September 16, 2024

A message from Intel CEO Pat Gelsinger to employees regarding the next phase of Intel's transformation

Team,

All eyes have been on Intel since we announced Q2 earnings. There has been no shortage of rumors and speculation about the company, including last week's Board of Directors meeting, so I'm writing today to provide some updates and outline what comes next.

Let me start by saying we had a highly productive and supportive Board meeting. We have a strong Board comprised of independent directors whose job it is to challenge and push us to perform at our best. And we had deep discussions about our strategy, our portfolio and the immediate progress we are making against the plan we announced on August 1.

The Board and I agreed that we have a lot of work ahead to drive greater efficiency, improve our profitability and enhance our market competitiveness—and there are three key takeaways from last week's meeting that I want to focus on:

1. We must build on our momentum in Foundry as we near the launch of Intel 18A and drive greater capital efficiency across this part of our business.
2. We must continue acting with urgency to create a more competitive cost structure and deliver the $10B in savings target we announced last month.
3. We must refocus on our strong x86 franchise as we drive our AI strategy while streamlining our product portfolio in service to Intel customers and partners.

We have several pieces of news to share that support these priorities.

Amazon Web Services selects Intel Foundry

Today we announced that we willexpand our strategic collaboration with Amazon Web Services (AWS). This includes a co-investment in custom chip designs, and we have announced a multi-year, multi-billion-dollar framework covering product and wafers from Intel.

Specifically, Intel Foundry will produce an AI fabric chip for AWS on Intel 18A. We will also produce a custom Xeon 6 chip on Intel 3 that builds on our existing partnership, under which Intel produces Xeon Scalable processors for AWS. More broadly, we expect to have deep engagement with AWS on additional designs spanning Intel 18A, Intel 18AP and Intel 14A.

This framework reflects the power of our "better together" strategy, anchored on our integrated portfolio across foundry services, infrastructure and x86 products. And with the 5N4Y finish line in sight, we are beginning to see a meaningful uptick in interest from foundry

customers. This includes continued momentum in advanced packaging, which remains a meaningful differentiator for Intel Foundry as we have tripled our deal pipeline since the beginning of the year.

U.S. Secure Enclave award

Earlier today, we also announced that Intel has been awarded up to $3B in direct funding under the CHIPS and Science Act for the U.S. government's Secure Enclave program. This program is designed to expand the trusted manufacturing of leading-edge semiconductors for the U.S. government. As the only American company that both designs and manufactures leading-edge logic chips, we will help secure the domestic chip supply chain.

This news, combined with our AWS announcement, demonstrates the continued progress we are making to build a world-class foundry business.

Greater independence for Intel Foundry

To build on our progress, we plan to establish Intel Foundry as an independent subsidiary inside of Intel. This governance structure will complete the process we initiated earlier this year when we separated the P&L and financial reporting for Intel Foundry and Intel Products.

A subsidiary structure will unlock important benefits. It provides our external foundry customers and suppliers with clearer separation and independence from the rest of Intel. Importantly, it also gives us future flexibility to evaluate independent sources of funding and optimize the capital structure of each business to maximize growth and shareholder value creation.

There is no change to our Intel Foundry leadership team, which continues to report to me. We will also establish an operating board that includes independent directors to govern the subsidiary. This supports our continued focus on driving greater transparency, optimization and accountability across the business.

A more focused and efficient Intel Foundry will further enhance collaboration with Intel Products. And our capabilities across design and manufacturing will remain a source of competitive differentiation and strength.

A more efficient Intel Foundry manufacturing buildout

A key priority for Intel Foundry is to increase our capital efficiency. Our manufacturing investments across three continents have laid the foundation for a world-class foundry for the AI era. Now that we have completed our transition to EUV, it's time to shift from a period of accelerated investment to a more normalized cadence of node development and a more flexible and efficient capital plan.

We will maintain our Smart Capital approach to maximize financial flexibility as we complete our manufacturing buildout, making some adjustments to the near-term scope and pace of our manufacturing expansion.

- We recently increased capacity in Europe through our fab in Ireland, which will remain our lead European hub for the foreseeable future. We will pause our projects in Poland

and Germany by approximately two years based on anticipated market demand.
- Malaysia remains an active design and manufacturing hub through our existing operations. We plan to complete the construction of our new advanced packaging factory in Malaysia but will align the startup with market conditions and increased utilization of our existing capacity.
- There are no changes to our other manufacturing locations. We remain committed to our U.S. manufacturing investments and are moving forward with our projects in Arizona, Oregon, New Mexico and Ohio. We remain well-positioned to scale up production around the world based on market demand as we grow our foundry business.

A stronger Intel Products portfolio focused on x86

We are also taking actions to strengthen and streamline our Intel Products portfolio, where we have identified clear opportunities to drive greater focus, speed and efficiency.

Our top priority is to maximize the value of our x86 franchise across client, edge and data center markets, including with a broader range of custom chiplets and other customized offerings that meet emerging customer needs, as demonstrated by today's AWS announcement.

Our AI investments—including continued leadership of the AI PC category, our strong position with AI in data center, and our accelerator portfolio—will leverage and complement our x86 franchise with a focus on enterprise, cost-efficient inferencing.

Alongside this, we are taking steps toward simplifying our portfolio to unlock efficiency, accelerate innovation and deliver more integrated solutions.

This includes moving our Edge and Automotive businesses into CCG, where we have a big opportunity to leverage our core client business and extend our leadership in the AI PC category to a wide range of vertical edge solutions. In NEX, we will be focusing the business on networking and telco. And we are moving Integrated Photonics Solutions into DCAI as we focus on driving a more focused R&D plan that's fully aligned with our top business priorities.

In addition, we are integrating our Software and Incubation business into our core business units to foster more integrated roadmaps, unlock efficiencies and create value.

An engine of financial performance

Collectively, these changes are critical steps forward as we build a leaner, simpler and more efficient Intel. And they build on the immediate progress we have made since announcing our plan on August 1 to create a more competitive cost structure.

Through our voluntary early retirement and separation offerings, we are more than halfway to our workforce reduction target of approximately 15,000 by the end of the year. We still have difficult decisions to make and will notify impacted employees in the middle of October. Additionally, we are implementing plans to reduce or exit about two-thirds of our real estate globally by the end of the year.

As we continue acting with urgency to execute the plan we announced last month, we are

also working to carefully manage our cash as we meaningfully improve our balance sheet and liquidity. This includes through selling part of our stake in Altera—which is something we have talked about publicly several times and has long been part of our strategy to generate proceeds for Intel on Altera's path to an IPO.

All eyes will remain on us. We need to fight for every inch and execute better than ever before. Because that's the only way to quiet our critics and deliver the results we know we're capable of achieving.

We must maintain our focus on innovation while also becoming an engine of operational efficiency and financial performance that's built to win in the market.

As I've said before, this is the most significant transformation of Intel in over four decades. Not since the memory to microprocessor transition have we attempted something so essential. We succeeded then—and we will meet this moment and build a stronger Intel for decades to come.

On behalf of the entire ELT and our Board of Directors, thank you for all you're doing. I greatly appreciate your patience, grit and resilience as we do the hard work needed to deliver on our plan and position our company for the future.

Pat

Forward-Looking Statements

This memo contains forward-looking statements that involve a number of risks and uncertainties. Words such as "accelerate", "achieve", "aim", "ambitions", "anticipate", "believe", "committed", "continue", "could", "designed", "estimate", "expect", "forecast", "future", "goals", "grow", "guidance", "intend", "likely", "may", "might", "milestones", "next generation", "objective", "on track", "opportunity", "outlook", "pending", "plan", "position", "possible", "potential", "predict", "progress", "ramp", "roadmap", "seek", "should", "strive", "targets", "to be", "upcoming", "will", "would", and variations of such words and similar expressions are intended to identify such forward-looking statements, which may include statements regarding:

- our business plans and strategy and anticipated benefits therefrom, including the framework with AWS, our internal foundry model and planned additional independence for Intel Foundry, our Smart Capital strategy, updated reporting structure, and AI strategy;
- future products, services, and technologies, and the expected goals, timeline, ramps, progress, availability, production, regulation, and benefits of such products, services, and technologies;
- investment plans and impacts of investment plans, including in the US and abroad;
- internal and external manufacturing plans, including changes to our manufacturing expansion plans;
- plans and goals related to Intel's foundry business, including with respect to anticipated customers, future manufacturing capacity and service, technology, and IP offerings;

- expected timing and impact of acquisitions, divestitures, and other significant transactions, including any potential sale or IPO of Altera;
- expected completion and impacts of restructuring activities and cost-saving or efficiency initiatives;
- expectations regarding government incentives, including pursuant to the U.S. Secure Enclave award;
- future technology trends and developments, such as AI; and
- other characterizations of future events or circumstances.

Such statements involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied, including those associated with:

- the high level of competition and rapid technological change in our industry;
- the significant long-term and inherently risky investments we are making in R&D and manufacturing facilities that may not realize a favorable return;
- the complexities and uncertainties in developing and implementing new semiconductor products and manufacturing process technologies;
- our ability to time and scale our capital investments appropriately and successfully secure favorable alternative financing arrangements and government grants;
- implementing new business strategies and investing in new businesses and technologies;
- changes in demand for our products;
- macroeconomic conditions and geopolitical tensions and conflicts, including geopolitical and trade tensions between the US and China, the impacts of Russia's war on Ukraine, tensions and conflict affecting Israel and the Middle East, and rising tensions between mainland China and Taiwan;
- the evolving market for products with AI capabilities;
- our complex global supply chain, including from disruptions, delays, trade tensions and conflicts, or shortages;
- product defects, errata and other product issues, particularly as we develop next-generation products and implement next-generation manufacturing process technologies;
- potential security vulnerabilities in our products;
- increasing and evolving cybersecurity threats and privacy risks;
- IP risks including related litigation and regulatory proceedings;
- the need to attract, retain, and motivate key talent;
- strategic transactions and investments;
- sales-related risks, including customer concentration and the use of distributors and other third parties;
- our significantly reduced return of capital in recent years;
- our debt obligations and our ability to access sources of capital;
- complex and evolving laws and regulations across many jurisdictions;
- fluctuations in currency exchange rates;
- changes in our effective tax rate;
- catastrophic events;
- environmental, health, safety, and product regulations;
- our initiatives and new legal requirements with respect to corporate responsibility matters; and
- other risks and uncertainties described in this memo, in the AWS and U.S. Secure

Enclave award press releases linked to in this memo, in our 2023 Form 10-K, and in our other filings with the SEC.

Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Readers are urged to carefully review and consider the various disclosures made in this memo, in the AWS and U.S. Secure Enclave award press releases linked to in this memo, in our 2023 Form 10-K and in other documents we file from time to time with the SEC that disclose risks and uncertainties that may affect our business.

Unless specifically indicated otherwise, the forward-looking statements in this memo do not reflect the potential impact of any divestitures, mergers, acquisitions, or other business combinations that have not been completed as of the date of this filing. In addition, the forward-looking statements in this memo are based on management's expectations as of the date of this memo, unless an earlier date is specified, including expectations based on third-party information and projections that management believes to be reputable. We do not undertake, and expressly disclaim any duty, to update such statements, whether as a result of new information, new developments, or otherwise, except to the extent that disclosure may be required by law.