

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): March 23, 2021



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 Blvd., Santa Clara, California

(Address of principal executive offices)

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:

- 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	Trading Symbol(s)	Name of each exchange on which registered
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 (§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 7.01 Regulation FD Disclosure.

On March 23, 2021, Intel Corporation (“Intel”) issued a press release providing an update on its manufacturing strategy, including its manufacturing expansion plans and its intention to become a major provider of foundry services, as well as updates on its 7-nanometer manufacturing process and product roadmap. This press release is furnished as Exhibit 99.1 to this report. Intel’s webcast discussing these updates will be available for replay at www.intc.com.

On March 23, 2021, Intel also issued a press release providing an update regarding its financial guidance for the first quarter of 2021 and providing full-year financial guidance for 2021. This press release is furnished as Exhibit 99.2 to this report.

Forward-Looking Statements

This report and the exhibits attached hereto contain forward-looking statements relating to Intel’s business outlook and future plans and expectations, including with respect to Intel’s strategy, internal and external manufacturing plans, manufacturing expansion and investment plans including Intel’s anticipated Arizona expansion, plans and goals related to Intel’s foundry business, future products and technology, and Intel’s planned research collaboration with IBM. Such statements involve a number of risks and uncertainties. Words such as “anticipates,” “expects,” “intends,” “goals,” “plans,” “believes,” “seeks,” “estimates,” “continues,” “may,” “will,” “would,” “should,” “could,” “strategy,” “progress,” “path,” “vision,” “course,” “formula,” “accelerate,” and “committed” and variations of such words and similar expressions are intended to identify forward-looking statements. Statements that refer to or are based on estimates, forecasts, projections, and uncertain events or assumptions also identify forward-looking statements. Such statements are based on management’s current expectations and involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Important factors that could cause actual results to differ materially from the company’s expectations include, among others, the factors set forth in the exhibits attached hereto and in Intel’s reports filed or furnished with the Securities and Exchange Commission (“SEC”), including Intel’s most recent Annual Report on Form 10-K, available at Intel’s investor relations website at www.intc.com and the SEC’s website at www.sec.gov. Intel does not undertake, and expressly disclaims any duty, to update any statement made in this report and the exhibits attached hereto, whether as a result of new information, new developments or otherwise, except to the extent that disclosure may be required by law.

The information in Item 7.01 of this report and the exhibits attached hereto 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	Description
99.1	Press release titled “Intel CEO Pat Gelsinger Announces ‘IDM 2.0’ Strategy for Manufacturing, Innovation and Product Leadership,” issued by Intel on March 23, 2021
99.2	Press release titled “Intel Provides Financial Update and Full-Year Business Outlook,” issued by Intel on March 23, 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.

Date: March 23, 2021

INTEL CORPORATION
(Registrant)

/s/ Susie Giordano

Susie Giordano
Corporate Vice President and Corporate Secretary



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

News Release

**Intel CEO Pat Gelsinger Announces 'IDM 2.0' Strategy
for Manufacturing, Innovation and Product Leadership**

*IDM 2.0 is the Powerful Combination of Intel's Internal Factory Network,
Third-party Capacity and New Intel Foundry Services*

NEWS HIGHLIGHTS

- Announcing manufacturing expansion plans; beginning with ~\$20 billion investment to build two new fabs in Arizona
- Intel 7 nanometer process development progressing well with tape in of 7nm compute tile for "Meteor Lake" expected in the second quarter of 2021
- Announcing Intel Foundry Services with plans to become a major provider of foundry capacity in the U.S. and Europe to serve customers globally
- Announcing plans for new research collaboration with IBM
- Bringing the spirit of Intel Developer Forum event back this year with Intel Innovation event planned for October in San Francisco

SANTA CLARA, Calif., March 23, 2021 – Today, Intel CEO Pat Gelsinger outlined the company's path forward to manufacture, design and deliver leadership products and create long-term value for stakeholders. During the company's global "Intel Unleashed: Engineering the Future" webcast, Gelsinger shared his vision for "IDM 2.0," a major evolution of Intel's integrated device manufacturing (IDM) model. Gelsinger announced significant manufacturing expansion plans, starting with an estimated \$20 billion investment to build two new factories (or "fabs") in Arizona. He also announced Intel's plans to become a major provider of foundry capacity in the U.S. and Europe to serve customers globally.

More News and Resources: [Engineering the Future](#)¹ (Press Kit)

"We are setting a course for a new era of innovation and product leadership at Intel," said Gelsinger. "Intel is the only company with the depth and breadth of software, silicon and platforms, packaging, and process with at-scale manufacturing customers can depend on

¹ <https://newsroom.intel.com/press-kits/engineering/>

-- more --

for their next-generation innovations. IDM 2.0 is an elegant strategy that only Intel can deliver – and it's a winning formula. We will use it to design the best products and manufacture them in the best way possible for every category we compete in.”

IDM 2.0 represents the combination of three components that will enable the company to drive sustained technology and product leadership:

1. **Intel's global, internal factory network for at-scale manufacturing** is a key competitive advantage that enables product optimization, improved economics and supply resilience. Today, Gelsinger re-affirmed the company's expectation to continue manufacturing the majority of its products internally. The company's 7nm development is progressing well, driven by increased use of extreme ultraviolet lithography (EUV) in a rearchitected, simplified process flow. Intel expects to tape in the compute tile for its first 7nm client CPU (code-named "Meteor Lake") in the second quarter of this year. In addition to process innovation, Intel's leadership in packaging technology is an important differentiator that enables the combination of multiple IPs or "tiles" to deliver uniquely tailored products that meet diverse customer requirements in a world of pervasive computing.
2. **Expanded use of third-party foundry capacity.** Intel expects to build on its existing relationships with third-party foundries, which today manufacture a range of Intel technology – from communications and connectivity to graphics and chipsets. Gelsinger said he expects Intel's engagement with third-party foundries to grow and to include manufacturing for a range of modular tiles on advanced process technologies, including products at the core of Intel's computing offerings for both client and data center segments beginning in 2023. This will provide the increased flexibility and scale needed to optimize Intel's roadmaps for cost, performance, schedule and supply, giving the company a unique competitive advantage.
3. **Building a world-class foundry business, Intel Foundry Services.** Intel announced plans to become a major provider of U.S.- and Europe-based foundry capacity to serve the incredible global demand for semiconductor manufacturing.

To deliver this vision, Intel is establishing a new standalone business unit, Intel Foundry Services (IFS), led by semiconductor industry veteran Dr. Randhir Thakur², who will report directly to Gelsinger. IFS will be differentiated from other foundry offerings with a combination of leading-edge process technology and packaging, committed capacity in the U.S. and Europe, and a world-class IP portfolio for customers, including x86 cores as well as ARM and RISC-V ecosystem IPs. Gelsinger noted that Intel's foundry plans have already received strong enthusiasm and statements of support from across the industry.

To accelerate Intel's IDM 2.0 strategy, Gelsinger announced a significant expansion of Intel's manufacturing capacity, beginning with plans for two new fabs in Arizona, located at the company's Ocotillo campus. These fabs will support the increasing requirements of Intel's current products and customers, as well as provide committed capacity for foundry customers.

This build-out represents an investment of approximately \$20 billion, which is expected to create over 3,000 permanent high-tech, high-wage jobs; over 3,000 construction jobs; and approximately 15,000 local long-term jobs. Today, Arizona Gov. Doug Ducey and U.S. Secretary of Commerce Gina Raimondo participated with Intel executives in the announcement. Gelsinger commented: "We are excited to be partnering with the state of Arizona and the Biden administration on incentives that spur this type of domestic investment." Intel expects to accelerate capital investments beyond Arizona, and Gelsinger said he plans to announce the next phase of capacity expansions in the U.S., Europe and other global locations within the year.

Intel plans to engage the technology ecosystem and industry partners to deliver on its IDM 2.0 vision. To that end, Intel and IBM today announced plans for an important research collaboration focused on creating next generation logic and packaging technologies. For more than 50 years, the two companies have shared a deep commitment to scientific research, world-class engineering and a focus on bringing advanced semiconductor technologies to market. These foundational technologies will help unleash the potential of data and advanced computation to create immense economic value.

² <https://newsroom.intel.com/biography/randhir-thakur/>

Leveraging each company's capabilities and talent in Hillsboro, Oregon, and Albany, New York, this collaboration aims to accelerate semiconductor manufacturing innovation across the ecosystem, enhance the competitiveness of the U.S. semiconductor industry and support key U.S. government initiatives.

Finally, Intel is bringing back the spirit of its popular Intel Developer Forum event this year with the launch of Intel On, a new industry event series. Gelsinger encouraged technology lovers to join him at this year's Intel Innovation event planned for October in San Francisco.

For more information and to watch a replay of today's webcast, visit the [Intel Newsroom](#)³ or Intel's [investor relations website](#)⁴.

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.

Forward-Looking Statements

Statements in this press release that refer to future plans and expectations, including with respect to Intel's strategy, internal and external manufacturing plans, manufacturing expansion and investment plans including Intel's anticipated Arizona expansion, plans and goals related to Intel's foundry business, future products and technology, and Intel's planned research collaboration with IBM, are forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipates," "expects," "intends," "goals," "plans," "believes," "seeks," "estimates," "continues," "may," "will," "would," "should," "could," "strategy," "progress," "path," "vision," "course," "formula," "accelerate," and "committed" 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, and uncertain events or assumptions, including statements relating to the benefits of Intel's strategy; the availability and benefits of future products and technology, including with respect to Intel's 7nm and future manufacturing processes, packaging technology, and 2023 products; manufacturing and design goals and progress; future internal manufacturing volumes; external foundry usage and related benefits; future manufacturing capacity including with respect to Intel's foundry business; investment returns and benefits; government incentives; the nature, timing, and benefits of Intel's manufacturing expansion, including its Arizona expansion; benefits related to Intel's foundry business; foundry service offerings, including IP offerings; benefits related to Intel's planned research collaboration with IBM; supply expectations; market opportunity; anticipated trends in Intel's businesses or the markets relevant to them; and future announcements also identify forward-looking statements.

³ <https://newsroom.intel.com>

⁴ <https://intc.com>

Such statements are based on management's current expectations and involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements. Important factors that could cause actual results to differ materially from the company's expectations include, among others, Intel's failure to realize the anticipated benefits of its strategy and plans; risks related to increased use of external foundries, including risks of increased costs, insufficient foundry capacity, and schedule delays; increases in capital requirements and changes in capital investment plans; construction delays or changes in plans due to business, economic, or other factors; risks related to Intel's foundry business plans, including risks of failure of Intel's foundry service offerings to achieve or maintain market acceptance or demand, inability to manage and allocate manufacturing capacity successfully, delays in the development of new and competitive manufacturing technologies, failure to compete successfully across factors such as technology, capacity, price, ease of use, quality, and customer satisfaction, deterioration in demand for global foundry services, actions taken by competitors, lack of ecosystem support, and the risk that Intel may not realize an adequate return on its foundry business investments; adverse impacts of strategy announcements on Intel's business and business relationships; risks that Intel's planned research collaboration with IBM may not be consummated or the anticipated benefits realized; as well as the factors set forth in Intel's earnings release dated January 21, 2021, which is included as an exhibit to Intel's Form 8-K furnished to the SEC on such date, and Intel's SEC filings, including the company's most recent report on Form 10-K. Copies of Intel's SEC filings may be obtained by visiting Intel's Investor Relations website at www.intc.com or the SEC's website at www.sec.gov. Intel does not undertake, and expressly disclaims any duty, to update any statement made in this press release, whether as a result of new information, new developments or otherwise, except to the extent that disclosure may be required by law.

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News Release

Intel Provides Financial Update and Full-year Business Outlook

Expects Full-year 2021 Non-GAAP Revenue of \$72 billion and Non-GAAP EPS of \$4.55

SANTA CLARA, Calif., March 23, 2021 — Intel Corporation today provided a financial update and full-year 2021 business outlook.

The company expects to exceed its previously communicated first-quarter 2021 non-GAAP revenue and earnings-per-share (EPS) guidance, driven by continued strong notebook demand.

For the full year, Intel expects continued strong PC demand with double-digit PC TAM percentage growth. Intel client CPU supply is also expected to be up double-digits year-over-year. However, PC revenue will be tempered by the industry-wide shortage of critical third-party components, such as substrates, which the company is working with its supply chain partners to mitigate. Intel's full-year business outlook also reflects entity list uncertainty.

"2021 is a transitional year as we accelerate Intel's trajectory, invest in our future and improve our execution," said Pat Gelsinger, Intel CEO. "We're working aggressively with our supply chain partners and leveraging our unique manufacturing capabilities to solve for industry-wide component shortages and outperform this guide. Given the incredible demand for computing, the strength of our IDM 2.0 strategy and the technology investments we're making, I'm certain Intel's best days are in front of us."

Full-Year 2021 Business Outlook

Intel's guidance for the full-year 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, as well as certain other items. Reconciliations between GAAP and non-GAAP financial measures are included below.

<u>Full-Year 2021</u>	<u>GAAP</u>	<u>Non-GAAP</u>
	Approximately	Approximately
Revenue	\$76.5 billion	\$72.0 billion
Gross margin	54.5%	56.5%
Tax rate	19%	13%
Earnings per share	\$4.00	\$4.55
Full-year capital spending	\$19.0-20.0 billion	\$19.0-20.0 billion [^]
Free cash flow	N/A	\$10.0 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.

[^] No adjustment on a non-GAAP basis

Intel Unleashed Webcast

Today, Intel CEO Pat Gelsinger outlined the company's path forward to manufacture, design and deliver leadership products and create long-term value for stakeholders. During the company's global "Intel Unleashed: Engineering the Future" webcast, Gelsinger shared his vision for 'IDM 2.0,' a major evolution of Intel's integrated device manufacturing (IDM) model. A replay and materials from today's webcast are available at www.intel.com/newsroom.

Q1 Earnings Webcast

As previously announced, 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.

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," "forecast," "guidance," "believes," "seeks," "estimates," "continues," "accelerate," "forward," "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 business, market opportunity and total addressable market (TAM), future product demand, supply expectations, component shortages and the impact of such shortages, entity list restrictions and the impact of such restrictions, future financial performance, business plans and their anticipated benefits, 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.

- 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, including as a result of ongoing industry shortages of components such as substrates; product manufacturing quality/yields; and changes in capital requirements and investment 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 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, 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.

- 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.
- 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. For example, Intel's full-year GAAP earnings per share guidance reflects the impact of a charge related to a verdict in litigation involving VLSI Technology LLC (VLSI). 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 business to SK hynix are described in our Form 10-K filed with the SEC on January 22, 2021.

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
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. The 2021 charge related to the VLSI verdict is expected to be deductible for tax purposes. 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 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 a charge related to the VLSI verdict, 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.
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 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>Full-Year 2021</u> Approximately
GAAP net revenue	\$ 76.5
NAND memory business	(4.5)
Non-GAAP net revenue	\$ 72.0
GAAP gross margin	54.5%
Acquisition-related adjustments	1.7%
NAND memory business	0.3%
Non-GAAP gross margin¹	56.5%
GAAP tax rate	19%
Income tax effects	(6)%
Non-GAAP tax rate	13%
GAAP earnings per share—diluted	\$ 4.00
Acquisition-related adjustments	0.35
Restructuring and other charges	0.57
(Gains) losses from divestiture	(0.24)
NAND memory business	(0.39)
Income tax effects	0.26
Non-GAAP earnings per share—diluted	\$ 4.55

¹ Our reconciliation of GAAP Outlook to non-GAAP Outlook gross margin percentage reflects the exclusion of our NAND memory business from net revenue.

<u>(In Billions)</u>	<u>Full-Year 2021</u>
GAAP cash from operations	\$ 29.7
Additions to property, plant and equipment	(19.7)
Free cash flow	\$ 10.0