



55 Hudson Yards
New York, NY 10001
www.thirdpoint.com
212.715.3880

December 29, 2020

Dr. Omar Ishrak
Chairman of the Board
Intel Corp
2200 Mission College Blvd
Santa Clara, CA 95052

Dear Dr. Ishrak:

As you know, Third Point LLC recently took a significant stake in Intel Corp (the “Company”). Despite its theoretical competitive advantage as the world’s leading semiconductor business, Intel’s shares have dramatically underperformed those of its peers on a one, three, and five-year basis. It has lost over \$60 billion of market capitalization over the past year alone.¹ Third Point has engaged with companies facing other versions of “rough patches” for over two decades, and we would like to suggest concrete steps the Company should take to address its pressing challenges. Considering that you have been Board Chairman for less than a year, we appreciate that many of these issues have come under your purview only recently. Still, we hope that you share our view that Intel’s substantial problems must be handled with the utmost urgency.

Once the gold standard for innovative microprocessor manufacturing, Intel has lost its pole position to TSMC in Taiwan and Samsung in South Korea. Previously reliably able to progress its process technology every 2-3 years, Intel has been stuck at its 14-nanometer node since 2013, while TSMC and Samsung both transitioned to 5-nanometer this year and

¹ Intel stock trades at around 10x forward earnings, significantly below the earnings multiple of peers that address similar markets (e.g., AMD 51x, NVDA 44x, TXN 28x, etc.). In addition, Intel’s share price has dramatically underperformed both the broad market index and its peers, down 19.4% this year versus the S&P 500 index which is up 17.7% and the SOX index which is up 50.8% on a year-to-date, total shareholder return basis. The total shareholder return on a 3-year and 5-year basis is just as dismaying, with Intel up a paltry 10% and 54% versus increases in the SOX index over these same periods of 129% and 348%, respectively.

are developing more advanced process geometries. Intel's plan to roll out its 7-nanometer node late 2022 or early 2023 will place the Company several years behind its Asian peers for at least the first half of this decade. This lag in advanced semiconductor manufacturing is a vulnerability that must be corrected.

The loss of manufacturing leadership and other missteps have allowed several semiconductor competitors to leverage TSMC's and Samsung's process technology prowess and gain significant market share at Intel's expense. Under the visionary leadership of Dr. Lisa Su, AMD put its liquidity concerns behind it and has been taking meaningful market share in Intel's core PC and data center CPU markets with its Ryzen and EPYC product lines. NVIDIA's GPUs have dominated the nascent market for training complex computational models used in AI applications, a market in which Intel has largely been absent. While these companies are U.S.-based and display the breadth of America's semiconductor design expertise, they operate no fabs themselves and leverage manufacturing in Asia to produce their products.

This raises a critical concern – the vital role of Intel's products and services to America's national security. In this respect, you lead one of America's most essential boards. Without immediate change at Intel, we fear that America's access to leading-edge semiconductor supply will erode, forcing the U.S. to rely more heavily on a geopolitically unstable East Asia to power everything from PCs to data centers to critical infrastructure and more.

From a governance point of view, we cannot fathom how the boards who presided over Intel's decline could have permitted management to fritter away the Company's leading market position while simultaneously rewarding them handsomely with extravagant compensation packages; stakeholders will no longer tolerate such apparent abdications of duty. Of special concern is Intel's human capital management problem and the absence of an articulated plan to address it. The Company has lost many of its most inspiring and talented chip designers and leaders, and our sources indicate that those who remain (several of whom are highly regarded in the industry) are becoming increasingly demoralized by the status quo. Intel was built on the vision of engineering genius and, without the best talent,

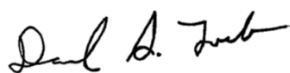
the current trajectory will not be reversed. Solving Intel's human capital management issue should be the Board's most urgent task.

Considering these and other challenges, we suggest the Board retain a reputable investment advisor to evaluate strategic alternatives, including whether Intel should remain an integrated device manufacturer and the potential divestment of certain failed acquisitions. As to the former issue, recent industry developments suggest many customers (such as Apple, Microsoft and Amazon) are now developing their own in-house silicon solutions and sending those designs to be manufactured in East Asia. You must be able to offer new **independent** solutions to retain those customers rather than have them send their manufacturing away. Just as Netflix uses Amazon's AWS for cloud services, Intel must figure out how to serve its competitors as customers.

While we believe it is in the best interest of the Company to release this letter publicly and share our views with fellow shareholders and other stakeholders, there are other specific issues we would like to discuss privately and look forward to a constructive dialogue to help Intel chart a new course. Although we expect these conversations to be productive, we are filing for Hart-Scott-Rodino approval with the Federal Trade Commission to acquire incremental common shares and engage more actively with the Company, as well as to preserve the option to submit nominees for election to the Board at the 2021 Annual Meeting should we sense a reluctance to work together to address the concerns we have raised in this letter. While we have no agreements in place, we have specific recommendations regarding certain changes that we are confident will resonate with the Board and fellow shareholders.

We look forward to discussing this with you soon.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel S. Loeb". The signature is fluid and cursive, with the first name "Daniel" and last name "Loeb" clearly distinguishable.

Daniel S. Loeb
Founder and CEO
Third Point LLC

The information in this presentation is for information purposes only, and this presentation does not constitute an offer to purchase or sell any security or investment product, nor does it constitute professional or investment advice. The information in this presentation is based on publicly available information about Intel Corp (the "Company"). Except where otherwise indicated, the information in this presentation speaks only as of the date set forth on the cover page, and no obligation is undertaken to update or correct this presentation after the date hereof. Permission to quote third party reports in this presentation has been neither sought nor obtained.

This presentation may include forward-looking statements that reflect the current views of Third Point LLC or certain of its affiliates ("Third Point") with respect to future events. Statements that include the words "expect," "intend," "plan," "believe," "project," "anticipate," "will," "may," "would," and similar words are often used to identify forward-looking statements. All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond the control of the parties making such statements. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. Any forward-looking statements made in this presentation are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business, operations, or financial condition. Except to the extent required by applicable law, we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments, or otherwise.

Third Point currently has an economic interest in the price movement of the securities of the Company. It is possible that there will be developments in the future that cause Third Point to modify this economic interest at any time or from time to time. This may include a decision to sell all or a portion of its holdings of Company securities in open market transactions or otherwise (including via short sales), purchase additional Company securities (in open market or privately negotiated transactions or otherwise), or trade in options, puts, calls or other derivative instruments relating to such securities. Third Point also reserves the right to take any actions with respect to its investment in the Company as it may deem appropriate, including, but not limited to, communicating with the board of directors, management and other investors.

Although Third Point believes the information herein to be reliable, Third Point makes no representation or warranty, express or implied, as to the accuracy or completeness of those statements or any other written or oral communication it makes with respect to the Company and any other companies mentioned, and Third Point expressly disclaims any liability relating to those statements or communications (or any inaccuracies or omissions therein). Thus, shareholders and others should conduct their own independent investigations and analysis of those statements and communications and of the Company and any other companies to which those statements or communications may be relevant.