

INTEL CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE
GROSS MARGIN EXCLUDING LEGAL SETTLEMENT CHARGE
(\$ in millions)

	Q3 2005	
GAAP gross margin	\$ 5,948	59.7%
Legal settlement charge(1)	\$ 140	1.4%
Gross margin, excluding legal settlement charge	\$ 6,088	61.1%

(1) Subsequent to the end of the third quarter of 2005, Intel and MicroUnity, Inc. entered into a settlement agreement which resolves all of the issues in a patent infringement case and provides certain rights for Intel customers. Under the agreement, Intel will pay \$300 million to MicroUnity. In connection with the settlement agreement, Intel recorded an estimated \$140 million charge to third quarter cost of sales.