October 15, 2013

Intel Reports Third-Quarter Revenue of $13.5 Billion, Net Income of $3.0 Billion

- Total revenue up 5 percent sequentially, flat year-over-year
- Record Data Center Group revenue of $2.9 billion, up 12 percent year-over-year
- Launched 4th Generation Intel® Core™ products enabling fanless, innovative tablet and 2 in 1 designs
- More than forty 22nm products introduced for ultra-mobile device, networking, storage, and server market segments

SANTA CLARA, Calif., October 15, 2013 -- Intel Corporation today reported third-quarter revenue of $13.5 billion, operating income of $3.5 billion, net income of $3.0 billion and EPS of $0.58. The company generated approximately $5.7 billion in cash from operations, paid dividends of $1.1 billion, and used $536 million to repurchase 24 million shares of stock.

"The third quarter came in as expected, with modest growth in a tough environment," said Intel CEO Brian Krzanich. "We're executing on our strategy to offer an increasingly broad and diverse product portfolio that spans key growth segments, operating systems and form factors. Since August we have introduced more than 40 new products for market segments from the Internet-of-Things to datacenters, with an increasing focus on ultra-mobile devices and 2 in 1 systems."

Q3 Key Financial Information and Business Unit Trends

- PC Client Group revenue of $8.4 billion, up 3.5 percent sequentially and down 3.5 percent year-over-year.
- Data Center Group revenue of $2.9 billion, up 6.2 percent sequentially and up 12.2 percent year-over-year.
- Other Intel® architecture operating segments revenue of $1.1 billion, up 13.3 percent sequentially and down 9.3 percent year-over-year.
- Gross margin of 62.4 percent, 1.4 percentage points above the midpoint of the company's prior expectation of 61 percent.
- R&D plus MG&A spending of $4.7 billion, slightly below the company's prior expectation of approximately $4.8 billion.
- Tax rate of 25 percent versus the company's prior expectation of 26 percent.

Financial Comparison			
Quarterly			
	Q3 2013	Q2 2013	Q3 vs. Q2 2013
Revenue	$13.5 billion	$12.8 billion	up 5%
Gross Margin	62.4%	58.3%	up 4.1 pts.
Operating Income	$3.5 billion	$2.7 billion	up 29%
Net Income	$3.0 billion	$2.0 billion	up 48%
Earnings Per Share	58 cents	39 cents	up 49%

Business Outlook

Intel's Business Outlook does not include the potential impact of any business combinations, asset acquisitions, divestitures or other investments that may be completed after October 15.

Q4 2013

- Revenue: $13.7 billion, plus or minus $500 million.
- Gross margin percentage: 61 percent, plus or minus a couple of percentage points.
- R&D plus MG&A spending: approximately $4.7 billion.
- Amortization of acquisition-related intangibles: approximately $70 million.
- Impact of equity investments and interest and other: approximately zero.
- Depreciation: approximately $1.7 billion.
- Restructuring and asset impairment charges: approximately $100 million.
- Tax rate: approximately 25 percent.
- Full-year capital spending: $10.8 billion, plus or minus $300 million.

For additional information regarding Intel's results and Business Outlook, please see the CFO commentary at: www.intc.com/results.cfm.

Status of Business Outlook

Intel's Business Outlook is posted on intc.com and may be reiterated in public or private meetings with investors and others. The Business Outlook will be effective through the close of business on December 13 unless earlier updated; except that the Business Outlook for amortization of acquisition-related intangibles, impact of equity investments and interest and other, restructuring and asset impairment charges and tax rate, will be effective only through the close of business on October 22. Intel's Quiet Period will start from the close of business on December 13 until publication of the company's fourth-quarter earnings release, scheduled for January 16, 2014. During the Quiet Period, all of the Business Outlook and other forward-looking statements disclosed in the company's news releases and filings with the SEC should be considered as historical, speaking as of prior to the Quiet Period only and not subject to an update by the company.

Risk Factors

The above statements and any others in this document that refer to plans and expectations for the fourth quarter, the year and the future are forward-looking statements that involve a number of risks and uncertainties. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "may," "will," "should" and their variations identify forward-looking statements. Statements that refer to or are based on projections, uncertain events or assumptions also identify forward-looking statements. Many factors could affect Intel's actual results, and variances from Intel's current expectations regarding such factors could cause actual results to differ materially from those expressed in these forward-looking statements. Intel presently considers the following to be the important factors that could cause actual results to differ materially from the company's expectations.

- Demand could be different from Intel's expectations due to factors including changes in business and economic conditions; customer acceptance of Intel's and competitors' products; supply constraints and other disruptions affecting customers; changes in customer order patterns including order cancellations; and changes in the level of inventory at customers. Uncertainty in global economic and financial conditions poses a risk that consumers and businesses may defer purchases in response to negative financial events, which could negatively affect product demand and other related matters.
- Intel's results, including revenue, gross margin, expenses and interest and other, would likely be adversely affected in the event of widespread financial and business disruption on account of a default by the U.S. on U.S. government obligations and/or a prolonged failure to maintain significant U.S. government operations.
- Intel operates in intensely competitive industries that are characterized by a high percentage of costs that are fixed or difficult to reduce in the short term and product demand that is highly variable and difficult to forecast. Revenue and the gross margin percentage are affected by the timing of Intel product introductions and the demand for and market acceptance of Intel's products; actions taken by Intel's competitors, including product offerings and introductions, marketing programs and pricing pressures and Intel's response to such actions; and Intel's ability to respond quickly to technological developments and to incorporate new features into its products.
- The gross margin percentage could vary significantly from expectations based on capacity utilization; variations in inventory valuation, including variations related to the timing of qualifying products for sale; changes in revenue levels; segment product mix; the timing and execution of the manufacturing ramp and associated costs; start-up costs; excess or obsolete inventory; changes in unit costs; defects or disruptions in the supply of materials or resources; product manufacturing quality/yields; and impairments of long-lived assets, including manufacturing, assembly/test and intangible assets.
- The tax rate expectation is based on current tax law and current expected income. The tax rate may be affected by the jurisdictions in which profits are determined to be earned and taxed; changes in the estimates of credits, benefits and deductions; the resolution of issues arising from tax audits with various tax authorities, including payment of interest and penalties; and the ability to realize deferred tax assets.
- Gains or losses from equity securities and interest and other could vary from expectations depending on gains or losses on the sale, exchange, change in the fair value or impairments of debt and equity investments; interest rates; cash balances; and changes in fair value of derivative instruments.
- Intel's results could be affected by adverse economic, social, political and physical/infrastructure conditions in countries where Intel, its customers or its suppliers operate, including military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns and fluctuations in currency exchange rates.
- Expenses, particularly certain marketing and compensation expenses, as well as restructuring and asset impairment charges, vary depending on the level of demand for Intel's products and the level of revenue and profits.
- Intel's results could be affected by the timing of closing of acquisitions and divestitures.
- Intel's results could be affected by adverse effects associated with product defects and errata (deviations from published specifications), and by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust, disclosure and other issues, such as the litigation and regulatory matters described in Intel's SEC reports. An unfavorable ruling could include monetary damages or an injunction prohibiting Intel from manufacturing or selling one or more products, precluding particular business practices, impacting Intel's ability to design its products, or requiring other

remedies such as compulsory licensing of intellectual property.

A detailed discussion of these and other factors that could affect Intel's results is included in Intel's SEC filings, including the company's most recent reports on Form 10-Q and Form 10-K.

Earnings Webcast

Intel will hold a public webcast at 2 p.m. PDT today on its Investor Relations website at www.intc.com. A webcast replay and MP3 download will also be available on the site.

Intel plans to report its earnings for the fourth quarter of 2013 on January 16, 2014. Immediately following the earnings report, the company plans to publish a commentary by Stacy J. Smith, executive vice president and chief financial officer, at www.intc.com/results.cfm. A public webcast of Intel's earnings conference call will follow at 2 p.m. PDT at www.intc.com.

About Intel

Intel (NASDAQ: INTC) is a world leader in computing innovation. The company designs and builds the essential technologies that serve as the foundation for the world's computing devices. Additional information about Intel is available at newsroom.intel.com and blogs.intel.com.

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INTEL CORPORATION
CONSOLIDATED SUMMARY STATEMENT OF INCOME DATA
(In millions, except per share amounts)

	Three Months Ended		Nine Months Ended	
	Sep 28, 2013	Sep 29, 2012	Sep 28, 2013	Sep 29, 2012
NET REVENUE	$ 13,483	$ 13,457	$ 38,874	$ 39,864
Cost of sales	5,069	4,942	15,924	14,530
GROSS MARGIN	8,414	8,515	22,950	25,334
Research and development	2,742	2,605	7,785	7,519
Marketing, general and administrative	1,970	1,995	6,082	6,099
R&D AND MG&A	4,712	4,600	13,867	13,618
Restructuring and asset impairment charges	124	—	124	—
Amortization of acquisition-related intangibles	74	74	217	233
OPERATING EXPENSES	4,910	4,674	14,208	13,851
OPERATING INCOME	3,504	3,841	8,742	11,483
Gains (losses) on equity investments, net	452	53	437	81
Interest and other, net	(32)	27	(119)	105
INCOME BEFORE TAXES	3,924	3,921	9,060	11,669
Provision for taxes	974	949	2,065	3,132
NET INCOME	$ 2,950	$ 2,972	$ 6,995	$ 8,537
BASIC EARNINGS PER COMMON SHARE	$ 0.59	$ 0.59	$ 1.41	$ 1.71
DILUTED EARNINGS PER COMMON SHARE	$ 0.58	$ 0.58	$ 1.37	$ 1.65
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	4,981	4,996	4,969	5,006
DILUTED	5,100	5,153	5,095	5,181

INTEL CORPORATION
CONSOLIDATED SUMMARY BALANCE SHEET DATA

(In millions)

	Sep 28, 2013	Jun 29, 2013	Dec 29, 2012
CURRENT ASSETS			
Cash and cash equivalents	$ 4,881	$ 3,778	$ 8,478
Short-term investments	6,492	6,214	3,999
Trading assets	7,773	7,358	5,685
Accounts receivable, net	3,719	3,474	3,833
Inventories:			
Raw materials	505	487	478
Work in process	2,259	2,220	2,219
Finished goods	1,769	1,835	2,037
	4,533	4,542	4,734
Deferred tax assets	2,435	2,121	2,117
Other current assets	1,517	1,561	2,512
TOTAL CURRENT ASSETS	31,350	29,048	31,358
Property, plant and equipment, net	30,346	29,345	27,983
Marketable equity securities	6,514	5,361	4,424
Other long-term investments	1,583	1,642	493
Goodwill	10,467	10,005	9,710
Identified intangible assets, net	5,434	5,620	6,235
Other long-term assets	4,857	4,640	4,148
TOTAL ASSETS	$ 90,551	$ 85,661	$ 84,351
CURRENT LIABILITIES			
Short-term debt	$ 350	$ 263	$ 312
Accounts payable	2,996	2,864	3,023
Accrued compensation and benefits	2,530	1,981	2,972
Accrued advertising	1,012	1,060	1,015
Deferred income	2,093	1,971	1,932
Other accrued liabilities	4,894	3,250	3,644
TOTAL CURRENT LIABILITIES	13,875	11,389	12,898
Long-term debt	13,157	13,150	13,136
Long-term deferred tax liabilities	4,384	3,709	3,412
Other long-term liabilities	3,683	3,573	3,702
Stockholders' equity:			
Preferred stock	—	—	—
Common stock and capital in excess of par value	21,113	20,678	19,464
Accumulated other comprehensive income (loss)	1,048	145	(399)
Retained earnings	33,291	33,017	32,138
TOTAL STOCKHOLDERS' EQUITY	55,452	53,840	51,203
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 90,551	$ 85,661	$ 84,351

INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

	Q3 2013	Q2 2013	Q3 2012
CASH INVESTMENTS:			
Cash and short-term investments	$ 11,373	$ 9,992	$ 6,003
Trading assets - marketable debt securities	7,773	7,358	4,462
Total cash investments	$ 19,146	$ 17,350	$ 10,465
CURRENT DEFERRED INCOME:			
Deferred income on shipments of components to distributors	$ 891	$ 770	$ 791
Deferred income from software and services group	1,202	1,201	1,163
Total current deferred income	$ 2,093	$ 1,971	$ 1,954
SELECTED CASH FLOW INFORMATION:			
Depreciation	$ 1,729	$ 1,712	$ 1,625
Share-based compensation	$ 268	$ 292	$ 276
Amortization of intangibles	$ 292	$ 279	$ 268
Capital spending	$ (2,866)	$ (2,723)	$ (2,887)
Net cash (used)/received for acquisitions/divestitures	$ (498)	$ (286)	$ (110)
Investments in non-marketable equity instruments	$ (133)	$ (90)	$ (163)
Equity investment in ASML Holding N.V	$ —	$ —	$ (3,218)
Stock repurchase program	$ (536)	$ (550)	$ (1,165)
Proceeds from sales of shares to employees & excess tax benefit	$ 272	$ 612	$ 299
Dividends paid	$ (1,121)	$ (1,123)	$ (1,125)
EARNINGS PER COMMON SHARE INFORMATION:			
Weighted average common shares outstanding - basic	4,981	4,978	4,996
Dilutive effect of employee equity incentive plans	60	67	93
Dilutive effect of convertible debt	59	61	64
Weighted average common shares outstanding - diluted	5,100	5,106	5,153
STOCK BUYBACK:			
Shares repurchased	24	23	46
Cumulative shares repurchased (in billions)	4.3	4.3	4.2
Remaining dollars authorized for buyback (in billions)	$ 3.7	$ 4.2	$ 6.3
OTHER INFORMATION:			
Employees (in thousands)	107.2	106.0	104.7

INTEL CORPORATION
SUPPLEMENTAL OPERATING SEGMENT RESULTS
(In millions)

	Three Months Ended		Nine Months Ended	
	Sep 28, 2013	Sep 29, 2012	Sep 28, 2013	Sep 29, 2012
Net Revenue				
PC Client Group	$ 8,387	$ 8,691	$ 24,479	$ 25,944
Data Center Group	2,912	2,596	8,240	7,735
Other Intel architecture operating segments	1,067	1,177	2,987	3,360
Software and services operating segments	621	588	1,819	1,745
All other	496	405	1,349	1,080
TOTAL NET REVENUE	$ 13,483	$ 13,457	$ 38,874	$ 39,864
Operating income (loss)				
PC Client Group	$ 3,260	$ 3,346	$ 8,432	$ 10,277
Data Center Group	1,393	1,203	3,702	3,703
Other Intel architecture operating segments	(606)	(235)	(1,825)	(882)
Software and services operating segments	(5)	4	(37)	25
All other	(538)	(477)	(1,530)	(1,640)
TOTAL OPERATING INCOME	$ 3,504	$ 3,841	$ 8,742	$ 11,483

In the first quarter of 2013, we completed a reorganization that transferred a portion of our wired connectivity business formerly included within the Data Center Group to the PC Client Group, as the technology from that portion of the business is primarily used for client connectivity. Prior period amounts have been adjusted retrospectively to reflect this new organization structure.

In the second quarter of 2013, Brian Krzanich became our Chief Executive Officer (CEO) and a member of Intel's Board of Directors, succeeding Paul S. Otellini, who retired from the Board and as CEO. During the second quarter of 2013, Mr. Krzanich made management organizational changes to enable greater focus and speed in decision making. The management changes did not result in a change to what businesses comprise our operating segments or to the conclusion that the Chief Operating Decision Maker (CODM) is the CEO. The CODM allocates resources to and assesses the performance of each operating segment using information about its revenue and operating income (loss).

Our operating segment results shown above are comprised of the following:

- **PC Client Group**: Delivering platforms designed for the notebook (including Ultrabook™ systems and convertibles), desktop (including high-end enthusiast PCs), and certain tablet market segments; and wireless and wired connectivity products.
- **Data Center Group**: Delivering platforms designed for the server, workstation, and storage computing market segments; and wired network connectivity products.
- **Other Intel architecture operating segments** consist of the following:
  - **Intelligent Systems Group**: Delivering platforms designed for embedded applications.
  - **Intel Mobile Communications**: Delivering mobile phone components such as baseband processors, radio frequency transceivers, and power management chips.
  - **Tablet Group**: Delivering platforms designed for the tablet market segment.
  - **Phone Group**: Delivering platforms designed for the smartphone market segment.
  - **Service Provider Group**: Delivering gateway and set-top box components.
  - **Netbook Group**: Delivering platforms designed for the netbook market segment.
- **Software and services operating segments** consists of the following:
  - **McAfee**: A wholly owned subsidiary delivering software products for endpoint security, network and content security, risk and compliance, and consumer and mobile security.
  - **Wind River Software Group**: A wholly owned subsidiary delivering software optimized products for the embedded and mobile market segments.
  - **Software and Services Group**: Delivering software products and services that promote Intel Architecture as the platform of choice for software development.
- **All other** consists of the following:
  - **Non-Volatile Memory Solutions Group**: Delivering NAND flash memory products for use in a variety of devices.
  - **Corporate**: Revenue, expenses, and charges such as:
    - A portion of profit-dependent compensation and other expenses not allocated to the operating segments.
    - Amounts included within restructuring and asset impairment charges.
    - Divested businesses for which discrete operating results are not reviewed by our CODM.
    - Results of operations of start-up businesses that support our initiatives, including our foundry business.
    - Acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

INTEL CORPORATION
SUPPLEMENTAL PLATFORM REVENUE INFORMATION

	Q3 2013 compared to Q2 2013	Q3 2013 compared to Q3 2012	Q3 YTD 2013 compared to Q3 YTD 2012
PC Client Platform			
Unit Volumes	2%	(4)%	(5)%
Average Selling Prices	—%	1%	1%
Data Center Platform			
Unit Volumes	5%	5%	4%
Average Selling Prices	2%	8%	3%

PC Client Group Notebook and Desktop Platform Key Drivers

- Notebook platform volumes decreased 3% from Q3 2012 to Q3 2013
- Notebook platform average selling prices decreased 3% from Q3 2012 to Q3 2013
- Desktop platform volumes decreased 5% from Q3 2012 to Q3 2013
- Desktop platform average selling prices increased 6% from Q3 2012 to Q3 2013

- Notebook platform volumes decreased 5% from the first nine months of 2012 to the first nine months of 2013
- Notebook platform average selling prices decreased 3% from the first nine months of 2012 to the first nine months of 2013
- Desktop platform volumes decreased 5% from the first nine months of 2012 to the first nine months of 2013
- Desktop platform average selling prices increased 6% from the first nine months of 2012 to the first nine months of 2013