidance," "improve," "increasing," "manage," "may," "on-track," "opportunity," "outlook," "plan," "positioned," "potential," "progress," "ramp," "refocus," "regain," "sharpen," "should," "support," "will," "would," 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 Intel's strategy and its anticipated benefits, including our February 2022 Investor Day financial model, Smart Capital strategy, the Semiconductor Co-Investment Program, our partnership with Brookfield Asset Management (Brookfield), the transition to an internal foundry model, and updates to our reporting structure; manufacturing expansion, financing, and investment plans, including the impacts of plans such as our announced investments in the U.S. and abroad; plans, customers, and goals related to Intel's foundry business; projected costs and yield trends; supply expectations, including regarding industry shortages, constraints, limitations, pricing and sufficiency of future supply; pending transactions, including the pending acquisition of Tower Semiconductor Ltd., the sale of our NAND memory business, the close of our transactions with Brookfield, and the wind-down of our Intel® Optane™ memory business; the initial public offering of Mobileye; expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives; total addressable market (TAM) and market opportunity; business plans and financial expectations; future macroeconomic and geopolitical conditions, including regional or global downturns or recessions; future legislation, including any expectations regarding anticipated financial and other benefits or incentives thereunder; tax- and accounting-related expectations; future responses to and effects of the COVID-19 pandemic, including manufacturing, transportation, and operational restrictions or disruptions, such as port shutdowns in China; future products, technology, and services, and the expected regulation, availability, production, and benefits of such products, technology, and services, including product ramps, manufacturing goals, plans, timelines, and future progress, future process nodes and technologies including Intel 20A, RibbonFET, and PowerVia, process performance parity and leadership expectations, future product architectures, Alder Lake, Meteor Lake, Raptor Lake, Sapphire Rapids, Granite Rapids, Sierra Forest, and future GPU and IPU products; future business, social, and environmental performance, goals, measures, and strategies; expectations regarding customers, including with respect to designs, wins, orders, and partnerships; projections regarding competitors; and anticipated trends in our businesses or the markets relevant to them, including with respect to future demand and industry growth, 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. Unless specifically indicated otherwise, the forward-looking statements in this release do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that have not been completed as of the date of this release. 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.

- 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 or forecasts 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, including as a result of ongoing industry shortages of components and substrates; suppliers extending lead times, experiencing capacity constraints, limiting or canceling supply, allocating supply to other customers including competitors, delaying or canceling deliveries or increasing prices, or other supply chain issues; product manufacturing quality/yields; and changes in capital requirements and investment
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plans. 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, regulatory, 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, inflation, interest rate risks, sanctions and tariffs, political disputes, changes in government grants and incentives, and continuing uncertainty regarding social, political, immigration, and tax and trade policies in the U.S. and abroad. 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, including changes or uncertainty related to the U.S. government entity list and changes in the ability to obtain export licenses, which can be changed without prior notice. For example, in response to Russia's war with Ukraine, numerous countries and organizations have imposed financial and other sanctions and export controls against Russia and Belarus, while businesses, including the Company, have limited or suspended Russian operations. Russia has likewise imposed currency restrictions and regulations and may further take retaliatory trade or other actions, including the nationalization of foreign businesses.
 - The COVID-19 pandemic has previously 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, including manufacturing, transportation, and operational restrictions or disruptions, such as the Shanghai port shutdowns. 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. 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 and could again be materially harmed in the future. The pandemic could lead to increased disruption and volatility in capital markets and credit markets, which could adversely affect our liquidity and capital resources. The degree to which COVID-19 impacts our results will depend on future developments, which are highly uncertain. The impact of the pandemic can also exacerbate other risks discussed in this section.
 - 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, such as our intention to become a major provider of foundry services, and we face new sources of competition and uncertain market demand or acceptance of our offerings with respect to these new areas and products, and they do not always grow as projected.
 - 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 changes in interpretations of TCJA and other laws, such as the Inflation Reduction Act of 2022; 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.
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- 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.
- Cybersecurity incidents, whether or not successful, can affect Intel's results by causing us to incur significant costs or disrupting our operations or those of our customers and suppliers, and can result in reputational harm.
- Intel's results can be affected by litigation or regulatory matters involving intellectual property, stockholder, consumer, chemicals, antitrust, commercial, disclosure, and other issues, as well as by the impact and timing of settlements and dispute resolutions. For example, in the first quarter of 2022, the General Court in the European Commission (EC) competition matter annulled the EC's findings against Intel regarding rebates, as well as the fine previously imposed on and paid by Intel. \$1.2 billion was returned to Intel in February 2022, and the EC has appealed this decision to the Court of Justice.
- Intel's results can be affected by the impact and timing of closing of acquisitions, divestitures, and other significant transactions, such as the pending acquisition of Tower Semiconductor Inc., our transactions with Brookfield, and the initial public offering of Mobileye. 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) 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 Condensed Statements of Income and Other Information

(In Millions, Except Per Share Amounts; unaudited)	Three Months Ended	
	Oct 1, 2022	Sep 25, 2021
Net revenue	\$ 15,338	\$ 19,192
Cost of sales	8,803	8,446
Gross margin	6,535	10,746
Research and development	4,302	3,803
Marketing, general and administrative	1,744	1,674
Restructuring and other charges	664	42
Operating expenses	6,710	5,519
Operating income (loss)	(175)	5,227
Gains (losses) on equity investments, net	(151)	1,707
Interest and other, net	138	(76)
Income (loss) before taxes	(188)	6,858
Provision for (benefit from) taxes	(1,207)	35
Net income	\$ 1,019	\$ 6,823
Earnings per share—basic	\$ 0.25	\$ 1.68
Earnings per share—diluted	\$ 0.25	\$ 1.67
Weighted average shares of common stock outstanding:		
Basic	4,118	4,061
Diluted	4,125	4,086

(In Millions)	Three Months Ended	
	Oct 1, 2022	Sep 25, 2021
Earnings per share of common stock information:		
Weighted average shares of common stock outstanding—basic	4,118	4,061
Dilutive effect of employee equity incentive plans	7	25
Weighted average shares of common stock outstanding—diluted	4,125	4,086
Other information:		
Employees (in thousands)	131.5	117.2

Intel Corporation
Consolidated Condensed Balance Sheets

(In Millions; Unaudited)	Oct 1, 2022	Dec 25, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,529	\$ 4,827
Short-term investments	18,030	24,426
Accounts receivable	7,469	9,457
Inventories		
Raw materials	1,635	1,441
Work in process	7,030	6,656
Finished goods	4,166	2,679
	<u>12,831</u>	<u>10,776</u>
Assets held for sale	56	6,942
Other current assets	6,348	2,130
Total current assets	49,263	58,558
Property, plant and equipment, net	75,763	63,245
Equity investments	5,822	6,298
Goodwill	27,591	26,963
Identified intangible assets, net	6,268	7,270
Other long-term assets	10,134	6,072
Total assets	\$ 174,841	\$ 168,406
Liabilities		
Current liabilities:		
Short-term debt	\$ 2,283	\$ 4,591
Accounts payable	7,133	5,747
Accrued compensation and benefits	3,421	4,535
Other accrued liabilities	14,976	12,589
Total current liabilities	27,813	27,462
Debt	37,240	33,510
Income taxes payable	3,782	4,305
Deferred income taxes	361	2,667
Other long-term liabilities	5,760	5,071
Stockholders' equity		
Common stock and capital in excess of par value, 4,127 issued and outstanding (4,070 issued and outstanding as of December 25, 2021)	30,912	28,006
Accumulated other comprehensive income (loss)	(2,051)	(880)
Retained earnings	71,024	68,265
Total stockholders' equity	99,885	95,391
Total liabilities and stockholders' equity	\$ 174,841	\$ 168,406

Intel Corporation
Consolidated Condensed Statements of Cash Flows

(In Millions; unaudited)	Nine Months Ended	
	Oct 1, 2022	Sep 25, 2021
Cash and cash equivalents, beginning of period	\$ 4,827	\$ 5,865
Cash flows provided by (used for) operating activities:		
Net income	8,678	15,245
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	8,309	7,357
Share-based compensation	2,392	1,587
Restructuring and other charges	665	2,597
Amortization of intangibles	1,439	1,361
(Gains) losses on equity investments, net	(4,075)	(1,113)
(Gains) losses on divestitures	(1,072)	—
Changes in assets and liabilities:		
Accounts receivable	1,991	(1,618)
Inventories	(2,043)	(1,212)
Accounts payable	(485)	1,095
Accrued compensation and benefits	(1,912)	(16)
Prepaid customer supply agreements	(18)	(1,577)
Income taxes	(4,062)	(570)
Other assets and liabilities	(2,077)	917
Total adjustments	(948)	8,808
Net cash provided by operating activities	7,730	24,053
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(19,145)	(11,579)
Additions to held for sale NAND property, plant and equipment	(206)	(1,118)
Purchases of short-term investments	(31,669)	(30,326)
Maturities and sales of short-term investments	35,129	22,270
Sales of equity investments	4,880	444
Proceeds from divestitures	6,579	—
Other investing	(2,614)	766
Net cash used for investing activities	(7,046)	(19,543)
Cash flows provided by (used for) financing activities:		
Payments on finance leases	(341)	—
Issuance of long-term debt, net of issuance costs	6,103	4,974
Repayment of debt	(3,088)	(500)
Proceeds from sales of common stock through employee equity incentive plans	972	1,016
Repurchase of common stock	—	(2,415)
Payment of dividends to stockholders	(4,488)	(4,231)
Other financing	(140)	(1,349)
Net cash used for financing activities	(982)	(2,505)
Net increase (decrease) in cash and cash equivalents	(298)	2,005
Cash and cash equivalents, end of period	\$ 4,529	\$ 7,870

Intel Corporation
Supplemental Operating Segment Results

(In Millions)	Three Months Ended	
	Oct 1, 2022	Sep 25, 2021
Operating segment revenue:		
Client Computing		
Desktop	\$ 3,222	\$ 3,119
Notebook	4,410	5,944
Other	492	725
	8,124	9,788
Datacenter and AI	4,209	5,778
Network and Edge	2,266	1,986
Accelerated Computing Systems and Graphics	185	171
Mobileye	450	326
Intel Foundry Services	171	174
All other	67	1,133
Total operating segment revenue	\$ 15,472	\$ 19,356
Operating income (loss):		
Client Computing	\$ 1,655	\$ 3,592
Datacenter and AI	17	2,293
Network and Edge	75	511
Accelerated Computing Systems and Graphics	(378)	(222)
Mobileye	142	127
Intel Foundry Services	(103)	(44)
All other	(1,583)	(1,030)
Total operating income (loss)	\$ (175)	\$ 5,227
The following table presents intersegment revenue before eliminations:		
Total operating segment revenue	\$ 15,472	\$ 19,356
Less: Accelerated Computing Systems and Graphics intersegment revenue	(134)	(164)
Total net revenue	\$ 15,338	\$ 19,192

We derive a substantial majority of our revenue from our principal products that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone System on Chip (SoC), or a multichip package, which is based on Intel's architecture.

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

- CCG includes products designed for end-user form factors, focusing on higher growth segments of 2-in-1, thin-and-light, commercial and gaming, and growing other products such as connectivity and graphics.
- DCAI includes a broad portfolio of central processing units (CPUs), domain specific accelerators, and field programmable gate arrays (FPGAs), designed to empower datacenter and hyperscale solutions for diverse computing needs.
- NEX includes programmable platforms and high-performance connectivity and compute solutions designed for market segments such as cloud networking, communications networks, retail, industrial, healthcare, and vision.
- AXG includes CPUs for high performance computing (HPC) and graphic process units (GPUs) targeted for a range of workloads and platforms from gaming and content creation to HPC and artificial intelligence (AI) in the data center.
- Mobileye includes the development and deployment of advanced driver assistance systems (ADAS) and autonomous driving technologies and solutions.
- IFS is a services provider offering a combination of leading-edge packaging and process technology, world-class differentiated internal IPs (i.e.: x86, graphics, AI), broad third party ecosystem and silicon design support.

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:

- historical results of operations from divested businesses;
 - results of operations of start-up businesses that support our initiatives;
 - amounts included within restructuring and other charges;
 - employee benefits, compensation, impairment charges, and other expenses not allocated to the operating segments (beginning the first quarter of 2022, this includes all of our stock-based compensation); and
 - acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.
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Intel Corporation
Explanation of Non-GAAP Measures

In addition to disclosing financial results in accordance with US 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. These non-GAAP financial measures are used in our performance-based RSUs and our cash bonus plans.

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, as applicable. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with US GAAP, and the financial results calculated in accordance with US 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 US 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 periodic goodwill and 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 core operating performance. These adjustments facilitate a useful evaluation of our core operating performance and comparisons to past operating results and provide investors with additional means to evaluate expense trends.
Share-based compensation	Share-based compensation consists of charges related to our employee equity incentive plans.	We exclude charges related to share-based compensation for purposes of calculating certain non-GAAP measures because we believe these adjustments provide better comparability to peer company results and because these charges are not viewed by management as part of our core operating performance. We believe these adjustments provide investors with a useful view, through the eyes of management, of our core business model, how management currently evaluates core operational performance, and additional means to evaluate expense trends, including in comparison to other peer companies.
Patent settlement	A portion of the charge from our IP settlements represents a catch-up of cumulative amortization that would have been incurred for the right to use the related patents in prior periods. This charge related to prior periods is excluded from our non-GAAP results; amortization related to the right to use the patents in the current (and ongoing periods) is included.	We exclude the catch-up charge related to prior periods for purposes of calculating certain non-GAAP measures because this adjustment facilitates comparison to past operating results and provides a useful evaluation of our current operating performance.

Non-GAAP adjustment or measure	Definition	Usefulness to management and investors
Optane inventory impairment	In Q2 2022, we initiated the winding down of our Intel Optane memory business.	We exclude these impairments for purposes of calculating certain non-GAAP measures because these charges do not reflect our current operating performance. This adjustment facilitates a useful evaluation of our current operating performance and comparisons to past operating results.
Gains (losses) from divestiture	Gains or losses are recognized at the close of a divestiture, or over a specified deferral period when deferred consideration is received at the time of closing. Based on our ongoing obligation under the NAND wafer manufacturing and sale agreement entered into in connection with the first closing of the sale of our NAND memory business on December 29, 2021, a portion of the initial closing consideration was deferred and will be recognized between first and second closing.	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.
(Gains) losses on equity investments, net	(Gains) losses on equity investments, net consists of ongoing mark-to-market adjustments on marketable equity securities, observable price adjustments on non-marketable equity securities, related impairment charges, and the sale of equity investments and other.	We exclude these non-operating gains and losses for better comparability between periods. The exclusion reflects how management evaluates the core operations of the business.
NAND memory business	We completed the first closing of the divestiture of our NAND memory business to SK hynix on December 29, 2021 and fully deconsolidated our ongoing interests in the NAND OpCo Business in the first quarter of 2022.	We exclude the impact of our NAND memory business in certain non-GAAP measures. While the second closing of the sale is still pending and subject to closing conditions, we deconsolidated this business in Q1 2022 and management does not view the historical results of the business as a part of our core operations. We believe these adjustments provide investors with a useful view, through the eyes of management, of our core business model and how management currently evaluates core operational performance. In making these adjustments, we have not made any changes to our methods for measuring and calculating revenue or other financial statement amounts.
Tax Reform	Adjustments for Tax Reform reflect the impact of a change in tax law from 2017 Tax Reform related to the capitalization of R&D costs.	We exclude the impacts of this 2022 change in U.S. tax treatment of R&D costs for purposes of calculating certain non-GAAP measures as we believe these adjustments facilitate a better evaluation of our current operating performance and comparison to past operating results.
Adjusted free cash flow	We reference a non-GAAP financial measure of adjusted free cash flow, which is used by management when assessing our sources of liquidity, capital resources, and quality of earnings. Adjusted free cash flow is operating cash flow adjusted for 1) additions to property, plant and equipment, net of proceeds from capital grants and partner contributions, 2) payments on finance leases, and 3) proceeds from the McAfee equity sale.	This non-GAAP financial measure is helpful in understanding our capital requirements and sources of liquidity by providing an additional means to evaluate the cash flow trends of our business. Since the 2017 divestiture, McAfee equity distributions and sales have contributed to operating and free cash flow, and while the McAfee equity sale in Q1 2022 would typically be excluded from adjusted free cash flow as an equity sale, we believe including the sale proceeds in adjusted free cash flow facilitate a better, more consistent comparison to past presentations of liquidity.

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	
	Oct 1, 2022	Sep 25, 2021
GAAP net revenue	\$ 15,338	\$ 19,192
NAND memory business	—	(1,105)
Non-GAAP net revenue	\$ 15,338	\$ 18,087
GAAP gross margin	\$ 6,535	\$ 10,746
Acquisition-related adjustments	330	322
Share-based compensation	172	92
NAND memory business	—	(616)
Non-GAAP gross margin	\$ 7,037	\$ 10,544
GAAP gross margin percentage	42.6 %	56.0 %
Acquisition-related adjustments	2.2 %	1.7 %
Share-based compensation	1.1 %	0.5 %
NAND memory business	— %	0.1 %
Non-GAAP gross margin percentage¹	45.9 %	58.3 %
GAAP R&D and MG&A	\$ 6,046	\$ 5,477
Acquisition-related adjustments	(43)	(53)
Share-based compensation	(621)	(450)
NAND memory business	—	(174)
Non-GAAP R&D and MG&A	\$ 5,382	\$ 4,800
GAAP operating income (loss)	\$ (175)	\$ 5,227
Acquisition-related adjustments	373	375
Restructuring and other charges	664	42
Share-based compensation	793	542
NAND memory business	—	(442)
Non-GAAP operating income	\$ 1,655	\$ 5,744
GAAP operating margin	(1.1)%	27.2 %
Acquisition-related adjustments	2.4 %	2.0 %
Restructuring and other charges	4.3 %	0.2 %
Share-based compensation	5.2 %	2.8 %
NAND memory business	— %	(0.6)%
Non-GAAP operating margin¹	10.8 %	31.8 %
¹ Our reconciliations of GAAP to non-GAAP prior year gross margin and operating margin percentage reflect the exclusion of our NAND memory business from net revenue.		
GAAP tax rate	642.0 %	0.5 %
Tax Reform	(290.9)%	— %
Income tax effects	(389.8)%	(4.7)%
Non-GAAP tax rate	(38.7)%	(4.2)%

(In Millions, Except Per Share Amounts)	Three Months Ended	
	Oct 1, 2022	Sep 25, 2021
GAAP net income (loss)	\$ 1,019	\$ 6,823
Acquisition-related adjustments	373	375
Restructuring and other charges	664	42
Share-based compensation	793	542
(Gains) losses from divestiture	(39)	—
(Gains) losses on equity investments, net	151	(1,707)
NAND memory business	—	(442)
Tax Reform	(226)	—
Income tax effects	(303)	275
Non-GAAP net income	\$ 2,432	\$ 5,908
GAAP earnings (loss) per share—diluted	\$ 0.25	\$ 1.67
Acquisition-related adjustments	0.09	0.09
Restructuring and other charges	0.16	0.01
Share-based compensation	0.19	0.13
(Gains) losses from divestiture	(0.01)	—
(Gains) losses on equity investments, net	0.03	(0.42)
NAND memory business	—	(0.10)
Tax Reform	(0.05)	—
Income tax effects	(0.07)	0.07
Non-GAAP earnings per share—diluted	\$ 0.59	\$ 1.45

(In Millions)	Three Months Ended	
	Oct 1, 2022	
GAAP cash from operations	\$ 1,030	
Net additions to property, plant and equipment ¹		(7,296)
Payments on finance leases		(42)
Adjusted free cash flow	\$ (6,308)	
GAAP cash provided by investing activities	\$ (4,574)	
GAAP cash used for financing activities	\$ 3,683	

¹ The calculation of adjusted free cash flow includes additions to property, plant and equipment net of proceeds from capital grants.

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.

	Q4 2022 Outlook Approximately	Full-Year 2022 Approximately
GAAP gross margin	41.4 %	43.1 %
Acquisition-related adjustments	2.3 %	2.1 %
Share-based compensation	1.3 %	1.1 %
Patent settlement	— %	0.3 %
Optane inventory impairment	— %	0.9 %
Non-GAAP gross margin	45.0 %	47.5 %
GAAP tax rate	40 %	(5)%
Tax reform	(7)%	9 %
Income tax effects	(19)%	(2)%
Non-GAAP tax rate	14 %	2 %
GAAP earnings (loss) per share—diluted	\$ (0.10)	\$ 2.00
Acquisition-related adjustments	0.10	0.37
Restructuring and other charges	0.12	0.01
Share-based compensation	0.20	0.78
Patent settlement	—	0.05
Optane inventory impairment	—	0.14
(Gains) losses from divestiture	(0.01)	(0.29)
(Gains) losses on equity investments, net	(0.01)	(0.99)
Tax Reform	(0.03)	(0.17)
Income tax effects	(0.07)	0.05
Non-GAAP earnings per share—diluted	\$ 0.20	\$ 1.95

Adjusted Free Cash Flow is provided on a non-GAAP basis. We are unable to provide a full reconciliation of this measure to the corresponding GAAP measure without unreasonable efforts, as the amount and timing of related adjustments on a long-term basis are subject to considerable uncertainty, depend on various factors, and could be material to our results computed in accordance with GAAP. We believe such a reconciliation would also imply a degree of precision that is inappropriate for this forward-looking measure.

(In Billions)	Full-Year 2022
GAAP cash from operations	\$ 12.8
Net additions to property, plant and equipment	(21.1)
Payments on finance leases	(0.3)
Sale of equity investment	4.6
Adjusted free cash flow	\$ (4.0)