UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 1, 2017.

Or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number 000-06217

INTEL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	94-1672743
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2200 Mission College Boulevard, Santa Clara, California	95054-1549
(Address of principal executive offices)	(Zip Code)

(408) 765-8080

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Shares outstanding of the Registrant's common stock:

Class	Outstanding as of April 1, 2017
Common stock, $0.001 par value	4,709 million

INTEL CORPORATION

FORM 10-Q

FOR THE FISCAL QUARTER ENDED APRIL 1, 2017

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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains 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,” and variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, uncertain events or assumptions, and other characterizations of future events or circumstances are forward-looking statements. Such statements are based on management's expectations as of the date of this filing and involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include those described throughout this report and our Annual Report on Form 10-K for the year ended December 31, 2016, particularly the "Risk Factors" sections of such reports. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this Form 10-Q and in other documents we file from time to time with the Securities and Exchange Commission that disclose risks and uncertainties that may affect our business. The forward-looking statements in this Form 10-Q do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that had not been completed as of April 27, 2017. In addition, the forward-looking statements in this Form 10-Q are made as of the date of this filing, and Intel does not undertake, and expressly disclaims any duty, to update such statements, whether as a result of new information, new developments or otherwise, except to the extent that disclosure may be required by law.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited)

(In Millions, Except Per Share Amounts)	Three Months Ended Apr 1, 2017	Apr 2, 2016
Net revenue	**$ 14,796**	**$ 13,702**
Cost of sales	5,649	5,572
Gross margin	**9,147**	**8,130**
Research and development	3,326	3,246
Marketing, general and administrative	2,104	2,226
Restructuring and other charges	80	—
Amortization of acquisition-related intangibles	38	90
Operating expenses	**5,548**	**5,562**
Operating income	**3,599**	**2,568**
Gains (losses) on equity investments, net	252	22
Interest and other, net	(36)	(82)
Income before taxes	**3,815**	**2,508**
Provision for taxes	851	462
Net income	**$ 2,964**	**$ 2,046**
Basic earnings per share of common stock	**$ 0.63**	**$ 0.43**
Diluted earnings per share of common stock	**$ 0.61**	**$ 0.42**
Cash dividends declared per share of common stock	**$ 0.5325**	**$ 0.5200**
Weighted average shares of common stock outstanding:		
Basic	**4,723**	**4,722**
Diluted	**4,881**	**4,875**

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months Ended	
(In Millions)	**Apr 1, 2017**	**Apr 2, 2016**
Net income	**$ 2,964**	**$ 2,046**
Changes in other comprehensive income, net of tax:		
Net unrealized holding gains (losses) on available-for-sale investments	543	291
Deferred tax asset valuation allowance	—	(1)
Net unrealized holding gains (losses) on derivatives	195	187
Net prior service (costs) credits	2	2
Actuarial valuation	16	19
Net foreign currency translation adjustment	1	2
Other comprehensive income (loss)	**757**	**500**
Total comprehensive income	**$ 3,721**	**$ 2,546**

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

(In Millions)	Apr 1, 2017	Dec 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 4,934	$ 5,560
Short-term investments	3,058	3,225
Trading assets	9,303	8,314
Accounts receivable, net	4,921	4,690
Inventories	5,801	5,553
Assets held for sale	5,138	5,210
Other current assets	2,903	2,956
Total current assets	**36,058**	**35,508**
Property, plant and equipment, net of accumulated depreciation of $55,173 ($53,934 as of December 31, 2016)	**36,911**	**36,171**
Marketable equity securities	**6,831**	**6,180**
Other long-term investments	**5,149**	**4,716**
Goodwill	**14,099**	**14,099**
Identified intangible assets, net	**9,157**	**9,494**
Other long-term assets	**7,443**	**7,159**
Total assets	**$ 115,648**	**$ 113,327**
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	$ 5,073	$ 4,634
Accounts payable	3,221	2,475
Accrued compensation and benefits	2,145	3,465
Accrued advertising	772	810
Deferred income	1,698	1,718
Liabilities held for sale	1,746	1,920
Other accrued liabilities	6,650	5,280
Total current liabilities	**21,305**	**20,302**
Long-term debt	**20,678**	**20,649**
Long-term deferred tax liabilities	**2,285**	**1,730**
Other long-term liabilities	**3,658**	**3,538**
Contingencies (Note 15)		
Temporary equity	**878**	**882**
Stockholders' equity:		
Preferred stock	—	—
Common stock and capital in excess of par value, 4,709 issued and outstanding (4,730 issued and outstanding as of December 31, 2016)	25,890	25,373
Accumulated other comprehensive income (loss)	863	106
Retained earnings	40,091	40,747
Total stockholders' equity	**66,844**	**66,226**
Total liabilities, temporary equity, and stockholders' equity	**$ 115,648**	**$ 113,327**

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

	Three Months Ended	
(In Millions)	Apr 1, 2017	Apr 2, 2016
Cash and cash equivalents, beginning of period	**$ 5,560**	**$ 15,308**
Cash flows provided by (used for) operating activities:		
Net income	2,964	2,046
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,625	1,619
Share-based compensation	397	448
Restructuring and other charges	80	—
Amortization of intangibles	321	396
(Gains) losses on equity investments, net	(250)	(22)
Deferred taxes	212	(43)
Changes in assets and liabilities:[1]		
Accounts receivable	(105)	942
Inventories	(232)	(57)
Accounts payable	188	434
Accrued compensation and benefits	(1,277)	(1,307)
Income taxes payable and receivable	427	497
Other assets and liabilities	(452)	(898)
Total adjustments	934	2,009
Net cash provided by operating activities	**3,898**	**4,055**
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(1,952)	(1,346)
Acquisitions, net of cash acquired	—	(14,569)
Purchases of available-for-sale investments	(1,746)	(2,847)
Sales of available-for-sale investments	431	2,810
Maturities of available-for-sale investments	1,508	1,359
Purchases of trading assets	(3,075)	(4,533)
Maturities and sales of trading assets	2,433	3,138
Investments in loans receivable and reverse repurchase agreements	—	(223)
Collection of loans receivable and reverse repurchase agreements	—	650
Investments in non-marketable equity investments	(422)	(182)
Purchases of licensed technology and patents	(115)	—
Other investing	160	223
Net cash used for investing activities	**(2,778)**	**(15,520)**
Cash flows provided by (used for) financing activities:		
Increase (decrease) in short-term debt, net	435	956
Proceeds from sales of common stock through employee equity incentive plans	329	343
Repurchase of common stock	(1,242)	(793)
Restricted stock unit withholdings	(70)	(63)
Payment of dividends to stockholders	(1,229)	(1,228)
Other financing	31	3
Net cash provided by (used for) financing activities	**(1,746)**	**(782)**
Net increase (decrease) in cash and cash equivalents	**(626)**	**(12,247)**
Cash and cash equivalents, end of period	**$ 4,934**	**$ 3,061**
Supplemental disclosures of noncash investing activities and cash flow information:		
Acquisition of property, plant, and equipment included in accounts payable and accrued liabilities	$ 1,448	$ 1,083
Cash paid during the period for:		
Interest, net of capitalized interest and interest rate swap payments/receipts	$ 97	$ 254
Income taxes, net of refunds	$ 171	$ (72)

[1] The impact of assets and liabilities reclassified as held for sale was not considered in the changes in assets and liabilities within cash flows from operating activities. See "Note 8: Acquisitions and Divestitures" for additional information.

See accompanying notes.

Note 1: Basis of Presentation

We prepared our interim consolidated condensed financial statements that accompany these notes in conformity with U.S. generally accepted accounting principles, consistent in all material respects with those applied in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (2016 Form 10-K).

We have a 52- or 53-week fiscal year that ends on the last Saturday in December. Our fiscal year 2017 is a 52-week year ending on December 30, 2017, while our fiscal year 2016 was a 53-week fiscal year that ended on December 31, 2016. The first quarter of fiscal year 2016 was a 14-week quarter compared to the standard 13-week quarters.

We have made estimates and judgments affecting the amounts reported in our consolidated condensed financial statements and the accompanying notes. The actual results that we experience may differ materially from our estimates. The interim financial information is unaudited, but reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This report should be read in conjunction with the consolidated financial statements in our 2016 Form 10-K.

Note 2: Recent Accounting Standards

We assess the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board on our financial statements. The table below describes impacts from newly issued standards as well as material updates to our previous assessments, if any, from our 2016 Form 10-K.

Standard/Description	Effective Date and Adoption Considerations	Effect on Financial Statements or Other Significant Matters
Compensation - Retirement Benefits - Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This amended standard was issued to provide additional guidance on the presentation of net benefit cost in the income statement and on the components eligible for capitalization in assets. The service cost component of the net periodic benefit cost will continue to be reported within operating income on the consolidated income statement. All other non-service components are required to be presented separately outside operating income and only service costs will be eligible for inventory capitalization.	Effective in the first quarter of 2018. Changes to the presentation of benefit costs are required to be adopted retrospectively while changes to the capitalization of service costs into inventories are required to be adopted prospectively. The standard permits, as a practical expedient, to use the amounts disclosed in the Retirement Benefit Plans footnote for the prior comparative periods as the estimation basis for applying the retrospective presentation requirement.	We expect the adoption of the amended standard to result in the reclassification of approximately $260 million from non-service components above the subtotal of operating income to interest and other, net, for the year ended December 31, 2016. We are continuing to assess the impacts of adoption to our 2017 financial statements.

Note 3: Operating Segments Information

We manage our business through the following operating segments:

Client Computing Group (CCG)

Includes platforms designed for notebooks, 2 in 1 systems, desktops (including all-in-ones and high-end enthusiast PCs), tablets, phones, wireless and wired connectivity products, and mobile communication components.

Data Center Group (DCG)

Includes workload-optimized platforms and related products designed for enterprise, cloud, and communication infrastructure market segments.

Internet of Things Group (IOTG)

Includes platforms designed for Internet of Things market segments, including retail, transportation, industrial, video, buildings and smart cities, along with a broad range of other market segments.

Non-Volatile Memory Solutions Group (NSG)

Includes Intel® Optane™ SSD products and NAND flash memory products primarily used in solid-state drives.

Intel Security Group (ISecG)

Includes security software products designed to deliver innovative solutions that secure computers, mobile devices, and networks around the world.

Programmable Solutions Group (PSG)

Includes programmable semiconductors primarily field-programmable gate array (FPGAs) and related products for a broad range of market segments, including communications, data center, industrial, military, and automotive.

All other

Includes results from our other non-reportable segments and corporate-related charges.

We offer platforms that incorporate various components and technologies, including a microprocessor and chipset, a stand-alone System-on-Chip, or a multichip package. A platform may be enhanced by additional hardware, software, and services offered by Intel. Platforms are used in various form factors across our CCG, DCG, and IOTG operating segments. We derive a substantial majority of our revenue from platforms, which is our principal product.

In the third quarter of 2016, we announced our planned divestiture of ISecG, which closed on April 3, 2017, subsequent to the first quarter of 2017. We intend to recast our operating segment results to reflect the divestiture of ISecG to "all other" in the second quarter of 2017. For further information, see "Note 8: Acquisitions and Divestitures."

The “all other” category includes revenue, expenses, and charges such as:

- results of operations from non-reportable segments;
- amounts included within restructuring and other charges;
- a portion of profit-dependent compensation and other expenses not allocated to the operating segments;
- divested businesses for which discrete operating results are not regularly reviewed by our Chief Operating Decision Maker (CODM), who is our Chief Executive Officer;
- results of operations of start-up businesses that support our initiatives, including our foundry business; and
- acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

The CODM does not evaluate operating segments using discrete asset information. Operating segments do not record inter-segment revenue. We do not allocate gains and losses from equity investments, interest and other income, or taxes to operating segments. Although the CODM uses operating income to evaluate the segments, operating costs included in one segment may benefit other segments. Except for these differences, the accounting policies for segment reporting are the same as for Intel as a whole.

We have allocated the remaining unallocated goodwill in "all other" from acquisitions completed in 2016 to our non-reportable operating segments.

Net revenue and operating income (loss) for each period were as follows:

	Three Months Ended	
(In Millions)	Apr 1, 2017	Apr 2, 2016
Net revenue:		
Client Computing Group		
Platform	$ 7,397	$ 7,199
Other	579	350
	7,976	**7,549**
Data Center Group		
Platform	3,879	3,707
Other	353	292
	4,232	**3,999**
Internet of Things Group		
Platform	632	571
Other	89	80
	721	**651**
Non-Volatile Memory Solutions Group	**866**	**557**
Intel Security Group	**534**	**537**
Programmable Solutions Group	**425**	**359**
All other	**42**	**50**
Total net revenue	**$ 14,796**	**$ 13,702**
Operating income (loss):		
Client Computing Group	$ 3,031	$ 1,885
Data Center Group	1,487	1,764
Internet of Things Group	105	123
Non-Volatile Memory Solutions Group	(129)	(95)
Intel Security Group	95	85
Programmable Solutions Group	92	(200)
All other	(1,082)	(994)
Total operating income	**$ 3,599**	**$ 2,568**

Note 4: Earnings Per Share

We computed basic earnings per share of common stock based on the weighted average number of shares of common stock outstanding during the period. We computed diluted earnings per share of common stock based on the weighted average number of shares of common stock outstanding plus potentially dilutive shares of common stock outstanding during the period.

	Three Months Ended	
(In Millions, Except Per Share Amounts)	Apr 1, 2017	Apr 2, 2016
Net income available to common stockholders	**$ 2,964**	**$ 2,046**
Weighted average shares of common stock outstanding—basic	**4,723**	**4,722**
Dilutive effect of employee equity incentive plans	58	66
Dilutive effect of convertible debt	100	87
Weighted average shares of common stock outstanding—diluted	**4,881**	**4,875**
Basic earnings per share of common stock	**$ 0.63**	**$ 0.43**
Diluted earnings per share of common stock	**$ 0.61**	**$ 0.42**

Potentially dilutive shares of common stock from employee incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding RSUs, and the assumed issuance of common stock under the stock purchase plan. Potentially dilutive shares of common stock for our 2005 debentures are determined by applying the if-converted method. However, as our 2009 debentures require settlement of the principal amount of the debt in cash upon conversion, with the conversion premium paid in cash or stock at our option, potentially dilutive shares of common stock are determined by applying the treasury stock method.

In all periods presented, potentially dilutive securities which would have been antidilutive are insignificant and are excluded from the computation of diluted earnings per share.

In all periods presented, we included our 2009 debentures in the calculation of diluted earnings per share of common stock because the average market price was above the conversion price. We could potentially exclude the 2009 debentures in the future if the average market price is below the conversion price.

Note 5: Other Financial Statement Details

Inventories

(In Millions)	Apr 1, 2017	Dec 31, 2016
Raw materials	$ 786	$ 695
Work in process	3,412	3,190
Finished goods	1,603	1,668
Total inventories	**$ 5,801**	**$ 5,553**

Deferred Income

(In Millions)	Apr 1, 2017	Dec 31, 2016
Deferred income on shipments of components to distributors	$ 1,461	$ 1,475
Deferred income from software, services and other	237	243
Current deferred income	**$ 1,698**	**$ 1,718**

Gains (Losses) on Equity Investments, Net

The components of gains (losses) on equity investments, net for each period were as follows:

(In Millions)	Three Months Ended Apr 1, 2017	Three Months Ended Apr 2, 2016
Share of equity method investee losses, net	$ (11)	$ (8)
Impairments	(48)	(29)
Gains on sales, net	274	96
Other, net	37	(37)
Total gains (losses) on equity investments, net	**$ 252**	**$ 22**

Interest and Other, Net

The components of interest and other, net for each period were as follows:

(In Millions)	Three Months Ended Apr 1, 2017	Three Months Ended Apr 2, 2016
Interest income	$ 76	$ 52
Interest expense	(146)	(208)
Other, net	34	74
Total interest and other, net	**$ (36)**	**$ (82)**

Interest expense in the preceding table is net of $67 million of interest capitalized in the first three months of 2017 ($22 million in the first three months of 2016).

Note 6: Restructuring and Other Charges

(In Millions)	Three Months Ended Apr 1, 2017
2016 Restructuring Program	$ (11)
Other charges	91
Total restructuring and other charges	**$ 80**

2016 Restructuring Program

In the second quarter of 2016, our management approved and commenced the 2016 Restructuring Program. We expect the program to be substantially complete by the second quarter of 2017.

For further information, see "Note 7: Restructuring and Other Charges" in Part II, Item 8 of our 2016 Form 10-K.

Restructuring and other charges by type for the 2016 Restructuring Program for the period were as follows:

(In Millions)	Three Months Ended Apr 1, 2017
Employee severance and benefit arrangements	$ (21)
Asset impairment and other charges	10
Total restructuring and other charges	**$ (11)**

Restructuring and other activity for the 2016 Restructuring Program for the first three months of 2017 was as follows:

(In Millions)	Employee Severance and Benefits	Asset Impairments and Other	Total
Accrued restructuring balance as of December 31, 2016	$ 585	$ 10	$ 595
Additional accruals	—	10	10
Adjustments	(21)	—	(21)
Cash payments	(108)	(8)	(116)
Non-cash settlements	—	(1)	(1)
Accrued restructuring balance as of April 1, 2017	**$ 456**	**$ 11**	**$ 467**

We recorded the additional accruals as restructuring and other charges in the consolidated condensed statement of income and within the "all other" operating segments category. Substantially all of the accrued restructuring balance as of April 1, 2017 is expected to be paid within the next 12 months and was recorded within accrued compensation and benefits on the consolidated condensed balance sheets. Restructuring actions related to this program that were approved in 2016 are expected to impact approximately 15,000 employees.

Other charges

Other charges primarily include costs associated with the Intel Security Group divestiture.

(In Millions)	Three Months Ended Apr 1, 2017
ISecG separation costs	$ 73
Other	18
Total other charges	**$ 91**

Note 7: Investments

Available-for-Sale Investments

	April 1, 2017				December 31, 2016			
(In Millions)	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt	$ 4,396	$ 7	$ (10)	$ 4,393	$ 3,847	$ 4	$ (14)	$ 3,837
Financial institution instruments	4,708	8	(10)	4,706	6,098	5	(11)	6,092
Government debt	1,417	1	(7)	1,411	1,581	—	(8)	1,573
Marketable equity securities	2,649	4,182	—	6,831	2,818	3,363	(1)	6,180
Total available-for-sale investments	**$ 13,170**	**$ 4,198**	**$ (27)**	**$ 17,341**	**$ 14,344**	**$ 3,372**	**$ (34)**	**$ 17,682**

Government debt includes instruments such as non-U.S. government bonds and U.S. agency securities. Financial institution instruments include instruments issued or managed by financial institutions in various forms such as commercial paper, fixed and floating rate bonds, money market fund deposits, and time deposits. A substantial majority of time deposits were issued by institutions outside the U.S. as of April 1, 2017 (most time deposits were issued by institutions outside the U.S. as of December 31, 2016).

During the first three months of 2017, we sold available-for-sale investments for proceeds of $499 million ($2.9 billion in the first three months of 2016). The gross realized gains on sales of available-for-sale investments were $266 million in the first three months of 2017 ($86 million in the first three months of 2016).

The fair value of available-for-sale debt investments, by contractual maturity, as of April 1, 2017, were as follows:

(In Millions)	Fair Value
Due in 1 year or less	$ 4,287
Due in 1–2 years	1,647
Due in 2–5 years	3,357
Due after 5 years	145
Instruments not due at a single maturity date	1,074
Total	**$ 10,510**

Equity Method Investments

IM Flash Technologies, LLC

Since the inception of IM Flash Technologies, LLC (IMFT) in 2006, Micron Technology, Inc. (Micron) and Intel have jointly developed NAND flash memory and, most recently, 3D XPoint™ technology products. Intel also purchases jointly developed products directly from Micron under certain supply agreements.

As of April 1, 2017, we own a 49% interest in IMFT. The carrying value of our investment was $849 million as of April 1, 2017 ($849 million as of December 31, 2016) and is classified within other long-term assets.

IMFT is a variable interest entity and all costs of IMFT are passed on to Micron and Intel through sale of products or services in proportional share of ownership. Our portion of IMFT costs, primarily related to product purchases and production-related services, was approximately $130 million in the first three months of 2017 (approximately $100 million in the first three months of 2016). The amount due to IMFT for product purchases and services provided was approximately $117 million as of April 1, 2017 (approximately $95 million as of December 31, 2016).

IMFT depends on Micron and Intel for any additional cash needs. Our known maximum exposure to loss approximated the carrying value of our investment balance in IMFT. Except for the amount due to IMFT for product purchases and production-related services, we did not have any additional liabilities recognized on our consolidated condensed balance sheets in connection with our interests in this joint venture as of April 1, 2017. Our potential future losses could be higher than the carrying amount of our investment, as Intel and Micron are liable for other future operating costs or obligations of IMFT. Future cash calls could also increase our investment balance and the related exposure to loss. In addition, because we are currently committed to purchasing 49% of IMFT's production output and production-related services, we may be required to purchase products at a cost in excess of realizable value.

Cloudera, Inc.

Our investment in Cloudera, Inc. (Cloudera) is accounted for under the equity and cost methods of accounting based on the rights associated with different instruments we own, and is classified within other long-term assets. Our fully diluted ownership interest in Cloudera is 16% as of April 1, 2017. The carrying value of our equity method investment was $215 million and of our cost method investment was $454 million as of April 1, 2017 ($225 million for our equity method investment and $454 million for our cost method investment as of December 31, 2016).

Non-marketable Cost Method Investments

Beijing UniSpreadtrum Technology Ltd.

During 2014, we entered into a series of agreements with Tsinghua Unigroup Ltd. (Tsinghua Unigroup), an operating subsidiary of Tsinghua Holdings Co. Ltd., to, among other things, jointly develop Intel® architecture- and communications-based solutions for phones. We agreed to invest up to 9.0 billion Chinese yuan (approximately $1.5 billion as of the date of the agreement) for a minority stake of approximately 20% of Beijing UniSpreadtrum Technology Ltd., a holding company under Tsinghua Unigroup. During 2015, we invested $966 million to complete the first phase of the equity investment and accounted for our interest using the cost method of accounting.

Trading Assets

Net gains related to trading assets still held at the reporting date were $217 million in the first three months of 2017 (net gains of $243 million in the first three months of 2016). Net losses on the related derivatives were $186 million in the first three months of 2017 (net losses of $234 million in the first three months of 2016).

Note 8: Acquisitions and Divestitures

Pending Acquisition of Mobileye

During the first quarter of 2017, we entered into a definitive agreement to acquire Mobileye N.V. (Mobileye). Pursuant to the terms of the agreement, a wholly-owned subsidiary of Intel commenced a tender offer on April 5, 2017 to acquire all of the issued and outstanding ordinary shares of Mobileye for $63.54 per share in cash, representing a fully-diluted equity value of approximately $15.3 billion. The transaction is expected to close within nine months of the date of the definitive agreement and is subject to certain regulatory approvals and customary closing conditions. Mobileye is a global leader in the development of computer vision and machine learning, data analysis, localization and mapping for advanced driver assistance systems and autonomous driving. This acquisition will combine Mobileye's leading computer vision expertise with Intel's high-performance computing and connectivity expertise to create automated driving solutions from cloud to car.

Divestiture of Intel Security Group

On September 7, 2016, we announced a definitive agreement with TPG VII Manta Holdings, L.P., now known as Manta Holdings, L.P. (TPG) to transfer certain assets and liabilities relating to ISecG to a newly formed, jointly-owned, separate cybersecurity company, called McAfee. The transaction closed on April 3, 2017, subsequent to the first quarter of 2017.

The transaction is valued at $4.2 billion, for consideration of $3.1 billion and a 49% ownership interest in McAfee. Intel financed $2.2 billion of the consideration and the debt can be refinanced and repaid by McAfee and TPG. TPG owns a 51% ownership interest in McAfee. We will reflect the divestiture in our consolidated condensed financial statements in the second quarter of 2017.

The carrying amounts of the major classes of ISecG assets and liabilities held for sale included the following:

(In Millions)	Apr 1, 2017
Accounts receivable	$ 280
Goodwill	3,600
Identified intangible assets	966
Other assets	269
Total assets held for sale	**$ 5,115**
Deferred income	$ 1,552
Other liabilities	194
Total liabilities held for sale	**$ 1,746**

In addition to total assets and liabilities held for sale are currency translation adjustments totaling $507 million. This amount, classified as other comprehensive income, is associated with currency charges on the carrying values of ISecG goodwill and identified intangible assets. We expect to recognize a pre-tax gain of approximately $375 million as well as a provision for taxes charge of approximately $850 million in the second quarter of 2017.

We ceased recording depreciation and amortization on property, plant, and equipment and identified intangible assets, respectively, as of the date the assets triggered held for sale accounting.

Note 9: Identified Intangible Assets

	April 1, 2017		
(In Millions)	Gross Assets	Accumulated Amortization	Net
Acquisition-related developed technology	$ 7,340	$ (1,992)	$ 5,348
Acquisition-related customer relationships	1,340	(190)	1,150
Acquisition-related brands	79	(16)	63
Licensed technology and patents	3,178	(1,390)	1,788
Identified intangible assets subject to amortization	**11,937**	**(3,588)**	**8,349**
In-process research and development	808	—	808
Identified intangible assets not subject to amortization	**808**	**—**	**808**
Total identified intangible assets	**$ 12,745**	**$ (3,588)**	**$ 9,157**

	December 31, 2016		
(In Millions)	Gross Assets	Accumulated Amortization	Net
Acquisition-related developed technology	$ 7,405	$ (1,836)	$ 5,569
Acquisition-related customer relationships	1,449	(260)	1,189
Acquisition-related brands	87	(21)	66
Licensed technology and patents	3,285	(1,423)	1,862
Identified intangible assets subject to amortization	**12,226**	**(3,540)**	**8,686**
In-process research and development	808	—	808
Identified intangible assets not subject to amortization	**808**	**—**	**808**
Total identified intangible assets	**$ 13,034**	**$ (3,540)**	**$ 9,494**

Amortization expenses recorded in the consolidated condensed statements of income for each period were as follows:

		Three Months Ended	
(In Millions)	Location	Apr 1, 2017	Apr 2, 2016
Acquisition-related developed technology	Cost of sales	$ 209	$ 235
Acquisition-related customer relationships	Amortization of acquisition-related intangibles	35	83
Acquisition-related brands	Amortization of acquisition-related intangibles	3	7
Licensed technology and patents	Cost of sales	74	71
Total amortization expenses		**$ 321**	**$ 396**

We expect future amortization expense for the next five years to be as follows:

(In Millions)	Remainder of 2017	2018	2019	2020	2021
Acquisition-related developed technology	$ 592	$ 784	$ 782	$ 750	$ 715
Acquisition-related customer relationships	101	122	121	119	119
Acquisition-related brands	10	13	13	13	14
Licensed technology and patents	205	230	218	193	177
Total future amortization expenses	**$ 908**	**$ 1,149**	**$ 1,134**	**$ 1,075**	**$ 1,025**

Note 10: Other Long-Term Assets

(In Millions)	Apr 1, 2017	Dec 31, 2016
Equity method investments	$ 1,315	$ 1,328
Non-marketable cost method investments	3,418	3,098
Non-current deferred tax assets	915	907
Pre-payments for property, plant and equipment	419	347
Loans receivable	360	236
Reverse repurchase agreements	—	250
Other	1,016	993
Total other long-term assets	**$ 7,443**	**$ 7,159**

Note 11: Fair Value

For information about our fair value policies, and methods and assumptions used in estimating the fair value of our financial assets and liabilities, see “Accounting Policies" note and "Fair Value" note in Part II, Item 8 of our 2016 Form 10-K.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

	April 1, 2017				December 31, 2016			
	Fair Value Measured and Recorded at Reporting Date Using				Fair Value Measured and Recorded at Reporting Date Using			
(In Millions)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents:								
Corporate debt	$ —	$ 650	$ —	$ 650	$ —	$ 498	$ —	$ 498
Financial institution instruments	1,075	528	—	1,603	1,920	811	—	2,731
Government debt	—	50	—	50	—	332	—	332
Reverse repurchase agreements	—	1,398	—	1,398	—	768	—	768
Short-term investments:								
Corporate debt	320	1,103	6	1,429	391	941	6	1,338
Financial institution instruments	253	1,140	—	1,393	119	1,484	—	1,603
Government debt	100	136	—	236	71	213	—	284
Trading assets:								
Asset-backed securities	—	57	6	63	—	80	7	87
Corporate debt	2,307	598	—	2,905	2,237	610	—	2,847
Financial institution instruments	873	561	—	1,434	973	671	—	1,644
Government debt	2,313	2,588	—	4,901	2,063	1,673	—	3,736
Other current assets:								
Derivative assets	—	285	—	285	—	382	—	382
Loans receivable	—	215	—	215	—	326	—	326
Marketable equity securities	6,831	—	—	6,831	6,180	—	—	6,180
Other long-term investments:								
Corporate debt	1,644	664	6	2,314	1,126	869	6	2,001
Financial institution instruments	1,021	689	—	1,710	663	1,095	—	1,758
Government debt	888	237	—	1,125	681	276	—	957
Other long-term assets:								
Derivative assets	—	74	9	83	—	31	9	40
Loans receivable	—	360	—	360	—	236	—	236
Total assets measured and recorded at fair value	**17,625**	**11,333**	**27**	**28,985**	**16,424**	**11,296**	**28**	**27,748**
Liabilities								
Other accrued liabilities:								
Derivative liabilities	—	304	—	304	—	371	—	371
Other long-term liabilities:								
Derivative liabilities	—	193	30	223	—	179	33	212
Total liabilities measured and recorded at fair value	**$ —**	**$ 497**	**$ 30**	**$ 527**	**$ —**	**$ 550**	**$ 33**	**$ 583**

During the first three months of 2017, we transferred approximately $736 million of assets from Level 1 to Level 2 of the fair value hierarchy and approximately $762 million of assets from Level 2 to Level 1 ($622 million of assets from Level 1 to Level 2 and $233 million from Level 2 to Level 1 during the first three months of 2016). These transfers were based on changes in market activity for the underlying instruments.

Fair Value Option for Loans Receivable

As of April 1, 2017 and December 31, 2016, the fair value of our loans receivable for which we elected the fair value option did not significantly differ from the contractual principal balance based on the contractual currency.

Assets Measured and Recorded at Fair Value on a Non-Recurring Basis

Our non-marketable equity investments, marketable equity method investments, and non-financial assets, such as intangible assets and property, plant and equipment, are recorded at fair value only if an impairment is recognized.

We classified non-marketable equity investments as Level 3. Impairments recognized on non-marketable equity investments held as of April 1, 2017 were $48 million during the first three months of 2017 (impairments recognized during the first three months of 2016 on non-marketable equity investments held as of April 2, 2016 were insignificant.)

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

The carrying amounts and fair values of financial instruments not recorded at fair value on a recurring basis at the end of each period were as follows:

	April 1, 2017				
		Fair Value Measured Using			
(In Millions)	Carrying Amount	Level 1	Level 2	Level 3	Fair Value
Grants receivable	$ 359	$ —	$ 360	$ —	$ 360
Loans receivable	$ 265	$ —	$ 265	$ —	$ 265
Non-marketable cost method investments	$ 3,418	$ —	$ —	$ 4,287	$ 4,287
Reverse repurchase agreements	$ 250	$ —	$ 250	$ —	$ 250
Short-term debt	$ 5,043	$ 3,003	$ 2,567	$ —	$ 5,570
Long-term debt	$ 20,678	$ 8,618	$ 13,425	$ —	$ 22,043

	December 31, 2016				
		Fair Value Measured Using			
(In Millions)	Carrying Amount	Level 1	Level 2	Level 3	Fair Value
Grants receivable	$ 361	$ —	$ 362	$ —	$ 362
Loans receivable	$ 265	$ —	$ 265	$ —	$ 265
Non-marketable cost method investments	$ 3,098	$ —	$ —	$ 3,890	$ 3,890
Reverse repurchase agreements	$ 250	$ —	$ 250	$ —	$ 250
Short-term debt	$ 4,609	$ 3,006	$ 2,114	$ —	$ 5,120
Long-term debt	$ 20,649	$ 12,171	$ 9,786	$ —	$ 21,957

The carrying amount and fair value of short-term debt exclude drafts payable.

Note 12: Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component and related tax effects in the first three months of 2017 were as follows:

(In Millions)	Unrealized Holding Gains (Losses) on Available-for-Sale Investments	Unrealized Holding Gains (Losses) on Derivatives	Prior Service Credits (Costs)	Actuarial Gains (Losses)	Foreign Currency Translation Adjustment	Total
December 31, 2016	**$ 2,164**	**$ (259)**	**$ (40)**	**$ (1,240)**	**$ (519)**	**$ 106**
Other comprehensive income (loss) before reclassifications	1,098	266	—	(6)	1	1,359
Amounts reclassified out of accumulated other comprehensive income (loss)	(263)	(1)	2	22	—	(240)
Tax effects	(292)	(70)	—	—	—	(362)
Other comprehensive income (loss)	**543**	**195**	**2**	**16**	**1**	**757**
April 1, 2017	**$ 2,707**	**$ (64)**	**$ (38)**	**$ (1,224)**	**$ (518)**	**$ 863**

The amounts reclassified out of accumulated other comprehensive income (loss) into the consolidated condensed statements of income for each period were as follows:

Comprehensive Income Components	Three Months Ended Apr 1, 2017	Apr 2, 2016	Location
Unrealized holding gains (losses)[1] on available-for-sale investments:			
	$ 263	$ 86	Gains (losses) on equity investments, net
	—	(1)	Interest and other, net
	263	**85**	
Unrealized holding gains (losses) on derivatives:			
Foreign currency contracts	(20)	(42)	Cost of sales
	(16)	(10)	Research and development
	(5)	(4)	Marketing, general and administrative
	4	—	Gains (losses) on equity investments, net
	38	34	Interest and other, net
	1	**(22)**	
Amortization of pension and postretirement benefit components:			
Prior service credits (costs)	(2)	(2)	
Actuarial gains (losses)	(22)	(12)	
	(24)	**(14)**	
Total amounts reclassified out of accumulated other comprehensive income (loss)	**$ 240**	**$ 49**	

[1] *We determine the cost of the investment sold based on an average cost basis at the individual security level.*

The amortization of pension and postretirement benefit components are included in the computation of net periodic benefit cost. For further information, see the "Retirement Benefit Plans" note in Part II, Item 8 of our 2016 Form 10-K.

We estimate that we will reclassify approximately $60 million (before taxes) of net derivative losses included in accumulated other comprehensive income (loss) into earnings within the next 12 months.

Note 13: Derivative Financial Instruments

For information about our derivative policies, see “Accounting Policies" note in Part II, Item 8 of our 2016 Form 10-K.

Volume of Derivative Activity

Total gross notional amounts for outstanding derivatives (recorded at fair value) at the end of each period were as follows:

(In Millions)	Apr 1, 2017	Dec 31, 2016	Apr 2, 2016
Foreign currency contracts	$ 18,575	$ 17,960	$ 17,520
Interest rate contracts	14,815	14,228	11,540
Other	1,357	1,340	1,210
Total	**$ 34,747**	**$ 33,528**	**$ 30,270**

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

	April 1, 2017		December 31, 2016	
(In Millions)	Assets [1]	Liabilities [2]	Assets [1]	Liabilities [2]
Derivatives designated as hedging instruments:				
Foreign currency contracts [3]	$ 173	$ 94	$ 21	$ 252
Interest rate contracts	2	200	3	187
Total derivatives designated as hedging instruments	**175**	**294**	**24**	**439**
Derivatives not designated as hedging instruments:				
Foreign currency contracts [4]	167	200	374	114
Interest rate contracts	16	33	15	30
Other	10	—	9	—
Total derivatives not designated as hedging instruments	**193**	**233**	**398**	**144**
Total derivatives	**$ 368**	**$ 527**	**$ 422**	**$ 583**

[1] *Derivative assets are recorded as other assets, current and non-current in the consolidated condensed balance sheets.*

[2] *Derivative liabilities are recorded as other liabilities, current and non-current in the consolidated condensed balance sheets.*

[3] *The substantial majority of these instruments mature within 12 months.*

[4] *The majority of these instruments mature within 12 months.*

Amounts Offset in the Consolidated Condensed Balance Sheets

The gross amounts of our derivative instruments and reverse repurchase agreements subject to master netting arrangements with various counterparties, and cash and non-cash collateral posted under such agreements at the end of each period were as follows:

	April 1, 2017					
				Gross Amounts Not Offset in the Balance Sheet		
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	$ 357	$ —	$ 357	$ (243)	$ (82)	$ 32
Reverse repurchase agreements	1,648	—	1,648	—	(1,648)	—
Total assets	**2,005**	**—**	**2,005**	**(243)**	**(1,730)**	**32**
Liabilities:						
Derivative liabilities subject to master netting arrangements	499	—	499	(243)	(240)	16
Total liabilities	**$ 499**	**$ —**	**$ 499**	**$ (243)**	**$ (240)**	**$ 16**

	December 31, 2016					
				Gross Amounts Not Offset in the Balance Sheet		
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	$ 433	$ —	$ 433	$ (368)	$ (42)	$ 23
Reverse repurchase agreements	1,018	—	1,018	—	(1,018)	—
Total assets	**1,451**	**—**	**1,451**	**(368)**	**(1,060)**	**23**
Liabilities:						
Derivative liabilities subject to master netting arrangements	588	—	588	(368)	(201)	19
Total liabilities	**$ 588**	**$ —**	**$ 588**	**$ (368)**	**$ (201)**	**$ 19**

We obtain and secure available collateral from counterparties against obligations, including securities lending transactions and reverse repurchase agreements, when we deem it appropriate.

Derivatives in Cash Flow Hedging Relationships

The before-tax net gains or losses, attributed to the effective portion of cash flow hedges, recognized in other comprehensive income (loss), were $266 million net gains in the first three months of 2017 ($243 million net gains in first three months of 2016). Substantially all of our cash flow hedges are foreign currency contracts for first three months of 2017 and 2016.

During the first three months of 2017 and 2016, hedge ineffectiveness and amounts excluded from effectiveness testing were insignificant.

For information on the unrealized holding gains (losses) on derivatives reclassified out of accumulated other comprehensive income into the consolidated condensed statements of income, see "Note 12: Other Comprehensive Income (Loss)."

Derivatives in Fair Value Hedging Relationships

The effects of derivative instruments designated as fair value hedges, recognized in interest and other, net for each period were as follows:

	Three Months Ended	
(In Millions)	**Apr 1, 2017**	**Apr 2, 2016**
Interest rate contracts	$ (14)	$ 162
Hedged items	14	(162)
Total	**$ —**	**$ —**

There was no ineffectiveness during all periods presented in the preceding table.

Derivatives Not Designated as Hedging Instruments

The effects of derivative instruments not designated as hedging instruments on the consolidated condensed statements of income for each period were as follows:

		Three Months Ended	
(In Millions)	**Location of Gains (Losses) Recognized in Income on Derivatives**	**Apr 1, 2017**	**Apr 2, 2016**
Foreign currency contracts	Interest and other, net	$ (160)	$ (238)
Other	Various	56	4
Total		**$ (104)**	**$ (234)**

Note 14: Employee Equity Incentive Plans

Our equity incentive plans are broad-based, long-term programs intended to attract and retain talented employees and align stockholder and employee interests. The 2006 Equity Incentive Plan has 210 million shares of common stock remaining through June 2018 for future grants.

Share-Based Compensation

Share-based compensation expense recognized was $397 million in the first three months of 2017 ($448 million in the first three months of 2016).

Restricted Stock Unit Awards

Restricted stock unit activity in the first three months of 2017 was as follows:

	Number of RSUs (In Millions)	Weighted Average Grant-Date Fair Value
December 31, 2016	**106.8**	**$ 28.99**
Granted	7.4	$ 36.38
Vested	(3.4)	$ 30.72
Forfeited	(2.1)	$ 29.35
April 1, 2017	**108.7**	**$ 29.43**

The aggregate fair value of awards that vested in the first three months of 2017 was $172 million, which represents the market value of our common stock on the date that the RSUs vested. The grant-date fair value of awards that vested in first three months of 2017 was $105 million. The number of RSUs vested includes shares of common stock that we withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements. RSUs that are expected to vest are net of estimated future forfeitures.

Stock Purchase Plan

The 2006 Stock Purchase Plan allows eligible employees to purchase shares of our common stock at 85% of the value of our common stock on specific dates. Rights to purchase shares of common stock are granted during the first and third quarters of each year. The 2006 Stock Purchase Plan has 157 million shares of common stock remaining through August 2021 for issuance.

Employees purchased 8 million shares of common stock in the first three months of 2017 for $235 million (9.2 million shares of common stock in the first three months of 2016 for $227 million) under the 2006 Stock Purchase Plan.

Note 15: Contingencies

Legal Proceedings

We are a party to various legal proceedings, including those noted in this section. Although management at present believes that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations, cash flows, or overall trends, legal proceedings and related government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could include substantial monetary damages. In addition, in matters for which injunctive relief or other conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in particular ways, precluding particular business practices, or requiring other remedies. An unfavorable outcome may result in a material adverse impact on our business, results of operations, financial position, and overall trends. We might also conclude that settling one or more such matters is in the best interests of our stockholders, employees and customers, and any such settlement could include substantial payments. Except as specifically described below, we have not concluded that settlement of any of the legal proceedings noted in this section is appropriate at this time.

European Commission Competition Matter

In 2001, the European Commission (EC) commenced an investigation regarding claims by Advanced Micro Devices, Inc. (AMD) that we used unfair business practices to persuade customers to buy our microprocessors. We received numerous requests for information and documents from the EC and we responded to each of those requests. The EC issued a Statement of Objections in July 2007 and held a hearing on that Statement in March 2008. The EC issued a Supplemental Statement of Objections in July 2008. In May 2009, the EC issued a decision finding that we had violated Article 82 of the EC Treaty and Article 54 of the European Economic Area Agreement. In general, the EC found that we violated Article 82 (later renumbered as Article 102 by a new treaty) by offering alleged "conditional rebates and payments" that required our customers to purchase all or most of their x86 microprocessors from us. The EC also found that we violated Article 82 by making alleged "payments to prevent sales of specific rival products." The EC imposed a fine in the amount of €1.1 billion ($1.4 billion as of May 2009), which we subsequently paid during the third quarter of 2009, and ordered us to "immediately bring to an end the infringement referred to in" the EC decision.

The EC decision contained no specific direction on whether or how we should modify our business practices. Instead, the decision stated that we should "cease and desist" from further conduct that, in the EC's opinion, would violate applicable law. We took steps, which are subject to the EC's ongoing review, to comply with that decision pending appeal. We had discussions with the EC to better understand the decision and to explain changes to our business practices.

We appealed the EC decision to the Court of First Instance (which has been renamed the General Court) in July 2009. The hearing of our appeal took place in July 2012. In June 2014, the General Court rejected our appeal in its entirety. In August 2014, we filed an appeal with the European Court of Justice. In November 2014, Intervener Association for Competitive Technologies filed comments in support of Intel's grounds of appeal. The EC and interveners filed briefs in November 2014, we filed a reply in February 2015, and the EC filed a rejoinder in April 2015. The Court of Justice held oral argument in June 2016. In October 2016, Advocate General Wahl, an advisor to the Court of Justice, issued a non-binding advisory opinion which favored Intel on a number of grounds, with the 25-judge grand chamber's decision expected in 2017.

Shareholder Derivative Litigation regarding In re High Tech Employee Antitrust Litigation

In March 2014, the Police Retirement System of St. Louis (PRSSL) filed a shareholder derivative action in the Superior Court of California in Santa Clara County against Intel, certain current and former members of our Board of Directors, and former officers. The complaint alleges that the defendants breached their duties to the company by participating in, or allowing, purported antitrust violations, which were alleged in a now-settled antitrust class action lawsuit captioned *In re High Tech Employee Antitrust Litigation* claiming that Intel, Adobe Systems Incorporated, Apple Inc., Google Inc., Intuit Inc., Lucasfilm Ltd., and Pixar conspired to suppress their employees' compensation. In March 2014, a second plaintiff, Barbara Templeton, filed a substantially similar derivative suit in the same court. In May 2014, a third shareholder, Robert Achermann, filed a substantially similar derivative action in the same court. The court consolidated the three actions into one, which is captioned *In re Intel Corporation Shareholder Derivative Litigation*. Plaintiffs filed a consolidated complaint in July 2014. In August 2015, the court granted our motion to dismiss the consolidated complaint. The plaintiffs thereafter filed a motion for reconsideration and a motion for new trial, both of which the court denied in October 2015. In November 2015, plaintiffs PRSSL and Templeton appealed the court's decision.

In June 2015, the International Brotherhood of Electrical Workers (IBEW) filed a shareholder derivative action in the Chancery Court in Delaware against Intel, certain current and former members of our Board of Directors, and former officers. The lawsuit makes allegations substantially similar to those in the California shareholder derivative litigation described above, but additionally alleges breach of the duty of disclosure with respect to *In re High Tech Employee Antitrust Litigation* and that Intel's 2013 and 2014 proxy statements misrepresented the effectiveness of the Board's oversight of compliance issues at Intel and the Board's compliance with Intel's Code of Conduct and Board of Director Guidelines on Significant Corporate Governance Issues. In October 2015, the court stayed the IBEW lawsuit for six months pending further developments in the California case. In March 2016, Intel and IBEW entered into a stipulated dismissal pursuant to which IBEW dismissed its complaint but may re-file upon the withdrawal or final resolution of the appeal in the PRSSL California shareholder derivative litigation.

In April 2016, John Esposito filed a shareholder derivative action in the Superior Court of California in Santa Clara County against Intel, current members of our Board, and certain former officers and employees. Esposito made a demand on our Board in 2013 to investigate whether our officers or directors should be sued for their participation in the events described in *In re High Tech Employee Antitrust Litigation*. In November 2015, our Board decided not to take further action on Esposito's demand based on the recommendation of the Audit Committee of the Board after its investigation of relevant facts and circumstances. Esposito seeks to set aside such decision, and alleges that the Board was not disinterested in making that decision and that the investigation was inadequate. In August 2016, Intel filed a motion to dismiss Esposito's complaint. In November 2016, the court granted Intel's motion to dismiss the case, without leave to amend. Esposito may appeal this decision.

McAfee, Inc. Shareholder Litigation

On August 19, 2010, we announced that we had agreed to acquire all of the common stock of McAfee, Inc. (McAfee) for $48.00 per share. Four McAfee shareholders filed putative class-action lawsuits in Santa Clara County, California Superior Court challenging the proposed transaction. The cases were ordered consolidated in September 2010. Plaintiffs filed an amended complaint that named former McAfee board members, McAfee, and Intel as defendants, and alleged that the McAfee board members breached their fiduciary duties and that McAfee and Intel aided and abetted those breaches of duty. The complaint requested rescission of the merger agreement, such other equitable relief as the court may deem proper, and an award of damages in an unspecified amount. In June 2012, the plaintiffs' damages expert asserted that the value of a McAfee share for the purposes of assessing damages should be $62.08.

In January 2012, the court certified the action as a class action, appointed the Central Pension Laborers' Fund to act as the class representative, and scheduled trial to begin in January 2013. In March 2012, defendants filed a petition with the California Court of Appeal for a writ of mandate to reverse the class certification order; the petition was denied in June 2012. In March 2012, at defendants' request, the court held that plaintiffs were not entitled to a jury trial and ordered a bench trial. In April 2012, plaintiffs filed a petition with the California Court of Appeal for a writ of mandate to reverse that order, which the court of appeal denied in July 2012. In August 2012, defendants filed a motion for summary judgment. The trial court granted that motion in November 2012, and entered final judgment in the case in February 2013. In April 2013, plaintiffs appealed the final judgment. Intel, McAfee, and McAfee's board of directors filed an opposition to plaintiff's appeal in December 2014. Because the resolution of the appeal may materially impact the scope and nature of the proceeding, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, arising from this matter. We dispute the class-action claims and intend to continue to defend the lawsuit vigorously.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

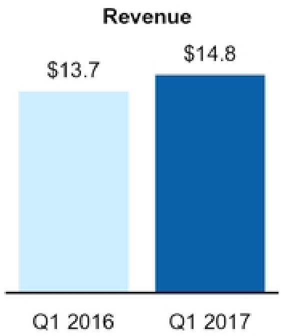
Our Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided in addition to the accompanying consolidated condensed financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. MD&A is organized as follows:

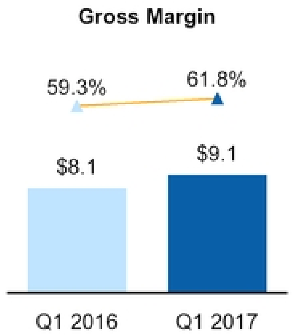
- *Overview*. Discussion of our business and overall analysis of financial and other highlights affecting the company in order to provide context for the remainder of MD&A.
- *Results of Operations*. Analysis of our financial results comparing the three months ended April 1, 2017 to the three months ended April 2, 2016.
- *Liquidity and Capital Resources*. Analysis of changes in our balance sheets and cash flows, and discussion of our financial condition and potential sources of liquidity.
- *Contractual Obligations.* Material changes, outside our ordinary course of business, to our significant contractual obligations as of December 31, 2016.

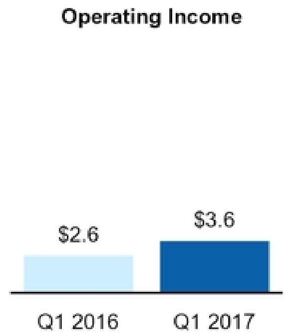
This interim MD&A should be read in conjunction with the MD&A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (2016 Form 10-K).

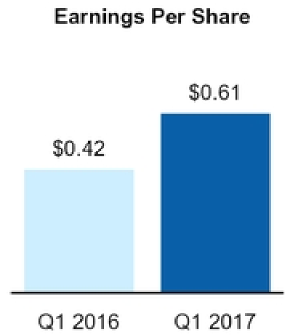
Overview

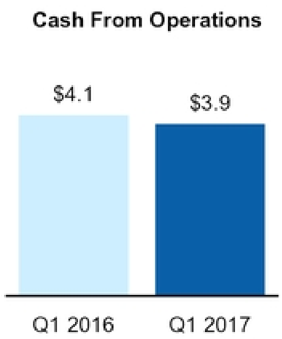
(Dollars in Billions, Except Per Share Amounts)

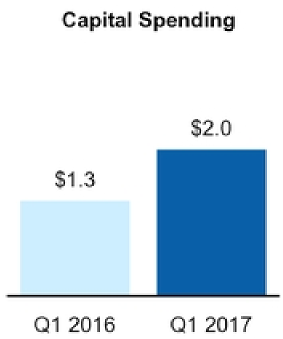


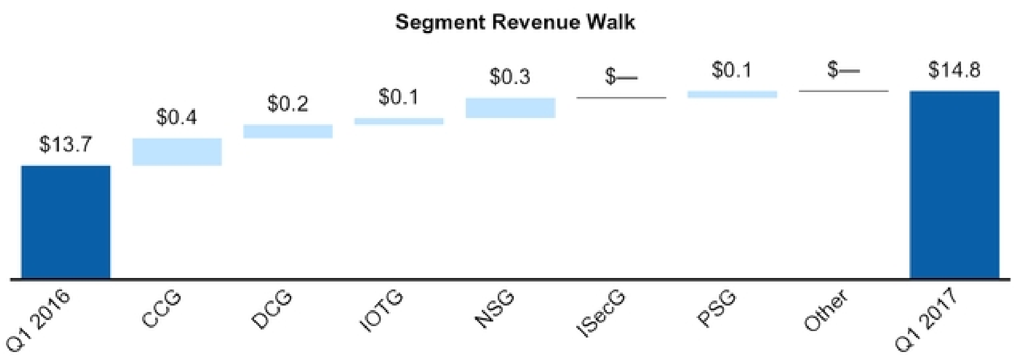












In Q1 2017 we achieved revenue of $14.8 billion, up 8% from Q1 2016. The increase in revenue was in-line with our expectation of $14.8 billion. Compared to Q1 2016, revenue increased by $1.1 billion, primarily driven by higher average selling prices across our personal computer (PC) and growth in our data center and Internet of Things businesses. And our Non-Volatile Memory Solutions Group (NSG) set record revenue of $866 million, up 55% from Q1 2016. Earnings per share were $0.61, up 19 cents on a year-on-year basis. This was driven by higher average selling prices of notebook and Data Center Group (DCG) platforms, improved 14nm process technology costs, higher gross margin from Programmable Solutions Group (PSG) due to Altera acquisition-related charges and adjustments in Q1 2016, and higher gains on investments. The increase was partially offset by higher tax rate and lower platform volumes.

- Client Computing Group (CCG) had revenue of $8.0 billion, up 6% with platform volumes down 4% and platform average selling prices up 7% compared to Q1 2016. The business remains strong and healthy with growing revenue and profit despite of the declining PC market.
- Data Center Group had revenue of $4.2 billion, up 6% with platform volumes down 1% and platform average selling prices up 6% compared to Q1 2016.
- Gross margin of 61.8% was up 2.5 points compared to Q1 2016.
- Research and development (R&D) plus marketing, general, and administrative (MG&A) spending for the quarter was $5.4 billion, down 1% from a year ago. R&D and MG&A were 36.7% of revenue, down approximately 3 points from Q1 2016.
- Operating income for Q1 2017 was $3.6 billion, up 40% on a year-on-year basis. The tax rate for the quarter was 22.3%, up 3.9% compared to Q1 2016. Net income for Q1 2017 was $3.0 billion, up 45% from Q1 2016.
- Our business continues to generate healthy cash flow with $3.9 billion of cash from operations in Q1 2017. During Q1 2017, we purchased $2.0 billion in capital assets, paid $1.2 billion in dividends, and used $1.2 billion to repurchase 35 million shares of stock.

We are on-track for a mid-summer launch of our next generation Intel® Xeon® processor, code named Skylake. The new product will deliver performance gains across a wide range of workload, for example, higher performance computing and artificial intelligence workloads. We shipped our first Intel® Optane™ Solid State Drives (SSD) for data center and Intel® Optane™ memory for personal computers.

During Q1 2017, we entered into a definitive agreement to acquire Mobileye N.V. (Mobileye), a leading supplier for computer vision systems in the automotive industry. This acquisition will combine Mobileye’s leading computer vision expertise with Intel’s high-performance computing and connectivity expertise to create automated driving solutions from cloud to car.

On April 3, 2017, subsequent to the first quarter of 2017, we completed the planned divestiture of certain assets and liabilities relating to ISecG to establish McAfee, a newly formed, separate cybersecurity company jointly owned with TPG. As we focus on our core strategic areas, we plan to continue developing integrated and hardware-enabled security and collaborate with McAfee and other ecosystem partners to optimize and enhance their products for Intel Architecture.

Results of Operations – First Quarter of 2017 Compared to First Quarter of 2016

	Q1 2017		Q1 2016	
(Dollars in Millions, Except Per Share Amounts)	Dollars	% of Net Revenue	Dollars	% of Net Revenue
Net revenue	**$ 14,796**	**100.0 %**	**$ 13,702**	**100.0 %**
Cost of sales	5,649	38.2 %	5,572	40.7 %
Gross margin	**9,147**	**61.8 %**	**8,130**	**59.3 %**
Research and development	3,326	22.5 %	3,246	23.7 %
Marketing, general and administrative	2,104	14.2 %	2,226	16.2 %
Restructuring and other charges	80	0.5 %	—	— %
Amortization of acquisition-related intangibles	38	0.3 %	90	0.7 %
Operating income	**3,599**	**24.3 %**	**2,568**	**18.7 %**
Gains (losses) on equity investments, net	252	1.7 %	22	0.2 %
Interest and other, net	(36)	(0.2)%	(82)	(0.6)%
Income before taxes	**3,815**	**25.8 %**	**2,508**	**18.3 %**
Provision for taxes	851	5.8 %	462	3.4 %
Net income	**$ 2,964**	**20.0 %**	**$ 2,046**	**14.9 %**
Diluted earnings per common share	**$ 0.61**		**$ 0.42**	

Our net revenue in Q1 2017 increased by $1.1 billion, or 8%, compared to Q1 2016. Our Q1 2016 results reflected an extra work week as compared to Q1 2017. The increase in revenue was driven by higher platform average selling prices, up 8%, primarily from our notebook, DCG, and IOTG platforms. Additionally, revenue increased from higher NSG revenue and CCG non-platform revenue. The increase in revenue was offset by lower platform unit sales, down 4%, primarily on desktop platforms.

Our overall gross margin percentage was 61.8% in Q1 2017, up from 59.3% in Q1 2016. We derived most of our overall gross margin dollars for Q1 2017 and Q1 2016 from the sale of platforms in the CCG and DCG operating segments. Our overall gross margin dollars in Q1 2017 increased by $1.0 billion, or 12.5%, compared to Q1 2016.

(In Millions)	Gross Margin Reconciliation
$ 9,147	**Q1 2017 Gross Margin**
505	Higher gross margin from platform revenue
315	Lower Altera and other acquisition-related charges
285	Lower platform unit cost, primarily on 14nm cost improvement
100	Lower period charges, primarily from product sampling
(250)	Higher factory start-up costs, primarily driven by the ramp of our 10nm process technology
62	Other
$ 8,130	**Q1 2016 Gross Margin**

Client Computing Group

(Dollars in Millions)	Q1 2017	Q1 2016	% Change
Platform revenue	$ 7,397	$ 7,199	3 %
Other revenue	579	350	65 %
Net revenue	**$ 7,976**	**$ 7,549**	**6 %**
Operating income	$ 3,031	$ 1,885	61 %
CCG platform unit sales			(4)%
CCG platform average selling prices			7 %

Our CCG platform average selling prices increased in Q1 2017 compared to Q1 2016, driven by a richer mix of our high-performance notebook and desktop platforms, while our CCG platform unit sales decreased due to lower demand in PC market. The following results drove the change in CCG revenue:

(In Millions)	Revenue Reconciliation
$ 7,976	**Q1 2017 CCG Revenue**
306	Higher notebook platform average selling prices, up 7%, from mix of products
229	Higher CCG non-platform revenue, including modem products
(229)	Lower desktop platform unit sales, down 7%
121	Other
$ 7,549	**Q1 2016 CCG Revenue**

The following results drove the change in CCG operating income:

(In Millions)	Operating Income Reconciliation
$ 3,031	**Q1 2017 CCG Operating Income**
395	Lower CCG platform unit cost, primarily on 14nm cost improvement
305	Lower CCG operating expense, primarily from decreased share of technology development and MG&A costs
260	Higher gross margin from CCG platform revenue
186	Other
$ 1,885	**Q1 2016 CCG Operating Income**

Data Center Group

(Dollars in Millions)	Q1 2017	Q1 2016	% Change
Platform revenue	$ 3,879	$ 3,707	5 %
Other revenue	353	292	21 %
Net revenue	**$ 4,232**	**$ 3,999**	**6 %**
Operating income	$ 1,487	$ 1,764	(16)%
DCG platform unit sales			(1)%
DCG platform average selling prices			6 %

DCG revenue in Q1 2017 was up 6% compared to Q1 2016 based on growth in the cloud market segment, up 18%, and the communication market segment, up 12%, offset by weakness in the enterprise market segment, down 3%**.** The following results drove the change in DCG revenue:

(In Millions)	Revenue Reconciliation
$ 4,232	**Q1 2017 DCG Revenue**
216	Higher DCG platform average selling prices, up 6% from mix of performance processors
17	Other
$ 3,999	**Q1 2016 DCG Revenue**

The following results drove the change in DCG operating income:

(In Millions)	Operating Income Reconciliation
$ 1,487	**Q1 2017 DCG Operating Income**
(160)	Higher DCG operating expense, primarily on increased share of technology development and MG&A costs
(155)	Higher factory start-up costs, primarily driven by the ramp of our 10nm process technology
(80)	Higher pre-qualification product costs as we transition to 14nm
180	Higher gross margin from DCG platform revenue
(62)	Other
$ 1,764	**Q1 2016 DCG Operating Income**

Internet of Things Group

(Dollars in Millions)	Q1 2017	Q1 2016	% Change
Platform revenue	$ 632	$ 571	11 %
Other revenue	89	80	11 %
Net revenue	**$ 721**	**$ 651**	**11 %**
Operating income	$ 105	$ 123	(15)%

The net revenue for the IOTG operating segment increased by $70 million in Q1 2017 compared to Q1 2016, driven by $100 million higher IOTG platform average selling prices from richer mix of products sold, partially offset by $39 million lower IOTG platform unit sales. IOTG revenue growth was driven primarily from the industrial, video, and transportation market segments.

The operating income for the IOTG operating segment decreased by $18 million in Q1 2017 compared to Q1 2016, driven by higher investment in autonomous driving and increased share of MG&A and technology development costs, partially offset by higher gross margin from IOTG platform revenue.

Non-Volatile Memory Solutions Group

(Dollars in Millions)	Q1 2017	Q1 2016	% Change
Net revenue	$ 866	$ 557	55%
Operating income (loss)	$ (129)	$ (95)	36%

The net revenue for the NSG operating segment increased by $309 million in Q1 2017 compared to Q1 2016, driven by higher SSD volume partially offset by lower average selling prices from mix of data center products.

The operating loss for the NSG operating segment of $129 million in Q1 2017 was driven by higher costs on 3D XPoint™ technology and the ramp of our Dalian, China facility.

Intel Security Group

(Dollars in Millions)	Q1 2017	Q1 2016	% Change
Net revenue	$ 534	$ 537	(1)%
Operating income	$ 95	$ 85	12 %

Programmable Solutions Group

(Dollars in Millions)	Q1 2017	Q1 2016	% Change
Net revenue	$ 425	$ 359	18 %
Operating income (loss)	$ 92	$ (200)	(146)%

PSG had operating income in Q1 2017 compared to an operating loss in Q1 2016, primarily driven by Q1 2016 acquisition-related charges, primarily deferred revenue write-down and inventory valuation adjustment. Due to the revaluation of deferred revenue to fair value, we excluded revenue of $99 million and associated costs that would have created $64 million of operating income in Q1 2016. Additionally, we incurred approximately $226 million of additional cost of sales charges that would have been excluded from the operating results in Q1 2016 if the acquired inventory had not been remeasured to fair value upon acquisition and then sold to end customers, resulting in zero margin on that inventory for the period.

Operating Expenses

(Dollars in Millions)	Q1 2017	Q1 2016
Research and development (R&D)	$ 3,326	$ 3,246
Marketing, general and administrative (MG&A)	$ 2,104	$ 2,226
R&D and MG&A as percentage of net revenue	36.7%	39.9%
Restructuring and other charges	$ 80	$ —
Amortization of acquisition-related intangibles	$ 38	$ 90

Research and Development

R&D increased by $80 million, or 2%, in Q1 2017 compared to Q1 2016. This increase was driven by higher process development costs for our 7nm process technology and higher profit-dependent compensation due to an increase in net income. These increases were partially offset by savings from our 2016 Restructuring Program and the impact of an extra work week in Q1 2016.

Marketing, General and Administrative

MG&A decreased by $122 million, or 5%, in Q1 2017 compared to Q1 2016. This decrease was driven by lower acquisition-related charges, savings from our 2016 Restructuring Program, and the impact of an extra work week in Q1 2016.

Restructuring and Other Charges

(In Millions)	Q1 2017
2016 Restructuring Program	$ (11)
Other charges	91
Total restructuring and other charges	**$ 80**

2016 Restructuring Program. In Q2 2016, our management approved and commenced the 2016 Restructuring Program which we expect to be substantially completed by Q2 2017.

Other Charges. Other charges consist primarily of expenses associated with the planned divestiture of ISecG that was announced in Q3 2016.

For further information, see "Note 6: Restructuring and Other Charges" in Part I, Item 1 of this Form 10-Q.

Gains (Losses) on Equity Investments and Interest and Other, Net

(In Millions)	Q1 2017	Q1 2016
Gains (losses) on equity investments, net	$ 252	$ 22
Interest and other, net	$ (36)	$ (82)

We recognized higher net gains on equity investments in Q1 2017 compared to Q1 2016 primarily due to net realized gains of $235 million related to sales of a portion of our interest in ASML Holding N.V. (ASML) in Q1 2017.

The decrease in interest and other, net in Q1 2017 compared to Q1 2016 is primarily due to an increase in our capitalized interest.

Provision for Taxes

(Dollars in Millions)	Q1 2017	Q1 2016
Income before taxes	$ 3,815	$ 2,508
Provision for taxes	$ 851	$ 462
Effective tax rate	22.3%	18.4%

Our effective tax rate was lower than the U.S. federal statutory rate in Q1 2017, primarily due to earnings taxed at lower rates in foreign jurisdictions. Most of the increase in our effective tax rate in Q1 2017 compared to Q1 2016 was driven by a one-time item in Q1 2016.

Liquidity and Capital Resources

We consider the following when assessing our liquidity and capital resources:

(Dollars in Millions)	Apr 1, 2017	Dec 31, 2016
Cash and cash equivalents, short-term investments, and trading assets	$ 17,295	$ 17,099
Other long-term investments	$ 5,149	$ 4,716
Loans receivable and other	$ 1,010	$ 996
Reverse repurchase agreements with original maturities greater than three months	$ 250	$ 250
Unsettled trade liabilities and other	$ 229	$ 119
Short-term and long-term debt	$ 25,751	$ 25,283
Temporary equity	$ 878	$ 882
Debt as percentage of permanent stockholders' equity	38.5%	38.2%

Cash generated by operations is our primary source of liquidity. We maintain a diverse investment portfolio that we continually analyze based on issuer, industry, and country. When assessing our sources of liquidity we include investments as shown in the preceding Liquidity and Capital Resources table. Substantially all of our investments in debt instruments and financing receivables are in investment-grade securities.

Other potential sources of liquidity include our commercial paper program and our automatic shelf registration statement on file with the SEC, pursuant to which we may offer an unspecified amount of debt, equity, and other securities. Under our commercial paper program, we have an ongoing authorization from our Board of Directors to borrow up to $5.0 billion. $431 million of commercial paper remained outstanding as of April 1, 2017.

As of April 1, 2017, $14.2 billion of our $17.3 billion of cash and cash equivalents, short-term investments, and trading assets was held by our non-U.S. subsidiaries. Of the $14.2 billion held by our non-U.S. subsidiaries, approximately $2.2 billion was available for use in the U.S. without incurring additional U.S. income taxes in excess of the amounts already accrued in our financial statements as of April 1, 2017. The remaining amount of non-U.S. cash and cash equivalents, short-term investments, and trading assets has been indefinitely reinvested and, therefore, no U.S. current or deferred taxes have been accrued. This amount is earmarked for near-term investment in our operations outside the U.S. and future acquisitions of non-U.S. entities. We believe our U.S. sources of cash and liquidity are sufficient to meet our business needs in the U.S., and do not expect that we will need to repatriate the funds we have designated as indefinitely reinvested outside the U.S. Under current tax laws, should our plans change and we were to choose to repatriate some or all of the funds we have designated as indefinitely reinvested outside the U.S., such amounts would be subject to U.S. income taxes and applicable non-U.S. income and withholding taxes.

During Q1 2017, we entered into a definitive agreement to acquire Mobileye N.V. (Mobileye). Pursuant to the terms of the agreement, a wholly-owned subsidiary of Intel commenced a tender offer on April 5, 2017 to acquire all of the issued and outstanding shares of Mobileye for $63.54 per share in cash, representing a fully-diluted equity value of approximately $15.3 billion as of the date of the agreement. The transaction is expected to close within nine months from the date of the definitive agreement and is subject to certain regulatory approvals and customary closing conditions. We intend to fund the acquisition with cash and cash equivalents, short-term investments, and trading assets held by our non-U.S. subsidiaries.

We believe we have sufficient financial resources to meet our business requirements in the next 12 months, including capital expenditures for worldwide manufacturing and assembly and test; working capital requirements; and potential dividends, common stock repurchases, acquisitions, and strategic investments.

In summary, our cash flows for each period were as follows:

	Three Months Ended	
(In Millions)	Apr 1, 2017	Apr 2, 2016
Net cash provided by operating activities	3,898	4,055
Net cash used for investing activities	(2,778)	(15,520)
Net cash provided by (used for) financing activities	(1,746)	(782)
Net increase (decrease) in cash and cash equivalents	**$ (626)**	**$ (12,247)**

Operating Activities

Cash provided by operating activities is net income adjusted for certain non-cash items and changes in assets and liabilities.

For the first three months of 2017 compared to the first three months of 2016, the $157 million decrease in cash provided by operations was due to changes in working capital, primarily driven by the payout of 2016 profit-dependent compensation, and lower adjustments to net income for non-cash items in the first three months of 2017. This decrease was partially offset by higher net income.

Investing Activities

Investing cash flows consist primarily of capital expenditures; investment purchases, sales, maturities, and disposals; and proceeds from divestitures and cash used for acquisitions.

Cash used for investing activities was lower for the first three months of 2017 compared to the first three months of 2016, primarily due to our acquisition of Altera in 2016 and lower net purchases of trading assets in the first three months of 2017. This activity was partially offset by lower sales of available-for-sale investments in the first three months of 2017.

Financing Activities

Financing cash flows consist primarily of repurchases of common stock, payment of dividends to stockholders, issuance and repayment of short-term and long-term debt, and proceeds from the sale of shares of common stock through employee equity incentive plans.

Cash used for financing activities was higher in the first three months of 2017 compared to the first three months of 2016 primarily due to lower borrowings of commercial paper and higher repurchases of common stock in the first three months of 2017.

Contractual Obligations

Pending Acquisition of Mobileye

During Q1 2017, we entered into a definitive agreement to acquire Mobileye. Pursuant to the terms of the agreement, a wholly-owned subsidiary of Intel commenced a tender offer on April 5, 2017 to acquire all of the issued and outstanding shares of Mobileye for $63.54 per share in cash, representing a fully-diluted equity value of approximately $15.3 billion. The transaction is expected to close within nine months from the date of the definitive agreement and is subject to certain regulatory approvals and customary closing conditions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are affected by changes in currency exchange and interest rates, as well as equity and commodity prices. For discussion about market risk and sensitivity analysis related to changes in currency exchange rates, interest rates, equity prices, and commodity prices refer to Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our 2016 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Based on management's evaluation (with the participation of our Chief Executive Officer (CEO) and Chief Financial Officer (CFO)), as of the end of the period covered by this report, our CEO and CFO have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), are effective to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and is accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended April 1, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including the CEO and CFO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well-designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of the effectiveness of controls to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see “Note 15: Contingencies” in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

The risks described in Part I, Item 1A, "Risk Factors," in our 2016 Form 10-K, could materially and adversely affect our business, financial condition and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face - our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. The Risk Factors section of our 2016 Annual Report on Form 10-K remains current in all material respects.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

We have an ongoing authorization (originally adopted in 2005 and subsequently amended) to repurchase shares of our common stock in open market or negotiated transactions. As of April 1, 2017, we were authorized to repurchase up to $65.0 billion, of which $5.5 billion remained available. Subsequent to April 1, 2017, our Board of Directors approved a $10.0 billion increase to our common stock repurchase program.

Common stock repurchase activity under our repurchase program during the first three months of 2017 was as follows:

Period	Total Number of Shares Purchased (In Millions)	Average Price Paid Per Share	Dollar Value of Shares That May Yet Be Purchased (In Millions)
January 1, 2017 - January 28, 2017	4.1	$ 36.90	$ 6,650
January 29, 2017 - February 25, 2017	12.8	$ 36.18	$ 6,188
February 26, 2017 - April 1, 2017	18.2	$ 35.55	**$ 5,538**
Total	**35.1**	**$ 35.94**	

We issue RSUs as part of our equity incentive plans. In our consolidated condensed financial statements, we treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of RSUs as common stock repurchases because they reduce the number of shares that would have been issued upon vesting. These withheld shares of common stock are not considered common stock repurchases under our authorized common stock repurchase plan and accordingly are not included in the common stock repurchase totals in the preceding table.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
2.1	Purchase Agreement, dated as of March 12, 2017, by and among Intel Corporation, Cyclops Holdings, Inc. and Mobileye N.V.*	8-K	000-06217	2.1	3/13/2017	
3.1	Third Restated Certificate of Incorporation of Intel Corporation dated May 17, 2006	8-K	000-06217	3.1	5/22/2006	
3.2	Intel Corporation Bylaws, as amended and restated on January 21, 2016	8-K	000-06217	3.2	1/26/2016	
10.1**	Intel Corporation Restricted Stock Unit Agreement under the 2006 Equity Incentive Plan (for RSUs granted on or after February 1, 2017 under the Executive OSU program)					X
10.2**	Intel Corporation Non-Employee Director Restricted Stock Unit Agreement under the 2006 Equity Incentive Plan (for RSUs granted on or after February 1, 2017 under the Director OSU program)					X
12.1	Statement Setting Forth the Computation of Ratios of Earnings to Fixed Charges					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act)					X
31.2	Certification of Chief Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

** Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Intel agrees to furnish supplementally a copy of any such schedule or exhibit to the U.S. Securities and Exchange Commission upon request.*
*** Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.*

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 thereunto duly authorized.

INTEL CORPORATION
(Registrant)

Date:	April 27, 2017	By:	/s/ ROBERT H. SWAN
			Robert H. Swan
			Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

Exhibit 10.1

INTEL CORPORATION

RESTRICTED STOCK UNIT AGREEMENT

UNDER THE INTEL CORPORATION 2006 EQUITY INCENTIVE PLAN
(for RSUs granted on or after February 1, 2017 under the Executive OSU program)

1. **TERMS OF RESTRICTED STOCK UNIT**
This Restricted Stock Unit Agreement (this "Agreement"), the Notice of Grant delivered herewith (the "Notice of Grant") and the Intel Corporation 2006 Equity Incentive Plan (the "2006 Plan"), as such may be amended from time to time, constitute the entire understanding between you and Intel Corporation (the "Corporation") regarding the Restricted Stock Units ("RSUs") identified in your Notice of Grant.

2. **SIGNATURE**
If you are instructed by the administrators of the 2006 Plan to accept this Agreement and you fail to do so in the manner specified by the administrators within 180 days of the Grant Date, the RSUs identified in your Notice of Grant will be cancelled, except as otherwise determined by the Corporation in its sole discretion.

3. **VESTING OF RSUs**
Provided that you remain continuously employed by the Corporation or a Subsidiary from the Grant Date specified in the Notice of Grant through the vesting date that is three years and one month after the Grant Date (as specified in the Notice of Grant), then as of the vesting date the RSUs will vest and be converted into the right to receive the number of shares of the Corporation's Common Stock, $.001 par value (the "Common Stock"), determined by multiplying the target number of shares as specified in the Notice of Grant (the "Target Number of Shares") by the conversion rate as set forth below, and except as otherwise provided in this Agreement. If a vesting date falls on a weekend or any other day on which the Nasdaq Stock Market ("NASDAQ") is not open, affected RSUs will vest on the next following NASDAQ business day.

RSUs will vest to the extent provided in and in accordance with the terms of the Notice of Grant and this Agreement. If your status as an Employee terminates for any reason except death, Disablement (defined below) or Retirement (defined below), prior to the vesting date set forth in your Notice of Grant, your RSUs will be cancelled.

4. **CONVERSION OF RSUs**
(a) The conversion rate of RSUs into the right to receive a number of shares of Common Stock depends on the "Intel TSR" relative to the "S&P 500 IT TSR" at the end of the "Performance Period," as those terms are defined in this Section 4. The conversion rate of RSUs into the right to receive a number of shares of Common Stock will be determined in accordance with following:
(1) If the Intel TSR and the S&P 500 IT TSR are within 1 percentage point, the conversion rate will be 100%.
(2) If the Intel TSR is greater than the S&P 500 IT TSR, the conversion rate will be 100% plus four times the difference in percentage points between the Intel TSR and the S&P 500 IT TSR; provided that the maximum conversion rate is 200%.
(3) If the S&P 500 IT TSR is greater than the Intel TSR, the conversion rate will be 100% minus four times the difference in percentage points between the Intel TSR and the S&P 500 IT TSR. Accordingly, if the S&P 500 IT TSR exceeds the Intel TSR by 25 or more percentage points, then the conversion rate will be 0%.
(4) In the event that the conversion rate results in the right to receive a partial share of Common Stock, the conversion rate will be rounded down so that the RSUs will not convert into the right to receive the partial share.

By way of illustration, assume the S&P 500 IT TSR is 100% at the end of the Performance Period in the following examples.

- If the Intel TSR equals 100.5%, the difference between the Intel TSR and the S&P 500 IT TSR is within 1 percentage point. As a result, the conversion rate is 100%, such that your RSUs convert into the right to receive 100% of the Target Number of Shares.

- If the Intel TSR is 105%, the difference between the Intel TSR and the S&P 500 IT TSR is 5 percentage points. As a result, the conversion rate is 120%, such that your RSUs convert into the right to receive 120% of the Target Number of Shares.
- If the Intel TSR is 90%, the difference between the Intel TSR and the S&P 500 IT TSR is 10 percentage points. As a result, the conversion rate is 60%, such that your RSUs convert into the right to receive 60% of the Target Number of Shares.
- If the Intel TSR is 70%, the difference between the Intel TSR and the S&P 500 IT TSR is more than 25 percentage points. As a result, the conversion rate is 0%, such that your RSUs convert into the right to receive 0% of the Target Number of Shares.

(b) "Intel TSR" is a percentage (to the third decimal point) derived by:

(1) A numerator that is the difference between the average closing sale price of Common Stock during the 3 months following and including the Grant Date subtracted from the average closing sale price of Common Stock during the 3 months prior to and including the end of the Performance Period; and

(2) A denominator that is the average closing sale price of Common Stock during the 3 months following and including the Grant Date;

provided that, for purposes of calculating Intel TSR, such result shall be adjusted to reflect that any dividends paid or payable with respect to an ex-dividend date that occurs during the Performance Period shall be treated as though they had been reinvested in the Common Stock as of such ex-dividend date based on the closing sale price of Common Stock on such date.

(c) "S&P 500 IT TSR" is a percentage (to the third decimal point) derived by:

(1) A numerator that is the difference between the average closing sale price of the total return index for the Standard & Poor's 500 Information Technology Index (which measure assumes reinvestment of dividends paid on the Standard & Poor's 500 Information Technology Index) during the 3 months following and including the Grant Date subtracted from the average closing sale price of the total return index for the Standard & Poor's 500 Information Technology Index during the 3 months prior to and including the end of the Performance Period; and

(2) A denominator that is the average closing sale price of the total return index for the Standard & Poor's 500 Information Technology Index during the 3 months following and including the Grant Date.

The total return index for the Standard & Poor's 500 Information Technology Index shall be as reported by S&P Capital IQ (or such other reporting service as the Committee may designate from time to time). For the avoidance of doubt, the companies included in the Standard & Poor's 500 Information Technology Index during the 3 months following and including the Grant Date may be different from the companies included in the index during the 3 months prior to and including the end of the Performance Period as a result of changes in the composition of the index made by Standard & Poor's (or its successor).

(d) For purposes of determining the "Intel TSR:

(1) Any dividend paid in securities with a readily ascertainable fair market value will be valued at the market value of the securities as of the ex-dividend date. Any dividend paid in other property will be valued based on the value assigned to such dividend by the paying company for tax purposes.

(2) The Compensation Committee may equitably adjust Intel TSR for equity restructuring transactions including, but not limited to, a stock split, combination of shares, extraordinary dividend of cash and/or assets, recapitalization or reorganization.

(e) Performance Period is the period beginning with the Grant Date and ending three years later on the third anniversary of the Grant Date. If the third anniversary of the Grant Date falls on a weekend or any other day on which the NASDAQ is not open, the Performance Period will end on the next following NASDAQ business day. If for any reason the Corporation (including any successor corporation) ceases to have its stock price quoted on a national securities exchange, the Performance Period will end as of the last date that the stock price is quoted on a national securities exchange.

5. **SETTLEMENT INTO COMMON STOCK**

Any shares of Common Stock issuable upon the vesting and conversion of the RSUs, as described in Sections 2 and 3, will be issued or become free of restrictions as soon as practicable following the vesting date of the RSUs (or, in the event of vesting acceleration for death, Disablement, or Retirement, the original vesting date that is three years and one month after the Grant Date (as specified in the Notice of Grant)), provided that you have satisfied your tax withholding obligations as specified under Section 11 of this Agreement and you have completed, signed and returned any documents and taken any additional action that the Corporation deems appropriate to enable it to accomplish the delivery of the shares of Common Stock. The shares of Common Stock will be issued in your name (or may be issued to your executor or personal representative, in the event of your death or Disablement), and may be effected by recording shares on the stock records of the Corporation or by crediting shares in an account established on your behalf with a brokerage firm or other custodian, in each case as determined by the Corporation. In no event will the Corporation be obligated to issue a fractional share.

Notwithstanding the foregoing, (i) the Corporation will not be obligated to deliver any shares of the Common Stock during any period when the Corporation determines that the conversion of a RSU or the delivery of shares hereunder would violate any laws of the United States or your country of residence or employment and/or may issue shares subject to any restrictive legends that, as determined by the Corporation's counsel, is necessary to comply with securities or other regulatory requirements, and (ii) the date on which shares are issued or credited to your account may include a delay in order to provide the Corporation such time as it determines appropriate to calculate Intel TSR and S&P 500 IT TSR, for the Committee (as defined below) to certify performance results, to calculate and address tax withholding and to address other administrative matters. The number of shares of Common Stock into which RSUs convert as specified in the Notice of Grant will be adjusted for stock splits and similar matters as specified in and pursuant to the 2006 Plan.

6. **SUSPENSION OR TERMINATION OF RSU FOR MISCONDUCT**

If at any time the Committee of the Board of Directors of the Corporation established pursuant to the 2006 Plan (the "Committee"), including any Subcommittee or "Authorized Officer" (as defined in Section 8(b)(vi) of the 2006 Plan) notifies the Corporation that they reasonably believe that you have committed an act of misconduct as described in Section 8(b)(vi) of the 2006 Plan (embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Corporation, breach of fiduciary duty or deliberate disregard of Corporation rules resulting in loss, damage or injury to the Corporation, an unauthorized disclosure of any Corporation trade secret or confidential information, any conduct constituting unfair competition, inducing any customer to breach a contract with the Corporation or inducing any principal for whom the Corporation acts as agent to terminate such agency relationship), the vesting of your RSUs may be suspended pending a determination of whether an act of misconduct has been committed. If the Corporation determines that you have committed an act of misconduct, all RSUs not vested as of the date the Corporation was notified that you may have committed an act of misconduct will be cancelled and neither you nor any beneficiary will be entitled to any claim with respect to the RSUs whatsoever. Any determination by the Committee or an Authorized Officer with respect to the foregoing will be final, conclusive, and binding on all interested parties.

7. **TERMINATION OF EMPLOYMENT**

Except as expressly provided otherwise in this Agreement, if your employment by the Corporation or any Subsidiary terminates for any reason, whether voluntarily or involuntarily, other than on account of death, Disablement (defined below) or Retirement (defined below), all RSUs not then vested will be cancelled on the date of employment termination, regardless of whether such employment termination is as a result of a divestiture or otherwise. For purposes of this Section 7, your employment with any partnership, joint venture or corporation not meeting the requirements of a Subsidiary in which the Corporation or a Subsidiary is a party will be considered employment for purposes of this provision if either (a) the entity is designated by the Committee as a Subsidiary for purposes of this provision or (b) you are specifically designated as an employee of a Subsidiary for purposes of this provision.

For purposes of this provision, your employment is not deemed terminated if, prior to sixty (60) days after the date of termination from the Corporation or a Subsidiary, you are rehired by the Corporation or a Subsidiary on a basis that would make you eligible for future grants of Intel RSUs. In addition, your transfer from the Corporation to any Subsidiary or from any one Subsidiary to another, or from a Subsidiary to the Corporation is not deemed a termination of employment.

8. **DEATH**

Except as expressly provided otherwise in this Agreement, if you die while employed by the Corporation or any Subsidiary, your RSUs will become vested and will be settled as described in Section 5.

9. **DISABLEMENT**

Except as expressly provided otherwise in this Agreement, if your employment terminates as a result of Disablement, your RSUs will become vested upon the later of the date of your termination of employment due to your Disablement or the date of determination of your Disablement, and your RSUs will settle as described in Section 5.

For purposes of this Section 9, “Disablement” will be determined in accordance with the standards and procedures of the then-current Long Term Disability Plan maintained by the Corporation or the Subsidiary that employs you, and in the event you are not a participant in a then-current Long Term Disability Plan maintained by the Corporation or the Subsidiary that employs you, “Disablement” will have the same meaning as disablement is defined in the Intel Long Term Disability Plan, which is generally a physical condition arising from an illness or injury, which renders an individual incapable of performing work in any occupation, as determined by the Corporation.

10. **RETIREMENT**

For purposes of this Agreement, if your employment terminates as a result of Retirement, your RSUs will become vested upon the date of your Retirement and will settle as described in Section 5. For purposes of this Section 10, “Retirement” will mean:

(a) You terminate employment with the Corporation at or after age 60 (“Standard Retirement”); or

(b) You terminate employment with the Corporation and as of the termination date your age plus years of service (in each case measured in complete, whole years) equals or exceeds 75 (“Rule of 75”).

11. **TAX WITHHOLDING**

To the extent RSUs are subject to tax withholding obligations, the taxable amount will be based on the Market Value on the date of the taxable event. RSUs are taxable in accordance with the existing or future tax laws of the country in which you reside or are employed on the grant or vest dates, or during the vesting period. Your RSUs may be taxable in more than one country, based on your country of citizenship and the countries in which you resided or were employed on the Grant Date, vest date or during the vesting period.

You will make arrangements satisfactory to the Corporation (or the Subsidiary that employs you, if your Subsidiary is involved in the administration of the 2006 Plan) for the payment and satisfaction of any income tax, social security tax, payroll tax, social taxes, applicable national or local taxes, or payment on account of other tax related to withholding obligations that arise by reason of granting or vesting of RSUs or sale of Common Stock shares from vested RSUs (whichever is applicable).

The Corporation will not be required to issue or lift any restrictions on shares of the Common Stock pursuant to your RSUs or to recognize any purported transfer of shares of the Common Stock until such obligations are satisfied.

Unless provided otherwise by the Committee, these obligations will be satisfied by the Corporation withholding a number of shares of Common Stock that would otherwise be issued under the RSUs that the Corporation determines has a Market Value sufficient to meet the tax withholding obligations. In the event that the Committee provides that these obligations will not be satisfied under the method described in the previous sentence, you authorize UBS Financial Services Inc., E*TRADE Financial Corporate Services, Inc., or any successor plan administrator, to sell a number of shares of Common Stock that are issued under the RSUs, which the Corporation determines is sufficient to generate an amount that meets the tax withholding obligations plus additional shares to account for rounding and market fluctuations, and to pay such tax withholding to the Corporation. The shares may be sold as part of a block trade with other participants of the 2006 Plan in which all participants receive an average price. For this purpose, "Market Value" will be calculated as the average of the highest and lowest sales prices of the Common Stock as reported by NASDAQ on the day your RSUs vest. The future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty.

You are ultimately liable and responsible for all taxes owed by you in connection with your RSUs, regardless of any action the Corporation takes or any transaction pursuant to this Section 11 with respect to any tax withholding obligations that arise in connection with the RSUs. The Corporation makes no representation or undertaking regarding the treatment of any tax withholding in connection with the grant, issuance, vesting or settlement of the RSUs or the subsequent sale of any of the shares of Common Stock underlying the RSUs that vest. The Corporation does not commit and is under no obligation to structure the RSU program to reduce or eliminate your tax liability.

12. **RIGHTS AS A STOCKHOLDER**

Your RSUs may not be otherwise transferred or assigned, pledged, hypothecated or otherwise disposed of in any way, whether by operation of law or otherwise, and may not be subject to execution, attachment or similar process. Any attempt to transfer, assign, hypothecate or otherwise dispose of your RSUs other than as permitted above, will be void and unenforceable against the Corporation.

You will have the rights of a stockholder only after shares of the Common Stock have been issued to you following vesting of your RSUs and satisfaction of all other conditions to the issuance of those shares as set forth in this Agreement. RSUs will not entitle you to any rights of a stockholder of Common Stock and there are no voting or dividend rights with respect to your RSUs. RSUs will remain terminable pursuant to this Agreement at all times until they vest and convert into shares. As a condition to having the right to receive shares of Common Stock pursuant to your RSUs, you acknowledge that unvested RSUs will have no value for purposes of any aspect of your employment relationship with the Corporation or a Subsidiary.

13. **DISPUTES**

Any question concerning the interpretation of this Agreement, your Notice of Grant, the RSUs or the 2006 Plan, any adjustments required to be made thereunder, and any controversy that may arise under this Agreement, your Notice of Grant, the RSUs or the 2006 Plan will be determined by the Committee (including any person(s) to whom the Committee has delegated its authority) in its sole and absolute discretion. Such decision by the Committee will be final and binding unless determined pursuant to Section 16(e) to have been arbitrary and capricious.

14. **AMENDMENTS**

The 2006 Plan and RSUs may be amended or altered by the Committee or the Board of Directors of the Corporation to the extent provided in the 2006 Plan.

15. **DATA PRIVACY**

You explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document and any other RSU grant materials ("Data") by and among, as applicable, the Corporation, the Subsidiary that employs you and any other Subsidiary for the exclusive purpose of implementing, administering and managing your participation in the 2006 Plan.

You hereby understand that the Corporation holds certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor for the purpose of implementing, administering and managing the 2006 Plan. You hereby understand that Data will be transferred to UBS Financial Services Inc., E*TRADE Financial Corporate Services, Inc. and any other third parties assisting in the implementation, administration and management of the 2006 Plan, that these recipients may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You hereby understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Corporation, UBS Financial Services Inc., E*TRADE Financial Corporate Services, Inc. and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the exclusive purpose of implementing, administering and managing your participation in the 2006 Plan, including any requisite transfer of such Data as may be required to another broker or other third party with whom you may elect to deposit any shares of Common Stock acquired under your RSUs. You hereby understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the 2006 Plan. You hereby understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or

refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Subsidiary that employs you will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Corporation would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you hereby understand that refusing or withdrawing your consent may affect your ability to participate in the 2006 Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you hereby understand that you may contact the human resources representative responsible for your country at the local or regional level.

16. **THE 2006 PLAN AND OTHER TERMS; OTHER MATTERS**

(a) Certain capitalized terms used in this Agreement are defined in the 2006 Plan. Any prior agreements, commitments or negotiations concerning the RSUs are superseded by this Agreement and your Notice of Grant. You hereby acknowledge that a copy of the 2006 Plan has been made available to you.
The grant of RSUs to an employee in any one year, or at any time, does not obligate the Corporation or any Subsidiary to make a grant in any future year or in any given amount and should not create an expectation that the Corporation or any Subsidiary might make a grant in any future year or in any given amount.

(b) To the extent that the grant of RSUs refers to the Common Stock of Intel Corporation, and as required by the laws of your country of residence or employment, only authorized but unissued shares thereof will be utilized for delivery upon vesting in accord with the terms hereof.

(c) Notwithstanding any other provision of this Agreement, if any changes in law or the financial or tax accounting rules applicable to the RSUs covered by this Agreement will occur, the Corporation may, in its sole discretion, (1) modify this Agreement to impose such restrictions or procedures with respect to the RSUs (whether vested or unvested), the shares issued or issuable pursuant to the RSUs and/or any proceeds or payments from or relating to such shares as it determines to be necessary or appropriate to comply with applicable law or to address, comply with or offset the economic effect to the Corporation of any accounting or administrative matters relating thereto, or (2) cancel and cause a forfeiture with respect to any unvested RSUs at the time of such determination.

(d) Nothing contained in this Agreement creates or implies an employment contract or term of employment upon which you may rely.

(e) Because this Agreement relates to terms and conditions under which you may be issued shares of Common Stock of Intel Corporation, a Delaware corporation, an essential term of this Agreement is that it will be governed by the laws of the State of Delaware, without regard to choice of law principles of Delaware or other jurisdictions. Any action, suit, or proceeding relating to this Agreement or the RSUs granted hereunder will be brought in the state or federal courts of competent jurisdiction in the State of California.

(f) Notwithstanding anything to the contrary in this Agreement or the applicable Notice of Grant, your RSUs are subject to reduction by the Corporation if you change your employment classification from a full-time employee to a part-time employee.

(g) RSUs are not part of your employment contract (if any) with the Corporation or any Subsidiary, your salary, your normal or expected compensation, or other remuneration for any purposes, including for purposes of computing severance pay or other termination compensation or indemnity.

(h) In consideration of the grant of RSUs, no claim or entitlement to compensation or damages will arise from termination of your RSUs or diminution in value of the RSUs or Common Stock acquired through vested RSUs resulting from termination of your active employment by the Corporation (for any reason whatsoever and whether or not in breach of local labor laws) and you hereby release the Corporation from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then you will be deemed irrevocably to have waived your entitlement to pursue such claim.

(i) Notwithstanding any terms or conditions of the 2006 Plan to the contrary, in the event of involuntary termination of your employment (whether or not in breach of local labor laws), your right to receive the RSUs and vest in RSUs under the 2006 Plan, if any, will terminate effective as of the date that you are no longer actively employed and will not be extended by any notice period mandated under local law (*e.g.*, active employment would not include a period of “garden leave” or similar period pursuant to local law); furthermore, in the event of involuntary termination of employment (whether or not in breach of local labor laws), your right to sell shares of Common Stock that converted from vested RSUs after termination of employment, if any, will be measured by the date of termination of your active employment and will not be extended by any notice period mandated under local law.

(j) Notwithstanding any provision of this Agreement, the Notice of Grant or the 2006 Plan to the contrary, if, at the time of your termination of employment with the Corporation, you are a “specified employee” as defined in Section 409A of the Internal Revenue Code ("Code"), and one or more of the payments or benefits received or to be received by you pursuant to the RSUs would constitute deferred compensation subject to Section 409A, no such payment or benefit will be provided under the RSUs until the earliest of (A) the date which is six (6) months after your "separation from service” for any reason, other than death or “disability” (as such terms are used in Section 409A(a)(2) of the Code), (B) the date of your death or “disability” (as such term is used in Section 409A(a)(2)(C) of the Code) or (C) the effective date of a “change in the ownership or effective control” of the Corporation (as such term is used in Section 409A(a)(2)(A)(v) of the Code). The provisions of this Section 16(j) will only apply to the extent required to avoid your incurrence of any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder. In addition, if any provision of the RSUs would cause you to incur any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Corporation may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

(k) Copies of Intel Corporation's Annual Report to Stockholders for its latest fiscal year and Intel Corporation's latest quarterly report are available, without charge, at the Corporation's business office.

(l) <u>Chile</u>. If you are employed in or a resident of Chile, please note: NEITHER INTEL CORPORATION NOR ANY OF ITS SHARES ARE REGISTERED WITH THE *SUPERINTENDENCIA DE VALORES Y SEGUROS* (THE "SVS") NOR SUBJECT TO THE CONTROL OF THE SVS.

(m) <u>France</u>. If you are employed in or a resident of the France, you will not be required to hold the shares of Common Stock issued to you for the vest of these RSUs for the minimum required holding period of the ‘*régime fiscal de faveur*’.

(n) <u>The People’s Republic of China</u>. If you are employed in and a citizen of the People’s Republic of China, you authorize the Corporation to instruct UBS Financial Services Inc., or any successor plan administrator, to sell all of your shares of Common Stock that are issued under these RSUs, and are in your brokerage account established with UBS Financial Services Inc., or any successor plan administrator on the 90th day following your termination of employment or as soon as administratively feasible after the 90th day, including termination of employment due to death, Disablement or Retirement. Furthermore, you authorize UBS Financial Services Inc., or any successor plan administrator to send the net proceeds from such sale (after the payment of any tax withholding amounts and expenses of sale) to the Corporation on your behalf for payment through payroll, unless the Corporation's counsel determines that local laws do not necessitate such payments through payroll. The shares may be sold as part of a block trade with other participants in which all participants receive an average price.

(o) <u>Vietnam</u>. If you are employed in or a resident of Vietnam, you authorize UBS Financial Services Inc., E*TRADE Financial Corporate Services, Inc. or any successor plan administrator, to sell all of your shares of Common Stock that are issued under the RSUs, and are in your brokerage account established with UBS Financial Services Inc., E*TRADE Financial Corporate Services, Inc. or any successor plan administrator, as soon as administratively feasible after your termination of employment, death, Disablement or Retirement.

By acknowledging this award or your acceptance of this Agreement in the manner specified by the administrators, you and Intel Corporation agree that the RSUs identified in your Notice of Grant are governed by the terms of this Agreement, the Notice of Grant and the 2006 Plan. You further acknowledge that you have read and understood the terms of the RSUs set forth in this Agreement.

IF YOU ARE INSTRUCTED BY THE ADMINISTRATORS OF THE 2006 PLAN TO ACCEPT THIS AGREEMENT AND YOU FAIL TO DO SO IN THE MANNER SPECIFIED BY THE ADMINISTRATORS WITHIN 180 DAYS OF THE GRANT

DATE, THE RSUS IDENTIFIED IN YOUR NOTICE OF GRANT WILL BE CANCELLED, EXCEPT AS OTHERWISE DETERMINED BY THE CORPORATION IN ITS SOLE DISCRETION. (SEE SECTION 2 OF THIS AGREEMENT).

Exhibit 10.2

INTEL CORPORATION

NON-EMPLOYEE DIRECTOR

RESTRICTED STOCK UNIT AGREEMENT

UNDER THE INTEL CORPORATION 2006 EQUITY INCENTIVE PLAN

(for RSUs granted on or after February 1, 2017 under the Director OSU program)

1. **TERMS OF RESTRICTED STOCK UNIT**

This Restricted Stock Unit Agreement (this “Agreement”), the Notice of Grant delivered herewith (the “Notice of Grant”) and the Intel Corporation 2006 Equity Incentive Plan (the “2006 Plan”), as such may be amended from time to time, constitute the entire understanding between you and Intel Corporation (the “Corporation”) regarding the Restricted Stock Units (“RSUs”) identified in your Notice of Grant.

2. **VESTING OF RSUs**

Provided that you continuously serve as a member of the Corporation’s Board of Directors from the Grant Date specified in the Notice of Grant through the vesting date that is three years and one month after the Grant Date (as specified in the Notice of Grant), then as of the vesting date the RSUs shall vest and be converted into the right to receive the number of shares of the Corporation’s Common Stock, $.001 par value (the “Common Stock”), determined by multiplying the target number of shares as specified in the Notice of Grant (the “Target Number of Shares”) by the conversion rate as set forth below, and except as otherwise provided in this Agreement. If a vesting date falls on a weekend or any other day on which the Nasdaq Stock Market ("NASDAQ") is not open, affected RSUs will vest on the next following NASDAQ business day.

RSUs will vest to the extent provided in and in accordance with the terms of the Notice of Grant and this Agreement. If your status as a member of the Corporation’s Board of Directors terminates for any reason except death, Disablement (defined below) or Retirement (defined below), prior to the vesting date set forth in your Notice of Grant, your RSUs will be cancelled.

3. **CONVERSION OF RSUs**

(a) The conversion rate of RSUs into the right to receive a number of shares of Common Stock depends on the “Intel TSR” relative to the “S&P 500 IT TSR” at the end of the “Performance Period,” as those terms are defined in this Section. The conversion rate of RSUs into the right to receive a number of shares of Common Stock will be determined in accordance with following:

(1) If the Intel TSR and the S&P 500 IT TSR are within 1 percentage point, the conversion rate will be 100%.

(2) If the Intel TSR is greater than the S&P 500 IT TSR, the conversion rate will be 100% plus four times the difference in percentage points between the Intel TSR and the S&P 500 IT TSR; provided that the maximum conversion rate is 200%.

(3) If the S&P 500 IT TSR is greater than the Intel TSR, the conversion rate will be 100% minus four times the difference in percentage points between the Intel TSR and the S&P 500 IT TSR. Accordingly, if the S&P 500 IT TSR exceeds the Intel TSR by 25 or more percentage points, then the conversion rate will be 0%.

(4) In the event that the conversion rate results in the right to receive a partial share of Common Stock, the conversion rate will be rounded down so that the RSUs will not convert into the right to receive the partial share.

By way of illustration, assume the S&P 500 IT TSR is 100% at the end of the Performance Period in the following examples.

- If the Intel TSR equals 100.5%, the difference between the Intel TSR and the S&P 500 IT TSR is within 1 percentage point. As a result, the conversion rate is 100%, such that your RSUs convert into the right to receive 100% of the Target Number of Shares.
- If the Intel TSR is 105%, the difference between the Intel TSR and the S&P 500 IT TSR is 5 percentage points. As a result, the conversion rate is 120%, such that your RSUs convert into the right to receive 120% of the Target Number of Shares.

- If the Intel TSR is 90%, the difference between the Intel TSR and the S&P 500 IT TSR is 10 percentage points. As a result, the conversion rate is 60%, such that your RSUs convert into the right to receive 60% of the Target Number of Shares.
- If the Intel TSR is 70%, the difference between the Intel TSR and the S&P 500 IT TSR is more than 25 percentage points. As a result, the conversion rate is 0%, such that your RSUs convert into the right to receive 0% of the Target Number of Shares.

(b) "Intel TSR" is a percentage (to the third decimal point) derived by:

(1) A numerator that is the difference between the average closing sale price of Common Stock during the 3 months following and including the Grant Date subtracted from the average closing sale price of Common Stock during the 3 months prior to and including the end of the Performance Period; and

(2) A denominator that is the average closing sale price of Common Stock during the 3 months following and including the Grant Date; provided that, for purposes of calculating Intel TSR, such result shall be adjusted to reflect that any dividends paid or payable with respect to an ex-dividend date that occurs during the Performance Period shall be treated as though they had been reinvested in the Common Stock as of such ex-dividend date based on the closing sale price of Common Stock on such date.

(c) "S&P 500 IT TSR" is a percentage (to the third decimal point) derived by:

(1) A numerator that is the difference between the average closing sale price of the total return index for the Standard & Poor's 500 Information Technology Index (which measure assumes reinvestment of dividends paid on the Standard & Poor's 500 Information Technology Index) during the 3 months following and including the Grant Date subtracted from the average closing sale price of the total return index for the Standard & Poor's 500 Information Technology Index during the 3 months prior to and including the end of the Performance Period; and

(2) A denominator that is the average closing sale price of the total return index for the Standard & Poor's 500 Information Technology Index during the 3 months following and including the Grant Date.

The total return index for the Standard & Poor's 500 Information Technology Index shall be as reported by S&P Capital IQ (or such other reporting service as the Committee may designate from time to time). For the avoidance of doubt, the companies included in the Standard & Poor's 500 Information Technology Index during the 3 months following and including the Grant Date may be different from the companies included in the index during the 3 months prior to and including the end of the Performance Period as a result of changes in the composition of the index made by Standard & Poor's (or its successor).

(d) For purposes of determining the Intel TSR:

(1) Any dividend paid in securities with a readily ascertainable fair market value will be valued at the market value of the securities as of the ex-dividend date. Any dividend paid in other property will be valued based on the value assigned to such dividend by the paying company for tax purposes.

(2) The Compensation Committee may equitably adjust Intel TSR for equity restructuring transactions including, but not limited to, a stock split, combination of shares, extraordinary dividend of cash and/or assets, recapitalization or reorganization.

(e) Performance Period is the period beginning with the Grant Date and ending three years later on the third anniversary of the Grant Date. If the third anniversary of the Grant Date falls on a weekend or any other day on which the NASDAQ is not open, the Performance Period will end on the next following NASDAQ business day. If for any reason the Corporation (including any successor corporation) ceases to have its stock price quoted on a national securities exchange, the Performance Period will end as of the last date that the stock price is quoted on a national securities exchange.

4. **SETTLEMENT INTO COMMON STOCK**

Any shares of Common Stock issuable upon the vesting and conversion of the RSUs, as described in Sections 2 and 3, will be issued or become free of restrictions as soon as practicable following the vesting date of the RSUs (or, in the event of vesting acceleration for death, Disablement, or Retirement, the original vesting date that is three years and one month after the Grant Date (as specified in the Notice of Grant)), provided that you have satisfied your tax withholding obligations as specified under Section 9 of this Agreement and you have completed, signed and returned any documents and taken any additional action that the Corporation deems appropriate to enable it to accomplish the delivery of the shares of Common

Stock. The shares of Common Stock will be issued in your name (or may be issued to your executor or personal representative, in the event of your death or Disablement), and may be effected by recording shares on the stock records of the Corporation or by crediting shares in an account established on your behalf with a brokerage firm or other custodian, in each case as determined by the Corporation. In no event will the Corporation be obligated to issue a fractional share.

Notwithstanding the foregoing, (i) the Corporation will not be obligated to deliver any shares of the Common Stock during any period when the Corporation determines that the conversion of a RSU or the delivery of shares hereunder would violate any laws of the United States or your country of residence or employment and/or may issue shares subject to any restrictive legends that, as determined by the Corporation's counsel, is necessary to comply with securities or other regulatory requirements, and (ii) the date on which shares are issued or credited to your account may include a delay in order to provide the Corporation such time as it determines appropriate to calculate Intel TSR and S&P 500 IT TSR, for the Committee (as defined below) to certify performance results, to calculate and address tax withholding and to address other administrative matters. The number of shares of Common Stock into which RSUs convert as specified in the Notice of Grant will be adjusted for stock splits and similar matters as specified in and pursuant to the 2006 Plan.

5. **TERMINATION OF SERVICE AS DIRECTOR**
Except as expressly provided otherwise in this Agreement, if your term of service as a director of the Corporation's Board of Directors terminates for any reason, whether voluntarily or involuntarily, other than on account of death, Disablement (defined below) or Retirement (defined below), all RSUs not then vested shall be cancelled on the date of termination of service

6. **DEATH**
Except as expressly provided otherwise in this Agreement, if you die during your term of service as a member of the Corporation's Board of Directors, your RSUs will become vested and will be settled as described in Section 4.

7. **DISABLEMENT**
Except as expressly provided otherwise in this Agreement, your RSUs will become vested and will settle as described in Section 4 if your service as a member of the Corporation's Board of Directors terminates due to your Disablement. For purposes of this Section, "Disablement" will be determined in accordance with the standards and procedures of the then-current Long Term Disability Plan maintained by the Corporation and in the event you are not a participant in a then-current Long Term Disability Plan maintained by the Corporation. "Disablement" means a physical condition arising from an illness or injury, which renders an individual incapable of performing work in any occupation, as determined by the Corporation.

8. **RETIREMENT**
Provided you are elected to serve on the Corporation's Board of Directors at the Corporation's annual stockholder meeting immediately following the Grant Date, if you retire from service as a member of the Corporation's Board of Directors at age 72 or more, or with at least seven (7) years of service as a member of the Corporation's Board of Directors, your RSUs will become vested and will settle as described in Section 4.

9. **TAX WITHHOLDING**
RSUs are taxable upon vesting (as indicated in your Notice of Grant) or, if later, the date to which you have deferred settlement of your RSUs. To the extent required by applicable federal, state or other law, you will make arrangements satisfactory to the Corporation for the payment and satisfaction of any income tax, social security tax, payroll tax, social taxes, applicable national or local taxes, or payment on account of other tax related to withholding obligations that arise by reason of granting or vesting of RSUs or sale of Common Stock shares from vested RSUs (whichever is applicable).

The Corporation will not be required to issue or lift any restrictions on shares of the Common Stock pursuant to your RSUs or to recognize any purported transfer of shares of the Common Stock until such obligations are satisfied.

Unless provided otherwise by the Committee, these obligations will be satisfied by the Corporation withholding a number of shares of Common Stock that would otherwise be issued under the RSUs that the

Corporation determines has a Market Value sufficient to meet the tax withholding obligations. In the event that the Committee provides that these obligations will not be satisfied under the method described in the previous sentence, you authorize UBS Financial Services Inc., or any successor plan administrator, to sell a number of shares of Common Stock that are issued under the RSUs, which the Corporation determines is sufficient to generate an amount that meets the tax withholding obligations plus additional shares to account for rounding and market fluctuations, and to pay such tax withholding to the Corporation. The shares may be sold as part of a block trade with other participants of the 2006 Plan in which all participants receive an average price. For this purpose, "Market Value" will be calculated as the average of the highest and lowest sales prices of the Common Stock as reported by NASDAQ on the day your RSUs vest. The future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty.

You are ultimately liable and responsible for all taxes owed by you in connection with your RSUs, regardless of any action the Corporation takes or any transaction pursuant to this Section with respect to any tax withholding obligations that arise in connection with the RSUs. The Corporation makes no representation or undertaking regarding the treatment of any tax withholding in connection with the grant, issuance, vesting or settlement of the RSUs or the subsequent sale of any of the shares of Common Stock underlying the RSUs that vest. The Corporation does not commit and is under no obligation to structure the RSU program to reduce or eliminate your tax liability.

10. **ELECTION TO DEFER RECEIPT OF RSU SHARES**

You may elect to defer receipt of shares of Common Stock relating to an RSU beyond the vesting dates set forth in your Notice of Grant under the rules and procedures established separately by the Corporation. That election will allow you to defer income recognition, until the date on which your service as a member of the Corporation's Board of Directors terminates for any reason. Under Internal Revenue Code Section 409A, the election to defer under this section must be made in the calendar year prior to the year in which services related to those RSU's are first performed. Notwithstanding anything to the contrary in this Agreement, shares of Common Stock will not be issued and you will not have any rights of a stockholder in Common Stock issuable under this Agreement to the extent that you have elected to defer the issuance and receipt of such Common Stock. If, however, your service as a member of the Corporation's Board of Directors terminates prior to the vesting dates set forth in your Notice of Grant, any shares that would not have vested on your date of termination will be cancelled regardless of your election. Notwithstanding your election to defer made in the calendar year prior to grant, the Corporation is not obligated to make a grant in any future year or in any given amount and should not create an expectation that the Corporation might make a grant in any future year or in any given amount.

11. **RIGHTS AS A STOCKHOLDER**

Your RSUs may not be otherwise transferred or assigned, pledged, hypothecated or otherwise disposed of in any way, whether by operation of law or otherwise, and may not be subject to execution, attachment or similar process. Any attempt to transfer, assign, hypothecate or otherwise dispose of your RSUs other than as permitted above, will be void and unenforceable against the Corporation.

You will have the rights of a stockholder only after shares of the Common Stock have been issued to you following vesting of your RSUs and satisfaction of all other conditions to the issuance of those shares as set forth in this Agreement. RSUs will not entitle you to any rights of a stockholder of Common Stock and there are no voting or dividend rights with respect to your RSUs. RSUs will remain terminable pursuant to this Agreement at all times until they vest and convert into shares.

12. **AMENDMENTS**

The 2006 Plan and RSUs may be amended or altered by the Committee or the Board of Directors of the Corporation to the extent provided in the 2006 Plan.

13. **DATA PRIVACY**

You explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this document and any other RSU grant materials ("Data") by and among, as applicable, the Corporation, the Subsidiary that employs you and any other Subsidiary for the exclusive purpose of implementing, administering and managing your participation in the 2006 Plan.

You hereby understand that the Corporation holds certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Corporation, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in your favor for the purpose of implementing, administering and managing the 2006 Plan. You hereby understand that Data will be transferred to UBS Financial Services Inc., and any other third parties assisting in the implementation, administration and management of the 2006 Plan, that these recipients may be located in your country or elsewhere, and that the recipient's country (e.g., the United States) may have different data privacy laws and protections than your country. You hereby understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize the Corporation, UBS Financial Services Inc., and any other possible recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the exclusive purpose of implementing, administering and managing your participation in the 2006 Plan, including any requisite transfer of such Data as may be required to another broker or other third party with whom you may elect to deposit any shares of Common Stock acquired under your RSUs. You hereby understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the 2006 Plan. You hereby understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative.

Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment status or service and career with the Subsidiary that employs you will not be adversely affected; the only adverse consequence of refusing or withdrawing your consent is that the Corporation would not be able to grant you RSUs or other equity awards or administer or maintain such awards. Therefore, you hereby understand that refusing or withdrawing your consent may affect your ability to participate in the 2006 Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you hereby understand that you may contact the human resources representative responsible for your country at the local or regional level.

14. **THE 2006 PLAN AND OTHER TERMS; OTHER MATTERS**

(a) Certain capitalized terms used in this Agreement are defined in the 2006 Plan. Any prior agreements, commitments or negotiations concerning the RSUs are superseded by this Agreement and your Notice of Grant. You hereby acknowledge that a copy of the 2006 Plan has been made available to you.

The grant of RSUs to you in any one year, or at any time, does not obligate the Corporation to make a grant in any future year or in any given amount and should not create an expectation that the Corporation or any Subsidiary might make a grant in any future year or in any given amount.

(b) To the extent that the grant of RSUs refers to the Common Stock of Intel Corporation, and as required by the laws of your country of residence or employment, only authorized but unissued shares thereof will be utilized for delivery upon vesting in accord with the terms hereof.

(c) Notwithstanding any other provision of this Agreement, if any changes in law or the financial or tax accounting rules applicable to the RSUs covered by this Agreement will occur, the Corporation may, in its sole discretion, (1) modify this Agreement to impose such restrictions or procedures with respect to the RSUs (whether vested or unvested), the shares issued or issuable pursuant to the RSUs and/or any proceeds or payments from or relating to such shares as it determines to be necessary or appropriate to comply with applicable law or to address, comply with or offset the economic effect to the Corporation of any accounting or administrative matters relating thereto, or (2) cancel and cause a forfeiture with respect to any unvested RSUs at the time of such determination.

(d) Because this Agreement relates to terms and conditions under which you may be issued shares of Common Stock of Intel Corporation, a Delaware corporation, an essential term of this Agreement is that it will be governed by the laws of the State of Delaware, without regard to choice of law principles of Delaware or other jurisdictions. Any action, suit, or proceeding relating to this Agreement or the RSUs granted hereunder will be brought in the state or federal courts of competent jurisdiction in the State of California.

(e) Copies of Intel Corporation's Annual Report to Stockholders for its latest fiscal year and Intel Corporation's latest quarterly report are available, without charge, at the Corporation's business office.

Exhibit 12.1

INTEL CORPORATION

STATEMENT SETTING FORTH THE COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

(Dollars in Millions)	Three Months Ended Apr 1, 2017	Three Months Ended Apr 2, 2016
Earnings[1]	$ 3,861	$ 2,549
Adjustments:		
Add - Fixed charges	223	240
Subtract - Capitalized interest	(67)	(22)
Earnings and fixed charges (net of capitalized interest)	**$ 4,017**	**$ 2,767**
Fixed charges:		
Interest[2]	$ 146	$ 208
Capitalized interest	67	22
Estimated interest component of rental expense	10	10
Total	**$ 223**	**$ 240**
Ratio of earnings before taxes and fixed charges, to fixed charges	18x	12x

[1] *After adjustments required by Item 503(d) of Regulation S-K.*
[2] *Interest within provision for taxes on the consolidated condensed statements of income is not included.*

Exhibit 31.1

CERTIFICATION

I, Brian M. Krzanich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2017

By: /s/ BRIAN M. KRZANICH

Brian M. Krzanich
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Robert H. Swan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Intel Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2017

By: /s/ ROBERT H. SWAN

Robert H. Swan
Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

Exhibit 32.1

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Intel Corporation (Intel), that, to his knowledge, the Quarterly Report of Intel on Form 10-Q for the period ended April 1, 2017, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Intel. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 10-Q. A signed original of this statement has been provided to Intel and will be retained by Intel and furnished to the Securities and Exchange Commission or its staff upon request.

Date:	April 27, 2017	By:	/s/ BRIAN M. KRZANICH
			Brian M. Krzanich Chief Executive Officer
Date:	April 27, 2017	By:	/s/ ROBERT H. SWAN
			Robert H. Swan Executive Vice President, Chief Financial Officer, and Principal Accounting Officer