

Edgar Filing: INTEL CORP - Form 10-Q

INTEL CORP

Form 10-Q

April 26, 2019

false--12-28Q120192019-03-300000050863YesfalseLarge Accelerated  
Filerfalse6534200000067438000000.600.634516000000447700000045160000004477000000290000000P40YP1Y  
0000050863 2018-12-30 2019-03-30 0000050863 us-gaap:FairValueHedgingMember  
us-gaap:OtherNonoperatingIncomeExpenseMember 2018-12-30 2019-03-30 0000050863  
us-gaap:NondesignatedMember 2018-12-30 2019-03-30 0000050863 2019-03-30 0000050863 2017-12-31  
2018-03-31 0000050863 2018-12-29 0000050863 2017-12-30 0000050863 2018-03-31 0000050863  
us-gaap:CommonStockIncludingAdditionalPaidInCapitalMember 2019-03-30 0000050863  
us-gaap:CommonStockIncludingAdditionalPaidInCapitalMember 2018-12-30 2019-03-30 0000050863  
us-gaap:CommonStockIncludingAdditionalPaidInCapitalMember 2018-12-29 0000050863  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2019-03-30 0000050863  
us-gaap:RetainedEarningsMember 2017-12-31 2018-03-31 0000050863 us-gaap:RetainedEarningsMember  
2018-12-30 2019-03-30 0000050863 us-gaap:CommonStockIncludingAdditionalPaidInCapitalMember 2017-12-31  
2018-03-31 0000050863 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-30 0000050863  
us-gaap:RetainedEarningsMember 2018-12-29 0000050863  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000050863  
us-gaap:CommonStockIncludingAdditionalPaidInCapitalMember 2017-12-31 0000050863 2017-12-31 0000050863  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-29 0000050863  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-03-31 0000050863  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 2018-03-31 0000050863  
us-gaap:RetainedEarningsMember 2017-12-30 0000050863  
us-gaap:CommonStockIncludingAdditionalPaidInCapitalMember 2018-03-31 0000050863  
us-gaap:CommonStockIncludingAdditionalPaidInCapitalMember 2017-12-30 0000050863  
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-30 2019-03-30 0000050863  
us-gaap:RetainedEarningsMember 2018-03-31 0000050863 us-gaap:RetainedEarningsMember 2019-03-30  
0000050863 us-gaap:RetainedEarningsMember 2017-12-31 0000050863 us-gaap:OtherNoncurrentAssetsMember  
2019-03-30 0000050863 us-gaap:AccountingStandardsUpdate201602Member 2018-12-30 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember 2019-03-30 0000050863 us-gaap:AccruedLiabilitiesMember 2019-03-30  
0000050863 2017-01-01 2017-12-30 0000050863 2017-12-31 2018-12-29 0000050863 srt:MaximumMember  
2019-03-30 0000050863 us-gaap:AccountingStandardsUpdate201602Member  
us-gaap:OtherNoncurrentAssetsMember 2018-12-30 0000050863 srt:MinimumMember 2019-03-30 0000050863  
intc:MobileyeMember 2017-12-31 2018-03-31 0000050863 intc:ProgrammableSolutionsGroupMember 2018-12-30  
2019-03-30 0000050863 intc:DataCenterGroupMember 2018-12-30 2019-03-30 0000050863  
intc:InternetOfThingsGroupMember 2018-12-30 2019-03-30 0000050863 us-gaap:AllOtherSegmentsMember  
2017-12-31 2018-03-31 0000050863 intc:OtherProductOrServiceMember intc:InternetOfThingsGroupMember  
2017-12-31 2018-03-31 0000050863 intc:DCGPlatformMember 2018-12-30 2019-03-30 0000050863  
intc:ClientComputingGroupMember 2017-12-31 2018-03-31 0000050863 intc:DataCenterGroupMember 2017-12-31  
2018-03-31 0000050863 intc:ClientComputingGroupMember 2018-12-30 2019-03-30 0000050863  
intc:MobileyeMember 2018-12-30 2019-03-30 0000050863 intc:InternetOfThingsGroupMember 2017-12-31  
2018-03-31 0000050863 intc:NonVolatileMemorySolutionsGroupMember 2017-12-31 2018-03-31 0000050863  
intc:ProgrammableSolutionsGroupMember 2017-12-31 2018-03-31 0000050863 intc:OtherProductOrServiceMember  
intc:DataCenterGroupMember 2017-12-31 2018-03-31 0000050863 intc:OtherProductOrServiceMember  
intc:ClientComputingGroupMember 2017-12-31 2018-03-31 0000050863 intc:OtherProductOrServiceMember  
intc:InternetOfThingsGroupMember 2018-12-30 2019-03-30 0000050863 intc:PlatformMember  
intc:ClientComputingGroupMember 2017-12-31 2018-03-31 0000050863 intc:PlatformMember  
intc:InternetOfThingsGroupMember 2018-12-30 2019-03-30 0000050863 us-gaap:AllOtherSegmentsMember  
2018-12-30 2019-03-30 0000050863 intc:OtherProductOrServiceMember intc:ClientComputingGroupMember  
2018-12-30 2019-03-30 0000050863 intc:OtherProductOrServiceMember intc:DataCenterGroupMember 2018-12-30  
2019-03-30 0000050863 intc:DCGPlatformMember 2017-12-31 2018-03-31 0000050863 intc:PlatformMember

intc:ClientComputingGroupMember 2018-12-30 2019-03-30 0000050863  
 intc:NonVolatileMemorySolutionsGroupMember 2018-12-30 2019-03-30 0000050863 intc:PlatformMember  
 intc:InternetOfThingsGroupMember 2017-12-31 2018-03-31 0000050863 intc:PlatformMember 2018-12-30  
 2019-03-30 0000050863 intc:NotebookPlatformMember 2018-12-30 2019-03-30 0000050863  
 intc:OtherPlatformMember 2017-12-31 2018-03-31 0000050863 intc:OtherProductOrServiceMember 2017-12-31  
 2018-03-31 0000050863 intc:NotebookPlatformMember 2017-12-31 2018-03-31 0000050863  
 intc:OtherProductOrServiceMember 2018-12-30 2019-03-30 0000050863 intc:PlatformMember 2017-12-31  
 2018-03-31 0000050863 intc:DesktopPlatformMember 2017-12-31 2018-03-31 0000050863  
 intc:DesktopPlatformMember 2018-12-30 2019-03-30 0000050863 intc:OtherPlatformMember 2018-12-30  
 2019-03-30 0000050863 intc:PrepaidSupplyAgreementsMember 2018-12-30 2019-03-30 0000050863  
 intc:PrepaidSupplyAgreementsMember 2018-12-29 0000050863 intc:PrepaidSupplyAgreementsMember 2019-03-30  
 0000050863 intc:SoftwareServicesandOtherMember 2019-03-30 0000050863 intc:SoftwareServicesandOtherMember  
 2018-12-29 0000050863 us-gaap:DebtSecuritiesMember 2018-12-30 2019-03-30 0000050863  
 intc:ImFlashTechnologiesLlcMember 2018-12-30 2019-03-30 0000050863 us-gaap:DebtSecuritiesMember  
 2017-12-31 2018-03-31 0000050863 intc:ASMLHoldingN.V.Member 2018-12-29 0000050863  
 intc:ImFlashTechnologiesLlcMember 2017-12-31 2018-03-31 0000050863 intc:ImFlashTechnologiesLlcMember  
 2019-03-30 0000050863 us-gaap:CorporateDebtSecuritiesMember 2019-03-30 0000050863  
 us-gaap:FixedIncomeSecuritiesMember 2018-12-29 0000050863 intc:GovernmentDebtSecuritiesMember 2019-03-30  
 0000050863 us-gaap:CorporateDebtSecuritiesMember 2018-12-29 0000050863  
 intc:GovernmentDebtSecuritiesMember 2018-12-29 0000050863 us-gaap:FixedIncomeSecuritiesMember 2019-03-30  
 0000050863 us-gaap:OtherCurrentAssetsMember us-gaap:FairValueInputsLevel2Member  
 us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
 us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
 us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:FixedIncomeSecuritiesMember  
 us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:CashEquivalentsMember  
 us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
 us-gaap:OtherCurrentAssetsMember us-gaap:FairValueInputsLevel1Member  
 us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 intc:GovernmentDebtSecuritiesMember  
 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
 us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
 us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:ShortTermInvestmentsMember  
 us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel3Member  
 us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:OtherCurrentLiabilitiesMember  
 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
 us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueInputsLevel3Member  
 us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
 us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
 us-gaap:CashEquivalentsMember us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel3Member  
 us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
 intc:GovernmentDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member  
 us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
 us-gaap:OtherLongTermInvestmentsMember us-gaap:AssetBackedSecuritiesMember  
 us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:OtherCurrentAssetsMember  
 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
 us-gaap:CashEquivalentsMember us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel2Member  
 us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherCurrentLiabilitiesMember  
 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
 us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member  
 us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:ShortTermInvestmentsMember  
 intc:GovernmentDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member

us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
intc:GovernmentDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:AssetBackedSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherCurrentAssetsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:CashEquivalentsMember us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:CashEquivalentsMember us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherCurrentLiabilitiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
intc:GovernmentDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CashEquivalentsMember us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-30  
0000050863 us-gaap:OtherNoncurrentAssetsMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherCurrentLiabilitiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:AssetBackedSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:AssetBackedSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:EquitySecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:ShortTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863

Edgar Filing: INTEL CORP - Form 10-Q

us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherCurrentAssetsMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherNoncurrentAssetsMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-30  
0000050863 us-gaap:OtherNoncurrentAssetsMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
intc:GovernmentDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherNoncurrentAssetsMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CashEquivalentsMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:OtherCurrentAssetsMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherCurrentLiabilitiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherCurrentLiabilitiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:EquitySecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:ShortTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherNoncurrentAssetsMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:OtherNoncurrentAssetsMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 intc:GovernmentDebtSecuritiesMember

# Edgar Filing: INTEL CORP - Form 10-Q

us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:CashEquivalentsMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CashEquivalentsMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherCurrentAssetsMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherNoncurrentAssetsMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:ShortTermInvestmentsMember  
intc:GovernmentDebtSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:OtherCurrentAssetsMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:ShortTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:ShortTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:OtherCurrentLiabilitiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CashEquivalentsMember us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863

us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:OtherNoncurrentAssetsMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-29  
0000050863 us-gaap:ShortTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
intc:GovernmentDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:AssetBackedSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:CashEquivalentsMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:ShortTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863 us-gaap:EquitySecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
us-gaap:ShortTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2019-03-30 0000050863  
intc:GovernmentDebtSecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:ShortTermInvestmentsMember  
intc:GovernmentDebtSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CashEquivalentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2019-03-30  
0000050863 us-gaap:EquitySecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-29

Edgar Filing: INTEL CORP - Form 10-Q

0000050863 us-gaap:CashEquivalentsMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-29  
0000050863 us-gaap:ShortTermInvestmentsMember us-gaap:CorporateDebtSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember us-gaap:FixedIncomeSecuritiesMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherNoncurrentLiabilitiesMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-29  
0000050863 us-gaap:CorporateDebtSecuritiesMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863 us-gaap:CashEquivalentsMember  
us-gaap:FixedIncomeSecuritiesMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherCurrentLiabilitiesMember us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:OtherLongTermInvestmentsMember intc:GovernmentDebtSecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2018-12-29 0000050863  
us-gaap:FairValueMeasurementsNonrecurringMember 2019-03-30 0000050863  
us-gaap:FairValueMeasurementsNonrecurringMember 2018-12-29 0000050863 us-gaap:OtherLiabilitiesMember  
us-gaap:NondesignatedMember 2018-12-29 0000050863 us-gaap:OtherAssetsMember  
us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-29  
0000050863 us-gaap:OtherAssetsMember us-gaap:InterestRateContractMember us-gaap:NondesignatedMember  
2018-12-29 0000050863 us-gaap:OtherAssetsMember us-gaap:InterestRateContractMember  
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-29 0000050863 us-gaap:OtherAssetsMember  
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-12-29 0000050863  
us-gaap:OtherLiabilitiesMember us-gaap:InterestRateContractMember  
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-29 0000050863 us-gaap:OtherAssetsMember  
us-gaap:ForeignExchangeContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-30  
0000050863 us-gaap:OtherLiabilitiesMember us-gaap:NondesignatedMember 2019-03-30 0000050863  
us-gaap:OtherLiabilitiesMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-30 0000050863  
us-gaap:OtherAssetsMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-30 0000050863  
us-gaap:OtherAssetsMember us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2019-03-30  
0000050863 us-gaap:OtherLiabilitiesMember us-gaap:InterestRateContractMember  
us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-30 0000050863 us-gaap:OtherLiabilitiesMember  
us-gaap:InterestRateContractMember us-gaap:NondesignatedMember 2018-12-29 0000050863  
us-gaap:OtherLiabilitiesMember us-gaap:InterestRateContractMember us-gaap:NondesignatedMember 2019-03-30  
0000050863 us-gaap:OtherAssetsMember us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-29 0000050863  
us-gaap:OtherAssetsMember us-gaap:InterestRateContractMember us-gaap:NondesignatedMember 2019-03-30  
0000050863 us-gaap:OtherAssetsMember us-gaap:NondesignatedMember 2019-03-30 0000050863  
us-gaap:OtherLiabilitiesMember us-gaap:ForeignExchangeContractMember  
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-29 0000050863 us-gaap:OtherLiabilitiesMember  
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember 2018-12-29 0000050863  
us-gaap:OtherAssetsMember 2019-03-30 0000050863 us-gaap:OtherAssetsMember us-gaap:NondesignatedMember  
2018-12-29 0000050863 us-gaap:OtherLiabilitiesMember 2018-12-29 0000050863 us-gaap:OtherAssetsMember  
2018-12-29 0000050863 us-gaap:OtherLiabilitiesMember us-gaap:ForeignExchangeContractMember  
us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-30 0000050863 us-gaap:OtherLiabilitiesMember  
us-gaap:DesignatedAsHedgingInstrumentMember 2018-12-29 0000050863 us-gaap:OtherLiabilitiesMember  
2019-03-30 0000050863 us-gaap:OtherLiabilitiesMember us-gaap:ForeignExchangeContractMember  
us-gaap:NondesignatedMember 2019-03-30 0000050863 us-gaap:OtherAssetsMember  
us-gaap:InterestRateContractMember us-gaap:DesignatedAsHedgingInstrumentMember 2019-03-30 0000050863  
us-gaap:InterestRateContractMember 2018-12-30 2019-03-30 0000050863 us-gaap:InterestRateContractMember  
2017-12-31 2018-03-31 0000050863 us-gaap:LongTermDebtMember us-gaap:InterestRateSwapMember  
us-gaap:FairValueHedgingMember 2018-12-30 2019-03-30 0000050863 us-gaap:LongTermDebtMember  
us-gaap:InterestRateSwapMember us-gaap:FairValueHedgingMember 2018-12-29 0000050863  
us-gaap:LongTermDebtMember us-gaap:InterestRateSwapMember us-gaap:FairValueHedgingMember 2019-03-30  
0000050863 us-gaap:LongTermDebtMember us-gaap:InterestRateSwapMember us-gaap:FairValueHedgingMember

2017-12-31 2018-12-29 0000050863 us-gaap:InterestRateContractMember us-gaap:NondesignatedMember  
us-gaap:OtherNonoperatingIncomeExpenseMember 2018-12-30 2019-03-30 0000050863  
us-gaap:OtherContractMember us-gaap:NondesignatedMember intc:VariousMember 2017-12-31 2018-03-31  
0000050863 us-gaap:NondesignatedMember 2017-12-31 2018-03-31 0000050863  
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember  
us-gaap:OtherNonoperatingIncomeExpenseMember 2017-12-31 2018-03-31 0000050863  
us-gaap:ForeignExchangeContractMember us-gaap:NondesignatedMember  
us-gaap:OtherNonoperatingIncomeExpenseMember 2018-12-30 2019-03-30 0000050863  
us-gaap:InterestRateContractMember us-gaap:NondesignatedMember  
us-gaap:OtherNonoperatingIncomeExpenseMember 2017-12-31 2018-03-31 0000050863  
us-gaap:OtherContractMember us-gaap:NondesignatedMember intc:VariousMember 2018-12-30 2019-03-30  
0000050863 us-gaap:InterestRateContractMember 2018-12-29 0000050863 us-gaap:InterestRateContractMember  
2019-03-30 0000050863 us-gaap:ForeignExchangeContractMember 2018-12-29 0000050863  
us-gaap:ForeignExchangeContractMember 2019-03-30 0000050863 us-gaap:OtherContractMember 2019-03-30  
0000050863 us-gaap:OtherContractMember 2018-12-29 0000050863 us-gaap:ForeignExchangeContractMember  
2018-12-30 2019-03-30 0000050863 us-gaap:ForeignExchangeContractMember 2017-12-31 2018-03-31 0000050863  
intc:McAfeeShareholderLitigationMember intc:McAfeeIncMember 2010-08-19 0000050863 intc:EcFineMember  
2009-05-01 2009-05-31 0000050863 intc:ClassActionDomain us-gaap:PendingLitigationMember 2018-12-30  
2019-03-30 0000050863 intc:ShareholderDerivativeActionMember us-gaap:PendingLitigationMember 2018-12-30  
2019-03-30 0000050863 intc:SecuritiesClassActionDomain us-gaap:PendingLitigationMember 2018-12-30  
2019-03-30 0000050863 intc:McAfeeShareholderLitigationMember intc:McAfeeIncMember  
us-gaap:PendingLitigationMember 2012-06-01 2012-06-30 iso4217:USD xbrli:pure iso4217:USD xbrli:shares  
xbrli:shares iso4217:EUR intc:lawsuit

## 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 March 30, 2019.

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 every Interactive Data File required to be submitted 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 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



## Edgar Filing: INTEL CORP - Form 10-Q

reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ 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 March 30, 2019
-------	----------------------------------

Common stock, \$0.001 par value	4,477 million
---------------------------------	---------------

---

# TABLE OF CONTENTS

## THE ORGANIZATION OF OUR QUARTERLY REPORT ON FORM 10-Q

The order and presentation of content in our Quarterly Report on Form 10-Q (Form 10-Q) differs from the traditional U.S. Securities and Exchange Commission (SEC) Form 10-Q format. We believe that our format improves readability and better presents how we organize and manage our business. See "Form 10-Q Cross-Reference Index" within Other Key Information for a cross-reference index to the traditional SEC Form 10-Q format.

The preparation of consolidated financial statements is in conformity with U.S. generally accepted accounting principles (GAAP). We have included key metrics that we use to measure our business, some of which are non-GAAP measures. See these "Non-GAAP Financial Measures" within Other Key Information.

	Page
<b>FORWARD-LOOKING STATEMENTS A QUARTER IN REVIEW CONSOLIDATED CONDENSED FINANCIAL STATEMENTS AND SUPPLEMENTAL DETAILS</b>	
Consolidated Condensed Statements of Income	1
Consolidated Condensed Statements of Comprehensive Income	2
Consolidated Condensed Balance Sheets	3
Consolidated Condensed Statements of Cash Flows	4
Consolidated Condensed Statements of Stockholders' Equity	5
Notes to Consolidated Condensed Financial Statements	6
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&amp;A)</b>	
Overview	21
Revenue, Gross Margin, and	22

Operating Expenses	
Business Unit Trends and Results	<u>24</u>
Other Consolidated Results of Operations	<u>29</u>
Liquidity and Capital Resources	<u>29</u>
Quantitative and Qualitative Disclosures about Market Risk	<u>30</u>

## **OTHER KEY INFORMATION**

Risk Factors	<u>31</u>
Controls and Procedures	<u>31</u>
Non-GAAP Financial Measures	<u>31</u>
Issuer Purchases of Equity Securities	<u>32</u>
Exhibits	<u>33</u>
Form 10-Q Cross-Reference Index	<u>35</u>

---

Table of Contents**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, projected growth of markets relevant to our businesses, future products and the expected availability and benefits of such products, 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 29, 2018, 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 SEC 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 the date of this filing. In addition, the forward-looking statements in this Form 10-Q are made as of the date of this filing, including expectations based on third-party information and projections that management believes to be reputable, 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.

**INTEL UNIQUE TERMS**

We use specific terms throughout this document to describe our business and results. Below are key terms and how we define them:

**PLATFORM PRODUCTS**

A microprocessor (processor or central processing unit (CPU)) and chipset, a stand-alone System-on-Chip (SoC), or a multichip package, based on Intel® architecture. Platform products, or platforms, are primarily used in solutions sold through the Client Computing Group (CCG), Data Center Group (DCG), and Internet of Things Group (IOTG) segments.

**ADJACENT PRODUCTS**

All of our non-platform products, for CCG, DCG, and IOTG, such as modem, Ethernet and silicon photonics, as well as Mobileye, Non-Volatile Memory Solutions Group (NSG), and Programmable Solutions Group (PSG) products. Combined with our platform products, adjacent products form comprehensive platform solutions to meet customer needs.

**PC-CENTRIC BUSINESS**

Our CCG business, including both platform and adjacent products.

**DATA-CENTRIC BUSINESSES**

Our DCG, IOTG, Mobileye, NSG, PSG, and all other businesses.

Intel, the Intel logo, Intel Agilex, Intel Optane, Thunderbolt, Xeon and 3D XPoint are trademarks of Intel Corporation or its subsidiaries in the U.S. and/or other countries.

Table of Contents

Total revenue of \$16.1 billion was flat year over year as our PC-centric business grew 4% and our data-centric businesses were down 5%. Compared to a year ago, data-centric revenue was down as data center market growth slowed and NAND pricing remains under pressure. Our PC-centric business was up due to an increase in platform average selling price (ASP) driven by a richer mix of higher performance products. Our continued ramp of the 10 nanometer (nm) process node and further margin compression on memory products resulted in lower gross margins and operating income, which was partially offset by executing the quarter with continued operating margin leverage. In the first three months we generated \$5.0 billion of cash flow from operations and returned \$3.9 billion to stockholders, including \$1.4 billion in dividends and \$2.5 billion in buybacks.

PC-CENTRIC \$B DATA-CENTRIC \$B GAAP \$B NON-GAAP \$B GAAP NON-GAAP

**\$16.1B**

**GAAP**

flat in comparison to Q1 2018

**\$4.2B**

**GAAP**

down \$296M or 7% from Q1 2018

**\$4.5B**

**non-GAAP<sup>1</sup>**

down \$290M or 6% from Q1 2018

**\$0.87**

**GAAP**

down \$0.06 or 6% from Q1 2018

**\$0.89**

**non-GAAP<sup>1</sup>**

up \$0.02 or 2% from Q1 2018

Growth in PC-centric, Internet of Things, and Mobileye, offset by declines in other data-centric businesses

Lower gross margin from ramp of 10nm and sustained ASP pressure on NAND, partially offset by increased spending leverage

Impact from lower gross margin driven by 10nm ramp, offset by positive spending leverage and the receipt of McAfee, Inc. dividend, as well as lower shares outstanding

## BUSINESS SUMMARY

We have maintained an intense, company-wide focus on improving execution while accelerating innovation. We are on track with 10nm process technology and continue to expect product on shelves for the 2019 holiday season. We are increasing the velocity of our product development while also announcing new 10nm products like the 10nm-based Snow Ridge network SoC for use in 5G base stations and Intel® Agilex™, our next generation field-programmable gate array (FPGA) product family.

At our Data-Centric Innovation Day event, we unveiled a broad portfolio of tools and technologies that underscore our unmatched depth, scale, and ability to move, store, and process data across the most demanding workloads from the data center to the edge, including our newly-released 2nd generation Intel® Xeon® Scalable processors which connect directly to another breakthrough innovation—Intel® Optane™ DC persistent memory.

DCG experienced challenges as cloud customers absorb capacity purchased in 2018, inventory consumption in enterprise and government and communication service providers market segments led to a deceleration in spending, and China demand weakened. NSG declined as industry-wide pricing pressure for NAND intensified. However, demand for edge compute drove double digit revenue growth for Mobileye and IOTG (excluding the effects of the Wind River Systems, Inc. (Wind River) divestiture). PC-centric growth was driven by strength in our gaming and large commercial market segments. Platform volumes declined and pricing increased as we prioritized production to server and high-performance PC market segments. We continue to invest in capacity expansion for 14nm production, improving our supply in the second half of 2019, although product mix will continue to be a challenge in the third quarter.

We will be exiting the 5G smartphone modem business but will continue to meet current customer commitments for our existing 4G smartphone modem product lines. 5G continues to be a strategic priority and we will continue to invest in our 5G network infrastructure business. We are assessing opportunities for 4G and 5G modems in PCs, Internet of Things and other data-centric devices.

<sup>1</sup> See "Non-GAAP Financial Measures" within Other Key Information.

Table of Contents

(In Millions, Except Per Share Amounts; Unaudited)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
<b>Net revenue</b>	<b>\$16,061</b>	<b>\$16,066</b>
Cost of sales	6,972	6,335
<b>Gross margin</b>	<b>9,089</b>	<b>9,731</b>
Research and development	3,332	3,311
Marketing, general and administrative	1,533	1,900
Amortization of acquisition-related intangibles	50	50
<b>Operating expenses</b>	<b>4,915</b>	<b>5,261</b>
<b>Operating income</b>	<b>4,174</b>	<b>4,470</b>
Gains (losses) on equity investments, net	434	643
Interest and other, net	(61)	(102)
<b>Income before taxes</b>	<b>4,547</b>	<b>5,011</b>
Provision for taxes	573	557
<b>Net income</b>	<b>\$3,974</b>	<b>\$4,454</b>
<b>Earnings per share – basic</b>	<b>\$0.88</b>	<b>\$0.95</b>
<b>Earnings per share – diluted</b>	<b>\$0.87</b>	<b>\$0.93</b>
Weighted average shares of common stock outstanding:		
<b>Basic</b>	<b>4,492</b>	<b>4,674</b>
<b>Diluted</b>	<b>4,564</b>	<b>4,790</b>
<i>See accompanying notes.</i>		

FINANCIAL STATEMENTS Consolidated Condensed Statements of Income 3

**Table of Contents**

(In Millions; Unaudited)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
<b>Net income</b>	<b>\$3,974</b>	<b>\$4,454</b>
Changes in other comprehensive income, net of tax:		
Net unrealized holding gains (losses) on derivatives	102	119
Actuarial valuation and other pension benefits (expenses), net	9	148
Translation adjustments and other	50	(22 )
<b>Other comprehensive income (loss)</b>	<b>161</b>	<b>245</b>
<b>Total comprehensive income</b>	<b>\$4,135</b>	<b>\$4,699</b>
<i>See accompanying notes.</i>		

FINANCIAL STATEMENTS Consolidated Condensed Statements of Comprehensive Income 4

---

Table of Contents

(In Millions)	Mar 30, 2019 (unaudited)	Dec 29, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$3,154	\$3,019
Short-term investments	2,698	2,788
Trading assets	6,181	5,843
Accounts receivable	6,957	6,722
Inventories	7,765	7,253
Other current assets	2,305	3,162
<b>Total current assets</b>	<b>29,060</b>	<b>28,787</b>
<b>Property, plant and equipment, net of accumulated depreciation of \$67,438 (\$65,342 as of December 29, 2018)</b>	<b>50,040</b>	<b>48,976</b>
<b>Equity investments</b>	<b>5,254</b>	<b>6,042</b>
<b>Other long-term investments</b>	<b>3,465</b>	<b>3,388</b>
<b>Goodwill</b>	<b>24,521</b>	<b>24,513</b>
<b>Identified intangible assets, net</b>	<b>11,457</b>	<b>11,836</b>
<b>Other long-term assets</b>	<b>5,661</b>	<b>4,421</b>
<b>Total assets</b>	<b>\$129,458</b>	<b>\$127,963</b>
<b>Liabilities, temporary equity, and stockholders' equity</b>		
Current liabilities:		
Short-term debt	\$2,750	\$1,261
Accounts payable	4,059	3,824
Accrued compensation and benefits	1,984	3,622
Other accrued liabilities	10,118	7,919
<b>Total current liabilities</b>	<b>18,911</b>	<b>16,626</b>
<b>Debt</b>	<b>25,737</b>	<b>25,098</b>
<b>Contract liabilities</b>	<b>1,775</b>	<b>2,049</b>
<b>Income taxes payable, non-current</b>	<b>4,781</b>	<b>4,897</b>
<b>Deferred income taxes</b>	<b>1,521</b>	<b>1,665</b>
<b>Other long-term liabilities</b>	<b>2,797</b>	<b>2,646</b>
<b>Contingencies (Note 10)</b>		
<b>Temporary equity</b>	<b>275</b>	<b>419</b>
Stockholders' equity:		
Preferred stock	—	—
Common stock and capital in excess of par value, 4,477 issued and outstanding (4,516 issued and outstanding as of December 29, 2018)	25,346	25,365
Accumulated other comprehensive income (loss)	(813)	(974)
Retained earnings	49,128	50,172
<b>Total stockholders' equity</b>	<b>73,661</b>	<b>74,563</b>
<b>Total liabilities, temporary equity, and stockholders' equity</b>	<b>\$129,458</b>	<b>\$127,963</b>
<i>See accompanying notes.</i>		



Table of Contents

	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
<b>(In Millions; Unaudited)</b>		
<b>Cash and cash equivalents, beginning of period</b>	<b>\$3,019</b>	<b>\$3,433</b>
Cash flows provided by (used for) operating activities:		
Net income	3,974	4,454
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,229	1,806
Share-based compensation	389	433
Amortization of intangibles	396	390
(Gains) losses on equity investments, net	(274 )	(643 )
Changes in assets and liabilities:		
Accounts receivable	(235 )	102
Inventories	(512 )	(96 )
Accounts payable	196	73
Accrued compensation and benefits	(1,620 )	(1,307 )
Customer deposits and prepaid supply agreements	(228 )	1,599
Income taxes	440	295
Other assets and liabilities	204	(822 )
Total adjustments	985	1,830
<b>Net cash provided by operating activities</b>	<b>4,959</b>	<b>6,284</b>
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(3,321 )	(2,910 )
Purchases of available-for-sale debt investments	(872 )	(859 )
Maturities of available-for-sale debt investments	940	893
Purchases of trading assets	(1,869 )	(5,398 )
Maturities and sales of trading assets	1,554	3,760
Sales of equity investments	1,077	163
Other investing	(231 )	(440 )
<b>Net cash used for investing activities</b>	<b>(2,722 )</b>	<b>(4,791 )</b>
Cash flows provided by (used for) financing activities:		
Increase (decrease) in short-term debt, net	1,682	2,142
Repayment of debt and debt conversion	(861 )	(327 )
Proceeds from sales of common stock through employee equity incentive plans	290	289
Repurchase of common stock	(2,530 )	(1,914 )
Payment of dividends to stockholders	(1,414 )	(1,400 )
Other financing	731	(162 )
<b>Net cash provided by (used for) financing activities</b>	<b>(2,102 )</b>	<b>(1,372 )</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>135</b>	<b>121</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$3,154</b>	<b>\$3,554</b>
Supplemental disclosures of noncash investing activities and cash flow information:		
Acquisition of property, plant, and equipment included in accounts payable and accrued liabilities	\$2,259	\$2,904
Cash paid during the period for:		
Interest, net of capitalized interest	\$109	\$60
Income taxes, net of refunds	\$125	\$228
See accompanying notes.		



Table of Contents

(In Millions, Except Per Share Amounts) Three Months Ended	Common Stock and Capital in Excess of Par Value		Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount			
<b>Balance as of December 29, 2018</b>	<b>4,516</b>	<b>\$25,365</b>	<b>\$ (974 )</b>	<b>\$ 50,172</b>	<b>\$74,563</b>
Net income	—	—	—	3,974	3,974
Other comprehensive income (loss)	—	—	161	—	161
Employee equity incentive plans and other	11	372	—	—	372
Share-based compensation	—	389	—	—	389
Temporary equity reduction	—	145	—	—	145
Convertible debt	—	(592 )	—	—	(592 )
Repurchase of common stock	(49 )	(278 )	—	(2,172 )	(2,450 )
Restricted stock unit withholdings	(1 )	(55 )	—	(17 )	(72 )
Cash dividends declared (\$0.63 per share)	—	—	—	(2,829 )	(2,829 )
<b>Balance as of March 30, 2019</b>	<b>4,477</b>	<b>\$25,346</b>	<b>\$ (813 )</b>	<b>\$ 49,128</b>	<b>\$73,661</b>
<b>Balance as of December 30, 2017</b>	<b>4,687</b>	<b>\$26,074</b>	<b>\$ 862</b>	<b>\$ 42,083</b>	<b>\$69,019</b>
Adjustment for change in accounting principle	—	—	(1,790 )	2,424	634
<b>Opening balance as of December 31, 2017</b>	<b>4,687</b>	<b>26,074</b>	<b>(928 )</b>	<b>44,507</b>	<b>69,653</b>
Net income	—	—	—	4,454	4,454
Other comprehensive income (loss)	—	—	245	—	245
Employee equity incentive plans and other	15	323	—	—	323
Share-based compensation	—	453	—	—	453
Temporary equity reduction	—	65	—	—	65
Convertible debt	—	(207 )	—	—	(207 )
Repurchase of common stock	(41 )	(225 )	—	(1,730 )	(1,955 )
Restricted stock unit withholdings	(1 )	(53 )	—	(12 )	(65 )
Cash dividends declared (\$0.60 per share)	—	—	—	(2,801 )	(2,801 )
<b>Balance as of March 31, 2018</b>	<b>4,660</b>	<b>\$26,430</b>	<b>\$ (683 )</b>	<b>\$ 44,418</b>	<b>\$70,165</b>

Table of Contents**NOTE 1 : BASIS OF PRESENTATION**

We prepared our interim consolidated condensed financial statements that accompany these notes in conformity with GAAP, consistent in all material respects with those applied in our Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (2018 Form 10-K), except for changes associated with leases as detailed in "Note 2: Recent Accounting Standards and Accounting Policies." We have reclassified certain prior period amounts to conform to current period presentation.

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, and 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 2018 Form 10-K.

**NOTE 2 : RECENT ACCOUNTING STANDARDS AND ACCOUNTING POLICIES**

We assess the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board on our financial statements and below describe impacts from newly adopted standards, as well as material updates to our previous assessments, if any, from our 2018 Form 10-K.

**ACCOUNTING STANDARDS ADOPTED****Leases**

**Standard/Description:** This new lease accounting standard requires that we recognize leased assets and corresponding liabilities on the balance sheet and provide enhanced disclosure of lease activity.

**Effective Date and Adoption Considerations:** Effective in the first quarter of 2019. The standard was adopted applying the modified retrospective approach at the beginning of the period of adoption. Our leased assets and corresponding liabilities exclude non-lease components.

**Effect on Financial Statements or Other Significant Matters:** Within the opening balances for the fiscal year beginning December 30, 2018, we recognized leased assets and corresponding liabilities in other long-term assets of \$706 million, which includes \$81 million of previously recognized prepaid land use rights, as well as corresponding accrued liabilities of \$180 million and other long-term liabilities of \$445 million.

**Accounting Policy Updates and Disclosures:** We determine if an arrangement is a lease at inception, and classify it as finance or operating. Leased assets and corresponding liabilities are recognized based on the present value of the lease payments over the lease term. Our lease terms may include options to extend when it is reasonably certain that we will exercise that option. We have lease agreements with lease and non-lease components, and the non-lease components are accounted for separately and, not included in our leased assets and corresponding liabilities. Leases primarily consist of real property, and, to a lesser extent, certain machinery and equipment.

We recognized leased assets in other long-term assets of \$696 million and corresponding accrued liabilities of \$177 million, and other long-term liabilities of \$438 million as of March 30, 2019. Our leases have remaining lease terms of 1 to 10 years, some of which may include options to extend the leases for up to 40 years. The weighted average remaining lease term was 5.2 years, and the weighted average discount rate was 3.7% as of March 30, 2019.

For the three months ended March 30, 2019, lease expense was \$47 million. In accordance with the new leases standard, discounted and undiscounted lease payments under non-cancelable leases as of March 30, 2019, excluding non-lease components, are as follows:

(In Millions)	Remainder of 2019	2020	2021	2022	2023	2024 and Thereafter	Total
Lease payments	\$ 138	\$ 160	\$ 116	\$ 91	\$ 65	\$ 106	\$676
Present value of lease payments							\$615

**Table of Contents**

Lease expense was \$231 million in 2018 (\$264 million in 2017). Prior to our adoption of the new leases standard, future minimum lease payments as of December 29, 2018, which were undiscounted and included lease and non-lease components, were as follows:

(In Millions)	2019	2020	2021	2022	2023	2024 and Thereafter	Total
Minimum rental commitments under all non-cancelable leases	\$ 229	\$ 181	\$ 133	\$ 101	\$ 70	\$ 121	\$ 835

**NOTE 3 : OPERATING SEGMENTS**

We manage our business through the following operating segments:

- Client Computing Group (CCG)
- Data Center Group (DCG)
- Internet of Things Group (IOTG)
- Mobileye
- Non-Volatile Memory Solutions Group (NSG)
- Programmable Solutions Group (PSG)
- All Other

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

CCG and DCG are our reportable operating segments. IOTG, Mobileye, NSG, and PSG do not meet the quantitative thresholds to qualify as reportable operating segments; however, we have elected to disclose the results of these non-reportable operating segments.

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

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

The Chief Operating Decision Maker (CODM), which is our Chief Executive Officer, 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.

Table of Contents

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

(In Millions)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
<b>Net revenue:</b>		
<b>Client Computing Group</b>		
Platform	\$7,824	\$7,615
Adjacent	762	605
	<b>8,586</b>	<b>8,220</b>
<b>Data Center Group</b>		
Platform	4,482	4,824
Adjacent	420	410
	<b>4,902</b>	<b>5,234</b>
<b>Internet of Things Group</b>		
Platform	825	719
Adjacent	85	121
	<b>910</b>	<b>840</b>
<b>Mobileye</b>		
	<b>209</b>	<b>151</b>
<b>Non-Volatile Memory Solutions Group</b>		
	<b>915</b>	<b>1,040</b>
<b>Programmable Solutions Group</b>		
	<b>486</b>	<b>498</b>
<b>All other</b>		
	<b>53</b>	<b>83</b>
<b>Total net revenue</b>	<b>\$16,061</b>	<b>\$16,066</b>
<b>Operating income (loss):</b>		
Client Computing Group	\$3,072	\$2,791
Data Center Group	1,841	2,602
Internet of Things Group	251	227
Mobileye	68	10
Non-Volatile Memory Solutions Group	(297)	(81)
Programmable Solutions Group	89	97
All other	(850)	(1,176)
<b>Total operating income</b>	<b>\$4,174</b>	<b>\$4,470</b>

Disaggregated net revenue for each period was as follows:

(In Millions)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
<b>Platform revenue</b>		
Desktop platform	\$2,886	\$2,907
Notebook platform	4,926	4,689
DCG platform	4,482	4,824
Other platform <sup>1</sup>	837	738
	<b>13,131</b>	<b>13,158</b>
<b>Adjacent revenue<sup>2</sup></b>		
	<b>2,930</b>	<b>2,908</b>
<b>Total revenue</b>	<b>\$16,061</b>	<b>\$16,066</b>

## Edgar Filing: INTEL CORP - Form 10-Q

<sup>1</sup> Includes our tablet, service provider, and IOTG platform revenue.

<sup>2</sup> Includes all of our non-platform products for CCG, DCG, and IOTG such as modem, Ethernet, and silicon photonics, as well as Mobileye, NSG, and PSG products.

FINANCIAL STATEMENTS Notes to Financial Statements 10

---

Table of Contents**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.

(In Millions, Except Per Share Amounts)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
<b>Net income available to common stockholders</b>	<b>\$3,974</b>	<b>\$ 4,454</b>
<b>Weighted average shares of common stock outstanding – basic</b>	<b>4,492</b>	<b>4,674</b>
Dilutive effect of employee equity incentive plans	53	65
Dilutive effect of convertible debt	19	51
<b>Weighted average shares of common stock outstanding – diluted</b>	<b>4,564</b>	<b>4,790</b>
<b>Earnings per share – basic</b>	<b>\$0.88</b>	<b>\$ 0.95</b>
<b>Earnings per share – diluted</b>	<b>\$0.87</b>	<b>\$ 0.93</b>

Potentially dilutive shares of common stock from employee equity incentive plans are determined by applying the treasury stock method to the assumed exercise of outstanding stock options, the assumed vesting of outstanding restricted stock units (RSUs), and the assumed issuance of common stock under the stock purchase plan. Our convertible debentures due 2039 (2009 debentures) require settlement of the principal amount of the debt in cash upon conversion. Since the conversion premium is paid in cash or stock at our option, we determined the potentially dilutive shares of common stock by applying the treasury stock method.

In all periods presented, securities which would have been anti-dilutive 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 : CONTRACT LIABILITIES**

(In Millions)	Mar 30, 2019	Dec 29, 2018
Prepaid supply agreements	\$2,359	\$ 2,587
Other	129	122
<b>Total contract liabilities</b>	<b>\$2,488</b>	<b>\$ 2,709</b>

Contract liabilities are primarily related to partial prepayments received from customers on long-term supply agreements towards future NSG product delivery. As new prepaid supply agreements are entered into and performance obligations are negotiated, this component of the contract liability balance will increase, and as customers purchase product and utilize their prepaid balances, the balance will decrease. The short-term portion of prepayments from supply agreements is reported on the consolidated condensed balance sheets within other accrued liabilities.

The following table shows the changes in contract liability balances relating to prepaid supply agreements during the first three months of 2019:

(In Millions)	
<b>Prepaid supply agreements balance as of December 29, 2018</b>	<b>\$2,587</b>
Prepays utilized	(228 )
<b>Prepaid supply agreements balance as of March 30, 2019</b>	<b>\$2,359</b>



Table of Contents**NOTE 6 : OTHER FINANCIAL STATEMENT DETAILS****INVENTORIES**

(In Millions)	Mar 30, 2019	Dec 29, 2018
Raw materials	\$ 789	\$ 813
Work in process	4,758	4,511
Finished goods	2,218	1,929
<b>Total inventories</b>	<b>\$ 7,765</b>	<b>\$ 7,253</b>

**INTEREST AND OTHER, NET**

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

(In Millions)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
Interest income	\$ 135	\$ 91
Interest expense	(138 )	(112 )
Other, net	(58 )	(81 )
<b>Total interest and other, net</b>	<b>\$ (61 )</b>	<b>\$ (102 )</b>

Interest expense in the preceding table is net of \$125 million of interest capitalized in the first quarter of 2019 (\$113 million in the first quarter of 2018).

Table of Contents**NOTE 7 : INVESTMENTS****DEBT INVESTMENTS****Trading Assets**

Net gains related to trading assets still held at the reporting date were \$16 million in the first three months of 2019 (\$175 million of net gains in the first three months of 2018). Net gains on the related derivatives were \$2 million in the first three months of 2019 (net losses of \$149 million in the first three months of 2018).

**Available-for-Sale Debt Investments**

(In Millions)	March 30, 2019				December 29, 2018			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt	\$3,033	\$ 26	\$ (11 )	\$3,048	\$3,068	\$ 2	\$ (28 )	\$3,042
Financial institution instruments	3,172	11	(5 )	3,178	3,076	3	(11 )	3,068
Government debt	930	2	(3 )	929	1,069	1	(9 )	1,061
<b>Total available-for-sale debt investments</b>	<b>\$7,135</b>	<b>\$ 39</b>	<b>\$ (19 )</b>	<b>\$7,155</b>	<b>\$7,213</b>	<b>\$ 6</b>	<b>\$ (48 )</b>	<b>\$7,171</b>

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. Substantially all time deposits were issued by institutions outside the U.S. as of March 30, 2019 and December 29, 2018.

The fair value of available-for-sale debt investments, by contractual maturity, as of March 30, 2019, was as follows:

(In Millions)	Fair Value
Due in 1 year or less	\$ 3,210
Due in 1–2 years	427
Due in 2–5 years	2,934
Due after 5 years	102
Instruments not due at a single maturity date	482
<b>Total</b>	<b>\$ 7,155</b>

**EQUITY INVESTMENTS**

(In Millions)	Mar 30, 2019	Dec 29, 2018
Marketable equity securities	\$ 568	\$ 1,440
Non-marketable equity securities	3,117	2,978
Equity method investments	1,569	1,624
<b>Total</b>	<b>\$ 5,254</b>	<b>\$ 6,042</b>

**Table of Contents**

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

(In Millions)	<b>Three Months Ended</b>	
	<b>Mar 30, 2019</b>	<b>Mar 31, 2018</b>
Ongoing mark-to-market adjustments on marketable equity securities	<b>\$253</b>	\$ 606
Observable price adjustments on non-marketable equity securities	<b>8</b>	124
Impairments	<b>(23 )</b>	(17 )
Sale of equity investments and other <sup>1</sup>	<b>196</b>	(70 )
<b>Total gains (losses) on equity investments, net</b>	<b>\$434</b>	<b>\$ 643</b>

<sup>1</sup> Sale of equity investments and other includes realized gains (losses) on sales of non-marketable equity investments, our share of equity method investee gains (losses), and initial fair value adjustments recorded upon a security becoming marketable.

Gains and losses for our marketable and non-marketable equity securities during the period were as follows:

(In Millions)	<b>Three Months Ended</b>	
	<b>Mar 30, 2019</b>	<b>Mar 31, 2018</b>
Net gains (losses) recognized during the period on equity securities	<b>\$263</b>	\$ 724
Less: Net (gains) losses recognized during the period on equity securities sold during the period	<b>(190 )</b>	(11 )
<b>Unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date</b>	<b>\$73</b>	<b>\$ 713</b>

**IM Flash Technologies, LLC**

IM Flash Technologies, LLC (IMFT) was formed in 2006 by Micron Technology, Inc. (Micron) and Intel to jointly develop NAND flash memory and 3D XPoint™ technology products. IMFT is an unconsolidated 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. As of March 30, 2019, we own a 49% interest in IMFT. Our portion of IMFT costs was approximately \$132 million in the first three months of 2019 (approximately \$83 million in the first three months of 2018).

IMFT depends on Micron and Intel for any additional cash needs to be provided in the form of cash calls or member debt financing (MDF). Extensions of MDF may be converted to a capital contribution at the lender's request, or may be repaid upon availability of funds.

In January 2019, Micron exercised its right to call our interest in IMFT. The call transaction will close between six and twelve months from the date Micron exercised the call option. We will continue to purchase product manufactured at the IMFT facility for a period of up to one year following the close date. The carrying balance of our equity method investment in IMFT as of March 30, 2019 was \$1.5 billion.

**ASML Holding N.V.**

As of December 29, 2018, Intel owned \$1.1 billion in ASML Holding N.V. (ASML). We have fully sold our equity investment in ASML.

Table of Contents**NOTE 8 : 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 "Note 2: Accounting Policies" and "Note 16: Fair Value" in our 2018 Form 10-K.

**ASSETS AND LIABILITIES MEASURED AND RECORDED AT FAIR VALUE ON A RECURRING BASIS**

(In Millions)	March 30, 2019				December 29, 2018			
	Fair Value Measured and Recorded at Reporting Date Using				Fair Value Measured and Recorded at Reporting Date Using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Cash equivalents:								
Corporate debt	\$ —	\$ 124	\$ —	\$ 124	\$ —	\$ 262	\$ —	\$ 262
Financial institution instruments <sup>1</sup>	482	387	—	869	550	183	—	733
Reverse repurchase agreements	—	1,699	—	1,699	—	1,850	—	1,850
Short-term investments:								
Corporate debt	—	1,058	—	1,058	—	937	—	937
Financial institution instruments <sup>1</sup>	—	1,274	—	1,274	—	1,423	—	1,423
Government debt <sup>2</sup>	—	366	—	366	—	428	—	428
Trading assets:								
Corporate debt	—	2,545	—	2,545	—	2,635	—	2,635
Financial institution instruments <sup>1</sup>	45	1,227	—	1,272	67	1,273	—	1,340
Government debt <sup>2</sup>	—	2,364	—	2,364	—	1,868	—	1,868
Other current assets:								
Derivative assets	—	189	—	189	—	180	—	180
Loans receivable <sup>3</sup>	—	225	—	225	—	354	—	354
Marketable equity securities	568	—	—	568	1,440	—	—	1,440
Other long-term investments:								
Asset-backed securities	—	—	—	—	—	—	—	—
Corporate debt	—	1,866	—	1,866	—	1,843	—	1,843
Financial institution instruments <sup>1</sup>	—	1,035	—	1,035	—	912	—	912
Government debt <sup>2</sup>	—	564	—	564	—	633	—	633
Other long-term assets:								
Derivative assets	—	330	—	330	—	100	—	100
Loans receivable <sup>3</sup>	—	500	—	500	—	229	—	229
<b>Total assets measured and recorded at fair value</b>	<b>1,095</b>	<b>5,753</b>	<b>—</b>	<b>16,848</b>	<b>2,055</b>	<b>5,110</b>	<b>—</b>	<b>17,167</b>
<b>Liabilities</b>								
Other accrued liabilities:								
Derivative liabilities	—	304	—	304	—	412	—	412
Other long-term liabilities:								
Derivative liabilities	—	212	13	225	—	415	68	483
<b>Total liabilities measured and recorded at fair value</b>	<b>\$ —</b>	<b>\$ 516</b>	<b>\$ 13</b>	<b>\$ 529</b>	<b>\$ —</b>	<b>\$ 827</b>	<b>\$ 68</b>	<b>\$ 895</b>

<sup>1</sup> Level 1 investments consist of money market funds. Level 2 investments consist primarily of commercial paper, certificates of deposit, time deposits, and notes and bonds issued by financial institutions.

<sup>2</sup> Level 1 investments consist primarily of U.S. Treasury securities. Level 2 investments consist primarily of U.S. agency notes and non-U.S. government debt.

<sup>3</sup>

## Edgar Filing: INTEL CORP - Form 10-Q

*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.*

FINANCIAL STATEMENTS Notes to Financial Statements 15

---

Table of Contents**ASSETS MEASURED AND RECORDED AT FAIR VALUE ON A NON-RECURRING BASIS**

Our non-marketable equity securities, equity method investments, and certain non-financial assets, such as intangible assets and property, plant and equipment, are recorded at fair value only if an impairment or observable price adjustment is recognized in the current period. If an observable price adjustment or impairment is recognized on our non-marketable equity securities during the period, we classify these assets as Level 3 within the fair value hierarchy based on the nature of the fair value inputs.

**FINANCIAL INSTRUMENTS NOT RECORDED AT FAIR VALUE ON A RECURRING BASIS**

Financial instruments not recorded at fair value on a recurring basis include non-marketable equity securities (that have not been re-measured or impaired in the current period), equity method investments, grants receivable, loans receivable, reverse repurchase agreements, and our short-term and long-term debt.

As of March 30, 2019, the aggregate carrying value of grants receivable, loans receivable, and reverse repurchase agreements was \$768 million (the aggregate carrying amount as of December 29, 2018 was \$833 million). The estimated fair value of these financial instruments approximates their carrying value and is categorized as Level 2 within the fair value hierarchy based on the nature of the fair value inputs.

As of March 30, 2019, the fair value of short and long-term debt (excluding drafts payable) was \$29.8 billion (the fair value as of December 29, 2018 was \$27.1 billion). These liabilities are classified as Level 2 within the fair value hierarchy based on the nature of the fair value inputs.

**NOTE 9 : DERIVATIVE FINANCIAL INSTRUMENTS**

For further information on our derivative policies, see "Note 2: Accounting Policies" in our 2018 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)	Mar 30, 2019	Dec 29, 2018
Foreign currency contracts	\$20,951	\$19,223
Interest rate contracts	21,873	22,447
Other	1,595	1,356
<b>Total</b>	<b>\$44,419</b>	<b>\$43,026</b>

**FAIR VALUE OF DERIVATIVE INSTRUMENTS**

(In Millions)	March 30, 2019		December 29, 2018	
	Assets <sup>1</sup>	Liabilities <sup>2</sup>	Assets <sup>1</sup>	Liabilities <sup>2</sup>
Derivatives designated as hedging instruments:				
Foreign currency contracts <sup>3</sup>	\$ 62	\$ 170	\$ 44	\$ 244
Interest rate contracts	306	211	84	474
<b>Total derivatives designated as hedging instruments</b>	<b>368</b>	<b>381</b>	<b>128</b>	<b>718</b>
Derivatives not designated as hedging instruments:				
Foreign currency contracts <sup>3</sup>	141	121	132	155
Interest rate contracts	10	27	20	22
<b>Total derivatives not designated as hedging instruments</b>	<b>151</b>	<b>148</b>	<b>152</b>	<b>177</b>
<b>Total derivatives</b>	<b>\$519</b>	<b>\$ 529</b>	<b>\$ 280</b>	<b>\$ 895</b>

<sup>1</sup> Derivative assets are recorded as other assets, current and non-current.

<sup>2</sup> Derivative liabilities are recorded as other liabilities, current and non-current.

<sup>3</sup> The majority of these instruments mature within 12 months.

Table of Contents**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:

**March 30, 2019**

(In Millions)	Gross Amounts Recognized in the Balance Sheet	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet			Net Amount
				Financial Instruments	Cash and Non-Cash Collateral Received or Pledged		
Assets:							
Derivative assets subject to master netting arrangements	\$526	\$ —	\$ 526	\$(351)	\$(175)	)	\$ —
Reverse repurchase agreements	1,949	—	1,949	—	(1,949)	)	—
<b>Total assets</b>	<b>2,475</b>	<b>—</b>	<b>2,475</b>	<b>(351)</b>	<b>(2,124)</b>	<b>)</b>	<b>—</b>
Liabilities:							
Derivative liabilities subject to master netting arrangements	513	—	513	(351)	(141)	)	21
<b>Total liabilities</b>	<b>\$513</b>	<b>\$ —</b>	<b>\$ 513</b>	<b>\$(351)</b>	<b>\$(141)</b>	<b>)</b>	<b>\$ 21</b>

**December 29, 2018**

(In Millions)	Gross Amounts Recognized in the Balance Sheet	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Gross Amounts Not Offset in the Balance Sheet			Net Amount
				Financial Instruments	Cash and Non-Cash Collateral Received or Pledged		
Assets:							
Derivative assets subject to master netting arrangements	\$292	\$ —	\$ 292	\$(220)	\$(72)	)	\$ —
Reverse repurchase agreements	2,099	—	2,099	—	(1,999)	)	100
<b>Total assets</b>	<b>2,391</b>	<b>—</b>	<b>2,391</b>	<b>(220)</b>	<b>(2,071)</b>	<b>)</b>	<b>100</b>
Liabilities:							
Derivative liabilities subject to master netting arrangements	890	—	890	(220)	(576)	)	94
<b>Total liabilities</b>	<b>\$890</b>	<b>\$ —</b>	<b>\$ 890</b>	<b>\$(220)</b>	<b>\$(576)</b>	<b>)</b>	<b>\$ 94</b>

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 \$29 million net gains in the first three months of 2019 (\$203 million net gains in the first three months of 2018). Substantially all of our cash flow hedges were foreign currency contracts for all periods presented.

During the first three months of 2019 and 2018, the amounts excluded from effectiveness testing were insignificant.

Table of Contents**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:

(In Millions)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
Interest rate contracts	\$485	\$(258 )
Hedged items	(485 )	258
<b>Total</b>	<b>\$—</b>	<b>\$—</b>

The amounts recorded on the consolidated condensed balance sheets related to cumulative basis adjustments for fair value hedges for each period were as follows:

Line Item in the Consolidated Condensed Balance Sheet in Which the Hedged Item is Included	Carrying Amount of the Hedged Item Asset/(Liabilities)		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount Assets/(Liabilities)	
	Mar 30, 2019	Dec 29, 2018	Mar 30, 2019	Dec 29, 2018
Years Ended (In Millions)				
Long-term debt	\$(20,107 )	\$(19,622 )	\$(95 )	\$ 390

As of March 30, 2019 and December 29, 2018, the total notional amount of pay variable/receive fixed-interest rate swaps was \$20.0 billion.

**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:

(In Millions)	Location of Gains (Losses) Recognized in Income on Derivatives	Three Months Ended	
		Mar 30, 2019	Mar 31, 2018
Foreign currency contracts	Interest and other, net	\$57	\$(170 )
Interest rate contracts	Interest and other, net	(14 )	14
Other	Various	146	(31 )
<b>Total</b>		<b>\$189</b>	<b>\$(187 )</b>

**NOTE 10 : 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.





**Table of Contents**

**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 that favored Intel on a number of grounds. The Court of Justice issued its decision in September 2017, setting aside the judgment of the General Court and sending the case back to the General Court to examine whether the rebates at issue were capable of restricting competition. The General Court has appointed a panel of five judges to consider our appeal of the EC's 2009 decision in light of the Court of Justice's clarifications of the law. In November 2017, the parties filed initial "Observations" about the Court of Justice's decision and the appeal, and were invited by the General Court to offer supplemental comments to each other's "Observations," which the parties submitted in March 2018. Responses to other questions posed by the General Court were filed in May and June 2018. We are now awaiting notice as to whether the General Court will hold a management conference before it conducts oral argument at some future date. Pending the final decision in this matter, the fine paid by Intel has been placed by the EC in commercial bank accounts where it accrues interest.

**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. The California Court of Appeal heard oral argument in October 2017, and in November 2017, affirmed the judgment as to McAfee's nine outside directors, reversed the judgment as to former McAfee director and chief executive officer David DeWalt, Intel, and McAfee, and affirmed the trial court's ruling that the plaintiffs are not entitled to a jury trial. At a June 2018 case management conference following remand, the Superior Court set an October hearing date for any additional summary judgment motions that may be filed, and set trial to begin in December 2018. In July 2018, plaintiffs filed a motion for leave to amend the complaint, which the court denied in September 2018. Also in July 2018, McAfee and Intel filed a motion for summary judgment on the aiding and abetting claims asserted against them; in October 2018, the court granted the motion as to McAfee and denied the motion as to Intel. The parties agreed in principle to settle the case in late October 2018, and finalized the settlement agreement in March 2019. The settlement agreement calls for an aggregate payment by defendants of \$11.7 million. Intel's contribution to the settlement will be immaterial to its financial statements. Plaintiffs filed a motion for preliminary approval of the settlement in March 2019, which is scheduled for hearing in May 2019.



Table of Contents**Litigation Related to Security Vulnerabilities**

In June 2017, a Google research team notified us and other companies that it had identified security vulnerabilities (now commonly referred to as “Spectre” and “Meltdown”) that affect many types of microprocessors, including our products. As is standard when findings like these are presented, we worked together with other companies in the industry to verify the research and develop and validate software and firmware updates for impacted technologies. On January 3, 2018, information on the security vulnerabilities was publicly reported, before software and firmware updates to address the vulnerabilities were made widely available. Numerous lawsuits have been filed against Intel and, in certain cases, our executives and directors, in U.S. federal and state courts and in certain courts in other countries relating to the Spectre and Meltdown security vulnerabilities, as well as another variant of these vulnerabilities (“Foreshadow”) that has since been identified.

As of April 24, 2019, 48 consumer class action lawsuits and three securities class action lawsuits have been filed. The consumer class action plaintiffs, who purport to represent various classes of end users of our products, generally claim to have been harmed by Intel's actions and/or omissions in connection with the security vulnerabilities and assert a variety of common law and statutory claims seeking monetary damages and equitable relief. Of the consumer class action lawsuits, 44 have been filed in the U.S., two of which have been dismissed; two have been filed in Canada; and two have been filed in Israel. In April 2018, the U.S. Judicial Panel on Multidistrict Litigation ordered the U.S. consumer class action lawsuits consolidated for pretrial proceedings in the U.S. District Court for the District of Oregon. Intel filed a motion to dismiss that consolidated action in October 2018, and a hearing on that motion was held in February 2019. In the case pending in the Superior Court of Justice of Ontario, an initial status conference has not yet been scheduled. In the case pending in the Superior Court of Justice of Quebec, the court entered an order in October 2018, staying that case for one year. In Israel, both consumer class action lawsuits were filed in the District Court of Haifa. The District Court denied the parties' joint request for a stay in the first case. Intel filed a motion to stay the second case, and a hearing on that motion has been scheduled for July 2019. In the securities class action litigation, the lead securities class action plaintiffs, who purport to represent classes of acquirers of Intel stock between October 27, 2017 and January 9, 2018, generally allege that Intel and certain officers violated securities laws by making statements about Intel's products that were revealed to be false or misleading by the disclosure of the security vulnerabilities. The securities class actions have been consolidated and are pending in the U.S. District Court for the Northern District of California. Defendants filed a motion to dismiss those actions in August 2018, which the court granted in March 2019. The court's order granted plaintiffs leave to amend their complaint, but in April 2019 plaintiffs notified the court that they would not re-plead or appeal. Defendants subsequently filed a motion for entry of final judgment, which is set for hearing in May 2019. Additional lawsuits and claims may be asserted on behalf of customers and shareholders seeking monetary damages or other related relief. We dispute the claims described above and intend to defend the lawsuits vigorously. Given the procedural posture and the nature of these cases, including that the proceedings are in the early stages, that alleged damages have not been specified, that uncertainty exists as to the likelihood of a class or classes being certified or the ultimate size of any class or classes if certified, and that there are significant factual and legal issues to be resolved, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, that might arise from these matters.

In addition to these lawsuits, Intel stockholders have filed seven shareholder derivative lawsuits since January 2018 against certain current and former members of our Board of Directors and certain current and former officers, alleging that the defendants breached their duties to Intel in connection with the disclosure of the security vulnerabilities and the failure to take action in relation to alleged insider trading. The complaints seek to recover damages from the defendants on behalf of Intel. Three of the derivative actions were filed in the U.S. District Court for the Northern District of California and were consolidated, and the other four were filed in the Superior Court of the State of California in San Mateo County and were consolidated. In August 2018, the federal court granted defendants' motion to dismiss the consolidated complaint on the ground that plaintiffs failed to plead facts sufficient to show they were excused from making a pre-lawsuit demand on the Board. The federal court granted plaintiffs leave to amend their complaint, but in September 2018, plaintiffs instead requested that the action be dismissed. The federal court ordered the case dismissed without prejudice in January 2019. In August 2018, the California Superior Court granted defendants' motion to dismiss the consolidated complaint in the action on the ground that plaintiffs failed to plead facts sufficient to show they were excused from making a pre-lawsuit demand on the Board. The state court granted plaintiffs leave to amend their complaint, and the parties stipulated that plaintiffs must file any amended complaint by February 2019, which the court subsequently extended to the end of April 2019.

Table of Contents

Total revenue of \$16.1 billion was flat year over year as our PC-centric business grew 4% and our data-centric businesses were down 5%. Compared to a year ago, data-centric revenue was down as data center market growth slowed and NAND pricing remains under pressure. Our PC-centric business was up due to an increase in platform average selling price (ASP) driven by a richer mix of higher performance products. Our continued ramp of the 10 nanometer (nm) process node and further margin compression on memory products resulted in lower gross margins and operating income, which was partially offset by executing the quarter with continued operating margin leverage. In the first three months we generated \$5.0 billion of cash flow from operations and returned \$3.9 billion to stockholders, including \$1.4 billion in dividends and \$2.5 billion in buybacks. For key highlights of the results of our operations, see "A Quarter in Review."

	Three Months Ended					
	Q1 2019			Q1 2018		
(Dollars in Millions, Except Per Share Amounts)	Amount	% of Net Revenue		Amount	% of Net Revenue	
<b>Net revenue</b>	<b>\$16,061</b>	<b>100.0</b>	<b>%</b>	<b>\$16,066</b>	<b>100.0</b>	<b>%</b>
Cost of sales	6,972	43.4	%	6,335	39.4	%
<b>Gross margin</b>	<b>9,089</b>	<b>56.6</b>	<b>%</b>	<b>9,731</b>	<b>60.6</b>	<b>%</b>
Research and development	3,332	20.7	%	3,311	20.6	%
Marketing, general and administrative	1,533	9.5	%	1,900	11.8	%
Amortization of acquisition-related intangibles	50	0.3	%	50	0.3	%
<b>Operating income</b>	<b>4,174</b>	<b>26.0</b>	<b>%</b>	<b>4,470</b>	<b>27.8</b>	<b>%</b>
Gains (losses) on equity investments, net	434	2.7	%	643	4.0	%
Interest and other, net	(61)	(0.4)	%	(102)	(0.6)	%
<b>Income before taxes</b>	<b>4,547</b>	<b>28.3</b>	<b>%</b>	<b>5,011</b>	<b>31.2</b>	<b>%</b>
Provision for taxes	573	3.6	%	557	3.5	%
<b>Net income</b>	<b>\$3,974</b>	<b>24.7</b>	<b>%</b>	<b>\$4,454</b>	<b>27.7</b>	<b>%</b>
<b>Earnings per share – diluted</b>	<b>\$0.87</b>			<b>\$0.93</b>		

MD&amp;A Consolidated Results &amp; Analysis 21

Table of Contents**REVENUE****SEGMENT REVENUE WALK \$B****Q1 2019 – Q1 2018**

Our Q1 2019 revenue was \$16.1 billion, flat from Q1 2018. Compared to a year ago, our data-centric businesses were collectively down 5% as demand from enterprise and government data center customers weakened and NSG ASPs declined due to the increasingly competitive NAND pricing environment. Revenue for our PC-centric business grew by 4% year over year, primarily driven by strength in our gaming and large commercial market segments.

**GROSS MARGIN**

We derived most of our overall gross margin dollars from the sale of platform products in the CCG and DCG operating segments. Our overall gross margin dollars in Q1 2019 decreased by \$642 million, or 6.6% compared to Q1 2018.

**GROSS MARGIN \$B**

(Percentages in chart indicate gross margin as a percentage of total revenue)

(In  
Millions)

**\$9,089 Q1 2019 Gross Margin**

- (530 ) Higher period charges, primarily due to reserved non-qualified platform product and initial ramp of 10nm
- (175 ) Higher platform unit cost, primarily from increased mix of performance products
- (85 ) Lower margin from adjacent businesses due to lower NAND margins, offset by fewer initial production costs for modem
- 135 Higher gross margin from platform revenue
- 13 Other

**\$9,731 Q1 2018 Gross Margin**

MD&A Consolidated Results & Analysis 22

---

**Table of Contents**

## **OPERATING EXPENSES**

Total research and development (R&D) and marketing, general and administrative (MG&A) expenses for Q1 2019 were \$4.9 billion, down 7% from Q1 2018. These expenses represent 30.3% of revenue for Q1 2019 and 32.4% of revenue for Q1 2018.

### **RESEARCH AND DEVELOPMENT \$B    MARKETING, GENERAL AND ADMINISTRATIVE \$B**

(Percentages indicate expenses as a percentage of total revenue)

## **RESEARCH AND DEVELOPMENT**

### **Q1 2019 – Q1 2018**

R&D increased by \$21 million, or 0.6%, driven by the following:

- + Investments in data-centric businesses
- + Investments in process technology
- Corporate spending efficiencies
- Profit dependent compensation due to a decrease in net income

## **MARKETING, GENERAL AND ADMINISTRATIVE**

### **Q1 2019 – Q1 2018**

MG&A decreased by \$367 million, or 19.3%, driven by the following:

- Corporate spending efficiencies
- Lack of expenses due to the Wind River Systems, Inc. (Wind River) divestiture in Q2 2018

Table of Contents**CLIENT COMPUTING GROUP (CCG)**

CCG is our largest business unit. The PC market remains a critical facet of our business, providing an important source of IP, scale, and cash flow. CCG is dedicated to delivering client computing end-user solutions, focusing on higher growth segments of 2-in-1, thin-and-light, commercial, and gaming, as well as growing adjacencies such as WiFi and Thunderbolt™. CCG is the human edge in a data-centric world. We deploy platforms that connect people to data and analytics, allowing each person to focus, create, and connect in ways that unlock their individual potential.

We will be exiting the 5G smartphone modem business, while continuing to meet current customer commitments for our existing 4G smartphone modem product lines. We are assessing opportunities for 4G and 5G modems in PCs and Internet of Things and other data-centric devices.

**CCG REVENUE \$B CCG OPERATING INCOME \$B**

Platform Adjacent

**REVENUE SUMMARY**

Our revenue in Q1 2019 grew by 4% due to share gain in our modem business and strength in the gaming and large commercial market segments, driving revenue growth from higher ASPs on a favorable mix despite a decline in volume.

**Q1 2019 vs. Q1  
2018**

(Dollars in Millions)	%	\$ Impact
-----------------------	---	--------------

Desktop platform volume	down (8)%	\$ (218 )
Desktop platform ASP	up 7%	197
Notebook platform volume	down (7)%	(323 )
Notebook platform ASP	up 13%	560
Adjacent products and other		150

Total change in revenue	\$ 366
-------------------------	--------

**OPERATING INCOME SUMMARY**

Operating income in Q1 2019 increased 10% from Q1 2018, reaching an operating margin of 36% in the first three months of 2019. (In Millions)

**\$3,072 Q1 2019 CCG Operating Income**

330 Higher gross margin from platform revenue

165 Lower operating expenses

160 Higher gross margin from adjacent businesses, primarily due to lack of initial production costs of modem products

(275 ) Higher period charges, primarily due to reserved non-qualified platform product as we ramp 10nm

(115 ) Higher platform unit cost due to increased mix to performance products

16 Other

**\$2,791 Q1 2018 CCG Operating Income**

MD&amp;A Segment Results &amp; Analysis 24



Table of Contents**DATA CENTER GROUP (DCG)**

DCG develops workload-optimized platforms for compute, storage, and network functions. Customers include cloud service providers, enterprise and government, and communications service providers. DCG is fueled by demand in key workloads like artificial intelligence (AI) and network function virtualization across key market segments.

**DCG REVENUE \$B DCG OPERATING INCOME \$B**

Platform Adjacent

**REVENUE SUMMARY**

Revenue in Q1 2019 decreased from Q1 2018 due to a decline in platform volume. Compared to Q1 2018, cloud revenue grew 5% as customers consumed the capacity put in place after significant cloud segment growth in 2018. Revenue from the enterprise and government market segment declined 21% year over year, and revenue from the communication service provider market segment was down 4% year over year. Customers in both market segments worked through inventory and China demand weakened.

**Q1 2019 vs. Q1  
2018**

(Dollars in Millions)	% Growth	\$ Impact
Platform volume	down (8)%	\$ (365 )
Platform ASP	up 1%	23
Adjacent Products	up 2%	10

**Total change in revenue \$ (332 )**

**OPERATING INCOME SUMMARY**

Operating income in Q1 2019 decreased 29% from Q1 2018, reaching an operating margin of 38% in the first three months of 2019.

(In  
Millions)

**\$1,841 Q1 2019 DCG Operating Income**

(295 ) Lower gross margin from platform revenue

(235 ) Higher period charges, primarily associated with the initial ramp of 10nm

(170 ) Higher DCG operating expenses

(61 ) Other

**\$2,602 Q1 2018 DCG Operating Income**

MD&A Segment Results & Analysis 25

**Table of Contents**

**INTERNET OF THINGS GROUP (IOTG) and MOBILEYE**

IOTG develops high-performance compute for targeted verticals and embedded markets. Our customers include retailers, manufacturers, health care providers, energy companies, automakers, and governments. We facilitate our customers creating, storing, and processing data generated by connected devices to accelerate business transformations.

Mobileye is the global leader in the development of computer vision and machine learning-based sensing, data analysis, localization, mapping, and driving policy technology for advanced driver assistance systems (ADAS) and autonomous driving. Mobileye's advanced ADAS products form the building blocks for higher levels of autonomy which is being pursued by the automotive industry. Our customers and strategic partners include major U.S. and global Tier 1 automotive system integrators.

**IOTG & MOBILEYE REVENUE \$B IOTG & MOBILEYE OPERATING INCOME \$B**

IOTG Platform IOTG Adjacent Mobileye IOTG Mobileye

**REVENUE AND OPERATING INCOME SUMMARY**

**Q1 2019 vs. Q1 2018**

IOTG net revenue was \$910 million, up \$70 million, due to higher platform unit sales and higher ASPs from favorable core mix, partially offset by lower revenue from our divestiture of Wind River in Q2 2018, which negatively impacted the revenue comparison by approximately \$74 million. After adjusting for the Wind River divestiture, IOTG revenue grew 19% year over year. Operating income was \$251 million, up \$24 million, primarily driven by higher platform revenue from core mix.

Mobileye recognized record revenue in the first quarter, up by \$58 million due to increasing adoption of ADAS. Operating income increased by the same amount.

MD&A Segment Results & Analysis 26

**Table of Contents**

**NON-VOLATILE MEMORY SOLUTIONS GROUP (NSG)**

NSG's core offerings include Intel® Optane™ and Intel® 3D NAND technologies, driving innovation in SSDs and next-generation memory and storage products. Our customers include enterprise and cloud-based data centers, users of business and consumer desktops and laptops, and a variety of Internet of Things application providers. We are ramping 64-layer (64L) triple-level cell (TLC) and quad-level cell (QLC) NAND technologies, and Intel Optane technology in innovative new form factors and densities to address the challenges our customers face in a rapidly evolving technological landscape.

**NSG REVENUE \$B NSG OPERATING INCOME \$B**

**REVENUE AND OPERATING INCOME SUMMARY**

**Q1 2019 vs. Q1 2018**

Net revenue was \$915 million, down \$125 million from Q1 2018, driven by \$683 million lower ASP due to the increasingly competitive market pricing environment for NAND products, partially offset by \$557 million higher volume due to an increase in demand for component and data center SSD products. NSG had an operating loss of \$297 million in Q1 2019, up \$216 million from Q1 2018. While we continued to see the ramp at Fab 68 drive cost improvements, the decline in ASP more than offset the improved unit cost, resulting in lower gross margins and higher period charges being taken against certain inventories.

MD&A Segment Results & Analysis 27

---

**Table of Contents**

**PROGRAMMABLE SOLUTIONS GROUP (PSG)**

PSG offers programmable semiconductors, primarily FPGAs and related products, for a broad range of market segments, including communications, data center, industrial, and military. PSG collaborates with the other Intel businesses to deliver FPGA acceleration in tandem with Intel microprocessors. This "better together" integration broadens the use of FPGAs and combines the benefits of both technologies to allow more flexibility for systems to operate with increased efficiency and higher performance.

**PSG REVENUE \$B PSG OPERATING INCOME \$B  
REVENUE AND OPERATING INCOME SUMMARY**

**Q1 2019 vs. Q1 2018**

Revenue was \$486 million, down \$12 million driven by a 55% decline in our cloud and enterprise segment, partially offset by strength in wireless and advanced products (28nm, 20nm, and 14nm process technologies), each with approximately 30% year over year growth. Operating income was \$89 million, down \$8 million.

MD&A Segment Results & Analysis 28

---

Table of Contents**GAINS (LOSSES) ON EQUITY INVESTMENTS AND INTEREST AND OTHER, NET**

(In Millions)	Q1 2019	Q1 2018
Gains (losses) on equity investments, net	\$434	\$643
Interest and other, net	\$(61)	\$(102)

**Gains (losses) on equity investments, net**

We recognized a net gain for the first three months of 2019 primarily due to mark-to-market gains of \$253 million, of which a substantial majority related to our interest in ASML Holding N.V. (ASML), and dividends of \$154 million from McAfee, Inc. (McAfee). We recognized a net gain for the first three months of 2018 primarily due to mark-to-market gains on our marketable securities of \$606 million, of which a substantial majority related to our interest in ASML. We have fully sold our equity investment in ASML.

**PROVISION FOR TAXES****(Dollars in Millions) Q1 2019 Q1 2018**

Income before taxes	\$4,547	\$5,011
Provision for taxes	\$573	\$557
Effective tax rate	12.6 %	11.1 %

Our effective tax rate was 12.6% in Q1 2019 compared to 11.1% in Q1 2018. The increase was primarily driven by one-time benefits that occurred in the first three months of 2018.

**LIQUIDITY AND CAPITAL RESOURCES**

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

(Dollars in Millions)	Mar 30, 2019	Dec 29, 2018
Cash and cash equivalents, short-term investments, and trading assets	\$12,033	\$11,650
Other long-term investments	\$3,465	\$3,388
Loans receivable and other	\$1,690	\$1,550
Reverse repurchase agreements with original maturities greater than three months	\$250	\$250
Total debt	\$28,487	\$26,359
Temporary equity	\$275	\$419
Debt as percentage of permanent stockholders' equity	38.7 %	35.4 %

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 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 \$10.0 billion. As of March 30, 2019, \$2.2 billion of commercial paper remained outstanding.

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 acquisitions, strategic investments, dividends, and common stock repurchases.

Table of Contents**CASH FROM OPERATIONS \$B CAPITAL EXPENDITURES \$B CASH TO STOCKHOLDERS \$B**

Dividends Buybacks

(In Millions)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
Net cash provided by operating activities	\$4,959	\$6,284
Net cash used for investing activities	(2,722 )	(4,791 )
Net cash provided by (used for) financing activities	(2,102 )	(1,372 )
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$135</b>	<b>\$121</b>

**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 2019 compared to the first three months of 2018, the \$1.3 billion decrease in cash provided by operations was primarily attributable to changes in working capital and supply agreement prepayments received in Q1 2018, which are being utilized by customers thereafter.

**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 2019 compared to the first three months of 2018 primarily due to the change in net trading asset activity and increased sales of equity investments (substantially all from ASML sales). This was partially offset by increased capital expenditures to expand our 14nm capacity and ramp 10nm products.

**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 2019 compared to the first three months of 2018 primarily due to increased repurchases of common stock and cash paid to satisfy the conversion of a portion of our convertible debt due 2039 as well as lower issuance of commercial paper.

**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 "Quantitative and Qualitative Disclosures About Market Risk" within "MD&A," in our 2018 Form 10-K.

**Table of Contents**

## **RISK FACTORS**

The risks described in "Risk Factors" within "Other Key Information" in our 2018 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 in our 2018 Form 10-K remains current in all material respects.

## **CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

Based on management's evaluation (with the participation of our principal executive officer and principal financial officer), as of the end of the period covered by this report, our principal executive officer and principal financial officer 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 March 30, 2019 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 principal executive officer and principal financial officer, 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.

## **NON-GAAP FINANCIAL MEASURES**

In addition to disclosing financial results in accordance with GAAP, this document contains references to the non-GAAP financial measures included in the table below. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business and measuring our performance.

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

### **Amortization of acquisition-related intangible assets**

Amortization of acquisition-related intangible assets consists of amortization of intangible assets such as developed technology, brands, and customer relationships acquired in connection with business combinations. We record charges related to the amortization of these intangibles within both cost of sales and operating expenses in our GAAP financial statements. Amortization charges for our acquisition-related intangible assets are inconsistent in size and are significantly impacted by the timing and valuation of our acquisitions. Consequently, our non-GAAP adjustments exclude these charges to facilitate an evaluation of our current operating performance and comparisons to our past operating performance.

Table of Contents**Ongoing mark-to-market on marketable equity securities**

We exclude gains and losses resulting from ongoing mark-to-market adjustments of our marketable equity securities, after the initial mark-to-market adjustment is recorded upon a security becoming marketable, when calculating certain non-GAAP measures, as we do not believe this volatility correlates to our core operational performance. Consequently, our non-GAAP earnings per share figures exclude these impacts to facilitate an evaluation of our current performance and comparisons to our past operating performance.

**Gains or losses from divestiture**

We recognized a tax provision adjustment in Q1 2018 due to our divestiture of Wind River in Q2 2018. Consequently, our non-GAAP earnings per share figures exclude this impact to facilitate an evaluation of our current performance and comparisons to our past performance.

Following are the reconciliations of our most comparable GAAP measures to our non-GAAP measures presented:

(In Millions, Except Per Share Amounts)	Three Months Ended	
	Mar 30, 2019	Mar 31, 2018
<b>Operating income</b>	<b>\$4,174</b>	<b>\$4,470</b>
Amortization of acquisition-related intangible assets	331	325
<b>Non-GAAP operating income</b>	<b>\$4,505</b>	<b>\$4,795</b>
<b>Earnings per share - diluted</b>	<b>\$0.87</b>	<b>\$0.93</b>
Amortization of acquisition-related intangible assets	0.07	0.07
Ongoing mark-to-market on marketable equity securities	(0.05 )	(0.13 )
Income tax effect	—	—
<b>Non-GAAP earnings per share - diluted</b>	<b>\$0.89</b>	<b>\$0.87</b>

**ISSUER PURCHASES OF EQUITY SECURITIES**

We have an ongoing authorization, originally approved by our Board of Directors in 2005 and subsequently amended, to repurchase shares of our common stock in open market or negotiated transactions. As of March 30, 2019, we were authorized to repurchase up to \$90.0 billion, of which \$14.9 billion remained available.

Common stock repurchase activity under our publicly announced stock repurchase program during the first quarter of 2019 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 Under the Program (In Millions)
December 30, 2018 - January 26, 2019	19.8	\$ 47.72	\$ 16,389
January 27, 2019 - February 23, 2019	18.6	\$ 49.08	\$ 15,474
February 24, 2019 - March 30, 2019	11.1	\$ 53.36	\$ 14,883
<b>Total</b>	<b>49.5</b>		

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 program and accordingly are not included in the common stock repurchase totals in the preceding table.

OTHER KEY INFORMATION 32



Table of Contents**EXHIBITS**

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	<u>Third Restated Certificate of Incorporation of Intel Corporation, dated May 17, 2006</u>	8-K	000-06217	3.1	5/22/2006	
3.2	<u>Intel Corporation Bylaws, as amended and restated on January 16, 2019</u>	8-K	000-06217	3.2	1/17/2019	
10.1†	<u>Intel Corporation 2006 Employee Stock Purchase Plan, as amended and restated, effective January 1, 2019</u>	10-K	000-06217	10.2	2/1/2019	
10.2†	<u>Offer Letter between Intel Corporation and Robert H. Swan, dated January 30, 2019</u>	8-K	000-06217	10.1	1/31/2019	
10.3†	<u>Intel Corporation Form of Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for RSUs with retirement vesting terms granted to executives on or after January 30, 2019)</u>					X
10.4†	<u>Intel Corporation Form of Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for RSUs without retirement vesting terms granted to executives on or after January 30, 2019)</u>					X
10.5†	<u>Intel Corporation Form of Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for performance-based RSUs granted to grandfathered executives on or after January 30, 2019)</u>					X
10.6†	<u>Intel Corporation Form of Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for strategic growth performance-based RSUs granted to executives on or after February 1, 2019)</u>					X
10.7†	<u>Intel Corporation Form of Stock Option Grant Agreement under the 2006 Equity Incentive Plan (for strategic growth performance-based stock options granted to executives on or after February 1, 2019)</u>					X
10.8†	<u>Intel Corporation Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for RSUs granted to Robert Swan for interim CEO service on January 30, 2019)</u>					X
10.9†	<u>Intel Corporation Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for performance-based RSUs granted to Robert Swan for interim CEO service on January 30, 2019)</u>					X
10.10†	<u>Intel Corporation Form of Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for Annual Performance Bonus Plan-related performance-based RSUs granted to Robert Swan on February 1, 2019)</u>					X
10.11†	<u>Intel Corporation Form of Non-Employee Director Restricted Stock Unit Grant Agreement under the 2006 Equity Incentive Plan (for RSUs granted to non-employee directors on or after January 30, 2019)</u>					X
10.12†	<u>Lease Agreement between Intel Corporation and Steven R. Rodgers††</u>					X
31.1	<u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act</u>					X
31.2	<u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act</u>					X
32.1	<u>Certification of the Chief Executive Officer and the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350</u>					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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

## Edgar Filing: INTEL CORP - Form 10-Q

101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X

OTHER KEY INFORMATION 33

---

**Table of Contents**

*† Management contracts or compensation plans or arrangements in which directors or executive officers are eligible to participate.*

*† Personally identifiable information has been redacted from this exhibit.*

OTHER KEY INFORMATION 34

---

**Table of Contents**

**FORM 10-Q CROSS-REFERENCE INDEX**

**Item Number Item**

**Part I - Financial Information**

<b>Item 1.</b>	<b>Financial Statements</b>	Pages <u>3</u> - <u>20</u>
<b>Item 2.</b>	<b>Management's Discussion and Analysis of Financial Condition and Results of Operations:</b>	
	Results of operations	Pages <u>2</u> , <u>21</u> - <u>29</u>
	Liquidity and capital resources	Pages <u>29</u> - <u>30</u>
	Off-balance sheet arrangements	(a)
	Contractual obligations	(b)
<b>Item 3.</b>	<b>Quantitative and Qualitative Disclosures About Market Risk</b>	Page <u>30</u>
<b>Item 4.</b>	<b>Controls and Procedures</b>	Page <u>31</u>

**Part II - Other Information**

<b>Item 1.</b>	<b>Legal Proceedings</b>	Pages <u>18</u> - <u>20</u>
<b>Item 1A.</b>	<b>Risk Factors</b>	Page <u>31</u>
<b>Item 2.</b>	<b>Unregistered Sales of Equity Securities and Use of Proceeds</b>	Page <u>32</u>
<b>Item 3.</b>	<b>Defaults Upon Senior Securities</b>	Not applicable
<b>Item 4.</b>	<b>Mine Safety Disclosures</b>	Not applicable
<b>Item 5.</b>	<b>Other Information</b>	Not applicable
<b>Item 6.</b>	<b>Exhibits</b>	Pages <u>33</u> - <u>34</u>

**Signatures**

Page 36

(a) As of March 30, 2019, we did not have any significant off-balance sheet arrangements, as defined in Item 303(a)(4)(ii) of SEC Regulation S-K.

(b) There were no material changes to our significant contractual obligations from those disclosed in our Annual Report on Form 10-K for the year ended December 29, 2018.

**Table of Contents**

**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 25, 2019 By: /s/ GEORGE S. DAVIS

George S. Davis

Executive Vice President, Chief Financial Officer and Principal Financial Officer

Date: April 25, 2019 By: /s/ KEVIN T. MCBRIDE

Kevin T. McBride

Vice President of Finance, Corporate Controller and Principal Accounting Officer