

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 June 27, 2015.

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

(State or other jurisdiction of incorporation or organization)

94-1672743

(I.R.S. Employer Identification No.)

2200 Mission College Boulevard, Santa Clara, California

(Address of principal executive offices)

95054-1549

(Zip Code)

(408) 765-8080

(Registrant's telephone number, including area code)

N/A

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

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

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

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

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

Common stock, \$0.001 par value

Outstanding as of July 17, 2015

4,754 million

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (Unaudited)

(In Millions, Except Per Share Amounts)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Net revenue	\$ 13,195	\$ 13,831	\$ 25,976	\$ 26,595
Cost of sales	4,947	4,914	9,998	10,065
Gross margin	8,248	8,917	15,978	16,530
Research and development	3,087	2,859	6,082	5,705
Marketing, general and administrative	1,949	2,061	3,902	4,108
Restructuring and asset impairment charges	248	81	353	218
Amortization of acquisition-related intangibles	68	72	130	145
Operating expenses	5,352	5,073	10,467	10,176
Operating income	2,896	3,844	5,511	6,354
Gains (losses) on equity investments, net	100	95	132	143
Interest and other, net	(13)	(17)	13	95
Income before taxes	2,983	3,922	5,656	6,592
Provision for taxes	277	1,126	958	1,866
Net income	\$ 2,706	\$ 2,796	\$ 4,698	\$ 4,726
Basic earnings per share of common stock	\$ 0.57	\$ 0.56	\$ 0.99	\$ 0.95
Diluted earnings per share of common stock	\$ 0.55	\$ 0.55	\$ 0.96	\$ 0.92
Cash dividends declared per share of common stock	\$ —	\$ —	\$ 0.48	\$ 0.45
Weighted average shares of common stock outstanding:				
Basic	4,759	4,981	4,750	4,977
Diluted	4,909	5,123	4,912	5,120

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Net income	\$ 2,706	\$ 2,796	\$ 4,698	\$ 4,726
Other comprehensive income, net of tax:				
Change in net unrealized holding gains (losses) on available-for-sale investments	428	(9)	86	(86)
Change in deferred tax asset valuation allowance	(5)	(2)	(8)	(4)
Change in net unrealized holding gains (losses) on derivatives	136	(3)	47	11
Change in net prior service (costs) credits	2	(1)	4	(43)
Change in actuarial valuation	7	7	19	5
Change in net foreign currency translation adjustment	9	(28)	(169)	(6)
Other comprehensive income (loss)	577	(36)	(21)	(123)
Total comprehensive income	\$ 3,283	\$ 2,760	\$ 4,677	\$ 4,603

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS (Unaudited)

(In Millions)	Jun 27, 2015	Dec 27, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,454	\$ 2,561
Short-term investments	2,606	2,430
Trading assets	6,810	9,063
Accounts receivable, net	3,860	4,427
Inventories	4,818	4,273
Deferred tax assets	1,895	1,958
Other current assets	2,267	3,018
Total current assets	26,710	27,730
Property, plant and equipment, net of accumulated depreciation of \$49,645 (\$46,471 as of December 27, 2014)	32,683	33,238
Marketable equity securities	7,208	7,097
Other long-term investments	1,727	2,023
Goodwill	11,037	10,861
Identified intangible assets, net	4,226	4,446
Other long-term assets	6,901	6,561
Total assets	\$ 90,492	\$ 91,956
Liabilities, temporary equity, and stockholders' equity		
Current liabilities:		
Short-term debt	\$ 1,118	\$ 1,604
Accounts payable	2,359	2,748
Accrued compensation and benefits	2,572	3,475
Accrued advertising	1,021	1,092
Deferred income	2,082	2,205
Other accrued liabilities	4,377	4,895
Total current liabilities	13,529	16,019
Long-term debt	12,116	12,107
Long-term deferred tax liabilities	3,251	3,775
Other long-term liabilities	2,996	3,278
Contingencies (Note 21)		
Temporary equity	905	912
Stockholders' equity:		
Preferred stock	—	—
Common stock and capital in excess of par value, 4,755 issued and 4,753 outstanding (4,752 issued and 4,748 outstanding as of December 27, 2014)	22,625	21,781
Accumulated other comprehensive income (loss)	645	666
Retained earnings	34,425	33,418
Total stockholders' equity	57,695	55,865
Total liabilities, temporary equity, and stockholders' equity	\$ 90,492	\$ 91,956

See accompanying notes.

INTEL CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

(In Millions)	Six Months Ended	
	Jun 27, 2015	Jun 28, 2014
Cash and cash equivalents, beginning of period	\$ 2,561	\$ 5,674
Cash flows provided by (used for) operating activities:		
Net income	4,698	4,726
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,825	3,600
Share-based compensation	700	586
Restructuring and asset impairment charges	353	218
Excess tax benefit from share-based payment arrangements	(133)	(65)
Amortization of intangibles	465	577
(Gains) losses on equity investments, net	(85)	(90)
Deferred taxes	(725)	(206)
Changes in assets and liabilities:		
Accounts receivable	573	89
Inventories	(489)	235
Accounts payable	(304)	(103)
Accrued compensation and benefits	(1,304)	(813)
Income taxes payable and receivable	(59)	88
Other assets and liabilities	340	112
Total adjustments	3,157	4,228
Net cash provided by operating activities	7,855	8,954
Cash flows provided by (used for) investing activities:		
Additions to property, plant and equipment	(3,792)	(5,517)
Acquisitions, net of cash acquired	(524)	(137)
Purchases of available-for-sale investments	(1,255)	(5,113)
Sales of available-for-sale investments	109	409
Maturities of available-for-sale investments	1,659	5,555
Purchases of trading assets	(5,291)	(6,825)
Maturities and sales of trading assets	7,639	5,544
Collection of loans receivable	166	17
Investments in non-marketable equity investments	(558)	(1,115)
Other investing	103	167
Net cash used for investing activities	(1,744)	(7,015)
Cash flows provided by (used for) financing activities:		
Increase (decrease) in short-term debt, net	(492)	(267)
Excess tax benefit from share-based payment arrangements	133	65
Proceeds from sales of common stock through employee equity incentive plans	474	1,005
Repurchase of common stock	(1,447)	(2,625)
Restricted stock unit withholdings	(399)	(299)
Payment of dividends to stockholders	(2,283)	(2,245)
Collateral associated with repurchase of common stock	325	—
Decrease in liability due to return of collateral associated with repurchase of common stock	(325)	—
Other financing	(205)	(199)
Net cash used for financing activities	(4,219)	(4,565)
Effect of exchange rate fluctuations on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	1,893	(2,625)
Cash and cash equivalents, end of period	\$ 4,454	\$ 3,049
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of capitalized interest	\$ 80	\$ 90
Income taxes, net of refunds	\$ 1,699	\$ 1,935
<i>See accompanying notes.</i>		

INTEL CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — Unaudited

Note 1: Basis of Presentation

We prepared our interim consolidated condensed financial statements that accompany these notes in conformity with U.S. generally accepted accounting principles, consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended December 27, 2014 and Form 8-K filed with the U.S. Securities and Exchange Commission (SEC) on June 5, 2015. We have reclassified certain prior period amounts to conform to current period presentation.

We have a 52- or 53-week fiscal year that ends on the last Saturday in December. Fiscal year 2016 is a 53-week fiscal year, and the first quarter of 2016 will be a 14-week quarter.

We have made estimates and judgments affecting the amounts reported in our consolidated condensed financial statements and the accompanying notes. The actual results that we experience may differ materially from our estimates. The interim financial information is unaudited, but reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This interim information should be read in conjunction with the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 27, 2014 and Form 8-K filed with the SEC on June 5, 2015.

Note 2: Recent Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued a new standard to achieve a consistent application of revenue recognition within the U.S., resulting in a single revenue model to be applied by reporting companies under U.S. generally accepted accounting principles. Under the new model, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new standard requires that reporting companies disclose the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. On July 9, 2015, the FASB agreed to delay the effective date by one year. In accordance with the agreed upon delay, the new standard is effective for us beginning in the first quarter of 2018. Early adoption is permitted, but not before the original effective date of the standard. The new standard is required to be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying it recognized at the date of initial application. We have not yet selected a transition method nor have we determined the impact of the new standard on our consolidated condensed financial statements.

Note 3: Fair Value

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider assumptions that market participants would use when pricing the asset or liability. Our financial assets are measured and recorded at fair value, except for cost method investments, cost method loans receivable, equity method investments, grants receivable, and reverse repurchase agreements with original maturities greater than approximately three months. Substantially all of our liabilities are not measured and recorded at fair value.

Fair Value Hierarchy

The three levels of inputs that may be used to measure fair value are as follows:

Level 1. Quoted prices in active markets for identical assets or liabilities.

Level 2. Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in less active markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data for substantially the full term of the assets or liabilities. Level 2 inputs also include non-binding market consensus prices that can be corroborated with observable market data, as well as quoted prices that were adjusted for security-specific restrictions.

Level 3. Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of assets or liabilities. Level 3 inputs also include non-binding market consensus prices or non-binding broker quotes that we were unable to corroborate with observable market data.

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

Assets and liabilities measured and recorded at fair value on a recurring basis at the end of each period were as follows:

(In Millions)	June 27, 2015				December 27, 2014			
	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
Assets								
Cash equivalents:								
Corporate debt	\$ 7	\$ 898	\$ —	\$ 905	\$ —	\$ 48	\$ —	\$ 48
Financial institution instruments	93	2,143	—	2,236	321	1,119	—	1,440
Government debt	—	103	—	103	—	—	—	—
Reverse repurchase agreements	—	318	—	318	—	268	—	268
Short-term investments:								
Corporate debt	342	607	27	976	363	412	31	806
Financial institution instruments	71	1,054	—	1,125	149	1,050	—	1,199
Government debt	162	343	—	505	252	173	—	425
Trading assets:								
Asset-backed securities	—	533	32	565	—	766	58	824
Corporate debt	1,782	615	—	2,397	2,625	339	—	2,964
Financial institution instruments	855	649	—	1,504	1,146	613	—	1,759
Government debt	1,025	1,319	—	2,344	1,295	2,221	—	3,516
Other current assets:								
Derivative assets	—	485	1	486	—	559	2	561
Loans receivable	—	28	—	28	—	505	—	505
Marketable equity securities	7,103	105	—	7,208	7,097	—	—	7,097
Other long-term investments:								
Asset-backed securities	—	1	5	6	—	2	4	6
Corporate debt	395	676	12	1,083	453	728	13	1,194
Financial institution instruments	254	269	—	523	189	319	—	508
Government debt	65	50	—	115	75	240	—	315
Other long-term assets:								
Derivative assets	—	58	16	74	—	35	22	57
Loans receivable	—	464	—	464	—	216	—	216
Total assets measured and recorded at fair value	12,154	10,718	93	22,965	13,965	9,613	130	23,708
Liabilities								
Other accrued liabilities:								
Derivative liabilities	—	398	6	404	—	563	—	563
Other long-term liabilities:								
Derivative liabilities	—	21	—	21	—	17	—	17
Total liabilities measured and recorded at fair value	\$ —	\$ 419	\$ 6	\$ 425	\$ —	\$ 580	\$ —	\$ 580

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.

During the first six months of 2015, we transferred corporate debt, government debt, and financial institution instruments of approximately \$1.1 billion from Level 1 to Level 2 of the fair value hierarchy and approximately \$428 million from Level 2 to Level 1 (\$365 million of corporate debt, financial institution instruments, government debt, and marketable equity securities from Level 1 to Level 2 and \$345 million of corporate debt, government debt, and financial institution instruments from Level 2 to Level 1 during the first six months of 2014). Most of these transfers were based on changes in market activity for the underlying securities. Our policy is to reflect transfers between the fair value hierarchy levels at the beginning of the quarter in which a change in circumstances resulted in the transfer.

Investments in Debt Instruments

Debt instruments reflected in the preceding table include investments such as asset-backed securities, corporate debt, financial institution instruments, government debt, and reverse repurchase agreements classified as cash equivalents. We classify our debt instruments as Level 2 when we use observable market prices for identical securities that are traded in less active markets. When observable market prices for identical securities are not available, we price the debt instruments using our own models, such as a discounted cash flow model, or non-binding market consensus prices based on the proprietary valuation models of pricing providers or brokers. When we use non-binding market consensus prices, we corroborate them with quoted market prices for similar instruments or compare them to output from internally-developed pricing models such as a discounted cash flow model. These valuation models incorporate a number of inputs, including non-binding and binding broker quotes; observable market prices for identical or similar instruments; and the internal assumptions of pricing providers or brokers that use observable market inputs and unobservable market inputs that we consider to be not significant. The discounted cash flow model uses observable market inputs, such as LIBOR-based yield curves, currency spot and forward rates, and credit ratings. All significant inputs are derived from or corroborated with observable market data.

The fair values of debt instruments classified as Level 3 are generally derived from discounted cash flow models, performed either by us or our pricing providers, using inputs that we are unable to corroborate with observable market data. We monitor and review the inputs and results of these valuation models to help ensure the fair value measurements are reasonable and consistent with market experience in similar asset classes.

Fair Value Option for Loans Receivable

We elected the fair value option for loans receivable when the interest rate or currency exchange rate risk was hedged at inception with a related derivative instrument. As of June 27, 2015, 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. Loans receivable are classified within other current assets and other long-term assets. Fair value is determined using a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data. Gains and losses from changes in fair value on the loans receivable and related derivative instruments, as well as interest income, are recorded in interest and other, net. During all periods presented, changes in the fair value of our loans receivable were largely offset by gains or losses on the related derivative instruments, resulting in an insignificant net impact on our consolidated condensed statements of income. Gains and losses attributable to changes in credit risk are determined using observable credit default spreads for the issuer or comparable companies; these gains and losses were insignificant during all periods presented. We did not elect the fair value option for loans receivable when the interest rate or currency exchange rate risk was not hedged at inception with a related derivative instrument. Loans receivable not measured and recorded at fair value are included in the following "Financial Instruments Not Recorded at Fair Value on a Recurring Basis" section.

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

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

Some of our non-marketable equity investments have been measured and recorded at fair value due to events or circumstances that significantly impacted the fair value of those investments, resulting in other-than-temporary impairments. We classified these investments as Level 3 because the valuations used unobservable inputs that were significant to the fair value measurements and required management judgment due to the absence of quoted market prices. Impairments recognized on non-marketable equity investments held as of June 27, 2015 were \$41 million during the second quarter of 2015 and \$79 million during the first six months of 2015 (\$37 million during the second quarter of 2014 and \$75 million during the first six months of 2014 on non-marketable equity investments held as of June 28, 2014).

Financial Instruments Not Recorded at Fair Value on a Recurring Basis

On a quarterly basis, we measure the fair value of our grants receivable, cost method loans receivable, non-marketable cost method investments, reverse repurchase agreements with original maturities greater than approximately three months, and indebtedness carried at amortized cost; however, the assets are recorded at fair value only when an impairment is recognized. The carrying amounts and fair values of financial instruments not recorded at fair value on a recurring basis at the end of each period were as follows:

June 27, 2015					
(In Millions)	Carrying Amount	Fair Value Measured Using			Fair Value
		Level 1	Level 2	Level 3	
Grants receivable	\$ 765	\$ —	\$ 767	\$ —	\$ 767
Loans receivable	\$ 250	\$ —	\$ 250	\$ —	\$ 250
Non-marketable cost method investments	\$ 1,890	\$ —	\$ —	\$ 2,993	\$ 2,993
Reverse repurchase agreements	\$ 450	\$ —	\$ 450	\$ —	\$ 450
Short-term debt	\$ 1,095	\$ —	\$ 1,517	\$ —	\$ 1,517
Long-term debt	\$ 12,116	\$ 8,068	\$ 4,275	\$ —	\$ 12,343
NVIDIA Corporation cross-license agreement liability	\$ 197	\$ —	\$ 200	\$ —	\$ 200

December 27, 2014					
(In Millions)	Carrying Amount	Fair Value Measured Using			Fair Value
		Level 1	Level 2	Level 3	
Grants receivable	\$ 676	\$ —	\$ 679	\$ —	\$ 679
Loans receivable	\$ 250	\$ —	\$ 250	\$ —	\$ 250
Non-marketable cost method investments	\$ 1,769	\$ —	\$ —	\$ 2,599	\$ 2,599
Reverse repurchase agreements	\$ 450	\$ —	\$ 450	\$ —	\$ 450
Short-term debt	\$ 1,588	\$ —	\$ 2,145	\$ —	\$ 2,145
Long-term debt	\$ 12,107	\$ 11,467	\$ 1,309	\$ —	\$ 12,776
NVIDIA Corporation cross-license agreement liability	\$ 395	\$ —	\$ 399	\$ —	\$ 399

The fair value of our grants receivable is determined using a discounted cash flow model, which discounts future cash flows using an appropriate yield curve. As of June 27, 2015 and December 27, 2014, the carrying amount of our grants receivable was classified within other current assets and other long-term assets, as applicable.

The carrying amount and fair value of loans receivable exclude loans measured and recorded at a fair value of \$492 million as of June 27, 2015 (\$721 million as of December 27, 2014). The fair value of our loans receivable and reverse repurchase agreements, including those held at fair value, is determined using a discounted cash flow model. All significant inputs in the models are derived from or corroborated with observable market data, such as LIBOR-based yield curves, currency spot and forward rates, and credit ratings. The credit quality of these assets remains high, with credit ratings of A+/A1 for the majority of our loans receivable and reverse repurchase agreements as of June 27, 2015.

As of June 27, 2015 and December 27, 2014, the unrealized loss position of our non-marketable cost method investments was insignificant. Our non-marketable cost method investments are valued using a qualitative and quantitative analysis of events or circumstances that impact the fair value of the investment. Qualitative analysis of our investments involves understanding our investee's revenue and earnings trends relative to pre-defined milestones and overall business prospects; the technological feasibility of our investee's products and technologies; the general market conditions in the investee's industry or geographic area, including adverse regulatory or economic changes; and the management and governance structure of the investee. Quantitative assessments of the fair value of our investments are developed using the market and income approaches. The market approach includes the use of financial metrics and ratios of comparable public companies, such as revenue, earnings, comparable performance multiples, recent financing rounds, the terms of the investees' issued interests, and the level of marketability of the investments. The selection of comparable companies requires management judgment and is based on a number of factors, including comparable companies' sizes, growth rates, industries, and development stages. The income approach includes the use of a discounted cash flow model, which requires significant estimates regarding investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available market, historical, and forecast data. We measure the fair value of our non-marketable cost method investments as close to the end of the period as feasible.

The carrying amount and fair value of short-term debt exclude drafts payable. Our short-term debt recognized at amortized cost includes our 2009 junior subordinated convertible debentures due 2039 (2009 debentures). During the second quarter of 2015, the 2009 debentures were classified as short-term debt on the consolidated condensed balance sheets and convertible at the option of the holder during the third quarter of 2015. For further information, see the "Borrowings" note in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 27, 2014 and Form 8-K filed with the SEC on June 5, 2015. Our long-term debt recognized at amortized cost is comprised of our senior notes and our convertible debentures. The fair value of our senior notes are classified as Level 1 when we use quoted prices in active markets and Level 2 when the quoted prices are from less active markets. The fair value of our 2009 and 2005 convertible debentures is determined using discounted cash flow models with observable market inputs, and takes into consideration variables such as interest rate changes, comparable instruments, subordination discount, and credit-rating changes, and is therefore classified as Level 2.

The NVIDIA Corporation (NVIDIA) cross-license agreement liability in the preceding table was incurred as a result of entering into a long-term patent cross-license agreement with NVIDIA in January 2011, pursuant to which we agreed to make payments to NVIDIA over six years. As of June 27, 2015 the carrying amount of the liability arising from the agreement was classified within other accrued liabilities based on the expected timing of the underlying payments (\$200 million in January 2016 treated as cash used for financing activities). As of December 27, 2014, the carrying amount of the liability arising from the agreement was classified within other accrued liabilities and other long-term liabilities, based on the expected timing of the underlying payments (\$200 million in each of January 2015 and 2016 treated as cash used for financing activities). The fair value is determined using a discounted cash flow model, which discounts future cash flows using our incremental borrowing rates.

Note 4: Cash and Investments

Cash and investments at the end of each period were as follows:

(In Millions)	Jun 27, 2015	Dec 27, 2014
Available-for-sale investments	\$ 14,785	\$ 13,038
Cash	892	805
Equity method investments	1,615	1,446
Loans receivable	742	971
Non-marketable cost method investments	1,890	1,769
Reverse repurchase agreements	768	718
Trading assets	6,810	9,063
Total cash and investments	\$ 27,502	\$ 27,810

Available-for-Sale Investments

Available-for-sale investments at the end of each period were as follows:

(In Millions)	June 27, 2015				December 27, 2014			
	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Asset-backed securities	\$ 8	\$ —	\$ (2)	\$ 6	\$ 8	\$ —	\$ (2)	\$ 6
Corporate debt	2,951	18	(5)	2,964	2,040	13	(5)	2,048
Financial institution instruments	3,884	1	(1)	3,884	3,146	2	(1)	3,147
Government debt	722	1	—	723	741	—	(1)	740
Marketable equity securities	3,302	3,911	(5)	7,208	3,318	3,779	—	7,097
Total available-for-sale investments	\$ 10,867	\$ 3,931	\$ (13)	\$ 14,785	\$ 9,253	\$ 3,794	\$ (9)	\$ 13,038

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 June 27, 2015 and December 27, 2014.

For information on the unrealized holding gains (losses) on available-for-sale investments reclassified out of accumulated other comprehensive income (loss) into the consolidated condensed statements of income, see "Note 20: Other Comprehensive Income (Loss)."

During the second quarter of 2015, we sold available-for-sale investments for proceeds of \$66 million, none of which was related to sales of cash and cash equivalents (\$594 million in the second quarter of 2014, of which \$273 million related to sales of cash and cash equivalents). During the first six months of 2015, we sold available-for-sale investments for proceeds of \$109 million, none of which was related to sales of cash and cash equivalents (\$873 million in the first six months of 2014 of which \$378 million related to sales of cash and cash equivalents). The gross realized gains on sales of available-for-sale investments were \$43 million in the second quarter of 2015 and \$85 million in the first six months of 2015 (\$69 million in the second quarter of 2014 and \$136 million in the first six months of 2014).

The amortized cost and fair value of available-for-sale debt investments, by contractual maturity, as of June 27, 2015, were as follows:

(In Millions)	Cost	Fair Value
Due in 1 year or less	\$ 5,717	\$ 5,732
Due in 1–2 years	933	933
Due in 2–5 years	789	789
Instruments not due at a single maturity date	126	123
Total	\$ 7,565	\$ 7,577

Equity Method Investments

IM Flash Technologies, LLC

Micron Technology, Inc. (Micron) and Intel formed IM Flash Technologies, LLC (IMFT) in 2006 to manufacture NAND flash memory products for Micron and Intel. During 2012, we amended the operating agreement for IMFT and entered into agreements with Micron that modified our joint venture relationship.

The amended operating agreement extended the term of IMFT to 2024, unless earlier terminated under certain terms and conditions, and provides that IMFT may manufacture certain emerging memory technologies in addition to NAND flash memory. The amended agreement provides for certain buy-sell rights. Intel has the ability to cause Micron to buy our interest in IMFT. If we exercise this put right, Micron would set the closing date of the transaction within two years following such election and could elect to receive financing from us for one to two years. Subsequent to our put right, and commencing in January 2018, Micron has the right to call our interest in IMFT with the closing date to be effective within one year. Additionally, our agreements with Micron include a supply agreement for Micron to supply us with NAND flash memory products. These agreements also extend and expand our NAND joint development program with Micron to include emerging memory technologies.

As of June 27, 2015, we own a 49% interest in IMFT. The carrying value of our investment was \$835 million as of June 27, 2015 (\$713 million as of December 27, 2014) and is classified within other long-term assets.

IMFT is a variable interest entity. All costs of the IMFT joint venture will be passed on to Micron and Intel pursuant to our purchase agreements. Intel's portion of IMFT costs, primarily related to product purchases and production-related services, was approximately \$105 million in the second quarter of 2015 and approximately \$200 million in the first six months of 2015 (approximately \$100 million in the second quarter of 2014 and approximately \$205 million in the first six months of 2014). The amount due to IMFT for product purchases and services provided was approximately \$65 million as of June 27, 2015 (approximately \$60 million as of December 27, 2014).

IMFT depends on Micron and Intel for any additional cash needs. Our known maximum exposure to loss approximated the carrying value of our investment balance in IMFT, which was \$835 million as of June 27, 2015. Except for the amount due to IMFT for product purchases and services, we did not have any additional liabilities recognized on our consolidated condensed balance sheets in connection with our interests in this joint venture as of June 27, 2015. Our potential future losses could be higher than the carrying amount of our investment, as Intel and Micron are liable for other future operating costs or obligations of IMFT. Future cash calls could also increase our investment balance and the related exposure to loss. In addition, because we are currently committed to purchasing 49% of IMFT's production output and production-related services, we may be required to purchase products at a cost in excess of realizable value.

We have determined that we do not have the characteristics of a consolidating investor in the variable interest entity and, therefore, we account for our interest in IMFT using the equity method of accounting.

Cloudera, Inc.

During 2014, we invested in Cloudera, Inc. (Cloudera). Our fully-diluted ownership interest in Cloudera is 17% as of June 27, 2015. Our investment is accounted for under the equity and cost methods of accounting based on the rights associated with different securities we own, and is classified within other long-term assets. The carrying value of our equity method investment was \$278 million and of our cost method investment was \$454 million as of June 27, 2015 (\$280 million for our equity method investment and \$454 million for our cost method investment as of December 27, 2014).

Trading Assets

As of June 27, 2015 and December 27, 2014, substantially all of our trading assets were marketable debt instruments. Net gains related to trading assets still held at the reporting date were \$48 million in the second quarter of 2015 and net losses were \$85 million in the first six months of 2015 (net losses of \$11 million in the second quarter of 2014 and net gains of \$54 million in the first six months of 2014). Net losses on the related derivatives were \$45 million in the second quarter of 2015 and net gains were \$81 million in the first six months of 2015 (net gains of \$9 million in the second quarter of 2014 and net losses of \$56 million in the first six months of 2014).

Investment in Tsinghua Unigroup Ltd.

During 2014, we entered into a series of agreements with Tsinghua Unigroup Ltd. (Tsinghua Unigroup), an operating subsidiary of Tsinghua Holdings Co. Ltd., to, among other things, jointly develop Intel® architecture- and communications-based solutions for smartphones. We have also agreed to invest up to 9.0 billion Chinese yuan (approximately \$1.5 billion as of the date of the agreement) for a minority stake of approximately 20% of a holding company under Tsinghua Unigroup. Subsequent to the end of the second quarter of 2015 and prior to the filing of this Form 10-Q, we invested approximately \$1.0 billion to complete the first phase of the equity investment. Despite our 20% equity ownership, we have determined we will not have significant influence over the company and, therefore, we will account for our interest using the cost method of accounting. Subject to regulatory approvals and other closing conditions, the second phase of the investment will require additional funding of approximately \$500 million. This phase of the investment will allow us to maintain a 20% equity ownership.

Note 5: Inventories

We compute inventory cost on a first-in, first-out basis. Costs incurred to manufacture our products are included in the valuation of inventory beginning in the quarter in which a product meets the technical criteria to qualify for sale to customers. Prior to qualification for sale, costs that do not meet the criteria for research and development (R&D) are included in cost of sales in the period incurred. Inventories at the end of each period were as follows:

(In Millions)	Jun 27, 2015	Dec 27, 2014
Raw materials	\$ 490	\$ 462
Work in process	2,668	2,375
Finished goods	1,660	1,436
Total inventories	\$ 4,818	\$ 4,273

Note 6: Derivative Financial Instruments

Our primary objective for holding derivative financial instruments is to manage currency exchange rate risk and interest rate risk, and, to a lesser extent, equity market risk, commodity price risk, and credit risk. When possible, we enter into master netting arrangements with counterparties to mitigate credit risk in derivative transactions. A master netting arrangement may allow counterparties to net settle amounts owed to each other as a result of multiple, separate derivative transactions. Generally, our master netting agreements allow for net settlement in case of certain triggering events such as bankruptcy or default of one of the counterparties to the transaction. We may also elect to exchange cash collateral with certain of our counterparties on a regular basis. For presentation on our consolidated condensed balance sheets, we do not offset fair value amounts recognized for derivative instruments under master netting arrangements. Our derivative financial instruments are recorded at fair value and are included in other current assets, other long-term assets, other accrued liabilities, or other long-term liabilities.

Currency Exchange Rate Risk

We are exposed to currency exchange rate risk, and generally hedge our exposures with currency forward contracts, currency interest rate swaps, or currency options. Substantially all of our revenue is transacted in U.S. dollars. However, a significant amount of our operating expenditures and capital purchases is incurred in or exposed to other currencies, primarily the euro, the Chinese yuan, the Japanese yen, and the Israeli shekel. We have established balance sheet and forecasted transaction currency risk management programs to protect against fluctuations in the fair value and the volatility of the functional currency equivalent of future cash flows caused by changes in exchange rates. Our non-U.S.-dollar-denominated investments in debt instruments and loans receivable are generally hedged with offsetting currency forward contracts or currency interest rate swaps. We may also hedge currency risk arising from funding foreign currency denominated forecasted investments. These programs reduce, but do not eliminate, the impact of currency exchange movements.

Our currency risk management programs include:

- *Currency derivatives with cash flow hedge accounting designation* that utilize currency forward contracts and currency options to hedge exposures to the variability in the U.S.-dollar equivalent of anticipated non-U.S.-dollar-denominated cash flows. These instruments generally mature within 12 months. For these derivatives, we report the after-tax gain or loss from the effective portion of the hedge as a component of accumulated other comprehensive income (loss), and we reclassify it into earnings in the same period or periods in which the hedged transaction affects earnings, and in the same line item on the consolidated condensed statements of income as the impact of the hedged transaction.
- *Currency derivatives without hedge accounting designation* that utilize currency forward contracts or currency interest rate swaps to economically hedge the functional currency equivalent cash flows of recognized monetary assets and liabilities, non-U.S.-dollar-denominated debt instruments classified as trading assets, and hedges of non-U.S.-dollar-denominated loans receivable are recognized at fair value. The substantial majority of these mature within 12 months. Changes in the functional currency equivalent cash flows of the underlying assets and liabilities are approximately offset by the changes in the fair value of the related derivatives. We record net gains or losses in the line item on the consolidated condensed statements of income most closely associated with the related exposures, primarily in interest and other, net, except for equity-related gains or losses, which we primarily record in gains (losses) on equity investments, net.

Interest Rate Risk

Our primary objective for holding investments in debt instruments is to preserve principal while maximizing yields. We generally swap the returns on our investments in fixed-rate debt instruments with remaining maturities longer than six months into U.S. dollar three-month LIBOR-based returns, unless management specifically approves otherwise. These swaps are settled at various interest payment times involving cash payments at each interest and principal payment date, with the majority of the contracts having quarterly payments.

Our interest rate risk management programs include:

- *Interest rate derivatives with cash flow hedge accounting designation* that utilize interest rate swap agreements to modify the interest characteristics of debt instruments. For these derivatives, we report the after-tax gain or loss from the effective portion of the hedge as a component of accumulated other comprehensive income (loss), and we reclassify it into earnings in the same period or periods in which the hedged transaction affects earnings, and in the same line item on the consolidated condensed statements of income as the impact of the hedged transaction.
- *Interest rate derivatives without hedge accounting designation* that utilize interest rate swaps and currency interest rate swaps in economic hedging transactions, including hedges of non-U.S.-dollar-denominated debt instruments classified as trading assets and hedges of non-U.S.-dollar-denominated loans receivable recognized at fair value. Floating interest rates on the swaps generally reset on a quarterly basis. Changes in fair value of the debt instruments classified as trading assets and loans receivable recognized at fair value are generally offset by changes in the fair value of the related derivatives, both of which are recorded in interest and other, net.

Equity Market Risk

Our investments include marketable equity securities and equity derivative instruments. We typically do not attempt to reduce or eliminate our equity market exposure through hedging activities at the inception of our investments. Before we enter into hedge arrangements, we evaluate legal, market, and economic factors, as well as the expected timing of disposal to determine whether hedging is appropriate. Our equity market risk management program may include equity derivatives with or without hedge accounting designation that utilize warrants, equity options, or other equity derivatives. We recognize changes in the fair value of such derivatives in gains (losses) on equity investments, net. We also utilize total return swaps to offset changes in liabilities related to the equity market risks of certain deferred compensation arrangements. Gains and losses from changes in fair value of these total return swaps are generally offset by the losses and gains on the related liabilities, both of which are recorded in cost of sales and operating expenses.

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)	Jun 27, 2015	Dec 27, 2014	Jun 28, 2014
Currency forwards	\$ 12,051	\$ 15,578	\$ 12,212
Currency interest rate swaps	4,789	5,446	4,908
Embedded debt derivatives	3,600	3,600	3,600
Interest rate swaps	1,006	1,347	1,318
Total return swaps	1,107	1,056	1,040
Other	72	49	61
Total	\$ 22,625	\$ 27,076	\$ 23,139

The gross notional amounts for currency forwards and currency interest rate swaps (presented by currency) at the end of each period were as follows:

(In Millions)	Jun 27, 2015	Dec 27, 2014	Jun 28, 2014
Chinese yuan	\$ 3,380	\$ 3,097	\$ 1,498
Euro	6,193	7,486	5,942
Israeli shekel	1,632	2,489	1,995
Japanese yen	2,846	3,779	3,188
Other	2,789	4,173	4,497
Total	\$ 16,840	\$ 21,024	\$ 17,120

During the fourth quarter of 2014, we entered into \$1.5 billion of forward contracts to hedge our anticipated equity funding of the Tsinghua Unigroup investment. The hedges were designated as cash flow hedges and the related gains and losses attributable to changes in the spot rates will be recognized in accumulated other comprehensive income (loss) until the Tsinghua Unigroup shares are either disposed of or impaired. As the shares are either disposed of or impaired, we will reclassify the gains or losses from accumulated other comprehensive income (loss) to gains (losses) on equity investments, net as an offset to the gain or loss recognized for the share disposal or impairment. Hedge gains and losses attributable to changes in the forward rates will be recognized in interest and other, net. During the second quarter of 2015, we discontinued cash flow hedge accounting treatment for \$478 million of forward contracts since we could no longer assert that funding is probable to occur within the initially specified timeline. Hedge losses accumulated in other comprehensive income related to these de-designated forward contracts are insignificant.

Fair Value of Derivative Instruments in the Consolidated Condensed Balance Sheets

The fair value of our derivative instruments at the end of each period were as follows:

(In Millions)	June 27, 2015				December 27, 2014			
	Other Current Assets	Other Long-Term Assets	Other Accrued Liabilities	Other Long-Term Liabilities	Other Current Assets	Other Long-Term Assets	Other Accrued Liabilities	Other Long-Term Liabilities
Derivatives designated as hedging instruments:								
Currency forwards	\$ 50	\$ 4	\$ 276	\$ 4	\$ 6	\$ 1	\$ 497	\$ 9
Total derivatives designated as hedging instruments	50	4	276	4	6	1	497	9
Derivatives not designated as hedging instruments:								
Currency forwards	89	—	83	—	207	—	44	—
Currency interest rate swaps	344	54	35	—	344	34	7	—
Embedded debt derivatives	—	—	—	17	—	—	4	8
Interest rate swaps	1	—	4	—	3	—	11	—
Other	2	16	6	—	1	22	—	—
Total derivatives not designated as hedging instruments	436	70	128	17	555	56	66	8
Total derivatives	\$ 486	\$ 74	\$ 404	\$ 21	\$ 561	\$ 57	\$ 563	\$ 17

INTEL CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — Unaudited (Continued)

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:

	June 27, 2015					
				Gross Amounts Not Offset in the Balance Sheet		
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	\$ 540	\$ —	\$ 540	\$ (293)	\$ (178)	\$ 69
Reverse repurchase agreements	768	—	768	—	(768)	—
Total assets	1,308	—	1,308	(293)	(946)	69
Liabilities:						
Derivative liabilities subject to master netting arrangements	413	—	413	(293)	(48)	72
Total liabilities	\$ 413	\$ —	\$ 413	\$ (293)	\$ (48)	\$ 72

	December 27, 2014					
				Gross Amounts Not Offset in the Balance Sheet		
(In Millions)	Gross Amounts Recognized	Gross Amounts Offset in the Balance Sheet	Net Amounts Presented in the Balance Sheet	Financial Instruments	Cash and Non-Cash Collateral Received or Pledged	Net Amount
Assets:						
Derivative assets subject to master netting arrangements	\$ 559	\$ —	\$ 559	\$ (365)	\$ (78)	\$ 116
Reverse repurchase agreements	718	—	718	—	(718)	—
Total assets	1,277	—	1,277	(365)	(796)	116
Liabilities:						
Derivative liabilities subject to master netting arrangements	559	—	559	(365)	(80)	114
Total liabilities	\$ 559	\$ —	\$ 559	\$ (365)	\$ (80)	\$ 114

Derivatives in Cash Flow Hedging Relationships

The before-tax gains (losses), attributed to the effective portion of cash flow hedges, recognized in other comprehensive income (loss) for each period were as follows:

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Currency forwards	\$ 29	\$ 5	\$ (200)	\$ 40
Other	—	(1)	—	(3)
Total	\$ 29	\$ 4	\$ (200)	\$ 37

Gains and losses on derivative instruments in cash flow hedging relationships related to hedge ineffectiveness and amounts excluded from effectiveness testing, were insignificant during all periods presented in the preceding tables. Additionally, for all periods presented, there was an insignificant impact on results of operations from discontinued cash flow hedges, which arises when forecasted transactions are probable of not occurring.

For information on the unrealized holding gains (losses) on derivatives reclassified out of accumulated other comprehensive income into the consolidated condensed statements of income, see "Note 20: Other Comprehensive Income (Loss)."

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		Six Months Ended	
		Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Currency forwards	Interest and other, net	\$ 4	\$ (7)	\$ (14)	\$ (22)
Currency interest rate swaps	Interest and other, net	(50)	26	203	(28)
Interest rate swaps	Interest and other, net	1	(4)	(5)	(4)
Total return swaps	Various	11	45	42	58
Other	Various	(5)	1	(14)	2
Total		\$ (39)	\$ 61	\$ 212	\$ 6

Note 7: Acquisitions

During the first six months of 2015, we completed three acquisitions qualifying as business combinations in exchange for acquisition date consideration of \$571 million, most of which was cash consideration. Substantially all of the consideration was allocated to goodwill, acquisition-related developed technology, and acquisition-related customer relationships. Included in these acquisitions is our acquisition of Lantiq Semiconductor (Lantiq), intended to extend Intel's success in cable home gateways into DSL and fiber markets. We acquired Lantiq in the second quarter of 2015 for acquisition date cash consideration of \$383 million, most of which was allocated to goodwill, acquisition-related developed technology, and acquisition-related customer relationships. The operating results of Lantiq are included in our Client Computing Group operating segment.

The completed acquisitions in the first six months of 2015, both individually and in the aggregate, were not significant to our results of operations. For information on goodwill by operating segment, see "Note 8: Goodwill" and for information on the classification of intangible assets, see "Note 9: Identified Intangible Assets."

Pending Acquisition of Altera Corporation

During the second quarter of 2015, we entered into a definitive agreement to acquire Altera Corporation (Altera) in an all-cash transaction expected to close within six to nine months from the date of the agreement. Upon completion of the acquisition, each outstanding share of Altera common stock and, subject to certain exceptions, each share of Altera common stock underlying vested stock option awards, restricted stock unit awards and performance-based restricted stock unit awards will be converted into the right to receive \$54.00 per share in cash, without interest. As of the date we entered into the agreement, the transaction had an approximate value of \$16.7 billion. This transaction is subject to certain regulatory approvals and customary closing conditions, including the approval of Altera's stockholders.

Note 8: Goodwill

Goodwill activity for the first six months of 2015 was as follows:

(In Millions)	Dec 27, 2014	Acquisitions	Currency Exchange and Other	Jun 27, 2015
Client Computing Group	\$ 3,708	\$ 144	\$ —	\$ 3,852
Data Center Group	2,376	—	—	2,376
Internet of Things Group	428	—	—	428
Software and services operating segments	4,236	—	(155)	4,081
All other	113	187	—	300
Total	\$ 10,861	\$ 331	\$ (155)	\$ 11,037

During the first quarter of 2015, we combined the PC Client Group and the Mobile and Communications Group to create the Client Computing Group. All prior-period amounts have been retrospectively adjusted to reflect our new organizational structure. For further information, see "Note 22: Operating Segments Information."

Note 9: Identified Intangible Assets

Identified intangible assets at the end of each period were as follows:

(In Millions)	June 27, 2015		
	Gross Assets	Accumulated Amortization	Net
Acquisition-related developed technology	\$ 3,074	\$ (2,347)	\$ 727
Acquisition-related customer relationships	1,750	(1,093)	657
Acquisition-related trade names	61	(53)	8
Licensed technology and patents	3,089	(1,225)	1,864
Identified intangible assets subject to amortization	7,974	(4,718)	3,256
Acquisition-related trade names	767	—	767
Other intangible assets	203	—	203
Identified intangible assets not subject to amortization	970	—	970
Total identified intangible assets	\$ 8,944	\$ (4,718)	\$ 4,226

(In Millions)	December 27, 2014		
	Gross Assets	Accumulated Amortization	Net
Acquisition-related developed technology	\$ 3,009	\$ (2,192)	\$ 817
Acquisition-related customer relationships	1,698	(1,001)	697
Acquisition-related trade names	61	(49)	12
Licensed technology and patents	3,153	(1,224)	1,929
Identified intangible assets subject to amortization	7,921	(4,466)	3,455
Acquisition-related trade names	788	—	788
Other intangible assets	203	—	203
Identified intangible assets not subject to amortization	991	—	991
Total identified intangible assets	\$ 8,912	\$ (4,466)	\$ 4,446

Amortization expenses, with presentation location on the consolidated condensed statements of income, for each period were as follows:

(In Millions)	Location	Three Months Ended		Six Months Ended	
		Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Acquisition-related developed technology	Cost of sales	\$ 75	\$ 147	\$ 195	\$ 293
Acquisition-related customer relationships	Amortization of acquisition-related intangibles	66	69	126	139
Acquisition-related trade names	Amortization of acquisition-related intangibles	2	3	4	6
Licensed technology and patents	Cost of sales	71	71	140	139
Total amortization expenses		\$ 214	\$ 290	\$ 465	\$ 577

Based on identified intangible assets that are subject to amortization as of June 27, 2015, we expect future amortization expenses for each period to be as follows:

(In Millions)	Remainder of 2015	2016	2017	2018	2019
Acquisition-related developed technology	\$ 147	\$ 256	\$ 107	\$ 86	\$ 77
Acquisition-related customer relationships	131	234	148	45	27
Acquisition-related trade names	5	3	—	—	—
Licensed technology and patents	137	264	221	179	179
Total future amortization expenses	\$ 420	\$ 757	\$ 476	\$ 310	\$ 283

Note 10: Other Long-Term Assets

Other long-term assets at the end of each period were as follows:

(In Millions)	Jun 27, 2015	Dec 27, 2014
Equity method investments	\$ 1,615	\$ 1,446
Non-marketable cost method investments	1,890	1,769
Non-current deferred tax assets	597	622
Pre-payments for property, plant and equipment	490	636
Loans receivable	464	416
Grants receivable	490	312
Reverse repurchase agreements	350	350
Other	1,005	1,010
Total other long-term assets	\$ 6,901	\$ 6,561

During the first six months of 2015, we received and transferred \$199 million of equipment from other long-term assets to property, plant and equipment. Substantially all of the equipment was prepaid in 2012 and 2013. We recognized the pre-payments within operating activities in the consolidated condensed statement of cash flows when we paid for the equipment, and the receipt of the equipment is reflected as a non-cash transaction in the current period.

Note 11: Restructuring and Asset Impairment Charges

Restructuring and asset impairment charges by program for each period were as follows:

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
2015 restructuring program	\$ 250	\$ —	\$ 250	\$ —
2013 restructuring program	(2)	81	103	218
Total restructuring and asset impairment charges	\$ 248	\$ 81	\$ 353	\$ 218

2015 Restructuring Program

Beginning in the second quarter of 2015, management approved and commenced implementation of restructuring actions, primarily targeted workforce reductions, as we adjusted resources from areas of disinvestment to areas of investment.

Restructuring and asset impairment charges for the 2015 restructuring program of \$250 million for the first six months of 2015 were all related to employee severance and benefit arrangements.

Restructuring and asset impairment activity for the 2015 restructuring program for the first six months of 2015 was as follows:

(In Millions)	Employee Severance and Benefits	Asset Impairments and Other	Total
Accrued restructuring balance as of December 27, 2014	\$ —	\$ —	\$ —
Additional accruals	250	—	250
Cash payments	(54)	—	(54)
Accrued restructuring balance as of June 27, 2015	\$ 196	\$ —	\$ 196

We recorded the additional accruals as restructuring and asset impairment charges in the consolidated condensed statements of income and within the “all other” operating segments category. Substantially all of the accrued restructuring balance as of June 27, 2015 is expected to be paid within the next 12 months and was recorded as a current liability within accrued compensation and benefits on the consolidated condensed balance sheets.

Restructuring actions that were approved in the second quarter of 2015 related to this program impacted approximately 3,500 employees.

2013 Restructuring Program

Beginning in the third quarter of 2013, management approved and commenced implementation of several restructuring actions, including targeted workforce reductions and the exit of certain businesses and facilities. These actions include the wind down of our 200 millimeter wafer fabrication facility in Massachusetts, which ceased production in the first quarter of 2015, and the closure of our assembly and test facility in Costa Rica, which ceased production in the fourth quarter of 2014. These targeted reductions will enable us to better align our resources in areas providing the greatest benefit in the current business environment. We expect these actions to be substantially complete by the end of 2015.

INTEL CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — Unaudited (Continued)

Restructuring and asset impairment charges for the 2013 restructuring program for each period were as follows:

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Employee severance and benefit arrangements	\$ (3)	\$ 72	\$ 96	\$ 209
Asset impairments and other restructuring charges	1	9	7	9
Total restructuring and asset impairment charges	\$ (2)	\$ 81	\$ 103	\$ 218

Restructuring and asset impairment activity for the 2013 restructuring program for the first six months of 2015 was as follows:

(In Millions)	Employee Severance and Benefits	Asset Impairments and Other	Total
Accrued restructuring balance as of December 27, 2014	\$ 121	\$ 11	\$ 132
Additional accruals	99	8	107
Adjustments	(3)	(1)	(4)
Cash payments	(135)	(13)	(148)
Non-cash settlements	—	(2)	(2)
Accrued restructuring balance as of June 27, 2015	\$ 82	\$ 3	\$ 85

We recorded the additional accruals and adjustments as restructuring and asset impairment charges in the consolidated condensed statements of income and within the “all other” operating segments category. Most of the accrued restructuring balance as of June 27, 2015 is expected to be paid by the end of 2015 and was recorded as a current liability within accrued compensation and benefits on the consolidated condensed balance sheets.

Restructuring actions related to this program that were approved in 2015 impacted approximately 1,300 employees. Since the third quarter of 2013, we have incurred a total of \$638 million in restructuring and asset impairment charges related to this program. These charges included a total of \$562 million related to employee severance and benefit arrangements for approximately 8,900 employees, and \$76 million in asset impairment charges and other restructuring charges.

Note 12: Deferred Income

Deferred income at the end of each period was as follows:

(In Millions)	Jun 27, 2015	Dec 27, 2014
Deferred income on shipments of components to distributors	\$ 853	\$ 944
Deferred income from software and services	1,229	1,261
Current deferred income	2,082	2,205
Non-current deferred income from software and services	434	483
Total deferred income	\$ 2,516	\$ 2,688

We classify non-current deferred income from software and services within other long-term liabilities on the consolidated condensed balance sheets.

Note 13: Borrowings

Short-Term Debt

Our short-term debt at the end of each period was as follows:

(In Millions)	Jun 27, 2015	Dec 27, 2014
Drafts payable	\$ 23	\$ 16
Commercial paper	—	500
Current portion of long-term debt	1,095	1,088
Short-term debt	\$ 1,118	\$ 1,604

The 2009 debentures are convertible, subject to certain conditions. Holders can surrender the 2009 debentures for conversion if the closing price of Intel common stock has been at least 130% of the conversion price then in effect for at least 20 trading days during the 30 consecutive trading-day period ending on the last trading day of the preceding fiscal quarter.

During the second quarter of 2015, the closing stock price conversion right condition of the 2009 debentures was met and the debentures will be convertible at the option of the holders during the third quarter of 2015. As a result of the conversion period during the third quarter of 2015, the \$1.1 billion carrying amount of the 2009 debentures remained classified as short-term debt on our consolidated condensed balance sheet as of June 27, 2015. The excess of the amount of cash payable if converted over the carrying amount of the 2009 debentures of \$905 million remained classified as temporary equity on our consolidated condensed balance sheet as of June 27, 2015. In future periods, if the closing stock price conversion right condition is no longer met, all outstanding 2009 debentures would be reclassified to long-term debt and temporary equity would be reclassified to stockholders' equity on our consolidated condensed balance sheet.

Long-Term Debt

Our long-term debt at the end of each period was as follows:

(In Millions)	Jun 27, 2015	Dec 27, 2014
2012 Senior notes due 2017 at 1.35%	\$ 2,998	\$ 2,998
2012 Senior notes due 2022 at 2.70%	1,495	1,495
2012 Senior notes due 2032 at 4.00%	744	744
2012 Senior notes due 2042 at 4.25%	924	924
2011 Senior notes due 2016 at 1.95%	1,499	1,499
2011 Senior notes due 2021 at 3.30%	1,997	1,997
2011 Senior notes due 2041 at 4.80%	1,490	1,490
2009 Junior subordinated convertible debentures due 2039 at 3.25%	1,095	1,088
2005 Junior subordinated convertible debentures due 2035 at 2.95%	969	960
Total long-term debt	13,211	13,195
Less: current portion of long-term debt	(1,095)	(1,088)
Long-term debt	\$ 12,116	\$ 12,107

On July 22, 2015, we announced the offering and pricing of senior unsecured notes for an aggregate principal amount of \$7.0 billion, including \$1.75 billion of 2.45% notes due 2020, \$1.0 billion of 3.10% notes due 2022, \$2.25 billion of 3.70% notes due 2025 and \$2.0 billion of 4.90% notes due 2045. The offering is expected to close on July 29, 2015, subject to customary closing conditions. We expect the net proceeds from the sale of the notes to be approximately \$6.98 billion, before expenses but after deducting the underwriting discount. We intend to use the net proceeds of the offering to fund a portion of the cash consideration for our acquisition of Altera. If the Altera acquisition does not close for any reason, the net proceeds of the offering will be used for general corporate purposes, which may include refinancing of indebtedness, with the exception of the 2025 and 2045 notes, which are subject to special mandatory redemption at a redemption price of 101% of the principal amount thereof plus accrued and unpaid interest in the event that our acquisition of Altera is not consummated by, or the merger agreement is terminated before, December 31, 2016.

We intend to finance the acquisition of Altera, see "Note 7: Acquisitions", through a combination of \$7.0 billion to \$9.0 billion in long-term debt, including the notes described in the previous paragraph, and the remainder with commercial paper and cash and investments. The timing, amount and terms of any additional long-term debt financing are subject to market and other conditions.

For information on our existing debt instruments, see the "Borrowings" note in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 27, 2014 and Form 8-K filed with the SEC on June 5, 2015.

Note 14: Employee Equity Incentive Plans

Our equity incentive plans are broad-based, long-term programs intended to attract and retain talented employees and align stockholder and employee interests.

During May 2015, stockholders approved an extension of the expiration date of the 2006 Equity Incentive Plan to June 2018 and approved an additional 34 million shares for issuance. As of June 27, 2015, 256 million shares of common stock remained available for future grant under the 2006 Equity Incentive Plan through June 2018.

During May 2015, stockholders approved an extension of the expiration date of the 2006 Stock Purchase Plan to August 2021. The 2006 Stock Purchase Plan allows eligible employees to purchase shares of our common stock at 85% of the value of our common stock on specific dates. Rights to purchase shares of common stock are granted during the first and third quarters of each year. As of June 27, 2015, 189 million shares of common stock remained available for issuance under the 2006 Stock Purchase Plan through August 2021.

Share-Based Compensation

Share-based compensation expense was \$332 million in the second quarter of 2015 and \$700 million in the first six months of 2015 (\$303 million in the second quarter of 2014 and \$586 million in the first six months of 2014).

Restricted Stock Unit Awards

We estimate the fair value of restricted stock unit awards with time-based vesting using the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our shares of common stock prior to vesting. We estimate the fair value of market-based restricted stock units using a Monte Carlo simulation model on the date of grant (no market-based restricted stock units were granted in the second quarter of 2015). We based the weighted average estimated value of restricted stock unit grants, as well as the weighted average assumptions that we used in calculating the fair value, on estimates at the date of grant, for each period as follows:

	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Estimated values	\$ 30.33	\$ 24.81	\$ 31.76	\$ 24.91
Risk-free interest rate	0.6%	0.5%	0.6%	0.5%
Dividend yield	2.9%	3.4%	2.9%	3.4%
Volatility	n/a	22%	27%	23%

Restricted stock unit activity in the first six months of 2015 was as follows:

	Number of RSUs (In Millions)	Weighted Average Grant-Date Fair Value
December 27, 2014	119.4	\$ 23.89
Granted	40.5	\$ 31.76
Vested	(42.3)	\$ 23.32
Forfeited	(3.9)	\$ 24.89
June 27, 2015	113.7	\$ 26.87

The aggregate fair value of awards that vested in the first six months of 2015 was \$1.4 billion, which represents the market value of our common stock on the date that the restricted stock units vested. The grant-date fair value of awards that vested in first six months of 2015 was \$986 million. The number of restricted stock units vested includes shares of common stock that we withheld on behalf of employees to satisfy the minimum statutory tax withholding requirements. Restricted stock units that are expected to vest are net of estimated future forfeitures.

As of June 27, 2015, 4.8 million of the outstanding restricted stock units were market-based restricted stock units.

Stock Option Awards

Stock option activity in the first six months of 2015 was as follows:

	Number of Options (In Millions)	Weighted Average Exercise Price
December 27, 2014	77.3	\$ 21.30
Exercised	(11.5)	\$ 20.79
Cancelled and forfeited	(0.6)	\$ 23.44
Expired	(0.2)	\$ 21.72
June 27, 2015	65.0	\$ 21.37
Options exercisable as of:		
December 27, 2014	54.7	\$ 20.29
June 27, 2015	53.7	\$ 20.81

During the first six months of 2015, the aggregate intrinsic value of stock option exercises was \$150 million, which represents the difference between the exercise price and the value of our common stock at the time of exercise. No stock options were granted during the first six months of 2015.

Stock Purchase Plan

Employees purchased 8.1 million shares of common stock in the first six months of 2015 for \$234 million (10.7 million shares of common stock in the first six months of 2014 for \$212 million) under the 2006 Stock Purchase Plan.

Note 15: Common Stock Repurchases

Common Stock Repurchase Program

We have an ongoing authorization, originally approved by our Board of Directors in 2005, and subsequently amended, to repurchase up to \$65 billion in shares of our common stock in open market or negotiated transactions. As of June 27, 2015, \$10.9 billion remained available for repurchase under the existing repurchase authorization limit.

During the second quarter of 2015, we repurchased 23.6 million shares of common stock at a cost of \$750 million (75.8 million shares of common stock at a cost of \$2.2 billion during the second quarter of 2014). During the first six months of 2015, we repurchased 44.9 million shares of common stock at a cost of \$1.5 billion (97.9 million shares of common stock at a cost of \$2.7 billion in the first six months of 2014). We have repurchased 4.7 billion shares of common stock at a cost of \$103 billion since the program began in 1990.

Restricted Stock Unit Withholdings

We issue restricted stock units as part of our equity incentive plans. For the majority of restricted stock units granted, the number of shares of common stock issued on the date the restricted stock units vest is net of the minimum statutory withholding requirements that we pay in cash to the appropriate taxing authorities on behalf of our employees. In our consolidated condensed financial statements, we also treat shares of common stock withheld for tax purposes on behalf of our employees in connection with the vesting of restricted stock units as common stock repurchases because they reduce the number of shares that would have been issued upon vesting. These withheld shares of common stock are not considered common stock repurchases under our authorized common stock repurchase plan. During the first six months of 2015, we withheld 12.2 million shares of common stock to satisfy \$399 million (11.3 million shares of common stock to satisfy \$299 million during the first six months of 2014) of employees' tax obligations.

Note 16: Gains (Losses) on Equity Investments, Net

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

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Share of equity method investee losses, net	\$ (11)	\$ (14)	\$ (59)	\$ (25)
Impairments	(41)	(37)	(79)	(75)
Gains on sales, net	53	76	99	147
Dividends	47	53	47	53
Other, net	52	17	124	43
Total gains (losses) on equity investments, net	\$ 100	\$ 95	\$ 132	\$ 143

Note 17: Interest and Other, Net

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

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Interest income	\$ 28	\$ 38	\$ 60	\$ 73
Interest expense	(53)	(49)	(95)	(86)
Other, net	12	(6)	48	108
Total interest and other, net	\$ (13)	\$ (17)	\$ 13	\$ 95

Interest expense in the preceding table is net of \$69 million of interest capitalized in the second quarter of 2015 and \$150 million of interest capitalized in the first six months of 2015 (\$63 million in the second quarter of 2014 and \$140 million in the first six months of 2014).

During the first quarter of 2014, we completed the divestiture of our Intel Media assets. As a result of the transaction, we recognized a gain within "other, net" in the preceding table.

Note 18: Earnings Per Share

We computed our basic and diluted earnings per common share for each period as follows:

(In Millions, Except Per Share Amounts)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Net income available to common stockholders	\$ 2,706	\$ 2,796	\$ 4,698	\$ 4,726
Weighted average shares of common stock outstanding—basic	4,759	4,981	4,750	4,977
Dilutive effect of employee equity incentive plans	62	68	72	72
Dilutive effect of convertible debt	88	74	90	71
Weighted average shares of common stock outstanding—diluted	4,909	5,123	4,912	5,120
Basic earnings per share of common stock	\$ 0.57	\$ 0.56	\$ 0.99	\$ 0.95
Diluted earnings per share of common stock	\$ 0.55	\$ 0.55	\$ 0.96	\$ 0.92

We computed basic earnings per share of common stock using net income available to common stockholders and the weighted average number of shares of common stock outstanding during the period. We computed diluted earnings per share of common stock using net income available to common stockholders and the weighted average number of shares of common stock outstanding plus potentially dilutive shares of common stock outstanding during the period. Net income available to participating securities was insignificant for all periods presented.

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

During the second quarter of 2015, we excluded on average 1 million outstanding stock options and restricted stock units from the computation of diluted earnings per common share because these would have been antidilutive (9 million for the second quarter of 2014). During the first six months of 2015, we excluded on average 2 million outstanding stock options and restricted stock units from the computation of diluted earnings per share of common stock because these shares of common stock would have been antidilutive (21 million for the first six months of 2014). These options could potentially be included in the diluted earnings per share of common stock calculation in the future if the average market value of the shares of common stock increases and is greater than the exercise price of these options.

In the second quarter of 2015 and 2014, 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 19: Income Taxes

Our effective income tax rate was 16.9% in the first six months of 2015 compared to 28.3% in the first six months of 2014. The effective rate was positively impacted by the settlement of a one-time refund claim involving asset tax basis resulting in the recognition of a \$320 million tax benefit and our decision during the second quarter of 2015 to indefinitely reinvest certain prior years' non-U.S. earnings resulting in the release of \$185 million previously accrued U.S. deferred taxes.

Our ending gross unrecognized tax benefits as of June 27, 2015 was \$270 million (\$577 million as of December 27, 2014).

Note 20: Other Comprehensive Income (Loss)

The changes in accumulated other comprehensive income (loss) by component and related tax effects in the first six months of 2015 were as follows:

(In Millions)	Unrealized Holding Gains (Losses) on Available-for-Sale Investments	Deferred Tax Asset Valuation Allowance	Unrealized Holding Gains (Losses) on Derivatives	Prior Service Credits (Costs)	Actuarial Gains (Losses)	Foreign Currency Translation Adjustment	Total
December 27, 2014	\$ 2,459	\$ 26	\$ (423)	\$ (47)	\$ (1,004)	\$ (345)	\$ 666
Other comprehensive income (loss) before reclassifications	207	—	(200)	—	—	(186)	(179)
Amounts reclassified out of accumulated other comprehensive income (loss)	(74)	—	253	4	28	—	211
Tax effects	(47)	(8)	(6)	—	(9)	17	(53)
Other comprehensive income (loss)	86	(8)	47	4	19	(169)	(21)
June 27, 2015	\$ 2,545	\$ 18	\$ (376)	\$ (43)	\$ (985)	\$ (514)	\$ 645

INTEL CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — Unaudited (Continued)

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

Comprehensive Income Components	Income Before Taxes Impact (In Millions)				Location
	Three Months Ended		Six Months Ended		
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014	
Unrealized holding gains (losses) on available-for-sale investments:					
	\$ —	\$ (4)	\$ —	\$ (2)	Interest and other, net
	20	62	74	123	Gains (losses) on equity investments, net
	20	58	74	121	
Unrealized holding gains (losses) on derivatives:					
Currency forwards	(93)	(7)	(136)	(5)	Cost of sales
	(48)	10	(95)	18	Research and development
	(13)	3	(22)	5	Marketing, general and administrative
	(154)	6	(253)	18	
Amortization of pension and postretirement benefit components:					
Prior service credits (costs)	(2)	(1)	(4)	(2)	
Actuarial gains (losses)	(14)	(9)	(28)	(19)	
	(16)	(10)	(32)	(21)	
Total amounts reclassified out of accumulated other comprehensive income (loss)	\$ (150)	\$ 54	\$ (211)	\$ 118	

The amortization of pension and postretirement benefit components are included in the computation of net periodic benefit cost. For further information, see the "Retirement Benefit Plans" note in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 27, 2014 and Form 8-K filed with the SEC on June 5, 2015.

We estimate that we will reclassify approximately \$280 million (before taxes) of net derivative losses included in accumulated other comprehensive income (loss) into earnings within the next 12 months.

Note 21: 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.

Government Competition Matters and Related Consumer Class Actions

A number of proceedings generally have challenged and continue to challenge certain of our competitive practices. The allegations in these proceedings vary and are described in more detail in the following paragraphs. In general, they contend that we improperly conditioned price rebates and other discounts on our microprocessors on exclusive or near-exclusive dealing by some of our customers; and they allege that our software compiler business unfairly preferred Intel® microprocessors over competing microprocessors and that, through the use of our compilers and other means, we have caused the dissemination of inaccurate and misleading benchmark results concerning our microprocessors. Based on the procedural posture of the various remaining competition matters, which we describe in the following paragraphs, our investment of resources to explain and defend our position has declined as compared to the period 2005-2011. Nonetheless, certain of the matters remain active, and these challenges could continue for a number of years, potentially requiring us to invest additional resources. We believe that we compete lawfully and that our marketing, business, intellectual property, and other challenged practices benefit our customers and our stockholders, and we will continue to conduct a vigorous defense in the remaining proceedings.

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 €1.06 billion (\$1.447 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. On November 11, 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 is likely to hold oral argument in late 2015 and issue its decision in 2016.

At least 82 separate class-action lawsuits have been filed in the U.S. District Courts for the Northern District of California, Southern District of California, District of Idaho, District of Nebraska, District of New Mexico, District of Maine, and District of Delaware, as well as in various California, Kansas, and Tennessee state courts. These actions generally repeat the allegations made in a now-settled lawsuit filed against us by AMD in June 2005 in the U.S. District Court for the District of Delaware (AMD litigation). Like the AMD litigation, these class-action lawsuits allege that we engaged in various actions in violation of the Sherman Act and other laws by, among other things: providing discounts and rebates to our manufacturer and distributor customers conditioned on exclusive or near-exclusive dealing that allegedly unfairly interfered with AMD's ability to sell its microprocessors; interfering with certain AMD product launches; and interfering with AMD's participation in certain industry standards-setting groups. The class actions allege various consumer injuries, including that consumers in various states have been injured by paying higher prices for computers containing our microprocessors. We dispute these class-action claims and intend to defend the lawsuits vigorously.

All of the federal and state class actions other than the California class actions were transferred by the Multidistrict Litigation Panel to the U.S. District Court in Delaware for all pre-trial proceedings and discovery (MDL proceedings). The Delaware district court appointed a Special Master to address issues in the MDL proceedings, as assigned by the court. In January 2010, the plaintiffs in the Delaware action filed a motion for sanctions for our alleged failure to preserve evidence. This motion largely copies a motion previously filed by AMD in the AMD litigation, which has settled. The plaintiffs in the MDL proceedings also moved for certification of a class of members who purchased certain personal computers containing products sold by us. In July 2010, the Special Master issued a Report and Recommendation (Report) denying the motion to certify a class. The MDL plaintiffs filed objections to the Special Master's Report, and a hearing on those objections was held before the district court in July 2013. In July 2014, the district court affirmed the Special Master's ruling and issued an order denying the MDL plaintiffs' motion for class certification. In August 2014, plaintiffs filed a petition for interlocutory appeal of the district court's decision with the U.S. Court of Appeals for the Third Circuit, which the Third Circuit denied in October 2014. In December 2014, Intel filed a motion for summary judgment on the claims of the remaining individual plaintiffs.

All California class actions have been consolidated in the Superior Court of California in Santa Clara County. The plaintiffs in the California actions moved for class certification, which we are in the process of opposing. At our request, the court in the California actions agreed to delay ruling on this motion until after the Delaware district court ruled on the similar motion in the MDL proceedings. The plaintiffs asked the court for leave to retain a new expert and to amend their previous motion for class certification. The court granted plaintiffs' request in February 2015 and the hearing on plaintiffs' amended class certification motion is set for November 6, 2015. Given the procedural posture and the nature of these cases, we are unable to make a reasonable estimate of the potential loss or range of losses, if any, arising from these matters.

In re High Tech Employee Antitrust Litigation

Between May and July 2011, former employees of Intel, Adobe Systems Incorporated, Apple Inc., Google Inc., Intuit Inc., Lucasfilm Ltd., and Pixar filed antitrust class action lawsuits in the California Superior Courts alleging that these companies had entered into a conspiracy to suppress the compensation of their employees. The lawsuits were removed to the United States District Court for the Northern District of California, and in September 2011 the plaintiffs filed a consolidated amended complaint, captioned *In re High Tech Employee Antitrust Litigation*. The plaintiffs' allegations reference the 2009 and 2010 investigation by the Department of Justice (DOJ) into employment practices in the technology industry, as well as the DOJ's complaints and subsequent stipulated final judgments with the seven companies named as defendants in the lawsuits. The plaintiffs allege that the defendants entered into certain unlawful agreements not to cold call employees of particular other defendants and that there was an overarching conspiracy among the defendants. Plaintiffs assert one such agreement specific to Intel, namely that Intel and Google entered into an agreement starting in 2005, not to cold call each other's employees. Plaintiffs assert claims under Section 1 of the Sherman Antitrust Act and Section 4 of the Clayton Antitrust Act and seek a declaration that the defendants' alleged actions violated the antitrust laws, damages trebled as provided for by law under the Sherman Act or Clayton Act, restitution and disgorgement, and attorneys' fees and costs.

In October 2013, the district court certified a class consisting of approximately 65,000 current or former employees of the seven defendants and set the matter for trial in late May 2014. The so-called "technical class" consists of a group of current and former technical, creative, and R&D employees at each of the defendants. In January 2014, Intel filed a motion for summary judgment, which the court denied in March 2014.

In April 2014, Intel, Adobe, Apple, and Google reached an agreement with plaintiffs to settle this lawsuit, but in August 2014, the district court denied preliminary approval of the settlement. In September 2014, defendants filed a petition for writ of mandamus asking the U.S. Court of Appeals for the Ninth Circuit to reverse the district court's decision. The Ninth Circuit ordered briefing and scheduled a March 2015 hearing date on the writ petition. Defendants have withdrawn the petition for writ of mandamus in light of the settlement agreement discussed below.

In January 2015, Intel, Adobe, Apple, and Google reached a second agreement with plaintiffs to settle this lawsuit, which the court preliminarily approved in March 2015. The court held a final fairness hearing in early July 2015, and took the matter under submission. We continue to dispute the plaintiffs' claims, but have agreed to settle this lawsuit to avoid the uncertainties, expenses, and diversion of resources from continued litigation. Our operating expenses for 2014 reflect accruals for this proceeding and we believe reasonably possible losses in excess of the accrued amount are not material to our financial statements.

Shareholder Derivative Litigation regarding High Tech Employee Antitrust Litigation

In March 2014, the Police Retirement System of St. Louis filed a shareholder derivative action in the Superior Court of California in Santa Clara County against Intel, certain current and former members of our Board of Directors, and a current officer. The complaint alleges that the defendants breached their duties to the company by participating in, or allowing, alleged antitrust violations, as described in *In re High Tech Employee Antitrust Litigation*. In March 2014, a second plaintiff, Barbara Templeton, filed a substantially similar derivative suit in the same court. In May 2014, a third shareholder, Robert Achermann, filed a substantially similar derivative action in the same court. The court consolidated the three actions into one, which is captioned *In re Intel Corporation Shareholder Derivative Litigation*. Plaintiffs filed a consolidated complaint in July 2014. In September 2014, the court granted our motion to dismiss the consolidated complaint, but granted plaintiffs leave to amend. Plaintiffs filed an amended complaint in February 2015 and Intel moved to dismiss the amended complaint in March 2015. A hearing on the motion was held in June 2015 and we are awaiting the court's decision.

In June 2015, the International Brotherhood of Electrical Workers (IBEW) filed a shareholder derivative action in the Chancery Court in Delaware against Intel, certain current and former members of our Board of Directors, and a current officer. The lawsuit makes allegations that are substantially similar to those in the California shareholder derivative litigation described above, but contain additional allegations regarding breach of the duty of disclosure surrounding *In re High Tech Employee Antitrust Litigation* and that the Intel 2013 and 2014 proxy statements were false and misleading in that they misrepresented the effectiveness of the Board's oversight of compliance issues at Intel and the Board's compliance with Intel's Code of Conduct and Board of Director Guidelines on Significant Corporate Governance Issues.

Lehman Brothers Holdings Inc. and Lehman Brothers OTC Derivatives Inc. v. Intel

In May 2013, Lehman Brothers OTC Derivatives Inc. (LOTG) and Lehman Brothers Holdings Inc. (LBHI) filed an adversary complaint in the United States Bankruptcy Court in the Southern District of New York asserting claims against us arising from a 2008 contract between Intel and LOTG. Under the terms of the 2008 contract, we prepaid \$1.0 billion to LOTG, in exchange for which LOTG was required to deliver to us on or before September 29, 2008, quantities of Intel common stock and cash determined by a formula set forth in the contract. LOTG's performance under the contract was secured by \$1.0 billion of cash collateral. Under the terms of the contract, LOTG was obligated to deliver approximately 50 million shares of our common stock to us on September 29, 2008. LOTG failed to deliver any Intel common stock or cash, and we exercised our right of setoff against the \$1.0 billion collateral. LOTG and LBHI acknowledge in their complaint that we were entitled to set off our losses against the collateral, but they assert that we withheld collateral in excess of our losses that should have been returned to LOTG. The complaint asserts a claim for breach of contract, a claim for turnover under section 542(a) of the Bankruptcy Code, and a claim for violation of the automatic stay under section 362(a)(3) of the Bankruptcy Code. The complaint does not expressly quantify the amount of damages claimed but does assert multiple theories of damages that impliedly seek up to \$312 million of alleged excess collateral, plus interest at LIBOR plus 13.5%, compounded daily. In June 2013, we filed a motion to dismiss plaintiffs' bankruptcy claims and for a determination that the breach of contract claim is "non-core" under the Bankruptcy Code. The bankruptcy court granted our motion in its entirety in December 2013. In May 2014, the United States District Court for the Southern District of New York denied our request that it withdraw its reference of plaintiffs' adversary complaint to the bankruptcy court. In January 2015, Intel and the plaintiffs filed competing motions for summary judgment, which are scheduled for hearing on July 28, 2015. Plaintiffs' motion requests judgment against Intel "in the amount of no less than" \$129 million, plus interest. We believe that \$129 million, plus interest, represents the upper end of the range of reasonably possible loss for this case, although we believe that we acted in a manner consistent with our contractual rights and intend to defend against any claim to the contrary.

McAfee, Inc. Shareholder Litigation

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

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

Note 22: Operating Segments Information

Our operating segments in effect as of June 27, 2015 include:

- Client Computing Group
- Data Center Group
- Internet of Things Group
- Software and services operating segments
 - McAfee
 - Software and Services Group
- All other
 - Non-Volatile Memory Solutions Group
 - New Devices Group

During the first quarter of 2015, we combined the PC Client Group and Mobile and Communications Group to create the Client Computing Group (CCG). This change in our organizational structure reflects our strategy to address all aspects of the client computing market segment and utilize our intellectual property to offer compelling customer solutions. All prior-period amounts have been retrospectively adjusted to reflect the way we internally manage and monitor segment performance starting in fiscal year 2015 and includes other minor reorganizations.

The Chief Operating Decision Maker (CODM) is our CEO. The CODM allocates resources to and assesses the performance of each operating segment using information about its revenue and operating income (loss).

We manage our business activities primarily based on a product segmentation basis. CCG and Data Center Group are our reportable operating segments. Internet of Things Group and the aggregated "software and services operating segments" as shown in the preceding operating segment list, 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. Our Non-Volatile Memory Solutions Group and New Devices Group operating segments do not meet the quantitative thresholds to qualify as reportable segments and their combined results are included within the "all other" category.

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

- *Client Computing Group*. Includes platforms designed for the notebook (including Ultrabook™ devices), 2 in 1 systems, the desktop (including all-in-ones and high-end enthusiast PCs), tablets, and smartphones; wireless and wired connectivity products; as well as mobile communication components.
- *Data Center Group*. Includes server, network, and storage platforms designed for enterprise, cloud, communications infrastructure, and technical computing segments.
- *Internet of Things Group*. Includes platforms designed for embedded market segments including retail, transportation, industrial, and buildings and home, along with a broad range of other market segments.
- *Software and services operating segments*. Includes software and hardware products for endpoint security, network and content security, risk and compliance, and consumer and mobile security from our McAfee business, and software products and services that promote Intel architecture as the platform of choice for software development.

We have sales and marketing, manufacturing, engineering, finance, and administration groups. Expenses for these groups are generally allocated to the operating segments, and the expenses are included in the following operating results.

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

- results of operations from our Non-Volatile Memory Solutions Group and New Devices Group;
- amounts included within restructuring and asset impairment charges;
- a portion of profit-dependent compensation and other expenses not allocated to the operating segments;
- divested businesses for which discrete operating results are not regularly reviewed by our CODM;
- results of operations of start-up businesses that support our initiatives, including our foundry business; and
- acquisition-related costs, including amortization and any impairment of acquisition-related intangibles and goodwill.

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

INTEL CORPORATION
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS — Unaudited (Continued)

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

(In Millions)	Three Months Ended		Six Months Ended	
	Jun 27, 2015	Jun 28, 2014	Jun 27, 2015	Jun 28, 2014
Net revenue:				
Client Computing Group				
Platform	\$ 7,124	\$ 8,323	\$ 14,173	\$ 15,995
Other	413	395	784	820
	<u>7,537</u>	<u>8,718</u>	<u>14,957</u>	<u>16,815</u>
Data Center Group				
Platform	3,579	3,254	6,998	6,105
Other	271	255	531	491
	<u>3,850</u>	<u>3,509</u>	<u>7,529</u>	<u>6,596</u>
Internet of Things Group				
Platform	487	454	949	864
Other	72	85	143	157
	<u>559</u>	<u>539</u>	<u>1,092</u>	<u>1,021</u>
Software and services operating segments	<u>534</u>	<u>548</u>	<u>1,068</u>	<u>1,101</u>
All other	<u>715</u>	<u>517</u>	<u>1,330</u>	<u>1,062</u>
Total net revenue	<u>\$ 13,195</u>	<u>\$ 13,831</u>	<u>\$ 25,976</u>	<u>\$ 26,595</u>
Operating income (loss):				
Client Computing Group	\$ 1,602	\$ 2,586	3,012	4,433
Data Center Group	1,843	1,842	3,544	3,178
Internet of Things Group	145	146	232	261
Software and services operating segments	14	19	17	27
All other	(708)	(749)	(1,294)	(1,545)
Total operating income	<u>\$ 2,896</u>	<u>\$ 3,844</u>	<u>\$ 5,511</u>	<u>\$ 6,354</u>

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

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

- *Overview.* Discussion of our business and overall analysis of financial and other highlights affecting the company in order to provide context for the remainder of MD&A.
- *Results of Operations.* Analysis of our financial results comparing the three and six months ended June 27, 2015 to the three and six months ended June 28, 2014.
- *Liquidity and Capital Resources.* Analysis of changes in our balance sheets and cash flows, and discussion of our financial condition and potential sources of liquidity.
- *Fair Value of Financial Instruments.* Discussion of the methodologies used in the valuation of our financial instruments.
- *Contractual Obligations.* Material changes, outside our ordinary course of business, to our significant contractual obligations as of December 27, 2014.

This interim MD&A should be read in conjunction with the MD&A in our Annual Report on Form 10-K for the year ended December 27, 2014 and Form 8-K filed with the U.S. Securities and Exchange Commission on June 5, 2015. The various sections of this MD&A contain a number of 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," "should," and variations of such words and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, uncertain events or assumptions, and other characterizations of future events or circumstances are forward-looking statements. Such statements are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing and particularly in "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K, and as may be updated in our subsequent Quarterly Reports on Form 10-Q. Our actual results may differ materially, and these forward-looking statements do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations, including our definitive agreement with Altera Corporation as discussed in "Note 7: Acquisitions" in the Notes to the Consolidated Condensed Financial Statements of this Form 10-Q, that had not been completed as of July 27, 2015.

Overview

Our results of operations for each period were as follows:

(Dollars in Millions, Except Per Share Amounts)	Q2 2015	Q1 2015	Change	Q2 2015	Q2 2014	Change
Net revenue	\$ 13,195	\$ 12,781	\$ 414	\$ 13,195	\$ 13,831	\$ (636)
Gross margin	\$ 8,248	\$ 7,730	\$ 518	\$ 8,248	\$ 8,917	\$ (669)
Gross margin percentage	62.5%	60.5%	2.0 %	62.5%	64.5%	(2.0)%
Operating income	\$ 2,896	\$ 2,615	\$ 281	\$ 2,896	\$ 3,844	\$ (948)
Net income	\$ 2,706	\$ 1,992	\$ 714	\$ 2,706	\$ 2,796	\$ (90)
Diluted earnings per common share	\$ 0.55	\$ 0.41	\$ 0.14	\$ 0.55	\$ 0.55	\$ —
Effective tax rate percentage	9.3%	25.5%	(16.2)%	9.3%	28.7%	(19.4)%

Our Q2 2015 net revenue of \$13.2 billion was down 5% from Q2 2014, and in line with our Business Outlook as provided in April 2015. The decrease from Q2 2014 was driven by lower Client Computing Group (CCG) unit sales, primarily desktop and notebook platforms, partially offset by higher Data Center Group (DCG) platform revenue and Non-Volatile Memory Solutions Group revenue. Our CCG operating segment continues to be challenged by macroeconomic conditions driving lower demand in the business segment and emerging markets. In the worldwide PC supply chain, we saw a slight decline of inventory levels in Q2 and believe that overall inventory levels are normal. Our own inventory declined in units but grew in dollars, as we refreshed inventory levels with 14-nanometer (nm) products. Our business portfolio is continuing to transform, as we continue to see growth in our DCG, our Internet of Things Group (IOTG), and our Non-Volatile Memory Solutions Group, which together accounted for almost 40% of our net revenue and more than 70% of our operating profit in Q2 2015.

Gross margin decreased by 2% points from Q2 2014 and exceeded our previous Business Outlook of 0.5%. The decrease from Q2 2014 was primarily due to higher platform unit costs and lower platform unit sales. These decreases were partially offset by higher platform average selling prices. As compared to Q2 2014, operating income of \$2.9 billion was down 25%, net income of \$2.7 billion was down 3%, and earnings per share of \$0.55 was flat. Our tax rate for the quarter was 9.3%, a 19.4 point reduction from Q2 2014 driven by a one-time refund claim and our decision to indefinitely reinvest certain prior years' non-U.S. earnings.

In Q2 2015, we have qualified for sale our 6th generation Intel® Core™ processor family, formally code-named "Skylake," for production and we continue to see excitement in the industry for the launch of our 6th generation Intel Core processor family and Microsoft Windows® 10. We continue to develop 10nm process technology, our next-generation process technology. Our plan is to introduce a new Intel Core microarchitecture approximately every two and half years and ramp the next generation of silicon process technology in the intervening periods. In the second half of 2016, we plan to introduce a third 14nm product code-named "Kaby Lake," built on the foundations of the 6th generation Intel Core processor family microarchitecture along with key performance enhancements. In the second half of 2017, we expect to launch our first 10nm product, code-named "Cannon Lake." We expect that this addition to the roadmap will deliver new features and improved performance, and pave the way for a smooth transition to 10nm process technology.

Our business continues to generate significant cash with \$3.4 billion of cash from operations in Q2 2015. During Q2 2015, we purchased \$1.8 billion in capital assets and returned cash to shareholders by both paying \$1.1 billion in dividends and repurchasing \$697 million of common stock through our common stock repurchase program. We ended Q2 2015 with \$13.9 billion of cash and cash equivalents, short-term investments, and trading assets; flat compared to Q1 2015. Additionally, our Board of Directors declared a cash dividend in July 2015 of \$0.24 per share of common stock to be paid in September 2015.

During Q2 2015, we entered into a definitive agreement to acquire Altera Corporation. As of the date we entered into the agreement, the transaction had an approximate value of \$16.7 billion. This transaction is subject to certain regulatory approvals and customary closing conditions, including the approval of Altera's stockholders. For further information, see "Note 7: Acquisitions" in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

For Q3 2015, we are forecasting a revenue midpoint of \$14.3 billion, up 8% from Q2 2015. This forecast is at the higher end range of the average seasonal increase for the third quarter. We are forecasting Q3 2015 gross margin midpoint of 63%, half a point increase from Q2 2015. We are now expecting 2015 full year revenue to be down approximately one percent from 2014. While we are expecting seasonal market growth for the remaining portion of 2015, our expectations are that the PC market is going to be weaker than previously expected. We continue to forecast robust growth rates in DCG, IOTG, and Non-Volatile Memory Solutions Group which will mostly offset the decline in CCG. Additionally, we are forecasting spending (research and development (R&D) plus marketing, general, and administrative (MG&A)) to be approximately \$19.8 billion plus or minus \$400 million, up \$100 million from the prior Business Outlook for full year 2015. We are now forecasting the midpoint of our capital spending for full year 2015 to be \$7.7 billion, down \$1.0 billion from our previous Business Outlook and our lowest capital spending in five years. This change is primarily driven by manufacturing efficiencies and our new strategy on our next-generation process technology.

Our Business Outlook for Q3 2015 and full-year 2015 includes, where applicable, our current expectations for revenue, gross margin percentage, spending (R&D plus MG&A), and capital expenditures. We publish our Business Outlook in our quarterly earnings release. Our Business Outlook and any updates thereto are publicly available on our Investor Relations web site www.intc.com. This Business Outlook is not incorporated by reference in this Form 10-Q. We expect that our corporate representatives will, from time to time, meet publicly or privately with investors and others, and may reiterate the forward-looking statements contained in the Business Outlook or in this Form 10-Q.

The statements in the Business Outlook and forward-looking statements in this Form 10-Q are subject to revision during the course of the year in our quarterly earnings releases and filings with the Securities and Exchange Commission (SEC) and at other times. The forward-looking statements in the Business Outlook and reiterated or updated in this Form 10-Q will be effective through the close of business on September 11, 2015 unless updated earlier or except as specifically noted otherwise in the Business Outlook. From the close of business on September 11, 2015 until our quarterly earnings release is published, currently scheduled for October 13, 2015, we will observe a "quiet period."

During the quiet period, the Business Outlook and other forward-looking statements first published in our Form 8-K filed on July 15, 2015, and other forward-looking statements disclosed in the company's news releases and filings with the SEC, as reiterated or updated as applicable in this Form 10-Q, should be considered historical, speaking prior to the quiet period only and not subject to update. During the quiet period, our representatives will not comment on our Business Outlook or our financial results or expectations. The exact timing and duration of the routine quiet period, and any others that we utilize from time to time, may vary at our discretion.

Results of Operations – Second Quarter of 2015 Compared to Second Quarter of 2014

The following table sets forth certain consolidated condensed statements of income data as a percentage of net revenue for each period as follows:

(Dollars in Millions, Except Per Share Amounts)	Q2 2015		Q2 2014	
	Dollars	% of Net Revenue	Dollars	% of Net Revenue
Net revenue	\$ 13,195	100.0 %	\$ 13,831	100.0 %
Cost of sales	4,947	37.5 %	4,914	35.5 %
Gross margin	8,248	62.5 %	8,917	64.5 %
Research and development	3,087	23.4 %	2,859	20.7 %
Marketing, general and administrative	1,949	14.8 %	2,061	14.9 %
Restructuring and asset impairment charges	248	1.9 %	81	0.6 %
Amortization of acquisition-related intangibles	68	0.5 %	72	0.5 %
Operating income	2,896	21.9 %	3,844	27.8 %
Gains (losses) on equity investments, net	100	0.8 %	95	0.7 %
Interest and other, net	(13)	(0.1)%	(17)	(0.1)%
Income before taxes	2,983	22.6 %	3,922	28.4 %
Provision for taxes	277	2.1 %	1,126	8.2 %
Net income	\$ 2,706	20.5 %	\$ 2,796	20.2 %
Diluted earnings per common share	\$ 0.55		\$ 0.55	

Note: We have updated our presentation to reflect platforms sold through the Client Computing Group, the Data Center Group, and the Internet of Things Group (platform).

Our net revenue for Q2 2015 decreased by \$636 million compared to Q2 2014. Total platform unit sales decreased by 8%, driven by the challenging macroeconomic conditions and higher PC demand due to Microsoft Windows* XP refresh in the comparable period. This decrease was partially offset by higher platform average selling prices of 3%. The higher average selling price was driven by a higher proportion of DCG platform unit sales, higher desktop average selling prices, and partially offset by a higher proportion of tablet and phone unit sales (which have a lower average selling price). The decrease in revenue was also partially offset by higher Non-Volatile Memory Solutions Group revenue.

Our overall gross margin dollars for Q2 2015 decreased by \$669 million, or 8%, compared to Q2 2014. This decrease was due to lower platform revenue, primarily in the CCG operating segment, and \$215 million of higher platform unit costs on a higher proportion of 14nm products.

Our overall gross margin percentage decreased to 62.5% in Q2 2015 from 64.5% in Q2 2014. The decrease in gross margin percentage was primarily due to the gross margin decrease in the CCG operating segment. We derived a substantial majority of our overall gross margin dollars in Q2 2015 and Q2 2014 from the sale of platforms in the CCG and DCG operating segments.

Client Computing Group

The revenue and operating income for the CCG operating segment for each period were as follows:

(In Millions)	Q2 2015	Q2 2014
Platform revenue	\$ 7,124	\$ 8,323
Other revenue	413	395
Net revenue	\$ 7,537	\$ 8,718
Operating income	\$ 1,602	\$ 2,586

Net revenue for the CCG operating segment decreased by \$1.2 billion, or 14%, in Q2 2015 compared to Q2 2014. CCG platform unit sales and average selling prices were down 10% and 3%, respectively.

The decrease in revenue was primarily driven by \$874 million of lower desktop platform unit sales, which were down 22%, and \$529 million of lower notebook platform unit sales, which were down 11%. These decreases were partially offset by \$182 million higher desktop average selling prices, which were up 6%.

Operating income decreased by \$984 million, or 38%, in Q2 2015 compared to Q2 2014, which was driven by \$1.1 billion of lower gross margin, partially offset by \$83 million of lower operating expenses. Gross margin decreased by approximately \$945 million due to lower CCG platform revenue, primarily driven by the decrease in desktop and notebook platform unit sales. To a lesser extent, approximately \$290 million of higher CCG platform unit costs also contributed to the decrease in gross margin.

Data Center Group

The revenue and operating income for the DCG operating segment for each period were as follows:

(In Millions)	Q2 2015	Q2 2014
Platform revenue	\$ 3,579	\$ 3,254
Other revenue	271	255
Net revenue	\$ 3,850	\$ 3,509
Operating income	\$ 1,843	\$ 1,842

Net revenue for the DCG operating segment increased by \$341 million, or 10%, in Q2 2015 compared to Q2 2014. DCG platform average selling prices and unit sales were both up 5%, respectively, driven by continued growth in the Internet cloud computing and networking infrastructure market segment.

Operating income was flat compared to Q2 2014 with \$232 million of higher gross margin, partially offset by \$231 million of higher operating expenses. Gross margin increased by approximately \$310 million due to higher DCG platform revenue. The increase in operating expenses was primarily driven by higher product development costs.

Internet of Things Group

The revenue and operating income for the IOTG operating segment for each period were as follows:

(In Millions)	Q2 2015	Q2 2014
Platform revenue	\$ 487	\$ 454
Other revenue	72	85
Net revenue	\$ 559	\$ 539
Operating income	\$ 145	\$ 146

Net revenue for the IOTG operating segment increased by \$20 million, or 4%, in Q2 2015 compared to Q2 2014.

Operating income for the IOTG operating segment was flat, in Q2 2015 compared to Q2 2014.

Software and Services Operating Segments

The revenue and operating income (loss) for the software and services (SSG) operating segments, including McAfee and the Software and Services Group, for each period were as follows:

(In Millions)	Q2 2015	Q2 2014
Net revenue	\$ 534	\$ 548
Operating income (loss)	\$ 14	\$ 19

Net revenue for the SSG operating segments decreased by \$14 million in Q2 2015 compared to Q2 2014.

The operating results for the SSG operating segments decreased by \$5 million in Q2 2015 compared to Q2 2014.

Operating Expenses

Operating expenses for each period were as follows:

(Dollars in Millions)	Q2 2015	Q2 2014
Research and development (R&D)	\$ 3,087	\$ 2,859
Marketing, general and administrative (MG&A)	\$ 1,949	\$ 2,061
R&D and MG&A as percentage of net revenue	38%	36%
Restructuring and asset impairment charges	\$ 248	\$ 81
Amortization of acquisition-related intangibles	\$ 68	\$ 72

Research and Development

R&D increased by \$228 million, or 8%, in Q2 2015 compared to Q2 2014. This increase was driven by higher product development, primarily in DCG, and higher process development costs for our 10nm process technology.

Marketing, General and Administrative

MG&A decreased by \$112 million, or 5%, in Q2 2015 compared to Q2 2014. This decrease was driven by lower marketing spending.

Restructuring and Asset Impairment Charges

Restructuring and asset impairment charges by program for each period were as follows:

(In Millions)	Q2 2015	Q2 2014
2015 restructuring program	\$ 250	\$ —
2013 restructuring program	(2)	81
Total restructuring and asset impairment charges	\$ 248	\$ 81

2015 Restructuring Program

Restructuring and asset impairment charges for Q2 2015 restructuring program of \$250 million were all related to employee severance and benefit arrangements.

2013 Restructuring Program

Restructuring and asset impairment charges for the 2013 restructuring program for each period were as follows:

(In Millions)	Q2 2015	Q2 2014
Employee severance and benefit arrangements	\$ (3)	\$ 72
Asset impairments and other restructuring charges	1	9
Total restructuring and asset impairment charges	\$ (2)	\$ 81

For further discussion, see "Results of Operations – First Six Months of 2015 Compared to First Six Months of 2014."

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

Gains (losses) on equity investments and interest and other, net for each period were as follows:

(In Millions)	Q2 2015	Q2 2014
Gains (losses) on equity investments, net	\$ 100	\$ 95
Interest and other, net	\$ (13)	\$ (17)

Provision for Taxes

Our provision for taxes and effective tax rate for each period were as follows:

(Dollars in Millions)	Q2 2015	Q2 2014
Income before taxes	\$ 2,983	\$ 3,922
Provision for taxes	\$ 277	\$ 1,126
Effective tax rate	9.3%	28.7%

A substantial majority of the change in our effective tax rate between Q2 2015 and Q2 2014 was driven by the settlement of a one-time refund claim involving asset tax basis resulting in the recognition of a \$320 million tax benefit and our decision during Q2 2015 to indefinitely reinvest certain prior years' non-U.S. earnings resulting in the release of \$185 million previously accrued U.S. deferred taxes.

Results of Operations – First Six Months of 2015 Compared to First Six Months of 2014

Certain consolidated condensed statements of income data as a percentage of net revenue for each period were as follows:

(Dollars in Millions, Except Per Share Amounts)	YTD 2015		YTD 2014	
	Dollars	% of Net Revenue	Dollars	% of Net Revenue
Net revenue	\$ 25,976	100.0%	\$ 26,595	100.0%
Cost of sales	9,998	38.5%	10,065	37.8%
Gross margin	15,978	61.5%	16,530	62.2%
Research and development	6,082	23.4%	5,705	21.6%
Marketing, general and administrative	3,902	15.0%	4,108	15.4%
Restructuring and asset impairment charges	353	1.4%	218	0.8%
Amortization of acquisition-related intangibles	130	0.5%	145	0.5%
Operating income	5,511	21.2%	6,354	23.9%
Gains (losses) on equity investments, net	132	0.5%	143	0.5%
Interest and other, net	13	0.1%	95	0.4%
Income before taxes	5,656	21.8%	6,592	24.8%
Provision for taxes	958	3.7%	1,866	7.0%
Net income	\$ 4,698	18.1%	\$ 4,726	17.8%
Diluted earnings per common share	\$ 0.96		\$ 0.92	

Our net revenue for the first six months of 2015 decreased by \$619 million, or 2%, compared to the first six months of 2014. Total platform unit sales decreased by 1%, driven by the challenging macroeconomic conditions and higher PC demand due to the Microsoft Windows* XP refresh in the comparable period. To a lesser extent, lower platform average selling prices of 1% primarily driven by a higher proportion of phone and tablet platform unit sales (which have a lower average selling price) partially offset by higher DCG platform unit sales and higher DCG platform and desktop average selling prices. This decrease was partially offset by higher Non-Volatile Memory Group revenue.

Our overall gross margin dollars for the first six months of 2015 decreased by \$552 million, or 3%, compared to the first six months of 2014. The decrease was primarily due to lower platform revenue, primarily in the CCG operating segment, and approximately \$200 million of higher platform unit costs. This decrease was partially offset by approximately \$295 million lower factory start-up costs, primarily driven by our next-generation 14nm process technology.

Our overall gross margin percentage decreased to 61.5% in the first six months of 2015 from 62.2% in the first six months of 2014. The decrease in gross margin percentage was primarily due to the gross margin decrease in CCG operating segment, partially offset by the gross margin increase in DCG. We derived most of our overall gross margin dollars for the first six months of 2015 and the first six months of 2014 from the sale of platforms in the CCG and DCG operating segments.

Client Computing Group

The revenue and operating income for the CCG operating segment for each period were as follows:

(In Millions)	YTD 2015	YTD 2014
Platform revenue	\$ 14,173	\$ 15,995
Other revenue	784	820
Net revenue	\$ 14,957	\$ 16,815
Operating income	\$ 3,012	\$ 4,433

Net revenue for the CCG operating segment decreased by \$1.9 billion, or 11%, in the first six months of 2015 compared to the first six months of 2014. CCG platform average selling prices and unit sales were down 8% and 3% respectively.

The decrease in revenue was primarily driven by \$1.4 billion of lower desktop platform unit sales, which were down 19%. To a lesser extent, \$411 million of lower notebook platform unit sales, which were down 4%, \$188 million of lower revenue from phone platform unit sales; and \$186 million of lower notebook platform average selling prices, which were down 2% contributed to the decrease in revenue. These decreases were partially offset by \$228 million higher desktop platform average selling prices, which were up 4%.

Operating income decreased by \$1.4 billion, or 32%, in the first six months of 2015 compared to the first six months of 2014, which was driven by \$1.6 billion of lower gross margin, partially offset by \$145 million of lower operating expenses. Gross margin decreased by approximately \$1.7 billion due to lower CCG platform revenue, primarily driven by the decrease in desktop and notebook platform unit sales. To a lesser extent, approximately \$350 million of higher CCG platform unit costs also contributed to the decrease in gross margin. These decreases were partially offset by approximately \$290 million of lower factory start-up costs, primarily driven by the ramp of our 14nm process technology.

Data Center Group

The revenue and operating income for the DCG operating segment for each period were as follows:

(In Millions)	YTD 2015	YTD 2014
Platform revenue	\$ 6,998	\$ 6,105
Other revenue	531	491
Net revenue	\$ 7,529	\$ 6,596
Operating income	\$ 3,544	\$ 3,178

Net revenue for the DCG operating segment increased by \$933 million, or 14%, in the first six months of 2015 compared to the first six months of 2014. DCG platform unit sales and average selling prices were up 10% and 4%, respectively. The increase in revenue was driven by continued growth in the Internet cloud computing market segment.

Operating income increased by \$366 million, or 12%, in the first six months of 2015 compared to the first six months of 2014 with \$801 million of higher gross margin, partially offset by \$435 million of higher operating expenses. The increase in operating expenses was primarily driven by higher product development costs. Gross margin increased by approximately \$830 million due to higher DCG platform revenue. To a lesser extent, approximately \$130 million of lower DCG platform unit costs also contributed to the increase.

Internet of Things Group

The revenue and operating income for the IOTG operating segment for each period were as follows:

(In Millions)	YTD 2015	YTD 2014
Platform revenue	\$ 949	\$ 864
Other revenue	143	157
Net revenue	\$ 1,092	\$ 1,021
Operating income	\$ 232	\$ 261

Net revenue for the IOTG operating segment increased by \$71 million, or 7%, in the first six months of 2015 compared to the first six months of 2014. The increase was primarily due to higher IOTG platform unit sales based on strength in the retail market segment.

Operating income for the IOTG operating segment decreased by \$29 million, or 11%, in the first six months of 2015 compared to the first six months of 2014. The decrease in operating income was driven by continued investment in product development across our operating segments including the Internet of Things market segment. This decrease was partially offset by lower costs related to product transition timing and higher IOTG platform revenue.

Software and Services Operating Segments

The revenue and operating income (loss) for the SSG operating segments, including McAfee and the Software and Services Group, for each period were as follows:

(In Millions)	YTD 2015	YTD 2014
Net revenue	\$ 1,068	\$ 1,101
Operating income (loss)	\$ 17	\$ 27

Net revenue for the SSG operating segments decreased by \$33 million in the first six months of 2015 compared to the first six months of 2014.

The operating results for the SSG operating segments decreased by \$10 million in the first six months of 2015 compared to the first six months of 2014.

Operating Expenses

Operating expenses for each period were as follows:

(Dollars in Millions)	YTD 2015	YTD 2014
Research and development (R&D)	\$ 6,082	\$ 5,705
Marketing, general and administrative (MG&A)	\$ 3,902	\$ 4,108
R&D and MG&A as percentage of net revenue	38%	37%
Restructuring and asset impairment charges	\$ 353	\$ 218
Amortization of acquisition-related intangibles	\$ 130	\$ 145

Research and Development

R&D increased by \$377 million, or 7%, in the first six months of 2015 compared to the first six months of 2014. This increase was driven by higher product development, primarily DCG and within the "all other" operating segment category, and higher process development costs for our 10nm process technology.

Marketing, General and Administrative

MG&A decreased by \$206 million, or 5%, in the first six months of 2015 compared to the first six months of 2014. This decrease was driven by lower marketing spending.

Restructuring and Asset Impairment Charges

Restructuring and asset impairment charges by program for each period were as follows:

(In Millions)	YTD 2015	YTD 2014
2015 restructuring program	\$ 250	\$ —
2013 restructuring program	103	218
Total restructuring and asset impairment charges	\$ 353	\$ 218

2015 Restructuring Program

Beginning in Q2 2015, management approved and commenced implementation of restructuring actions, primarily targeted workforce reductions, as we adjusted resources from areas of disinvestment to areas of investment.

Restructuring and asset impairment charges for the 2015 restructuring program of \$250 million were all related to employee severance and benefit arrangements.

Restructuring and asset impairment activity for the 2015 restructuring program for the first six months of 2015 was as follows:

(In Millions)	Employee Severance and Benefits	Asset Impairments and Other	Total
Accrued restructuring balance as of December 27, 2014	\$ —	\$ —	\$ —
Additional accruals	250	—	250
Cash payments	(54)	—	(54)
Accrued restructuring balance as of June 27, 2015	\$ 196	\$ —	\$ 196

We recorded the additional accruals as restructuring and asset impairment charges in the consolidated condensed statements of income and within the “all other” operating segments category. Substantially all of the accrued restructuring balance as of June 27, 2015 is expected to be paid within the next 12 months and was recorded as a current liability within accrued compensation and benefits on the consolidated condensed balance sheets.

Restructuring actions that were approved in Q2 2015 related to this program impacted approximately 3,500 employees.

We estimate that employee severance and benefit charges incurred to date as part of the 2015 restructuring program will result in gross annual savings of approximately \$300 million, which will be realized within R&D, MG&A and cost of sales. We began to realize these savings in Q2 2015 and expect to fully realize these savings beginning in Q3 2015.

2013 Restructuring Program

Beginning in Q3 2013, management approved and commenced implementation of several restructuring actions, including targeted workforce reductions and the exit of certain businesses and facilities. These actions include the wind down of our 200 millimeter wafer fabrication facility in Massachusetts, which ceased production in Q1 2015, and the closure of our assembly and test facility in Costa Rica, which ceased production in Q4 2014. These targeted reductions will enable us to better align our resources in areas providing the greatest benefit in the current business environment. We expect these actions to be substantially complete by the end of 2015.

Restructuring and asset impairment charges for the 2013 restructuring program for each period were as follows:

(In Millions)	YTD 2015	YTD 2014
Employee severance and benefit arrangements	\$ 96	\$ 209
Asset impairments and other restructuring charges	7	9
Total restructuring and asset impairment charges	\$ 103	\$ 218

Restructuring and asset impairment activity for the 2013 restructuring program for the first six months of 2015 was as follows:

(In Millions)	Employee Severance and Benefits	Asset Impairments and Other	Total
Accrued restructuring balance as of December 27, 2014	\$ 121	\$ 11	\$ 132
Additional accruals	99	8	107
Adjustments	(3)	(1)	(4)
Cash payments	(135)	(13)	(148)
Non-cash settlements	—	(2)	(2)
Accrued restructuring balance as of June 27, 2015	\$ 82	\$ 3	\$ 85

We recorded the additional accruals and adjustments as restructuring and asset impairment charges in the consolidated condensed statements of income and within the "all other" operating segments category. Most of the accrued restructuring balance as of June 27, 2015 is expected to be paid by the end of 2015 and was recorded as a current liability within accrued compensation and benefits on the consolidated condensed balance sheets.

Restructuring actions related to this program that were approved in 2015 impacted approximately 1,300 employees. Since Q3 2013, we have incurred a total of \$638 million in restructuring and asset impairment charges related to this program. These charges included a total of \$562 million related to employee severance and benefit arrangements for approximately 8,900 employees, and \$76 million in asset impairment charges and other restructuring charges.

We estimate that employee severance and benefit charges incurred to date as part of the 2013 restructuring program will result in gross annual savings of approximately \$600 million, which will be realized within R&D, MG&A and cost of sales. We began to realize these savings in Q4 2013 and expect to fully realize these savings beginning in Q3 2015.

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

Gains (losses) on equity investments and interest and other, net for each period were as follows:

(In Millions)	YTD 2015	YTD 2014
Gains (losses) on equity investments, net	\$ 132	\$ 143
Interest and other, net	\$ 13	\$ 95

We recognized lower interest and other, net gains in the first six months of 2015 compared to the first six months of 2014 due to the gain recognized on the divestiture of our Intel Media assets in 2014.

Provision for Taxes

Our provision for taxes and effective tax rate for each period were as follows:

(Dollars in Millions)	YTD 2015	YTD 2014
Income before taxes	\$ 5,656	\$ 6,592
Provision for taxes	\$ 958	\$ 1,866
Effective tax rate	16.9%	28.3%

A substantial majority of the decrease in our effective tax rate between the first six months of 2015 and the first six months of 2014 was driven by the settlement of a one-time refund claim involving asset tax basis resulting in the recognition of a \$320 million tax benefit and our decision during 2015 to indefinitely reinvest certain prior years' non-U.S. earnings resulting in the release of \$185 million previously accrued U.S. deferred taxes.

Liquidity and Capital Resources

(Dollars in Millions)	Jun 27, 2015	Dec 27, 2014
Cash and cash equivalents, short-term investments, and trading assets	\$ 13,870	\$ 14,054
Other long-term investments	\$ 1,727	\$ 2,023
Loans receivable and other	\$ 1,202	\$ 1,335
Reverse repurchase agreements with original maturities greater than approximately three months	\$ 450	\$ 450
Unsettled trade liabilities and other	\$ 418	\$ 77
Short-term and long-term debt	\$ 13,234	\$ 13,711
Temporary equity	\$ 905	\$ 912
Debt as percentage of permanent stockholders' equity	22.9%	24.5%

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

(In Millions)	YTD 2015	YTD 2014
Net cash provided by operating activities	\$ 7,855	\$ 8,954
Net cash used for investing activities	(1,744)	(7,015)
Net cash used for financing activities	(4,219)	(4,565)
Effect of exchange rate fluctuations on cash and cash equivalents	1	1
Net increase (decrease) in cash and cash equivalents	\$ 1,893	\$ (2,625)

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 six months of 2015 compared to the first six months of 2014, the \$1.1 billion decrease in cash provided by operations was due to changes in working capital and adjustments to net income for non-cash items. The adjustments to net income were lower due to deferred taxes, partially offset by higher depreciation.

Changes in assets and liabilities as of June 27, 2015, compared to December 27, 2014, included a decrease in accrued compensation and benefits due to the payout of 2014 profit-dependent compensation and an increase in inventories due to the ramp of our 5th generation Intel Core processor family of products, partially offset by a decrease in accounts receivable resulting from a lower portion of sales at the end of Q2 2015.

For the first six months of 2015, our three largest customers accounted for 44% of net revenue (44% for the first six months of 2014) with Hewlett-Packard Company accounting for 18% of our net revenue (17% for the first six months of 2014), Dell Inc. accounting for 15% of our net revenue (16% for the first six months of 2014), and Lenovo Group Limited accounting for 11% of our net revenue (11% for the first six months of 2014). These three customers accounted for 40% of net accounts receivable as of June 27, 2015 (43% as of December 27, 2014).

Investing Activities

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

Cash used for investing activities was lower for the first six months of 2015 compared to the first six months of 2014. Cash used for investing activities decreased primarily due to a decrease in purchases of available-for-sale investments and trading assets, an increase in maturities and sales of trading assets, and a decrease in capital expenditures. This decrease was partially offset by a decrease in maturities of available-for-sale investments.

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.

The decrease in cash used for financing activities for the first six months of 2015 compared to the first six months of 2014 was primarily due to a decrease in repurchases of common stock under our authorized common stock repurchase program, partially offset by a decrease in proceeds from the sale of shares of common stock through employee equity incentive plans.

Liquidity

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. As of June 27, 2015, cash and cash equivalents, short-term investments, and trading assets totaled \$13.9 billion (\$14.1 billion as of December 27, 2014). In addition to the \$13.9 billion, we have \$1.7 billion of other long-term investments, \$1.2 billion of loans receivable and other, and \$450 million of reverse repurchase agreements with original maturities greater than approximately three months, that we include when assessing our sources of liquidity. A substantial majority of our investments in debt instruments are in A/A2 rated issuances, and the majority of the issuances are rated AA-/Aa3.

Another potential source of liquidity is an ongoing authorization from our Board of Directors to borrow up to \$5.0 billion, which our Board of Directors increased from \$3.0 billion during Q2 2015. This ongoing authorization includes borrowings under our commercial paper program. Maximum borrowings under our commercial paper program were \$900 million during the first six months of 2015 and no commercial paper remained outstanding as of June 27, 2015. Our commercial paper was rated A-1+ by Standard & Poor's and P-1 by Moody's as of June 27, 2015. We also have an automatic shelf registration statement on file with the SEC, pursuant to which we may offer an unspecified amount of debt, equity, and other securities.

As of June 27, 2015, \$11.2 billion of our \$13.9 billion of cash and cash equivalents, short-term investments, and trading assets was held by our non-U.S. subsidiaries. Of the \$11.2 billion held by our non-U.S. subsidiaries, approximately \$1.9 billion was available for use in the U.S. without incurring additional U.S. income taxes in excess of the amounts already accrued in our financial statements as of June 27, 2015. The remaining amount of non-U.S. cash and cash equivalents, short-term investments, and trading assets has been indefinitely reinvested and, therefore, no U.S. current or deferred taxes have been accrued and this amount is earmarked for near-term investment in our operations outside the U.S. and future acquisitions of non-U.S. entities. We believe our U.S. sources of cash and liquidity are sufficient to meet our business needs in the U.S. and do not expect that we will need to repatriate the funds we have designated as indefinitely reinvested outside the U.S. Under current tax laws, should our plans change and we were to choose to repatriate some or all of the funds we have designated as indefinitely reinvested outside the U.S., such amounts would be subject to U.S. income taxes and applicable non-U.S. income and withholding taxes.

During Q2 2015, we entered into a definitive agreement to acquire Altera Corporation (Altera) in an all-cash transaction expected to close within six to nine months from the date of the agreement. As of the date we entered into the agreement, the transaction had an approximate value of \$16.7 billion. We intend to finance the acquisition through a combination of \$7.0 billion to \$9.0 billion in long-term debt and the remainder with commercial paper and cash and investments.

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

Fair Value of Financial Instruments

When determining fair value, we consider the principal or most advantageous market in which we would transact, and we consider assumptions, such as an obligor's credit risk, that market participants would use when pricing the asset or liability. For further information, see "Note 3: Fair Value" in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

Marketable Debt Instruments

As of June 27, 2015, our assets measured and recorded at fair value on a recurring basis included \$14.4 billion of marketable debt instruments. Of these instruments, \$5.1 billion was classified as Level 1, \$9.3 billion as Level 2, and \$76 million as Level 3.

Our marketable debt instruments that are measured and recorded at fair value on a recurring basis and classified as Level 1 were classified as such due to the use of observable market prices for identical securities that are traded in active markets. We evaluate security-specific market data when determining whether the market for a debt security is active.

Of the \$9.3 billion of marketable debt instruments measured and recorded at fair value on a recurring basis and classified as Level 2, approximately 54% was classified as Level 2 due to the use of a discounted cash flow model performed by us and approximately 46% was classified as such due to the use of non-binding market consensus prices that were corroborated with observable market data.

Our marketable debt instruments that are measured and recorded at fair value on a recurring basis and classified as Level 3 are classified as such because the fair values are generally derived from discounted cash flow models, performed either by us or our pricing providers, using inputs that we are unable to corroborate with observable market data. We monitor and review the inputs and results of these valuation models to help ensure the fair value measurements are reasonable and consistent with market experience in similar asset classes.

Loans Receivable and Reverse Repurchase Agreements

As of June 27, 2015, our assets measured and recorded at fair value on a recurring basis included \$492 million of loans receivable and \$318 million of reverse repurchase agreements. All of these investments were classified as Level 2, as the fair value is determined using a discounted cash flow model with all significant inputs derived from or corroborated with observable market data.

Marketable Equity Securities

As of June 27, 2015, our assets measured and recorded at fair value on a recurring basis included \$7.2 billion of marketable equity securities. Substantially all of these securities were classified as Level 1 because the valuations were based on quoted prices for identical securities in active markets. Our assessment of an active market for our marketable equity securities generally takes into consideration the number of days that each individual equity security trades over a specified period.

Contractual Obligations

Pending Acquisition of Altera Corporation

During Q2 2015, we entered into a definitive agreement to acquire Altera Corporation (Altera) in an all-cash transaction expected to close within six to nine months from the date of the agreement. The acquisition will couple Intel's leading-edge products and manufacturing process with Altera's leading field-programmable gate array technology. The combination is expected to enable new classes of products that meet customer needs in the data center and Internet of Things market segments. Upon completion of the acquisition, each outstanding share of Altera common stock and, subject to certain exceptions, each share of Altera common stock underlying vested stock option awards, restricted stock unit awards and performance-based restricted stock unit awards will be converted into the right to receive \$54.00 per share in cash, without interest. As of the date we entered into the agreement, the transaction had an approximate value of \$16.7 billion. This transaction is subject to certain regulatory approvals and customary closing conditions, including the approval of Altera's stockholders. We intend to finance the acquisition of Altera through a combination of \$7.0 billion to \$9.0 billion in long-term debt and the remainder with commercial paper and cash and investments. The timing, amount and terms of any additional long-term debt financing are subject to market and other conditions.

Investment in Tsinghua Unigroup Ltd.

During 2014, we entered into a series of agreements with Tsinghua Unigroup Ltd. (Tsinghua Unigroup), an operating subsidiary of Tsinghua Holdings Co. Ltd., to, among other things, jointly develop Intel® architecture- and communications-based solutions for smartphones. We have also agreed to invest up to 9.0 billion Chinese yuan (approximately \$1.5 billion as of the date of the agreement) for a minority stake of approximately 20% of a holding company under Tsinghua Unigroup. Subsequent to the end of the Q2 2015 and prior to the filing of this Form 10-Q, we invested approximately \$1.0 billion to complete the first phase of the equity investment. Subject to regulatory approvals and other closing conditions, the second phase of the investment will require additional funding of approximately \$500 million. This phase of the investment will allow us to maintain a 20% equity ownership.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are affected by changes in currency exchange rates, interest rates, and equity prices. The information in this section should be read in conjunction with the discussion about market risk and sensitivity analysis related to changes in currency exchange rates and changes in interest rates in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report on Form 10-K for the year ended December 27, 2014. All of the following potential changes are based on sensitivity analyses performed on our financial positions as of June 27, 2015 and December 27, 2014. Actual results may differ materially.

Equity Prices

Our investments include marketable equity securities and equity derivative instruments. We typically do not attempt to reduce or eliminate our equity market exposure through hedging activities at the inception of our investments. Before we enter into hedge arrangements, we evaluate legal, market, and economic factors, as well as the expected timing of disposal to determine whether hedging is appropriate. Our equity market risk management program may include equity derivatives with or without hedge accounting designation that utilize warrants, equity options, or other equity derivatives.

We also utilize total return swaps to offset changes in liabilities related to the equity market risks of certain deferred compensation arrangements. Gains and losses from changes in fair value of these total return swaps are generally offset by the losses and gains on the related liabilities.

As of June 27, 2015, the fair value of our marketable equity investments and our equity derivative instruments, including hedging positions, was \$7.2 billion (\$7.1 billion as of December 27, 2014). Substantially all of our marketable equity investments portfolio as of June 27, 2015, was concentrated in our investment in ASML Holding N.V. of \$6.9 billion (\$6.9 billion as of December 27, 2014). Our marketable equity method investments are excluded from our analysis, as the carrying value does not fluctuate based on market price changes unless an other-than-temporary impairment is deemed necessary. To determine reasonably possible decreases in the market value of our marketable equity investments, we have analyzed the historical market price sensitivity of our marketable equity investment portfolio. Assuming a decline of 30% in market prices, and after reflecting the impact of hedges and offsetting positions, the aggregate value of our marketable equity investments could decrease by approximately \$2.2 billion, based on the value as of June 27, 2015 (a decrease in value of approximately \$2.1 billion, based on the value as of December 27, 2014 using an assumed decline of 30%).

Many of the same factors that could result in an adverse movement of equity market prices affect our non-marketable equity investments, although we cannot always quantify the impact directly. Financial markets are volatile, which could negatively affect the prospects of the companies we invest in, their ability to raise additional capital, and the likelihood of our ability to realize value in our investments through liquidity events such as initial public offerings, mergers, and private sales. These types of investments involve a great deal of risk, and there can be no assurance that any specific company will grow or become successful; consequently, we could lose all or part of our investment. Our non-marketable equity investments, excluding investments accounted for under the equity method, had a carrying amount of \$1.9 billion as of June 27, 2015 (\$1.8 billion as of December 27, 2014). The carrying amount of our non-marketable equity method investments was \$1.6 billion as of June 27, 2015 (\$1.4 billion as of December 27, 2014). The majority of our non-marketable equity method investments balance as of June 27, 2015 was concentrated in our IM Flash Technologies, LLC (IMFT) and Cloudera, Inc. (Cloudera) investments of \$835 million and \$278 million, respectively (\$713 million and \$280 million for IMFT and Cloudera, respectively, as of December 27, 2014).

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 27, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

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

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a discussion of legal proceedings, see "Note 21: Contingencies" in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

ITEM 1A. RISK FACTORS

The risks described in Part I, Item 1A, "Risk Factors," in our Annual Report on Form 10-K for the year ended December 27, 2014, could materially and adversely affect our business, financial condition and results of operations, and the trading price of our common stock could decline. These risk factors do not identify all risks that we face - our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. The Risk Factors section of our 2014 Annual Report on Form 10-K remains current in all material respects.

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

Issuer Purchases of Equity Securities

We have an ongoing authorization, originally approved by our Board of Directors in 2005, and subsequently amended, to repurchase up to \$65 billion in shares of our common stock in open market or negotiated transactions. As of June 27, 2015, \$10.9 billion remained available for repurchase under the existing repurchase authorization limit.

Common stock repurchase activity under our publicly announced stock repurchase plan during the second quarter of 2015 was as follows:

Period	Total Number of Shares Purchased (In Millions)	Average Price Paid Per Share	Dollar Value of Shares That May Yet Be Purchased (In Millions)
March 29, 2015 – April 25, 2015	—	\$ —	\$ —
April 26, 2015 – May 23, 2015	—	—	—
May 24, 2015 – June 27, 2015	23.6	31.83	\$ 10,893
Total	23.6	\$ 31.83	

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

For further discussion, see "Note 15: Common Stock Repurchases" in the Notes to Consolidated Condensed Financial Statements in this Form 10-Q.

ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed or Furnished Herewith
		Form	File Number	Exhibit	Filing Date	
3.1	Intel Corporation Third Restated Certificate of Incorporation of Intel Corporation dated May 17, 2006	8-K	000-06217	3.1	5/22/2006	
3.2	Intel Corporation Bylaws, as amended and restated on July 26, 2011	8-K	000-06217	3.1	7/27/2011	
10.1	Agreement and Plan of Merger among Intel Corporation, 615 Corporation and Altera Corporation, dated as of May 31, 2015	8-K	000-06217	2.1	6/1/2015	
10.2**	Intel Corporation 2006 Equity Incentive Plan, as amended and restated, effective May 21, 2015					X
10.3**	Intel Corporation 2006 Stock Purchase Plan, as amended and restated, effective May 21, 2015					X
10.4	Transition Agreement between Intel Corporation and Reneé J. James dated July 01, 2015					X
12.1	Statement Setting Forth the Computation of Ratios of Earnings to Fixed Charges					X
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act)					X
31.2	Certification of Chief Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(a) of the Exchange Act					X
32.1	Certification of the Chief Executive Officer and the Chief Financial Officer and Principal Accounting Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

Intel, Intel Core, the Intel logo, and Ultrabook are trademarks of Intel Corporation in the U.S. and/or other countries.

** Other names and brands may be claimed as the property of others.*

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTEL CORPORATION
(Registrant)

Date: July 27, 2015

By: /s/ STACY J. SMITH

Stacy J. Smith

Executive Vice President, Chief Financial Officer, and Principal
Accounting Officer

INTEL CORPORATION
2006 EQUITY INCENTIVE PLAN
AS AMENDED AND RESTATED EFFECTIVE MAY 21, 2015

1. PURPOSE

The purpose of this Intel Corporation 2006 Equity Incentive Plan (the "Plan") is to advance the interests of Intel Corporation, a Delaware corporation, and its Subsidiaries (hereinafter collectively "Intel" or the "Corporation"), by stimulating the efforts of employees who are selected to be participants on behalf of Intel, aligning the long-term interests of participants with those of stockholders, heightening the desire of participants to continue in working toward and contributing to the success of Intel, assisting Intel in competing effectively with other enterprises for the services of new employees necessary for the continued improvement of operations, and to attract, motivate and retain the best available individuals for service to the Corporation. This Plan permits the grant of stock options, stock appreciation rights, restricted stock and restricted stock units, each of which shall be subject to such conditions based upon continued employment, passage of time or satisfaction of performance criteria as shall be specified pursuant to the Plan.

2. DEFINITIONS

(a) "Award" means a stock option, stock appreciation right, restricted stock or restricted stock unit granted to a Participant pursuant to the Plan.

(b) "Board of Directors" means the Board of Directors of the Corporation.

(c) "Code" shall mean the Internal Revenue Code of 1986, as such is amended from time to time, and any reference to a section of the Code shall include any successor provision of the Code.

(d) "Committee" shall mean the committee appointed by the Board of Directors from among its members to administer the Plan pursuant to Section 3.

(e) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and any reference to a section of the Exchange Act shall include any successor provision of the Exchange Act.

(f) "Outside Director" shall mean a member of the Board of Directors who is not otherwise an employee of the Corporation.

(g) "Participants" shall mean those individuals to whom Awards have been granted from time to time and any authorized transferee of such individuals.

(h) "Performance Award" means an Award the grant, issuance, retention, vesting and/or settlement of which is subject to satisfaction of one or more of the Qualifying Performance Criteria specified in Section 10(b).

(i) "Plan" means this Intel Corporation 2006 Equity Incentive Plan.

(j) "Share" shall mean a share of common stock, \$.001 par value, of the Corporation or the number and kind of shares of stock or other securities which shall be substituted or adjusted for such shares as provided in Section 11.

(k) "Subsidiary" means any corporation or entity in which Intel Corporation owns or controls, directly or indirectly, fifty percent (50%) or more of the voting power or economic interests of such corporation or entity.

3. ADMINISTRATION

(a) *Composition of Committee.* This Plan shall be administered by the Committee. The Committee shall consist of two or more Outside Directors who shall be appointed by the Board of Directors. The Board of Directors shall fill vacancies on the Committee and may from time to time remove or add members of the Committee. The Board of Directors, in its sole discretion, may exercise any authority of the Committee under this Plan in lieu of the Committee's exercise thereof, and in such instances references herein to the Committee shall refer to the Board of Directors.

(b) *Delegation and Administration.* The Committee may delegate to one or more separate committees (any such committee a "Subcommittee") composed of one or more directors of the Corporation (who may but need not be members of the Committee) the ability to grant Awards and take the other actions described in Section 3(c) with respect to Participants who are not executive officers, and such actions shall be treated for all purposes as if taken by the Committee. The Committee may delegate to a Subcommittee of one or more officers of the Corporation the ability to grant Awards and take the other actions described in Section 3(c) with respect to Participants (other than any such officers themselves) who are not directors or executive officers, provided however that the resolution so authorizing such officer(s) shall specify the total number of rights or options such Subcommittee may so award, and such actions shall be treated for all purposes as if taken by the Committee. Any action by any such Subcommittee within the scope of such delegation shall be deemed for all purposes to have been taken by the Committee, and references in this Plan to the Committee shall include any such Subcommittee. The Committee may delegate the day to day administration of the Plan to an officer or officers of the Corporation or one or more agents, and such administrator(s) may have the authority to execute and distribute agreements or other documents evidencing or relating to Awards granted by the Committee under this Plan, to maintain records relating to the grant, vesting, exercise, forfeiture or expiration of Awards, to process or oversee the issuance of Shares upon the exercise, vesting and/or settlement of an Award, to interpret the terms of Awards and to take such other actions as the Committee may specify. Any action by any such administrator within the scope of its delegation shall be deemed for all purposes to have been taken by the Committee and references in this Plan to the Committee shall include any such administrator, provided that the actions and interpretations of any such administrator shall be subject to review and approval, disapproval or modification by the Committee.

(c) *Powers of the Committee.* Subject to the express provisions and limitations set forth in this Plan, the Committee shall be authorized and empowered to do all things necessary or desirable, in its sole discretion, in connection with the administration of this Plan, including, without limitation, the following:

(i) to prescribe, amend, and rescind rules and regulations relating to the Plan, including the forms of Award Agreement and manner of acceptance of an Award, and to take or approve such further actions as it determines necessary or appropriate to the administration of the Plan and Awards, such as correcting a defect or supplying any omission, or reconciling any inconsistency so that the Plan or any Award Agreement complies with applicable law, regulations and listing requirements and so as to avoid unanticipated consequences or address unanticipated events (including any temporary closure of Nasdaq, disruption of communications or natural catastrophe) deemed by the Committee to be inconsistent with the purposes of the Plan or any Award Agreement, provided that no such action shall be taken absent stockholder approval to the extent required under Section 13;

(ii) to determine which persons are eligible to be Participants, to which of such persons, if any, Awards shall be granted hereunder and the timing of any such Awards, and to grant Awards;

(iii) to grant Awards to Participants and determine the terms and conditions thereof, including the number of Shares subject to Awards and the exercise or purchase price of such Shares and the circumstances under which Awards become exercisable or vested or are forfeited or expire, which terms may but need not be conditioned upon the passage of time, continued employment, the satisfaction of performance criteria, the occurrence of certain events, or other factors;

(iv) to establish or verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award;

(v) to prescribe and amend the terms of the agreements or other documents evidencing Awards made under this Plan (which need not be identical);

(vi) to determine whether, and the extent to which, adjustments are required pursuant to Section 11;

(vii) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in good faith and for the benefit of the Corporation; and

(viii) to make all other determinations deemed necessary or advisable for the administration of this Plan.

(d) *Effect of Change in Status.* The Committee shall have the discretion to determine the effect upon an Award and upon an individual's status as an employee under the Plan (including whether a Participant shall be deemed to have experienced a termination of employment or other change in status) and upon the vesting, expiration or forfeiture of an Award in the case of (i) any individual who is employed by an entity that ceases to be a Subsidiary of the Corporation, (ii) any leave of absence approved by the Corporation or a Subsidiary, (iii) any transfer between locations of employment with the Corporation or a Subsidiary or between the Corporation and any Subsidiary or between any Subsidiaries, (iv) any change in the Participant's status from an employee to a consultant or member of the Board of Directors, or vice versa, and (v) at the request of the Corporation or a Subsidiary, any employee who becomes employed by any partnership, joint venture, corporation or other entity not meeting the requirements of a Subsidiary.

(e) *Determinations of the Committee.* All decisions, determinations and interpretations by the Committee regarding this Plan shall be final and binding on all Participants or other persons claiming rights under the Plan or any Award. The Committee shall consider such factors as it deems relevant to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any director, officer or employee of the Corporation and such attorneys, consultants and accountants as it may select. A Participant or other holder of an Award may contest a decision or action by the Committee with respect to such person or Award only on the grounds that such decision or action was arbitrary or capricious or was unlawful, and any review of such decision or action shall be limited to determining whether the Committee's decision or action was arbitrary or capricious or was unlawful.

4. PARTICIPANTS

Awards under the Plan may be granted to any person who is an employee or Outside Director of the Corporation. Outside Directors may be granted Awards only pursuant to Section 9 of the Plan. The status of the Chairman of the Board of Directors as an employee or Outside Director shall be determined by the Committee. Any person designated by the Corporation as an independent contractor shall not be treated as an employee and shall not be eligible for Awards under the Plan.

5. EFFECTIVE DATE AND EXPIRATION OF PLAN

(a) *Effective Date.* This Plan was approved by the Board of Directors on February 23, 2006 and became effective on May 17, 2006.

(b) *Expiration Date.* The Plan shall remain available for the grant of Awards until June 30, 2018 or such earlier date as the Board of Directors may determine. The expiration of the Committee's authority to grant Awards under the Plan will not affect the operation of the terms of the Plan or the Corporation's and Participants' rights and obligations with respect to Awards granted on or prior to the expiration date of the Plan.

6. SHARES SUBJECT TO THE PLAN

(a) *Aggregate Limits.* Subject to adjustment as provided in Section 11, the aggregate number of Shares authorized for issuance after December 27, 2014 pursuant to Awards under the Plan is 484,000,000. The Shares subject to the Plan may be either Shares reacquired by the Corporation, including Shares purchased in the open market, or authorized but unissued Shares. Any Shares subject to an Award which for any reason expires or terminates unexercised or is not earned in full may again be made subject to an Award under the Plan. Notwithstanding the preceding sentence, the following Shares may not again be made available for issuance as Awards under the Plan: (i) Shares not issued or delivered as a result of the net settlement of an outstanding Stock Appreciation Right, (ii) Shares used to pay the exercise price or withholding taxes related to an outstanding Award, or (iii) Shares repurchased on the open market with the proceeds of the option exercise price.

(b) *Tax Code Limits.* The aggregate number of Shares subject to stock options or stock appreciation rights granted under this Plan during any calendar year to any one Participant shall not exceed 3,000,000. The aggregate number of Shares subject to restricted stock or restricted stock unit Awards granted under this Plan during any calendar year to any one Participant shall not exceed 2,000,000. Notwithstanding anything to the contrary in this Plan, the foregoing limitations shall be subject to adjustment under Section 11, but only to the extent that such adjustment will not affect the status of any Award intended to qualify as "performance-based compensation" under Section 162(m) of the Code. The aggregate number of Shares issued after December 27, 2014 pursuant to incentive stock options granted under the Plan shall not exceed 484,000,000, which limitation shall be subject to adjustment under Section 11 only to the extent that such adjustment is consistent with adjustments permitted of a plan authorizing incentive stock options under Section 422 of the Code.

7. PLAN AWARDS

(a) *Award Types.* The Committee, on behalf of the Corporation, is authorized under this Plan to grant, award and enter into the following arrangements or benefits under the Plan provided that their terms and conditions are not inconsistent with the provisions of the Plan: stock options, stock appreciation rights, restricted stock and restricted stock units. Such arrangements and benefits are sometimes referred to herein as "Awards." The Committee, in its discretion, may determine that any Award granted hereunder shall be a Performance Award.

(i) *Stock Options.* A "Stock Option" is a right to purchase a number of Shares at such exercise price, at such times, and on such other terms and conditions as are specified in or determined pursuant to the document(s) evidencing the Award (the "Option Agreement"). The Committee may grant Stock Options intended to be eligible to qualify as incentive stock options ("ISOs") pursuant to Section 422 of the Code and Stock Options that are not intended to qualify as ISOs ("Non-qualified Stock Options"), as it, in its sole discretion, shall determine.

(ii) *Stock Appreciation Rights.* A "Stock Appreciation Right" or "SAR" is a right to receive, in cash or stock (as determined by the Committee), value with respect to a specific number of Shares equal to or otherwise based on the excess of (i) the market value of a Share at the time of exercise over (ii) the exercise price of the right, subject to such terms and conditions as are expressed in the document(s) evidencing the Award (the "SAR Agreement").

(iii) *Restricted Stock.* A "Restricted Stock" Award is an award of Shares, the grant, issuance, retention and/or vesting of which is subject to such conditions as are expressed in the document(s) evidencing the Award (the "Restricted Stock Agreement").

(iv) *Restricted Stock Unit.* A "Restricted Stock Unit" Award is an award of a right to receive, in cash or stock (as determined by the Committee) the market value of one Share, the grant, issuance, retention and/or vesting of which is subject to such conditions as are expressed in the document(s) evidencing the Award (the "Restricted Stock Unit Agreement").

(b) *Grants of Awards.* An Award may consist of one of the foregoing arrangements or benefits or two or more of them in tandem or in the alternative.

8. EMPLOYEE PARTICIPANT AWARDS

(a) *Grant, Terms and Conditions of Stock Options and SARs*

The Committee may grant Stock Options or SARs at any time and from time to time prior to the expiration of the Plan to eligible employee Participants selected by the Committee. No Participant shall have any rights as a stockholder with respect to any Shares subject to Stock Options or SARs hereunder until said Shares have been issued. Each Stock Option or SAR shall be evidenced only by such agreements, notices and/or terms or conditions documented in such form (including by electronic communications) as may be approved by the Committee. Each Stock Option grant will expressly identify the Stock Option as an ISO or as a Non-qualified Stock Option. Stock Options or SARs granted pursuant to the Plan need not be identical but each must contain or be subject to the following terms and conditions:

(i) *Price.* The purchase price (also referred to as the exercise price) under each Stock Option or SAR granted hereunder shall be established by the Committee. The purchase price per Share shall not be less than 100% of the market value of a Share on the date of grant. For purposes of the Plan, "market value" shall mean

the average of the high and low sales prices of the Corporation's common stock. The exercise price of a Stock Option shall be paid in cash or in such other form if and to the extent permitted by the Committee, including without limitation by delivery of already owned Shares, withholding (either actually or by attestation) of Shares otherwise issuable under such Stock Option and/or by payment under a broker-assisted sale and remittance program acceptable to the Committee.

(ii) *No Repricing.* Other than in connection with a change in the Corporation's capitalization or other transaction as described in Section 11(a) through (d) of the Plan, at any time when the purchase price of a Stock Option or SAR is above the market value of a Share, the Corporation shall not, without stockholder approval, reduce the purchase price of such Stock Option or SAR and shall not exchange such Stock Option or SAR for a new Award with a lower (or no) purchase price or for cash.

(iii) *No Reload Grants.* Stock Options shall not be granted under the Plan in consideration for and shall not be conditioned upon the delivery of Shares to the Corporation in payment of the exercise price and/or tax withholding obligation under any other employee stock option.

(iv) *Duration, Exercise and Termination of Stock Options and SARs.* Each Stock Option or SAR shall be exercisable at such time and in such installments during the period prior to the expiration of the Stock Option or SAR as determined by the Committee. The Committee shall have the right to make the timing of the ability to exercise any Stock Option or SAR subject to continued employment, the passage of time and/or such performance requirements as deemed appropriate by the Committee. At any time after the grant of a Stock Option, the Committee may reduce or eliminate any restrictions on the Participant's right to exercise all or part of the Stock Option, except that no Stock Option shall first become exercisable within one (1) year from its date of grant, other than upon the death, disability or retirement of the person to whom the Stock Option was granted, in each case as specified in the Option Agreement.

Each Stock Option or SAR that vests in full in less than five (5) years (standard grants) must expire within a period of not more than seven (7) years from the grant date and each Stock Option or SAR that vests in full in five (5) or more years (long-term retention grants) must expire within a period of not more than ten (10) years from the grant date. In each case, the Option Agreement or SAR Agreement may provide for expiration prior to the end of the stated term of the Award in the event of the termination of employment or service of the Participant to whom it was granted.

(v) *Suspension or Termination of Stock Options and SARs.* If at any time (including after a notice of exercise has been delivered) the Committee, including any Subcommittee or administrator authorized pursuant to Section 3(b) (any such person, an "Authorized Officer"), reasonably believes that a Participant, other than an Outside Director, has committed an act of misconduct as described in this Section, the Authorized Officer may suspend the Participant's right to exercise any Stock Option or SAR pending a determination of whether an act of misconduct has been committed. If the Committee or an Authorized Officer determines a Participant, other than an Outside Director, has committed an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to Intel, breach of fiduciary duty or deliberate disregard of Corporation rules resulting in loss, damage or injury to the Corporation, or if a Participant makes an unauthorized disclosure of any Corporation trade secret or confidential information, engages in any conduct constituting unfair competition, induces any customer to breach a contract with the Corporation or induces any principal for whom Intel acts as agent to terminate such agency relationship, neither the Participant nor his or her estate shall be entitled to exercise any Stock Option or SAR whatsoever. In addition, for any Participant who is designated as an "executive officer" by the Board of Directors, if the Committee determines that the Participant engaged in an act of embezzlement, fraud or breach of fiduciary duty during the Participant's employment that contributed to an obligation to restate the Corporation's financial statements ("Contributing Misconduct"), the Participant shall be required to repay to the Corporation, in cash and upon demand, the Option Proceeds (as defined below) resulting from any sale or other disposition (including to the Corporation) of Shares issued or issuable upon exercise of a Stock Option or SAR if the sale or disposition was effected during the twelve-month period following the first public issuance or filing with the SEC of the financial statements required to be restated. The term "Option Proceeds" means, with respect to any sale or other disposition (including to the Corporation) of Shares issuable or issued upon exercise of a Stock Option or SAR, an amount determined appropriate by the Committee to reflect the effect of the restatement on the Corporation's stock price, up to the amount equal to the number of Shares sold or disposed of multiplied by the difference between the market value per Share at the time of such sale or disposition and the exercise price. The return of Option Proceeds is in addition to and separate from any other relief available to the Corporation due to the executive officer's Contributing Misconduct. Any determination by

the Committee or an Authorized Officer with respect to the foregoing shall be final, conclusive and binding on all interested parties. For any Participant who is an executive officer, the determination of the Committee or of the Authorized Officer shall be subject to the approval of the Board of Directors.

(vi) *Conditions and Restrictions Upon Securities Subject to Stock Options or SARs.* Subject to the express provisions of the Plan, the Committee may provide that the Shares issued upon exercise of a Stock Option or SAR shall be subject to such further conditions or agreements as the Committee in its discretion may specify prior to the exercise of such Stock Option or SAR, including, without limitation, conditions on vesting or transferability, forfeiture or repurchase provisions. The obligation to make payments with respect to SARs may be satisfied through cash payments or the delivery of Shares, or a combination thereof as the Committee shall determine. The Committee may establish rules for the deferred delivery of Common Stock upon exercise of a Stock Option or SAR with the deferral evidenced by use of Restricted Stock Units equal in number to the number of Shares whose delivery is so deferred.

(vii) *Other Terms and Conditions.* Stock Options and SARs may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Committee shall deem appropriate.

(viii) *ISOs.* Stock Options intending to qualify as ISOs may only be granted to employees of the Corporation within the meaning of the Code, as determined by the Committee. No ISO shall be granted to any person if immediately after the grant of such Award, such person would own stock, including stock subject to outstanding Awards held by him or her under the Plan or any other plan established by the Corporation, amounting to more than ten percent (10%) of the total combined voting power or value of all classes of stock of the Corporation. To the extent that the Option Agreement specifies that a Stock Option is intended to be treated as an ISO, the Stock Option is intended to qualify to the greatest extent possible as an "incentive stock option" within the meaning of Section 422 of the Code, and shall be so construed; provided, however, that any such designation shall not be interpreted as a representation, guarantee or other undertaking on the part of the Corporation that the Stock Option is or will be determined to qualify as an ISO. If and to the extent that any Shares are issued under a portion of any Stock Option that exceeds the \$100,000 limitation of Section 422 of the Code, such Shares shall not be treated as issued under an ISO notwithstanding any designation otherwise. Certain decisions, amendments, interpretations and actions by the Committee and certain actions by a Participant may cause a Stock Option to cease to qualify as an ISO pursuant to the Code and by accepting a Stock Option the Participant agrees in advance to such disqualifying action.

(b) Grant, Terms and Conditions of Restricted Stock and Restricted Stock Units

The Committee may grant Restricted Stock or Restricted Stock Units at any time and from time to time prior to the expiration of the Plan to eligible employee Participants selected by the Committee. A Participant shall have rights as a stockholder with respect to any Shares subject to a Restricted Stock Award hereunder only to the extent specified in this Plan or the Restricted Stock Agreement evidencing such Award. Awards of Restricted Stock or Restricted Stock Units shall be evidenced only by such agreements, notices and/or terms or conditions documented in such form (including by electronic communications) as may be approved by the Committee. Awards of Restricted Stock or Restricted Stock Units granted pursuant to the Plan need not be identical but each must contain or be subject to the following terms and conditions:

(i) *Terms and Conditions.* Each Restricted Stock Agreement and each Restricted Stock Unit Agreement shall contain provisions regarding (a) the number of Shares subject to such Award or a formula for determining such, (b) the purchase price of the Shares, if any, and the means of payment for the Shares, (c) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, issued, retainable and/or vested, (d) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares as may be determined from time to time by the Committee, (e) restrictions on the transferability of the Shares and (f) such further terms and conditions as may be determined from time to time by the Committee, in each case not inconsistent with this Plan.

(ii) *Sale Price.* Subject to the requirements of applicable law, the Committee shall determine the price, if any, at which Shares of Restricted Stock or Restricted Stock Units shall be sold or awarded to a Participant, which may vary from time to time and among Participants and which may be below the market value of such Shares at the date of grant or issuance.

(iii) *Share Vesting.* The grant, issuance, retention and/or vesting of Shares under Restricted Stock or Restricted Stock Unit Awards shall be at such time and in such installments as determined by the Committee or under criteria established by the Committee. The Committee shall have the right to make the timing of the grant and/or the issuance, ability to retain and/or vesting of Shares under Restricted Stock or Restricted Stock Unit Awards subject to continued employment, passage of time and/or such performance criteria and level of achievement versus these criteria as deemed appropriate by the Committee, which criteria may be based on financial performance and/or personal performance evaluations. No condition that is based on performance criteria and level of achievement versus such criteria shall be based on performance over a period of less than one year. Notwithstanding anything to the contrary herein, the performance criteria for any Restricted Stock or Restricted Stock Unit that is intended to satisfy the requirements for "performance-based compensation" under Section 162(m) of the Code shall be a measure based on one or more Qualifying Performance Criteria selected by the Committee and specified at the time the Restricted Stock Award is granted.

(iv) *Termination of Employment.* The Restricted Stock or Restricted Stock Unit Agreement may provide for the forfeiture or cancellation of the Restricted Stock or Restricted Stock Unit Award, in whole or in part, in the event of the termination of employment or service of the Participant to whom it was granted.

(v) *Restricted Stock Units.* Except to the extent this Plan or the Committee specifies otherwise, Restricted Stock Units represent an unfunded and unsecured obligation of the Corporation and do not confer any of the rights of a stockholder until Shares are issued thereunder. Settlement of Restricted Stock Units upon expiration of the deferral or vesting period shall be made in Shares or otherwise as determined by the Committee. Dividends or dividend equivalent rights shall be payable in cash or in additional shares with respect to Restricted Stock Units only to the extent specifically provided for by the Committee. Until a Restricted Stock Unit is settled, the number of Shares represented by a Restricted Stock Unit shall be subject to adjustment pursuant to Section 11. Any Restricted Stock Units that are settled after the Participant's death shall be distributed to the Participant's designated beneficiary(ies) or, if none was designated, the Participant's estate.

(vi) *Suspension or Termination of Restricted Stock and Restricted Stock Units.* If at any time the Committee, including any Subcommittee or administrator authorized pursuant to Section 3(b) (any such person, an "Authorized Officer"), reasonably believes that a Participant, other than an Outside Director, has committed an act of misconduct as described in this Section, the Authorized Officer may suspend the vesting of Shares under the Participant's Restricted Stock or Restricted Stock Unit Awards pending a determination of whether an act of misconduct has been committed. If the Committee or an Authorized Officer determines a Participant, other than an Outside Director, has committed an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to Intel, breach of fiduciary duty or deliberate disregard of Corporation rules resulting in loss, damage or injury to the Corporation, or if a Participant makes an unauthorized disclosure of any Corporation trade secret or confidential information, engages in any conduct constituting unfair competition, induces any customer to breach a contract with the Corporation or induces any principal for whom Intel acts as agent to terminate such agency relationship, the Participant's Restricted Stock or Restricted Stock Unit Agreement shall be forfeited and cancelled. In addition, for any Participant who is designated as an "executive officer" by the Board of Directors, if the Committee determines that the Participant engaged in an act of embezzlement, fraud or breach of fiduciary duty during the Participant's employment that contributed to an obligation to restate the Corporation's financial statements ("Contributing Misconduct"), the Participant shall be required to repay to the Corporation, in cash and upon demand, the Restricted Stock Proceeds (as defined below) resulting from any sale or other disposition (including to the Corporation) of Shares issued or issuable upon the vesting of Restricted Stock or a Restricted Stock Unit if the sale or disposition was effected during the twelve-month period following the first public issuance or filing with the SEC of the financial statements required to be restated. The term "Restricted Stock Proceeds" means, with respect to any sale or other disposition (including to the Corporation) of Shares issued or issuable upon vesting of Restricted Stock or a Restricted Stock Unit, an amount determined appropriate by the Committee to reflect the effect of the restatement on the Corporation's stock price, up to the amount equal to the market value per Share at the time of such sale or other disposition multiplied by the number of Shares or units sold or disposed of. The return of Restricted Stock Proceeds is in addition to and separate from any other relief available to the Corporation due to the executive officer's Contributing Misconduct. Any determination by the Committee or an Authorized Officer with respect to the foregoing shall be final, conclusive and binding on all interested parties. For any Participant who is an executive officer, the determination of the Committee or of the Authorized Officer shall be subject to the approval of the Board of Directors.

9. OUTSIDE DIRECTOR AWARDS

Each Outside Director may be granted up to 100,000 Shares underlying Awards (each an "Outside Director Award") each fiscal year, as determined by the Board of Directors. Notwithstanding anything to the contrary in this Plan, the foregoing limitation shall be subject to adjustment under Section 11. The number of Shares subject to each Outside Director Award, or the formula pursuant to which such number shall be determined, the type or types of Awards included in the Outside Director Awards, the date of grant and the vesting, expiration and other terms applicable to such Outside Director Awards shall be specified from time to time by the Board of Directors, subject to the terms of this Plan, including the terms specified in Section 8. If the Board of Directors reasonably believes that an Outside Director has committed an act of misconduct as specified in Section 8(a)(v) or 8(b)(vi), the Board of Directors may suspend the Outside Director's right to exercise any Stock Option or SAR and/or the vesting of any Restricted Stock or Restricted Stock Unit Award pending a determination of whether an act of misconduct has been committed. If the Board of Directors determines that an Outside Director has committed an act of misconduct, neither the Outside Director nor his or her estate shall be entitled to exercise any Stock Option or SAR whatsoever and shall forfeit any unvested Restricted Stock or Restricted Stock Unit Award.

10. OTHER PROVISIONS APPLICABLE TO AWARDS

(a) *Transferability.* Unless the agreement or other document evidencing an Award (or an amendment thereto authorized by the Committee) expressly states that the Award is transferable as provided hereunder, no Award granted under this Plan, nor any interest in such Award, may be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred in any manner, other than by will or the laws of descent and distribution. The Committee may grant an Award or amend an outstanding Award to provide that the Award is transferable or assignable (a) in the case of a transfer without the payment of any consideration, to any "family member" as such term is defined in Section 1(a)(5) of the General Instructions to Form S-8 under the Securities Act of 1933, as such may be amended from time to time, and (b) in any transfer described in clause (ii) of Section 1(a)(5) of the General Instructions to Form S-8 under the 1933 Act as amended from time to time, *provided* that following any such transfer or assignment the Award will remain subject to substantially the same terms applicable to the Award while held by the Participant to whom it was granted, as modified as the Committee shall determine appropriate, and as a condition to such transfer the transferee shall execute an agreement agreeing to be bound by such terms; *provided further*, that an ISO may be transferred or assigned only to the extent consistent with Section 422 of the Code. Any purported assignment, transfer or encumbrance that does not qualify under this Section 10(a) shall be void and unenforceable against the Corporation.

(b) *Qualifying Performance Criteria.* For purposes of this Plan, the term "Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Corporation as a whole or to a business unit or Subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the Award: (a) cash flow, (b) earnings per share, (c) earnings before interest, taxes and amortization, (d) return on equity, (e) total stockholder return, (f) share price performance, (g) return on capital, (h) return on assets or net assets, (i) revenue, (j) income or net income, (k) operating income or net operating income, (l) operating profit or net operating profit, (m) operating margin or profit margin, (n) return on operating revenue, (o) return on invested capital, (p) market segment share, (q) product release schedules, (r) new product innovation, (s) product cost reduction through advanced technology, (t) brand recognition/acceptance, (u) product ship targets, or (v) customer satisfaction. The Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in or provisions under tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any extraordinary non-recurring items as described in Accounting Standards Codification 225 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Corporation's annual report to stockholders for the applicable year. Notwithstanding satisfaction of any completion of any Qualifying Performance Criteria, to the extent specified at the time of grant of an Award, the number of Shares, Stock Options, SARs, Restricted Stock Units or other benefits granted, issued, retainable and/or vested under an Award on account of satisfaction of such Qualifying Performance Criteria may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

(c) *Dividends.* Unless otherwise provided by the Committee, no adjustment shall be made in Shares issuable under Awards on account of cash dividends that may be paid or other rights that may be issued to the holders of Shares prior to their issuance under any Award. The Committee shall specify whether dividends or dividend equivalent amounts shall be paid to any Participant with respect to the Shares subject to any Award that have not vested or been issued or that are subject to any restrictions or conditions on the record date for dividends.

(d) *Documents Evidencing Awards.* The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic signature or other electronic indication of acceptance, and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

(e) *Additional Restrictions on Awards.* Either at the time an Award is granted or by subsequent action, the Committee may, but need not, impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by a Participant of any Shares issued under an Award, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant or Participants, and (c) restrictions as to the use of a specified brokerage firm for receipt, resales or other transfers of such Shares.

(f) *Subsidiary Awards.* In the case of a grant of an Award to any Participant employed by a Subsidiary, such grant may, if the Committee so directs, be implemented by Intel issuing any subject Shares to the Subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the Subsidiary will transfer the Shares to the Participant in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Committee shall determine.

11. ADJUSTMENT OF AND CHANGES IN THE COMMON STOCK

(a) The existence of outstanding Awards shall not affect in any way the right or power of the Corporation or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, exchanges, or other changes in the Corporation's capital structure or its business, or any merger or consolidation of the Corporation or any issuance of Shares or other securities or subscription rights thereto, or any issuance of bonds, debentures, preferred or prior preference stock ahead of or affecting the Shares or other securities of the Corporation or the rights thereof, or the dissolution or liquidation of the Corporation, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. Further, except as expressly provided herein or by the Committee, (i) the issuance by the Corporation of shares of stock or any class of securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Corporation convertible into such shares or other securities, (ii) the payment of a dividend in property other than Shares, or (iii) the occurrence of any similar transaction, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Stock Options or other Awards theretofore granted or the purchase price per Share, unless the Committee shall determine, in its sole discretion, that an adjustment is necessary or appropriate.

(b) If the outstanding Shares or other securities of the Corporation, or both, for which the Award is then exercisable or as to which the Award is to be settled shall at any time be changed or exchanged by declaration of a stock dividend, stock split, combination of shares, extraordinary dividend of cash and/or assets, recapitalization, reorganization or any similar equity restructuring transaction (as that term is used in Accounting Standards Codification 718 affecting the Shares or other securities of the Corporation, the Committee shall equitably adjust the number and kind of Shares or other securities that are subject to this Plan and to the limits under Section 6 and that are subject to any Awards theretofore granted, and the exercise or settlement prices of such Awards, so as to maintain the proportionate number of Shares or other securities subject to such Awards without changing the aggregate exercise or settlement price, if any.

(c) No right to purchase fractional Shares shall result from any adjustment in Stock Options or SARs pursuant to this Section 11. In case of any such adjustment, the Shares subject to the Stock Option or SAR shall be rounded down to the nearest whole share.

(d) Any other provision hereof to the contrary notwithstanding (except Section 11(a)), in the event Intel is a party to a merger or other reorganization, outstanding Awards shall be subject to the agreement of merger or reorganization. Such agreement may provide, without limitation, for the assumption of outstanding Awards by the surviving corporation or its parent, for their continuation by Intel (if Intel is a surviving corporation), for accelerated vesting and accelerated expiration, or for settlement in cash.

12. LISTING OR QUALIFICATION OF COMMON STOCK

In the event that the Committee determines in its discretion that the listing or qualification of the Shares available for issuance under the Plan on any securities exchange or quotation or trading system or under any applicable law or governmental regulation is necessary as a condition to the issuance of such Shares, a Stock Option or SAR may not be exercised in whole or in part and a Restricted Stock or Restricted Stock Unit Award shall not vest or be settled unless such listing, qualification, consent or approval has been unconditionally obtained.

13. TERMINATION OR AMENDMENT OF THE PLAN

The Board of Directors may amend, alter or discontinue the Plan and the Board or the Committee may to the extent permitted by the Plan amend any agreement or other document evidencing an Award made under this Plan, provided, however, that the Corporation shall submit for stockholder approval any amendment (other than an amendment pursuant to the adjustment provisions of Section 11) required to be submitted for stockholder approval by NASDAQ or that otherwise would:

- (a) Increase the maximum number of Shares for which Awards may be granted under this Plan;
- (b) Reduce the price at which Stock Options may be granted below the price provided for in Section 8(a);
- (c) Reduce the option price of outstanding Stock Options;
- (d) Extend the term of this Plan;
- (e) Change the class of persons eligible to be Participants; or
- (f) Increase the limits in Section 6.

In addition, no such amendment or alteration shall be made which would impair the rights of any Participant, without such Participant's consent, under any Award theretofore granted, provided that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Corporation, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated.

14. WITHHOLDING

To the extent required by applicable federal, state, local or foreign law, the Committee may and/or a Participant shall make arrangements satisfactory to the Corporation for the satisfaction of any withholding tax obligations that arise with respect to any Stock Option, SAR, Restricted Stock or Restricted Stock Unit Award, or any sale of Shares. The Corporation shall not be required to issue Shares or to recognize the disposition of such Shares until such obligations are satisfied. To the extent permitted or required by the Committee, these obligations may or shall be satisfied by having the Corporation withhold a portion of the Shares of stock that otherwise would be issued to a Participant under such Award or by tendering Shares previously acquired by the Participant.

15. GENERAL PROVISIONS

(a) *Employment At Will.* Neither the Plan nor the grant of any Award nor any action by the Corporation, any Subsidiary or the Committee shall be held or construed to confer upon any person any right to be continued in the employ of the Corporation or a Subsidiary. The Corporation and each Subsidiary expressly reserve the right to discharge, without liability but subject to his or her rights under this Plan, any Participant whenever in the sole discretion of the Corporation or a Subsidiary, as the case may be, it may determine to do so.

(b) *Governing Law.* This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. The Committee may provide that any dispute as to any Award shall be presented and determined in such forum as the Committee may specify, including through binding arbitration. Any reference in this Plan or in the agreement or other document evidencing any Award to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

(c) *Unfunded Plan.* Insofar as it provides for Awards, the Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are granted Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Corporation shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Corporation or the Committee be deemed to be a trustee of stock or cash to be awarded under the Plan.

(d) *Third Party Administrator.* In connection with a Participant's participation in the Plan, the Corporation may use the services of a third party administrator, including a brokerage firm administrator, and the Corporation may provide this administrator with personal information about a Participant, including a Participant's name, social security number and address, as well as the details of each Award, and this administrator may provide information to the Corporation concerning the exercise of a Participant's rights and account data as it relates to Awards under the Plan.

16. NON-EXCLUSIVITY OF PLAN

Neither the adoption of this Plan by the Board of Directors nor the submission of this Plan to the shareholders of the Corporation for approval shall be construed as creating any limitations on the power of the Board of Directors or the Committee to adopt such other incentive arrangements as either may deem desirable, including, without limitation, the granting of stock options, stock appreciation rights, restricted stock or restricted stock units otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

17. COMPLIANCE WITH OTHER LAWS AND REGULATIONS

This Plan, the grant and exercise of Awards thereunder, and the obligation of the Corporation to sell, issue or deliver Shares under such Awards, shall be subject to all applicable federal, state and local laws, rules and regulations and to such approvals by any governmental or regulatory agency as may be required. The Corporation shall not be required to register in a Participant's name or deliver any Shares prior to the completion of any registration or qualification of such Shares under any federal, state or local law or any ruling or regulation of any government body which the Committee shall determine to be necessary or advisable. To the extent the Corporation is unable to or the Committee deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Corporation's counsel to be necessary or advisable for the lawful issuance and sale of any Shares hereunder, the Corporation shall be relieved of any liability with respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained. No Stock Option shall be exercisable and no Shares shall be issued and/or transferable under any other Award unless a registration statement with respect to the Shares underlying such Stock Option is effective and current or the Corporation has determined that such registration is unnecessary.

18. LIABILITY OF CORPORATION

The Corporation shall not be liable to a Participant or other persons as to: (a) the non-issuance or sale of Shares as to which the Corporation has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Corporation's counsel to be necessary to the lawful issuance and sale of any Shares

hereunder; and (b) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Stock Option or other Award granted hereunder.

INTEL CORPORATION
2006 STOCK PURCHASE PLAN
AS AMENDED AND RESTATED EFFECTIVE MAY 21, 2015

Section 1. PURPOSE

The purpose of the Plan is to provide an opportunity for Employees of Intel Corporation, a Delaware corporation ("Intel") and its Participating Subsidiaries (collectively Intel and its Participating Subsidiaries shall be referred to as the "Company"), to purchase Common Stock of Intel and thereby to have an additional incentive to contribute to the prosperity of the Company. It is the intention of the Company that the Plan (excluding any sub-plans thereof except as expressly provided in the terms of such sub-plan) qualify as an "Employee Stock Purchase Plan" under Section 423 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and the Plan shall be administered in accordance with this intent. In addition, the Plan authorizes the grant of options pursuant to sub-plans or special rules adopted by the Committee designed to achieve desired tax or other objectives in particular locations outside of the United States or to achieve other business objectives in the determination of the Committee, which sub-plans shall not be required to comply with the requirements of Section 423 of the Code or all of the specific provisions of the Plan, including but not limited to terms relating to eligibility, Subscription Periods or Purchase Price.

Section 2. DEFINITIONS

- (a) "Applicable Law" shall mean the legal requirements relating to the administration of an employee stock purchase plan under applicable U.S. state corporate laws, U.S. federal and applicable state securities laws, the Code, any stock exchange rules or regulations and the applicable laws of any other country or jurisdiction, as such laws, rules, regulations and requirements shall be in place from time to time.
 - (b) "Board" shall mean the Board of Directors of Intel.
 - (c) "Code" shall mean the Internal Revenue Code of 1986, as such is amended from time to time, and any reference to a section of the Code shall include any successor provision of the Code.
 - (d) "Commencement Date" shall mean the last Trading Day prior to February 1 for the Subscription Period commencing on February 20 and the last Trading Day prior to August 1 for the Subscription Period commencing on August 20.
 - (e) "Committee" shall mean the Compensation Committee of the Board or the subcommittee, officer or officers designated by the Compensation Committee in accordance with Section 15 of the Plan (to the extent of the duties and responsibilities delegated by the Compensation Committee of the Board).
 - (f) "Common Stock" shall mean the common stock of Intel, par value \$.001 per share, or any securities into which such Common Stock may be converted.
 - (g) "Compensation" shall mean the total compensation paid by the Company to an Employee with respect to a Subscription Period, including salary, commissions, overtime, shift differentials, payouts from Intel's Employee Cash Bonus Program (ECBP), payouts from the Employee Bonus (EB) program, and all or any portion of any item of compensation considered by the Company to be part of the Employee's regular earnings, but excluding items not considered by the Company to be part of the Employee's regular earnings. Items excluded from the definition of "Compensation" include but are not limited to such items as relocation bonuses, expense reimbursements, certain bonuses paid in connection with mergers and acquisitions, author incentives, recruitment and referral bonuses, foreign service premiums, differentials and allowances, imputed income pursuant to Section 79 of the Code, income realized as a result of participation in any stock option, restricted stock, restricted stock unit, stock purchase or similar equity plan maintained by Intel or a Participating Subsidiary, and tuition and other reimbursements. The Committee shall have the authority to determine and approve all
-

forms of pay to be included in the definition of Compensation and may change the definition on a prospective basis.

- (h) "Effective Date" shall mean July 31, 2006.
 - (i) "Employee" shall mean an individual classified as an employee (within the meaning of Code Section 3401(c) and the regulations thereunder) by Intel or a Participating Subsidiary on Intel's or such Participating Subsidiary's payroll records during the relevant participation period. Notwithstanding the foregoing, no employee of Intel or a Participating Subsidiary shall be included within the definition of "Employee" if such person's customary employment is for less than twenty (20) hours per week or for less than five (5) months per year. Individuals classified as independent contractors, consultants, advisers, or members of the Board are not considered "Employees."
 - (j) "Enrollment Period" shall mean, with respect to a given Subscription Period, that period beginning on the first (1st) day of February and August and ending on the nineteenth (19th) day of February and August during which Employees may elect to participate in order to purchase Common Stock at the end of that Subscription Period in accordance with the terms of this Plan. The duration and timing of Enrollment Periods may be changed or modified by the Committee.
 - (k) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and any reference to a section of the Exchange Act shall include any successor provision of the Exchange Act.
 - (l) "Market Value" on a given date of determination (e.g., a Commencement Date or Purchase Date, as appropriate) shall mean the value of Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange (not including an automated quotation system), its Market Value shall be the closing sales price for a share of the Common Stock (or the closing bid, if no sales were reported) on the date of determination as quoted on such exchange on which the Common Stock has the highest average trading volume, as reported in The Wall Street Journal or such other source as the Committee deems reliable, or (ii) if the Common Stock is listed on a national market system and the highest average trading volume of the Common Stock occurs through that system, its Market Value shall be the average of the high and the low selling prices reported on the date of determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable, or (iii) if the Common Stock is regularly quoted by a recognized securities dealer but selling prices are not reported, its Market Value shall be the average of the mean of the closing bid and asked prices for the Common Stock on the date of such determination, as reported in The Wall Street Journal or such other source as the Committee deems reliable, or, (iv) in the absence of an established market for the Common Stock, the Market Value thereof shall be determined in good faith by the Board.
 - (m) "Offering Price" shall mean the Market Value of a share of Common Stock on the Commencement Date for a given Subscription Period.
 - (n) "Participant" shall mean a participant in the Plan as described in Section 5 of the Plan.
 - (o) "Participating Subsidiary" shall mean a Subsidiary that has been designated by the Committee in its sole discretion as eligible to participate in the Plan with respect to its Employees.
 - (p) "Plan" shall mean this 2006 Stock Purchase Plan, including any sub-plans or appendices hereto.
 - (q) "Purchase Date" shall mean the last Trading Day of each Subscription Period.
 - (r) "Purchase Price" shall have the meaning set out in Section 8(b).
 - (s) "Securities Act" shall mean the U.S. Securities Act of 1933, as amended from time to time, and any reference to a section of the Securities Act shall include any successor provision of the Securities Act.
 - (t) "Stockholder" shall mean a record holder of shares entitled to vote such shares of Common Stock under Intel's by-laws.
 - (u) "Subscription Period" shall mean a period of approximately six (6) months at the end of which an option granted pursuant to the Plan shall be exercised. The Plan shall be implemented by a series of Subscription Periods of approximately six (6) months duration, with new Subscription Periods commencing on each February 20 and August 20 occurring on or after the Effective Date and ending on the last Trading Day in the six (6) month
-

period ending on the following August 19 and February 19, respectively. The duration and timing of Subscription Periods may be changed or modified by the Committee.

- (v) "Subsidiary" shall mean any entity treated as a corporation (other than Intel) in an unbroken chain of corporations beginning with Intel, within the meaning of Code Section 424(f), whether or not such corporation now exists or is hereafter organized or acquired by Intel or a Subsidiary.
- (w) "Trading Day" shall mean a day on which U.S. national stock exchanges and the NASDAQ National Market System are open for trading and the Common Stock is being publicly traded on one or more of such markets.

Section 3. ELIGIBILITY

- (a) Any Employee employed by Intel or by any Participating Subsidiary on a Commencement Date shall be eligible to participate in the Plan with respect to the Subscription Period first following such Commencement Date, provided that the Committee may establish administrative rules requiring that employment commence some minimum period (not to exceed 30 days) prior to a Commencement Date to be eligible to participate with respect to such Subscription Period. The Committee may also determine that a designated group of highly compensated Employees is ineligible to participate in the Plan so long as the excluded category fits within the definition of "highly compensated employee" in Code Section 414(q).
- (b) No Employee may participate in the Plan if immediately after an option is granted the Employee owns or is considered to own (within the meaning of Code Section 424(d)) shares of Common Stock, including Common Stock which the Employee may purchase by conversion of convertible securities or under outstanding options granted by Intel or its Subsidiaries, possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of Intel or of any of its Subsidiaries. All Employees who participate in the Plan shall have the same rights and privileges under the Plan, except for differences that may be mandated by local law and that are consistent with Code Section 423(b)(5); provided that individuals participating in a sub-plan adopted pursuant to Section 17 which is not designed to qualify under Code section 423 need not have the same rights and privileges as Employees participating in the Code section 423 Plan. No Employee may participate in more than one Subscription Period at a time.

Section 4. SUBSCRIPTION PERIODS

The Plan shall generally be implemented by a series of six (6) month Subscription Periods with new Subscription Periods commencing on each February 20 and August 20 and ending on the last Trading Day in the six (6) month periods ending on the following August 19 and February 19, respectively, or on such other date as the Committee shall determine, and continuing thereafter until the Plan is terminated pursuant to Section 14 hereof. The first Subscription Period shall commence on August 21, 2006 and shall end on the last Trading Day on or before February 19, 2007. The Committee shall have the authority to change the frequency and/or duration of Subscription Periods (including the commencement dates thereof) with respect to future Subscription Periods if such change is announced at least thirty (30) days prior to the scheduled occurrence of the first Commencement Date to be affected thereafter.

Section 5. PARTICIPATION

- (a) An Employee who is eligible to participate in the Plan in accordance with its terms on a Commencement Date shall automatically receive an option in accordance with Section 8(a) and may become a Participant by completing and submitting, on or before the date prescribed by the Committee with respect to a given Subscription Period, a completed payroll deduction authorization and Plan enrollment form provided by Intel or its Participating Subsidiaries or by following an electronic or other enrollment process as prescribed by the Committee. An eligible Employee may authorize payroll deductions at the rate of any whole percentage of the Employee's Compensation, not to be less than two percent (2%) and not to exceed five percent (5%) of the Employee's Compensation (or such other percentages as the Committee may establish from time to time before a Commencement Date) of such Employee's Compensation on each payday during the Subscription Period. All payroll deductions will be held in a general corporate account or a trust account. No interest shall be paid or credited to the Participant with respect to such payroll deductions. Intel shall maintain or cause to be maintained a separate bookkeeping account for each Participant under the Plan and the amount of each Participant's payroll deductions shall be credited to such account. A Participant may not make any additional payments into such account, unless payroll deductions are prohibited under Applicable Law, in which case the provisions of Section 5(b) of the Plan shall apply.
-

- (b) Notwithstanding any other provisions of the Plan to the contrary, in locations where local law prohibits payroll deductions, an eligible Employee may elect to participate through contributions to his or her account under the Plan in a form acceptable to the Committee. In such event, any such Employees shall be deemed to be participating in a sub-plan, unless the Committee otherwise expressly provides that such Employees shall be treated as participating in the Plan. All such contributions will be held in a general corporate account or a trust account. No interest shall be paid or credited to the Participant with respect to such contributions.
- (c) Under procedures and at times established by the Committee, a Participant may withdraw from the Plan during a Subscription Period, by completing and filing a new payroll deduction authorization and Plan enrollment form with the Company or by following electronic or other procedures prescribed by the Committee. If a Participant withdraws from the Plan during a Subscription Period, his or her accumulated payroll deductions will be refunded to the Participant without interest, his or her right to participate in the current Subscription Period will be automatically terminated and no further payroll deductions for the purchase of Common Stock will be made during the Subscription Period. Any Participant who wishes to withdraw from the Plan during a Subscription Period, must complete the withdrawal procedures prescribed by the Committee before the last forty-eight (48) hours of such Subscription Period, subject to any changes to the rules established by the Committee pertaining to the timing of withdrawals, limiting the frequency with which Participants may withdraw and re-enroll in the Plan and may impose a waiting period on Participants wishing to re-enroll following withdrawal.
- (d) A Participant may not increase his or her rate of contribution through payroll deductions or otherwise during a given Subscription Period. A Participant may decrease his or her rate of contribution through payroll deductions one time only during a given Subscription Period and only during an open enrollment period or such other times specified by the Committee by filing a new payroll deduction authorization and Plan enrollment form or by following electronic or other procedures prescribed by the Committee. If a Participant has not followed such procedures to change the rate of contribution, the rate of contribution shall continue at the originally elected rate throughout the Subscription Period and future Subscription Periods; unless the Committee reduces the maximum rate of contribution provided in Section 5(a) and a Participant's rate of contribution exceeds the reduced maximum rate of contribution, in which case the rate of contribution shall continue at the reduced maximum rate of contribution. Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code for a given calendar year, the Committee may reduce a Participant's payroll deductions to zero percent (0%) at any time during a Subscription Period scheduled to end during such calendar year. Payroll deductions shall re-commence at the rate provided in such Participant's enrollment form at the beginning of the first Subscription Period which is scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 5(c).

Section 6. TERMINATION OF EMPLOYMENT

In the event any Participant terminates employment with Intel and its Participating Subsidiaries for any reason (including death) prior to the expiration of a Subscription Period, the Participant's participation in the Plan shall terminate and all amounts credited to the Participant's account shall be paid to the Participant or, in the case of death, to the Participant's heirs or estate, without interest. Whether a termination of employment has occurred shall be determined by the Committee. If a Participant's termination of employment occurs within a certain period of time as specified by the Committee (not to exceed 30 days) prior to the Purchase Date of the Subscription Period then in progress, his or her option for the purchase of shares of Common Stock will be exercised on such Purchase Date in accordance with Section 9 as if such Participant were still employed by the Company. Following the purchase of shares on such Purchase Date, the Participant's participation in the Plan shall terminate and all amounts credited to the Participant's account shall be paid to the Participant or, in the case of death, to the Participant's heirs or estate, without interest. The Committee may also establish rules regarding when leaves of absence or changes of employment status will be considered to be a termination of employment, including rules regarding transfer of employment among Participating Subsidiaries, Subsidiaries and Intel, and the Committee may establish termination-of-employment procedures for this Plan that are independent of similar rules established under other benefit plans of Intel and its Subsidiaries; provided that such procedures are not in conflict with the requirements of Section 423 of the Code.

Section 7. STOCK

Subject to adjustment as set forth in Section 11, the maximum number of shares of Common Stock which may be issued pursuant to the Plan shall be three hundred seventy-three million (373,000,000) shares. Notwithstanding the above, subject to adjustment as set forth in Section 11, the maximum number of shares that may be purchased by any Employee in a given Subscription Period shall be seventy two thousand (72,000) shares of Common Stock. If, on a

given Purchase Date, the number of shares with respect to which options are to be exercised exceeds either maximum, the Committee shall make, as applicable, such adjustment or pro rata allocation of the shares remaining available for purchase in as uniform a manner as shall be practicable and as it shall determine to be equitable.

Section 8. OFFERING

- (a) On the Commencement Date relating to each Subscription Period, each eligible Employee, whether or not such Employee has elected to participate as provided in Section 5(a), shall be granted an option to purchase that number of whole shares of Common Stock (as adjusted as set forth in Section 11) not to exceed seventy two thousand (72,000) shares (or such lower number of shares as determined by the Committee), which may be purchased with the payroll deductions accumulated on behalf of such Employee during each Subscription Period at the purchase price specified in Section 8(b) below, subject to the additional limitation that no Employee participating in the Plan shall be granted an option to purchase Common Stock under the Plan if such option would permit his or her rights to purchase stock under all employee stock purchase plans (described in Section 423 of the Code) of Intel and its Subsidiaries to accrue at a rate which exceeds U.S. twenty-five thousand dollars (U.S. \$25,000) of the Market Value of such Common Stock (determined at the time such option is granted) for each calendar year in which such option is outstanding at any time. For purposes of the Plan, an option is "granted" on a Participant's Commencement Date. An option will expire upon the earliest to occur of (i) the termination of a Participant's participation in the Plan or such Subscription Period (ii) the beginning of a subsequent Subscription Period in which such Participant is participating; or (iii) the termination of the Subscription Period. This Section 8(a) shall be interpreted so as to comply with Code Section 423(b)(8).
- (b) The Purchase Price under each option shall be with respect to a Subscription Period the lower of (i) a percentage (not less than eighty-five percent (85%)) established by the Committee ("Designated Percentage") of the Offering Price, or (ii) the Designated Percentage of the Market Value of a share of Common Stock on the Purchase Date on which the Common Stock is purchased; provided that the Purchase Price may be adjusted by the Committee pursuant to Sections 11 or 12 in accordance with Section 424(a) of the Code. The Committee may change the Designated Percentage with respect to any future Subscription Period, but not to below eighty-five percent (85%), and the Committee may determine with respect to any prospective Subscription Period that the option price shall be the Designated Percentage of the Market Value of a share of the Common Stock on the Purchase Date.

Section 9. PURCHASE OF STOCK

Unless a Participant withdraws from the Plan as provided in Section 5(c) or except as provided in Sections 7, 12 or 14(b), upon the expiration of each Subscription Period, a Participant's option shall be exercised automatically for the purchase of that number of whole shares of Common Stock which the accumulated payroll deductions credited to the Participant's account at that time shall purchase at the applicable price specified in Section 8(b). Notwithstanding the foregoing, Intel or its Participating Subsidiary may make such provisions and take such action as it deems necessary or appropriate for the withholding of taxes and/or social insurance which Intel or its Participating Subsidiary determines is required by Applicable Law. Each Participant, however, shall be responsible for payment of all individual tax liabilities arising under the Plan. The shares of Common Stock purchased upon exercise of an option hereunder shall be considered for tax purposes to be sold to the Participant on the Purchase Date. During his or her lifetime, a Participant's option to purchase shares of Common Stock hereunder is exercisable only by him or her.

Section 10. PAYMENT AND DELIVERY

As soon as practicable after the exercise of an option, Intel shall deliver or cause to have delivered to the Participant a record of the Common Stock purchased and the balance of any amount of payroll deductions credited to the Participant's account not used for the purchase, except as specified below. The Committee may permit or require that shares be deposited directly with a broker designated by the Committee or to a designated agent of the Company, and the Committee may utilize electronic or automated methods of share transfer. The Committee may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. Intel or its Participating Subsidiary shall retain the amount of payroll deductions used to purchase Common Stock as full payment for the Common Stock and the Common Stock shall then be fully paid and non-assessable. No Participant shall have any voting, dividend, or other Stockholder rights with respect to shares subject to any option granted under the Plan until the shares subject to the option have been purchased and delivered to the Participant as provided in this Section 10. The Committee may in its discretion direct Intel to retain in a Participant's account for the subsequent Subscription Period any payroll deductions which are not

sufficient to purchase a whole share of Common Stock or to return such amount to the Participant. Any other amounts left over in a Participant's account after a Purchase Date shall be returned to the Participant without interest.

Section 11. RECAPITALIZATION

Subject to any required action by the Stockholders of Intel, if there is any change in the outstanding shares of Common Stock because of a merger, consolidation, spin-off, reorganization, recapitalization, dividend in property other than cash, stock split, reverse stock split, stock dividend, liquidating dividend, combination or reclassification of the Common Stock (including any such change in the number of shares of Common Stock effected in connection with a change in domicile of Intel), or any similar equity restructuring transaction (as that term is used in Accounting Standards Codification 718), the number of securities covered by each option under the Plan which has not yet been exercised and the number of securities which have been authorized and remain available for issuance under the Plan, as well as the maximum number of securities which may be purchased by a Participant in a Subscription Period, and the price per share covered by each option under the Plan which has not yet been exercised, shall be equitably adjusted by the Board, and the Board shall take any further actions which may be necessary or appropriate under the circumstances. The Board's determinations under this Section 11 shall be conclusive and binding on all parties.

Section 12. MERGER, LIQUIDATION, OTHER CORPORATE TRANSACTIONS

- (a) In the event of the proposed liquidation or dissolution of Intel, the Subscription Period will terminate immediately prior to the consummation of such proposed transaction, unless otherwise provided by the Board in its sole discretion, and all outstanding options shall automatically terminate and the amounts of all payroll deductions will be refunded without interest to the Participants.
- (b) In the event of a proposed sale of all or substantially all of the assets of Intel, or the merger or consolidation or similar combination of Intel with or into another entity, then in the sole discretion of the Board, (1) each option shall be assumed or an equivalent option shall be substituted by the successor corporation or parent or subsidiary of such successor entity, (2) a date established by the Board on or before the date of consummation of such merger, consolidation, combination or sale shall be treated as a Purchase Date, and all outstanding options shall be exercised on such date, (3) all outstanding options shall terminate and the accumulated payroll deductions will be refunded without interest to the Participants, or (4) outstanding options shall continue unchanged.

Section 13. TRANSFERABILITY

Neither payroll deductions credited to a Participant's bookkeeping account nor any rights to exercise an option or to receive shares of Common Stock under the Plan may be voluntarily or involuntarily assigned, transferred, pledged, or otherwise disposed of in any way, and any attempted assignment, transfer, pledge, or other disposition shall be null and void and without effect. If a Participant in any manner attempts to transfer, assign or otherwise encumber his or her rights or interests under the Plan, other than as permitted by the Code, such act shall be treated as an election by the Participant to discontinue participation in the Plan pursuant to Section 5(c).

Section 14. AMENDMENT OR TERMINATION OF THE PLAN

- (a) The Plan shall continue from the Effective Date until August 31, 2021, unless it is terminated in accordance with Section 14(b).
- (b) The Board may, in its sole discretion, insofar as permitted by law, terminate or suspend the Plan, or revise or amend it in any respect whatsoever, and the Committee may revise or amend the Plan consistent with the exercise of its duties and responsibilities as set forth in the Plan or any delegation under the Plan, except that, without approval of the Stockholders, no such revision or amendment shall increase the number of shares subject to the Plan, other than an adjustment under Section 11 of the Plan, or make other changes for which Stockholder approval is required under Applicable Law. Upon a termination or suspension of the Plan, the Board may in its discretion (i) return without interest, the payroll deductions credited to Participants' accounts to such Participants or (ii) set an earlier Purchase Date with respect to a Subscription Period then in progress.

Section 15. ADMINISTRATION

- (a) The Board has appointed the Compensation Committee of the Board to administer the Plan (the "Committee"), who will serve for such period of time as the Board may specify and whom the Board may remove at any time.
-

The Committee will have the authority and responsibility for the day-to-day administration of the Plan, the authority and responsibility specifically provided in this Plan and any additional duty, responsibility and authority delegated to the Committee by the Board, which may include any of the functions assigned to the Board in this Plan. The Committee may delegate to a sub-committee or to an officer or officers of Intel the day-to-day administration of the Plan. The Committee shall have full power and authority to adopt, amend and rescind any rules and regulations which it deems desirable and appropriate for the proper administration of the Plan, to construe and interpret the provisions and supervise the administration of the Plan, to make factual determinations relevant to Plan entitlements and to take all action in connection with administration of the Plan as it deems necessary or advisable, consistent with the delegation from the Board. Decisions of the Committee shall be final and binding upon all Participants. Any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting of the Committee duly held. The Company shall pay all expenses incurred in the administration of the Plan.

- (b) In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Company, members of the Board and of the Committee shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted under the Plan, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

Section 16. COMMITTEE RULES FOR FOREIGN JURISDICTIONS

The Committee may adopt rules or procedures relating to the operation and administration of the Plan to accommodate the specific requirements of local laws and procedures. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding handling of payroll deductions or other contributions by Participants, payment of interest, conversion of local currency, data privacy security, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements; however, if such varying provisions are not in accordance with the provisions of Section 423(b) of the Code, including but not limited to the requirement of Section 423(b)(5) of the Code that all options granted under the Plan shall have the same rights and privileges unless otherwise provided under the Code and the regulations promulgated thereunder, then the individuals affected by such varying provisions shall be deemed to be participating under a sub-plan and not in the Plan. The Committee may also adopt sub-plans applicable to particular Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Code section 423 and shall be deemed to be outside the scope of Code section 423 unless the terms of the sub-plan provide to the contrary. The rules of such sub-plans may take precedence over other provisions of this Plan, with the exception of Section 7, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan. The Committee shall not be required to obtain the approval of the Stockholders prior to the adoption, amendment or termination of any sub-plan unless required by the laws of the foreign jurisdiction in which Employees participating in the sub-plan are located.

Section 17. SECURITIES LAWS REQUIREMENTS

- (a) No option granted under the Plan may be exercised to any extent unless the shares to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, applicable state and foreign securities laws and the requirements of any stock exchange upon which the Shares may then be listed, subject to the approval of counsel for the Company with respect to such compliance. If on a Purchase Date in any Subscription Period hereunder, the Plan is not so registered or in such compliance, options granted under the Plan which are not in material compliance shall not be exercised on such Purchase Date, and the Purchase Date shall be delayed until the Plan is subject to such an effective registration statement and such compliance, except that the Purchase Date shall not be delayed more than twelve (12) months and the Purchase Date shall in no event be more than twenty-seven (27) months from the Commencement Date relating to such Subscription Period. If, on the Purchase Date of any offering hereunder, as delayed to the
-

maximum extent permissible, the Plan is not registered and in such compliance, options granted under the Plan which are not in material compliance shall not be exercised and all payroll deductions accumulated during the Subscription Period (reduced to the extent, if any, that such deductions have been used to acquire shares of Common Stock) shall be returned to the Participants, without interest. The provisions of this Section 17 shall comply with the requirements of Section 423(b)(5) of the Code to the extent applicable.

- (b) As a condition to the exercise of an option, Intel may require the person exercising such option to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for Intel, such a representation is required by any of the aforementioned applicable provisions of law.

Section 18. GOVERNMENTAL REGULATIONS

This Plan and Intel's obligation to sell and deliver shares of its stock under the Plan shall be subject to the approval of any governmental authority required in connection with the Plan or the authorization, issuance, sale, or delivery of stock hereunder.

Section 19. NO ENLARGEMENT OF EMPLOYEE RIGHTS

Nothing contained in this Plan shall be deemed to give any Employee or other individual the right to be retained in the employ or service of Intel or any Participating Subsidiary or to interfere with the right of Intel or Participating Subsidiary to discharge any Employee or other individual at any time, for any reason or no reason, with or without notice.

Section 20. GOVERNING LAW

This Plan shall be governed by applicable laws of the State of Delaware and applicable federal law.

Section 21. EFFECTIVE DATE

This Plan shall be effective on the Effective Date, subject to approval of the Stockholders of Intel within twelve (12) months before or after its date of adoption by the Board.

Section 22. REPORTS

Individual accounts shall be maintained for each Participant in the Plan. Statements of account shall be made available to Participants at least annually, which statements shall set forth the amounts of payroll deductions, the Purchase Price, the number of shares of Common Stock purchased and the remaining cash balance, if any.

Section 23. DESIGNATION OF BENEFICIARY FOR OWNED SHARES

With respect to shares of Common Stock purchased by the Participant pursuant to the Plan and held in an account maintained by Intel or its assignee on the Participant's behalf, the Participant may be permitted to file a written designation of beneficiary, who is to receive any shares and cash, if any, from the Participant's account under the Plan in the event of such Participant's death subsequent to the end of a Subscription Period but prior to delivery to him or her of such shares and cash. In addition, a Participant may file a written designation of a beneficiary who is to receive any cash from the Participant's account under the Plan in the event of such Participant's death prior to the Purchase Date of a Subscription Period. If a Participant is married and the designated beneficiary is not the spouse, spousal consent shall be required for such designation to be effective, to the extent required by local law. The Participant (and if required under the preceding sentence, his or her spouse) may change such designation of beneficiary at any time by written notice. Subject to local legal requirements, in the event of a Participant's death, Intel or its assignee shall deliver any shares of Common Stock and/or cash to the designated beneficiary. Subject to local law, in the event of the death of a Participant and in the absence of a beneficiary validly designated who is living at the time of such Participant's death, Intel shall deliver such shares of Common Stock and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of Intel), Intel in its sole discretion, may deliver (or cause its assignee to deliver) such shares of Common Stock and/or cash to the spouse, or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to Intel, then to such other person as Intel may determine. The provisions of this Section 23 shall in no event require Intel to violate local law, and Intel shall be entitled to take whatever action it reasonably concludes is desirable

or appropriate in order to transfer the assets allocated to a deceased Participant's account in compliance with local law.

Section 24. ADDITIONAL RESTRICTIONS OF RULE 16b-3.

The terms and conditions of options granted hereunder to, and the purchase of shares of Common Stock by, persons subject to Section 16 of the Exchange Act shall comply with the applicable provisions of Rule 16b-3. This Plan shall be deemed to contain, and such options shall contain, and the shares of Common Stock issued upon exercise thereof shall be subject to, such additional conditions and restrictions, if any, as may be required by Rule 16b-3 to qualify for the maximum exemption from Section 16 of the Exchange Act with respect to Plan transactions.

Section 25. NOTICES

All notices or other communications by a Participant to Intel or the Committee under or in connection with the Plan shall be deemed to have been duly given when received in the form specified by Intel or the Committee at the location, or by the person, designated by Intel for the receipt thereof.



July 1, 2015

Renée J. James

Dear Renée:

As President of Intel Corporation and a key Executive Office partner, you have played a critical leadership and transformation role at Intel. We value your leadership and the dedication you have demonstrated over the years, and are saddened to learn of your desire to retire from Intel and pursue CEO opportunities outside Intel. I appreciate your willingness to delay your departure briefly to allow for a smooth leadership transition.

In recognition of your critical role and importance to Intel, your willingness to postpone your departure, and in return for your promises in this Transition Agreement ("Agreement") and the Release attached to it, Intel Corporation ("Intel" or the "Company") is offering you a transition payment and continued employment, sabbatical and benefits as described below. By signing this agreement, you and Intel (the "Parties" and each, a "Party") agree as follows:

- 1) **Transition Period.** From now through January 29, 2016 ("Transition Period") you will continue as President reporting to Brian Krzanich. During the Transition Period you will continue to oversee Intel for Good and will focus on winding down the Executive Office and transitioning your current duties as requested by Brian. It is expected that your job duties during the Transition Period will engage at least fifty percent (50%) or more of your average level of services prior to the Transition Period. In addition to these job duties, your primary focus will be on your external job search. Your attendance in the office shall be at your discretion and consistent with performing your remaining duties. You are expected to abide in all material respects with all Company policies during the Transition Period. During your Intel employment, you will continue to receive your regular base pay, Annual Performance Bonus (APB), Quarterly Performance Bonus (QPB), equity vesting, vacation accrual and employee benefits, subject to the terms and conditions of the applicable plans and programs. You will not be eligible for a Focal grant or pay increase in January 2016. The Transition Period and associated pay and benefits contained in this paragraph 1 and paragraph 2, below are in addition to anything of value to which you are already entitled, including but not limited to those benefits under Intel's Rule of 75 retirement plans.
- 2) **Sabbatical and Time off during Transition Period.** While you will remain employed and providing services to the Company until your Separation Date (as defined below), the Parties acknowledge that your last day in the office will be November 25, 2015. As part of this Agreement, Intel will allow you to take a paid sabbatical, vacation and holidays from November 26, 2015 through January 29, 2016. In order to allow you time for an external job search and to attend to personal matters, you may also use any accrued but unused vacation time and personal days as needed prior to November 26, 2015.

- 3) **Separation Date and Payment of Accrued Salary.** Your last day of employment with Intel ("Separation Date") will be the earlier of (a) January 29, 2016, (b) the date that Intel, in its discretion, terminates your employment with Cause (as defined below) or (c) the date that you voluntarily terminate your employment with Intel. Intel will pay you all accrued salary earned through the Separation Date, subject to payroll deductions and required withholdings.
- 4) **Transition Payment.** Provided that you remain employed through the end of the Transition Period and you timely sign and do not revoke the Release (attached hereto) on or after the Separation Date, Intel agrees to pay you a special Transition Payment in the gross amount of Four Million Dollars (\$4,000,000.00), less applicable tax withholdings. This Transition Payment will be paid within two payroll periods following the date the Release becomes effective and irrevocable, provided that in no event will such payment be made later than March 15th of the calendar year following the year in which your Separation Date occurs.
- 5) **Health Coverage.** Your group health coverage will terminate on the last day of the month in which your employment ends. At that time, you will be eligible to continue group health insurance benefits at your own expense under the terms and conditions of the applicable benefit plan, federal COBRA law and/or, if applicable, state insurance laws.
- 6) **Termination for Cause.** In the event that Intel terminates your employment for Cause (as defined below) prior to the end of the Transition Period, you will be eligible for all accrued salary earned through the Separation Date, as well as any earned APB and QPB bonuses, subject to the terms and conditions of the applicable benefit plans and programs. You will not be eligible for the Transition Payment as described in paragraph 4.
- For purposes of this Agreement, "Cause" means a good faith determination by the CEO with approval from the Board of Directors that your employment be terminated for only one of the following reasons (1) commission of an act of material fraud against Intel; (2) willful refusal or willful failure to comply in a material respect with any reasonable and lawful written directive of the CEO or of Intel's Board of Directors; (3) conviction of, guilty plea or "no contest" plea to a felony or to a misdemeanor involving moral turpitude (where moral turpitude means so extreme a departure from ordinary standards of honesty, good morals, justice or ethics as to be shocking to the moral sense of the community); (4) willful failure or willful refusal to comply in any material respect with the non-solicitation, non-disparagement or confidentiality provisions to which you have agreed to be bound; (5) willful and gross misconduct in connection with the performance of your duties; (6) willful and improper disclosure of confidential information or violation of material Intel policy (which has been previously made available to you) or Code of Conduct; (7) willful breach of fiduciary duty to Intel; (8) failure to cooperate with Intel in any investigation or formal proceeding; or (9) being found liable in a Securities and Exchange Commission enforcement action, in each case (with the exception of (1), (3) and (9) above after the receipt of written notice from Intel's CEO and your failure to cure (if curable) within thirty (30) days of your receipt of the written notice, provided that Intel must provide you with at least thirty (30) days to cure and if you cure, Cause shall not exist under any otherwise applicable section in this paragraph.
- 7) **Your Voluntary Termination of Employment Prior to End of Transition Period.** In the event that you voluntarily terminate your employment prior to the end of the Transition Period (including by electing to terminate your employment by retiring effective an earlier date), you will be eligible for all accrued salary earned through the Separation Date, as well as any earned APB and QPB bonuses, subject to the terms and conditions of the applicable benefit plans and programs. In addition, Intel will pay you a pro-rata share of the Transition Payment described in paragraph 4 based on the months you served in the Transition Period. Payment of this pro-rata share of the Transition Payment will be conditioned on you signing and not revoking the Release.

The pro-rata share of the Transition Payment will be subject to applicable tax withholdings, and will be paid within two payroll periods following the date the Release becomes effective and irrevocable, provided that in no event will such payment be made later than March 15th of the calendar year following the year in which your Separation Date occurs.

- 8) **Other Compensation or Benefits.** You acknowledge that, except as expressly provided in this Agreement, you will not receive any additional compensation, severance or benefits after the Separation Date, with the exception of Intel's Rule of 75 retirement benefits (as those retirement benefits exist as of the effective date of this Agreement and as provided to you in writing as of that time) for which you are eligible under the standard plans and any other benefit that has vested under the express terms of a written Company benefit plan.
- 9) **409A treatment.** You and Intel intend that any amounts payable under this Agreement shall either be exempt from or comply with Code Section 409A so as not to subject you to payment of additional tax, penalty or interest imposed under that section and all regulations, guidance and other interpretive authority issued thereunder.
- 10) **Communications Plan and Farewell Events.** You and Intel will in good faith confer on a plan regarding the timing and content of the announcement of your plans to depart from Intel. The timing of any public or broadly disseminated communication internally or externally describing your transition or departure, including any required securities filing, must be mutually agreed upon by you and Intel, as well as the portion of such communications describing your transition or departure. Richard Taylor will work with you to organize farewell events to celebrate your accomplishments at Intel.
- 11) **Service on Outside Boards.** During the Transition Period you shall devote your full business efforts and time to the job duties described in paragraph 1 and to your external job search. This obligation, however, shall not preclude you from engaging in appropriate civic, charitable or religious activities, as long as they do not materially interfere with your job. During the Transition Period, any outside activities, including serving on a Board of Directors, must be in compliance with Intel's Code of Conduct. Intel shall consider any request by you to serve on a company's Board of Directors in good faith, and approval for your service on a Board of Directors for any entity that does not substantially compete with Intel's business shall not be unreasonably withheld.
- 12) **Return of Company Property.** Within five (5) business days following the Separation Date, you agree that you will make a good faith effort to return to Intel (or with respect to electronically stored information, to destroy or delete) any and all Intel property (files, documents, laptop(s), tablet(s), smart phone(s), keys, credit cards etc.) and any and all Intel confidential information and property in your possession or electronically stored by you. You further agree that you will not delete or destroy any information that you are obligated to preserve pursuant to any preservation request that you have received from Intel's counsel or court order about which you have previously been made aware of. You agree to participate in an exit interview with Intel's General Counsel or his designee. Intel acknowledges that your laptop is owned by you and that you have no obligation to return said property.
- 13) **Consult with Counsel/Knowing and Voluntary Agreement.** You have been advised in writing by this Agreement to consult with an attorney before signing this Agreement. You acknowledge that you are knowingly and voluntarily signing this Agreement.
- 14) **Miscellaneous.** This Agreement and its Release constitute the complete, final and exclusive agreement between the Parties regarding compensation and benefit arrangements in connection with your termination of employment. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained within it, and it supersedes any other such promises or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized representative of Intel. This Agreement will bind both Parties' heirs, personal representatives, successors and assigns, and will inure to the benefit of both Parties plus their heirs, successors and assigns. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, in whole or in part, that determination will not affect any other provision and the provision in question will be modified by the court so as to be rendered enforceable. This Agreement is entered into under Oregon law. It is not an admission of fault or liability by either you or Intel.
- 15) **Expiration of Agreement.** This Agreement shall expire if it is not signed by you and returned to Matt Smith on or before July 1, 2015.

Renée J James

Date

/s/ Renée J. James

July 01, 2015

INTEL CORPORATION

Date

By: /s/ Richard Taylor

July 01, 2015

Richard Taylor
SVP, Director of Human Resources

Release

Release

(To be signed on or after the Separation Date)

In exchange for the sufficient consideration offered by each Party to this Release Agreement ("Release"), including the Transition Payment as described in paragraph 4 and if applicable the pro-rated Transition Payment described in paragraph 7 of the Transition Agreement ("Agreement") between Renée J. James ("you") and Intel Corporation ("Intel" or the "Company"), the terms of which the underlying Agreement are incorporated herein by reference, and provided you signed that Agreement, you and your heirs, executors, agents and assigns, forever release Intel and its directors, officers, employees, subsidiaries, and representatives from any and all claims, liabilities, obligations, suits, and actions, whether known or unknown, accrued or not accrued, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to the date you sign this Release. This Release includes, but is not limited to: (1) all claims arising out of or in any way related to your employment with Intel, your resignation, or the termination of your employment; (2) claims under federal, state, or local laws such as Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the Family and Medical Leave Act, the Uniformed Services Employment and Reemployment Rights Act, the National Labor Relations Act ("NLRA"), the Equal Pay Act of 1963, the Fair Labor and Standards Act of 1938 ("FLSA"), the Oregon Family Leave Act, Oregon statutes dealing with discrimination and retaliation in employment (e.g., ORS Chapters 654, 656, 659, and 659A) and wages and hours (e.g., ORS Chapters 652 and 653) and the California Fair Employment and Housing Act, the California Labor Code, the California Constitution (all as amended); and (3) all common law, tort, contract, wage, tax, benefit, attorneys' fees or other claims.

You further represent that you have filed no lawsuits of any kind against Intel or any related entity or individual. This Release includes a release of claims of discrimination or retaliation on the basis of workers' compensation status, but does not include workers' compensation claims. Nothing in this Release shall be construed to release (i) any rights or obligations arising out of the Agreement or the Indemnification Agreement entered into by and between you and Intel, (ii) your entitlement to any and all benefits under Intel's Rule of 75 retirement plans, (iii) any of your rights in and to your Intel equity awarded pursuant to the Rule of 75, and subject to the terms and conditions of the relevant Intel Equity Incentive Plans, the particular Notice of Grant for each grant, and the particular grant agreement linked to the Notice of Grant, including the restrictions that arise from your status as one of Intel's Top 50 highest paid officers for the current period, including without limitation, your right to sell or hold your equity, and information rights regarding your Intel equity, if any, or (iv) your rights in and to any employee retirement plans to the fullest extent provided for in the plans. Also excluded from this Release are any claims which by law cannot be waived in a private agreement between employer and employee, including future claims such as claims for breach of this Agreement.

Release of Unknown Claims. You acknowledge that there may exist claims or facts in addition to or different from those that are now known or believed by you to exist. You acknowledge that you have read and understand Section 1542 of the California Civil Code which states: "**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**" You hereby relinquish all rights and benefits under that section and any other similar law of any state or jurisdiction dealing with the release of unknown claims. Each Party agrees that this release is fairly and knowingly made.

Additional Release Exclusions/Employee Protections. Nothing in this Release or any other part of this Agreement limits your rights to file a charge with or participate in an investigation conducted by the Equal Employment Opportunity Commission ("EEOC") or any state or local fair employment practices agency or to provide information to the Securities and Exchange Commission. However, you hereby waive any right to recover money or other relief should the EEOC or another agency or any individual pursue a claim on your behalf.

Time To Consider and Revoke/Knowing and Voluntary Agreement. You acknowledge that: (a) you have had at least twenty-one (21) days from the date you received the Agreement and this Release to consider this Release (although you may choose to sign the Release at any time on or after your Separation Date); (b) you have seven (7) days after you sign this Release to revoke it ("Revocation Period"); and (c) this Release will not be effective until you have signed it and returned it to Matt Smith in Intel's Human Resources Department and the Revocation Period has expired (the "Effective Date"). You acknowledge that you are knowingly and voluntarily signing this Release.

Miscellaneous. You acknowledge that the consideration described in paragraph 4 and if applicable paragraph 7 of the Agreement is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised in writing by this Release to consult with an attorney prior to signing this Release. The Agreement and this Release are entered into without reliance on any promise or representation, written or oral, other than those expressly contained in them and together they supersede any other such oral promises or representations. If there is any conflict between the Agreement and the Release, the Release shall control. This Release may not be modified or amended except in a writing signed by both you and a duly authorized representative of Intel. This Release will bind both Parties' heirs, personal representatives, successors and assigns, and will inure to the benefit of both Parties plus their heirs, successors and assigns. If any provision of this Release is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision, and the provision in question will be modified by the court so as to be rendered enforceable. This Release will be deemed to have been entered into and will be construed and enforced in accordance with the laws of the state of Oregon.

If this Release is acceptable to you, please sign below on or after the Separation Date and return the original to Matt Smith in Human Resources No Later than the 21st day after your Separation Date.

Accepted and Agreed:

Renée J James

Date

INTEL CORPORATION

Date

By:

Richard Taylor
SVP, Director of Human Resources

INTEL CORPORATION

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

(Dollars in Millions)	Six Months Ended	
	Jun 27, 2015	Jun 28, 2014
Earnings ¹	\$ 5,806	\$ 6,694
Adjustments:		
Add - Fixed charges	260	245
Subtract - Capitalized interest	(150)	(140)
Earnings and fixed charges (net of capitalized interest)	\$ 5,916	\$ 6,799
Fixed charges:		
Interest ²	\$ 95	\$ 86
Capitalized interest	150	140
Estimated interest component of rental expense	15	19
Total	\$ 260	\$ 245
Ratio of earnings before taxes and fixed charges, to fixed charges	23x	28x

¹ After adjustments required by Item 503(d) of Regulation S-K.

² Interest within provision for taxes on the consolidated condensed statements of income is not included.

CERTIFICATION

I, Brian M. Krzanich, certify that:

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

Date: July 27, 2015

By: /s/ BRIAN M. KRZANICH

Brian M. Krzanich
Chief Executive Officer

CERTIFICATION

I, Stacy J. Smith, certify that:

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

Date: July 27, 2015

By: /s/ STACY J. SMITH

Stacy J. Smith
Executive Vice President, Chief Financial Officer, and Principal Accounting Officer

CERTIFICATION

Each of the undersigned hereby certifies, for the purposes of section 1350 of chapter 63 of title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of Intel Corporation (Intel), that, to his knowledge, the Quarterly Report of Intel on Form 10-Q for the period ended June 27, 2015, fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Intel. This written statement is being furnished to the Securities and Exchange Commission as an exhibit to such Form 10-Q. A signed original of this statement has been provided to Intel and will be retained by Intel and furnished to the Securities and Exchange Commission or its staff upon request.

Date: July 27, 2015

By: /s/ BRIAN M. KRZANICHBrian M. Krzanich
Chief Executive Officer

Date: July 27, 2015

By: /s/ STACY J. SMITHStacy J. Smith
Executive Vice President, Chief Financial Officer, and Principal Accounting Officer