



News Release

Intel Reports Third-Quarter Revenue of \$14.5 Billion, Net Income of \$3.1 Billion

News Highlights:

- Quarterly revenue of \$14.5 billion, above the midpoint of outlook; gross margin of 63 percent, consistent with outlook
- Quarterly revenue approximately flat year-over-year, with growth in the data center, Internet of things (IoT) and non-volatile memory businesses offsetting lower client revenue
- Results show customer enthusiasm for 6th Gen Intel[®] Core[™] processors

SANTA CLARA, Calif., October 13, 2015 -- Intel Corporation today reported third-quarter revenue of \$14.5 billion, operating income of \$4.2 billion, net income of \$3.1 billion and EPS of 64 cents. The company generated approximately \$5.7 billion in cash from operations, paid dividends of \$1.1 billion, and used \$1.0 billion to repurchase 36 million shares of stock.

“We executed well in the third quarter and delivered solid results in a challenging economic environment,” said Brian Krzanich, Intel CEO. “The quarter demonstrates Intel innovation in action. Customers are excited about our new 6th Gen Intel Core processor, and we introduced our breakthrough 3D XPoint[™] technology, the industry’s first new memory category in more than two decades.”

Q3 Key Business Unit Trends

- Client Computing Group revenue of \$8.5 billion, up 13 percent sequentially and down 7 percent year-over-year
- Data Center Group revenue of \$4.1 billion, up 8 percent sequentially and up 12 percent year-over-year
- Internet of Things Group revenue of \$581 million, up 4 percent sequentially and up 10 percent year-over-year
- Software and services operating segments revenue of \$556 million, up 4 percent sequentially and flat year-over-year

Financial Comparison			
Quarterly Year-Over-Year			
	Q3 2015	Q3 2014	vs. Q3 2014
Revenue	\$14.5 billion	\$14.6 billion	approx. flat
Gross Margin	63.0%	65.0%	down 2.0 points
R&D and MG&A	\$4.8 billion	\$4.8 billion	flat
Operating Income	\$4.2 billion	\$4.5 billion	down 8%
Tax Rate	26.9%	27.1%	down 0.2 point
Net Income	\$3.1 billion	\$3.3 billion	down 6%
Earnings Per Share	64 cents	66 cents	down 3%

Financial Comparison			
Quarterly Sequential			
	Q3 2015	Q2 2015	vs. Q2 2015
Revenue	\$14.5 billion	\$13.2 billion	up 10%
Gross Margin	63.0%	62.5%	up 0.5 point
R&D and MG&A	\$4.8 billion	\$5.0 billion	down 4%
Operating Income	\$4.2 billion	\$2.9 billion	up 45%
Tax Rate	26.9%	9.3%	up 17.6 points
Net Income	\$3.1 billion	\$2.7 billion	up 15%
Earnings Per Share	64 cents	55 cents	up 16%

Business Outlook

Intel's Business Outlook does not include the potential impact of any business combinations, asset acquisitions, divestitures, strategic investments and other significant transactions that may be completed after October 13.

Q4 2015

- Revenue: \$14.8 billion, plus or minus \$500 million.
- Gross margin percentage: 62 percent, plus or minus a couple of percentage points.
- R&D plus MG&A spending: approximately \$5.0 billion.
- Restructuring charges: approximately \$25 million.
- Amortization of acquisition-related intangibles: approximately \$70 million.
- Impact of equity investments and interest and other: approximately zero.
- Depreciation: approximately \$1.9 billion.
- Tax rate: approximately 25 percent.
- Full-year capital spending: \$7.3 billion, plus or minus \$500 million.

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

Status of Business Outlook

Intel's Business Outlook is posted on intc.com and may be reiterated in public or private meetings with investors and others. The Business Outlook will be effective through the close of business on December 11 unless earlier updated; except that the Business Outlook for amortization of acquisition-related intangibles, impact of equity investments and interest and other, restructuring charges, and tax rate, will be effective only through the close of business on October 20. Intel's Quiet Period will start from the close of business on December 11 until publication of the company's fourth-quarter earnings release, scheduled for January 14. During the Quiet Period, all of the Business Outlook and other forward-looking statements disclosed in the company's news releases and filings with the SEC should be considered as historical, speaking as of prior to the Quiet Period only and not subject to an update by the company.

Risk Factors

The above statements and any others in this release that refer to future plans and expectations are 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. Statements that refer to or are based on projections, uncertain events or assumptions also identify forward-looking statements. Many factors could affect Intel's actual results, and variances from Intel's current expectations regarding such factors could cause actual results to differ materially from those expressed in these forward-looking statements. Intel presently considers the following to be important factors that could cause actual results to differ materially from the company's expectations.

- Demand for Intel's products is highly variable and could differ from expectations due to factors including changes in business and economic conditions; consumer confidence or income levels; the introduction, availability and market acceptance of Intel's products, products used together with Intel products and competitors' products; competitive and pricing pressures, including actions taken by competitors; supply constraints and other disruptions affecting customers; changes in customer order patterns including order cancellations; and changes in the level of inventory at customers.
- Intel's gross margin percentage could vary significantly from expectations based on capacity utilization; variations in inventory valuation, including variations related to the timing of qualifying products for sale; changes in revenue levels; segment product mix; the timing and execution of the manufacturing ramp and associated costs; excess or obsolete inventory; changes in unit costs; defects or disruptions in the supply of materials or resources; and product manufacturing quality/yields. Variations in gross margin may also be caused by the timing of Intel product introductions and related expenses, including marketing expenses, and Intel's ability to respond quickly to technological developments and to introduce new products or incorporate new features into existing products, which may result in restructuring and asset impairment charges.
- Intel's results could be affected by adverse economic, social, political and physical/infrastructure conditions in countries where Intel, its customers or its suppliers operate, including military conflict and other security risks, natural disasters, infrastructure disruptions, health concerns and fluctuations in currency exchange rates. Results may also be affected by the formal or informal imposition by countries of new or revised export and/or import and doing-business regulations, which could be changed without prior notice.
- Intel operates in highly competitive industries and its operations have high costs that are either fixed or difficult to reduce in the short term.
- The amount, timing and execution of Intel's stock repurchase program could be affected by changes in Intel's priorities for the use of cash, such as operational spending, capital spending, acquisitions, and as a result of changes to Intel's cash flows or changes in tax laws.
- Intel's expected tax rate is based on current tax law and current expected income and may be affected by the jurisdictions in which profits are determined to be earned and taxed; changes in the estimates of credits, benefits and deductions; the resolution of issues arising from tax audits with various tax authorities, including payment of interest and penalties; and the ability to realize deferred tax assets.

- Gains or losses from equity securities and interest and other could vary from expectations depending on gains or losses on the sale, exchange, change in the fair value or impairments of debt and equity investments, interest rates, cash balances, and changes in fair value of derivative instruments.
- Product defects or errata (deviations from published specifications) may adversely impact our expenses, revenues and reputation.
- Intel's results could be affected by litigation or regulatory matters involving intellectual property, stockholder, consumer, antitrust, disclosure and other issues. An unfavorable ruling could include monetary damages or an injunction prohibiting Intel from manufacturing or selling one or more products, precluding particular business practices, impacting Intel's ability to design its products, or requiring other remedies such as compulsory licensing of intellectual property.
- Intel's results may be affected by the timing of closing of acquisitions, divestitures and other significant transactions. In addition, risks associated with our pending acquisition of Altera are described in the "Forward Looking Statements" paragraph of Intel's press release dated June 1, 2015, which risk factors are incorporated by reference herein.

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

Earnings Webcast

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

Intel plans to report its earnings for the fourth quarter of 2015 on January 14. Immediately following the earnings report, the company plans to publish a commentary by Stacy J. Smith, Intel CFO and executive vice president, at www.intc.com/results.cfm. A public webcast of Intel's earnings conference call will follow at 2 p.m. PDT at www.intc.com.

About Intel

Intel (NASDAQ: INTC) is a world leader in computing innovation. The company designs and builds the essential technologies that serve as the foundation for the world's computing devices. As a leader in corporate responsibility and sustainability, Intel also manufactures the world's first commercially available "conflict-free" microprocessors. Additional information about Intel is available at newsroom.intel.com and blogs.intel.com and about Intel's conflict-free efforts at conflictfree.intel.com.

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

	Three Months Ended		Nine Months Ended	
	Sep 26, 2015	Sep 27, 2014	Sep 26, 2015	Sep 27, 2014
NET REVENUE	\$ 14,465	\$ 14,554	\$ 40,441	\$ 41,149
Cost of sales	5,354	5,096	15,352	15,161
GROSS MARGIN	9,111	9,458	25,089	25,988
Research and development	2,927	2,842	9,009	8,547
Marketing, general and administrative	1,910	1,979	5,812	6,087
R&D AND MG&A	4,837	4,821	14,821	14,634
Restructuring and asset impairment charges	14	20	367	238
Amortization of acquisition-related intangibles	68	77	198	222
OPERATING EXPENSES	4,919	4,918	15,386	15,094
OPERATING INCOME	4,192	4,540	9,703	10,894
Gains (losses) on equity investments, net	165	35	297	178
Interest and other, net	(104)	(25)	(91)	70
INCOME BEFORE TAXES	4,253	4,550	9,909	11,142
Provision for taxes	1,144	1,233	2,102	3,099
NET INCOME	\$ 3,109	\$ 3,317	\$ 7,807	\$ 8,043
BASIC EARNINGS PER SHARE OF COMMON STOCK	\$ 0.65	\$ 0.68	\$ 1.64	\$ 1.63
DILUTED EARNINGS PER SHARE OF COMMON STOCK	\$ 0.64	\$ 0.66	\$ 1.59	\$ 1.58
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:				
BASIC	4,747	4,880	4,749	4,945
DILUTED	4,876	5,045	4,900	5,095

INTEL CORPORATION
CONSOLIDATED SUMMARY BALANCE SHEET DATA
(In millions)

	Sep 26, 2015	Jun 27, 2015	Dec 27, 2014
CURRENT ASSETS			
Cash and cash equivalents	\$ 7,065	\$ 4,454	\$ 2,561
Short-term investments	7,119	2,606	2,430
Trading assets	6,659	6,810	9,063
Accounts receivable, net	4,101	3,860	4,427
Inventories			
Raw materials	557	490	462
Work in process	2,690	2,668	2,375
Finished goods	1,718	1,660	1,436
	<u>4,965</u>	<u>4,818</u>	<u>4,273</u>
Deferred tax assets	1,992	1,895	1,958
Other current assets	4,304	2,267	3,018
TOTAL CURRENT ASSETS	<u>36,205</u>	<u>26,710</u>	<u>27,730</u>
Property, plant and equipment, net	31,597	32,683	33,238
Marketable equity securities	5,618	7,208	7,097
Other long-term investments	1,829	1,727	2,023
Goodwill	11,026	11,037	10,861
Identified intangible assets, net	4,022	4,226	4,446
Other long-term assets	8,255	6,847	6,505
TOTAL ASSETS	<u>\$ 98,552</u>	<u>\$ 90,438</u>	<u>\$ 91,900</u>
CURRENT LIABILITIES			
Short-term debt	\$ 1,129	\$ 1,110	\$ 1,596
Accounts payable	2,449	2,359	2,748
Accrued compensation and benefits	2,732	2,572	3,475
Accrued advertising	1,028	1,021	1,092
Deferred income	2,160	2,082	2,205
Other accrued liabilities	5,582	4,377	4,895
TOTAL CURRENT LIABILITIES	<u>15,080</u>	<u>13,521</u>	<u>16,011</u>
Long-term debt	20,059	12,070	12,059
Long-term deferred tax liabilities	2,502	3,251	3,775
Other long-term liabilities	2,909	2,996	3,278
TEMPORARY EQUITY	905	905	912
Stockholders' equity			
Preferred Stock	—	—	—
Common stock and capital in excess of par value	23,001	22,625	21,781
Accumulated other comprehensive income (loss)	(335)	645	666
Retained Earnings	34,431	34,425	33,418
TOTAL STOCKHOLDERS' EQUITY	<u>57,097</u>	<u>57,695</u>	<u>55,865</u>
TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY	<u>\$ 98,552</u>	<u>\$ 90,438</u>	<u>\$ 91,900</u>

INTEL CORPORATION
SUPPLEMENTAL FINANCIAL AND OTHER INFORMATION
(In millions)

	<u>Q3 2015</u>	<u>Q2 2015</u>	<u>Q3 2014</u>
CASH INVESTMENTS:			
Cash and short-term investments	\$ 14,184	\$ 7,060	\$ 6,594
Trading assets	6,659	6,810	9,000
Total cash investments	<u>\$ 20,843</u>	<u>\$ 13,870</u>	<u>\$ 15,594</u>
CURRENT DEFERRED INCOME:			
Deferred income on shipments of components to distributors	\$ 918	\$ 853	\$ 992
Deferred income from software and services	1,242	1,229	1,197
Total current deferred income	<u>\$ 2,160</u>	<u>\$ 2,082</u>	<u>\$ 2,189</u>
SELECTED CASH FLOW INFORMATION:			
Depreciation	\$ 2,060	\$ 1,977	\$ 1,891
Share-based compensation	\$ 309	\$ 332	\$ 281
Amortization of intangibles	\$ 215	\$ 214	\$ 307
Additions to property, plant and equipment	\$ (1,206)	\$ (1,767)	\$ (2,445)
Acquisitions, net of cash acquired	\$ (14)	\$ (467)	\$ (56)
Investments in non-marketable equity investments	\$ (340)	\$ (280)	\$ (215)
Equity investment in Tsinghua Unigroup Ltd.	\$ (966)	\$ —	\$ —
Repurchase of common stock	\$ (1,029)	\$ (697)	\$ (4,166)
Proceeds from sales of common stock to employees & excess tax benefit	\$ 228	\$ 244	\$ 605
Issuance of long-term debt, net of issuance costs	\$ 7,986	\$ —	\$ —
Payment of dividends to stockholders	\$ (1,140)	\$ (1,146)	\$ (1,095)
EARNINGS PER SHARE OF COMMON STOCK INFORMATION:			
Weighted average shares of common stock outstanding - basic	4,747	4,759	4,880
Dilutive effect of employee equity incentive plans	48	62	76
Dilutive effect of convertible debt	81	88	89
Weighted average shares of common stock outstanding - diluted	<u>4,876</u>	<u>4,909</u>	<u>5,045</u>
STOCK BUYBACK:			
Shares repurchased ¹	35	24	119
Cumulative shares repurchased (in billions)	4.8	4.7	4.6
Remaining dollars authorized for buyback (in billions)	\$ 9.9	\$ 10.9	\$ 16.4
OTHER INFORMATION:			
Employees (in thousands)	106.5	106.7	105.6

¹ Shares repurchased in Q3 2015 and Q2 2015 included a small portion paid for in cash during the subsequent quarter.

INTEL CORPORATION
SUPPLEMENTAL OPERATING SEGMENT RESULTS
(In millions)

	Three Months Ended		Nine Months Ended	
	Sep 26, 2015	Sep 27, 2014	Sep 26, 2015	Sep 27, 2014
Net Revenue				
Client Computing Group				
Platform	\$ 8,089	\$ 8,749	\$ 22,262	\$ 24,744
Other	417	442	1,201	1,262
	8,506	9,191	23,463	26,006
Data Center Group				
Platform	3,863	3,439	10,861	9,543
Other	277	261	808	753
	4,140	3,700	11,669	10,296
Internet of Things Group				
Platform	501	456	1,450	1,320
Other	80	74	223	231
	581	530	1,673	1,551
Software and services operating segments	556	558	1,624	1,659
All other	682	575	2,012	1,637
TOTAL NET REVENUE	\$ 14,465	\$ 14,554	\$ 40,441	\$ 41,149
Operating income (loss)				
Client Computing Group	\$ 2,433	\$ 3,053	\$ 5,445	\$ 7,486
Data Center Group	2,127	1,946	5,671	5,124
Internet of Things Group	151	145	383	406
Software and services operating segments	102	29	119	56
All other	(621)	(633)	(1,915)	(2,178)
TOTAL OPERATING INCOME	\$ 4,192	\$ 4,540	\$ 9,703	\$ 10,894

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.

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

- 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.
- 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.

A substantial majority of our revenue is generated from the sale of platforms. Platforms incorporate various components and technologies, including a microprocessor and chipset, a stand-alone SoC, or a multichip package. Our remaining primary product lines are incorporated in "other."

INTEL CORPORATION
SUPPLEMENTAL PLATFORM REVENUE INFORMATION

	Q3 2015 compared to Q2 2015	Q3 2015 compared to Q3 2014	Q3 YTD 2015 compared to Q3 YTD 2014
Client Computing Group Platform			
Unit Volumes	3%	(19)%	(9)%
Average Selling Prices	9%	15%	—%
Data Center Group Platform			
Unit Volumes	7%	6%	9%
Average Selling Prices	1%	6%	5%

Client Computing Group Notebook, Desktop and Tablet Platform Key Drivers

Q3 2015 compared to Q3 2014:

- Notebook platform volumes decreased 14%
- Notebook platform average selling prices increased 4%
- Desktop platform volumes decreased 15%
- Desktop platform average selling prices increased 8%
- Tablet platform volumes of 8 million units decreased 39%

First nine months of 2015 compared to the first nine months of 2014:

- Notebook platform volumes decreased 8%
- Desktop platform volumes decreased 18%
- Desktop platform average selling prices increased 6%
- Tablet platform volumes of 26 million units decreased 7%

INTEL CORPORATION
EXPLANATION OF NON-GAAP MEASURES

In addition to disclosing financial results in accordance with United States (U.S.) generally accepted accounting principles (GAAP), the accompanying Q3 2015 earnings conference contains references to non-GAAP financial measures of gross cash, net cash and other longer term investments, which are used by management when assessing our sources of liquidity and capital resources. We believe these non-GAAP financial measures are helpful to investors in understanding our capital structure and how we manage our resources. These non-GAAP financial measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations from these results should be carefully evaluated.

SUPPLEMENTAL RECONCILIATIONS OF GAAP TO NON-GAAP RESULTS

	<u>Sep 26, 2015</u>	<u>Jun 27, 2015</u>	<u>Dec 27, 2014</u>
GAAP CASH AND CASH EQUIVALENTS	\$ 7,065	\$ 4,454	\$ 2,561
Short-term investments	7,119	2,606	2,430
Trading assets	6,659	6,810	9,063
Total cash investments	\$ 20,843	\$ 13,870	\$ 14,054
GAAP OTHER LONG-TERM INVESTMENTS	\$ 1,829	\$ 1,727	\$ 2,023
Loans receivable and other	1,191	1,202	1,335
Reverse repurchase agreements with original maturities greater than approximately three months	2,650	450	450
NON-GAAP OTHER LONGER TERM INVESTMENTS	\$ 5,670	\$ 3,379	\$ 3,808
NON-GAAP GROSS CASH	\$ 26,513	\$ 17,249	\$ 17,862
	<u>Sep 26, 2015</u>	<u>Jun 27, 2015</u>	<u>Dec 27, 2014</u>
GAAP CASH AND CASH EQUIVALENTS	\$ 7,065	\$ 4,454	\$ 2,561
Short-term investments	7,119	2,606	2,430
Trading assets	6,659	6,810	9,063
Total cash investments	\$ 20,843	\$ 13,870	\$ 14,054
Short-term debt	(1,129)	(1,110)	(1,596)
Unsettled trade liabilities and other	(200)	(418)	(77)
Long-term debt	(20,059)	(12,070)	(12,059)
NON-GAAP NET CASH (excluding other longer term investments)	\$ (545)	\$ 272	\$ 322
GAAP OTHER LONG-TERM INVESTMENTS	\$ 1,829	\$ 1,727	\$ 2,023
Loans receivable and other	1,191	1,202	1,335
Reverse repurchase agreements with original maturities greater than approximately three months	2,650	450	450
NON-GAAP OTHER LONGER TERM INVESTMENTS	\$ 5,670	\$ 3,379	\$ 3,808
NON-GAAP NET CASH (including other longer term investments)	\$ 5,125	\$ 3,651	\$ 4,130