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UPDATE

October 30, 2026 07:38 AM GMT

Intel Corporation | North America

INTC negative surprise on PC revision, some server supply issues

WHAT'S CHANGED

Intel Corporation (INTC.O)	From	To
Price Target	$84.00	**$75.00**

AlphaSignals Earnings Reaction

Unchanged
Impact to our thesis

Modest upside
Financial results versus consensus

Modest revision lower
Direction of next 12-month consensus EPS

Source: Company data, Morgan Stanley Research

The quarter was a setback, due to a surprisingly severe PC correction and mild idiosyncratic issues in server, which to us just highlights how expensive the stock is on next-year numbers; stay EW.

Key Takeaways

- Weaker PC outlook for 4q; our hopes that strong pricing (up 27% y/y in the last reported quarter, 2q26) would offset weakness did not play out.
- Server CPU also slightly lower amid supply issues around the Israel fab accident and the ongoing substrate shortage.
- Despite the shortfall, we are raising ests to reflect a stronger server environment, as highlighted in our preview.
- For us to be positive, we need to see a leadership roadmap in server CPU, not currently in evidence; stay a cautious EW despite near-term strong conditions.

PC weakness drives most of the revision. Why is this surprising? We have known that the market was soft, but Intel's PC exposure has been hard to forecast in 2026, with mediocre volumes but very strong pricing through the first half. In 2q, pricing for the client group was up 27% year on year (the 3q number will come out in the 10Q). With PC volumes down 25% year on year or so in 2h, if the company could maintain 27% price increases, numbers would have been fine. But in retrospect some of that reflected an inventory build that is quite significant, with Intel forecasting record declines in 2h with lingering inventory dynamics into 1q.

The PC issues should be transitory if they allow for more wafers going to servers, but the language was cautious there as well. The unfortunate fab incident in Israel will have a negative impact on 10 nm server production (sapphire rapids and ice lake – fourth and third generation xeon) of a few hundred million per quarter, and the substrate constraints will be more severe in 1h27, with server likely to be

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Intel Corporation (INTC.O, INTC US)

Semiconductors | United States of America

Stock Rating	**Equal-weight**
Industry View	**Attractive**
Price target	**$75.00**
Shr price, close (Oct 29, 2026)	$92.07
Mkt cap, curr (mm)	$494,486
52-Week Range	$142.35-32.89

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS ($)**	0.43	1.48	2.28	3.71
Prior EPS ($)**	-	1.57	2.00	2.63
P/E	NM	92.0	51.8	28.9
EPS ($)§	-	1.54	2.18	3.31
Div yld (%)	0.0	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2025	2026e Prior	2026e Current	2027e Prior	2027e Current
Q1	0.13	-	0.29a	0.30	0.28
Q2	(0.10)	-	0.43a	0.42	0.43
Q3	0.23	-	0.52a	0.55	0.66
Q4	0.16	0.44	0.24	0.72	0.90

e = Morgan Stanley Research estimates, a = Actual Company reported data

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down q/q in 1q. The company guided for more than 30% server unit growth for the market in CY27 – likely more like 50% growth in revenue given price increases – but with AMD and multiple ARM vendors looking at 70-100% revenue growth next year, this doesn't drive much upside relative to our model.

Management enthusiasm for foundry and packaging remains high. Proof points on 14A and EMIB-T, as well as industry conditions of tightness in both advanced process nodes, have management exceedingly confident for long-term foundry prospects (risk production in 2028, and volume in 2029) as well as intermediate-term packaging prospects (billions in EMIB-T revenue next year). We see some incremental challenges, as the company's inability to meet demand in servers through 2028 – the CEOs words – is likely not confidence inducing on 2029 foundry capacity.

That drives higher capital spending in 2027, largely as expected, with gross capex of more than $20bn moving significantly higher next year. As we commented last quarter, there will not be much free cash generation in CY27 – confirmed by management calling next year an investment year. The balance sheet is strong so that's not an issue, but for us it is a valuation concern.

Generally, even after this selloff, we do not find the stock compelling. We have been clear for two years on what we want to see here – a leadership roadmap in server CPUs. If that happens, we can assign some sustainability to earnings, and the foundational benefit of using the process and the fabs to drive leadership will be a catalyst for potential adoption of foundry services. It will also give the company foundation to pursue other markets.

But with the company describing its 2027 flagship Diamond Rapids product as compromised by the design decisions to remove symmetric multithreading from the architecture, the earliest that Intel can have leadership would be Coral Rapids the following year – and the competition is not standing still. Intel can do well in a market where server CPUs are in shortage, but we are concerned about the sustainability of that shortage. Growth does not likely peak in 2027, but the shortage likely does, as there is significant supply growth from every single supplier including multiple ARM suppliers next year. Intel describes 2027 as an investment year, but even with the high capital spending requirements, it is clear to us that it will lose share to fabless competitors that have no such requirement, with AMD, NVIDIA, Graviton and Axion all materially outgrowing Intel's 30% market growth rate in CPU next year.

That won't matter when there are intense shortages as prices and margins can rise, but if that's a temporary bottleneck phenomenon it should actually dampen the multiple.

Meanwhile, the inability to meet demand could be a blow to customer confidence that Intel will maintain focus on foundry. Intel has been in and out of foundry multiple times in recent years, and while the current commitment is clear, the company has also talked about being unable to meet demand through much of 2028. Foundry really begins in earnest on 14A in 2029, but ongoing shortages will bring customers to wonder if Intel would choose to use those wafers for a more profitable foundry business.

Details on the quarter: September non-GAAP revenue of $16.513bn came in below the Street and above our estimate of $16.555bn and $16.256bn, respectively. By segment, Client Computing and Physical AI Group (CCPG) revenue was $8.097bn (down 5% y/y), Data Center & AI (DCAI) was $7.318bn (up 78% y/y), and Intel Foundry (IFS) revenue was $6.697bn (up 58% y/y). Gross margin of 44.1% (up 233bps q/q and 414bps y/y) was ahead of the Street and our estimate of 42.1% and 42.4%, respectively. Non-GAAP EPS of $0.52 came in ahead of the Street and our estimate of $0.41.

Details on guidance: Revenue was guided to $15.5bn at the midpoint (down 6.1% q/q and 13.4% y/y), well below the Street at $17.290bn and our estimate of $16.759bn. Gross margin of 38.0% was below our estimate of 43.4% and the Street also at 42.3%. EPS guidance of $0.25 was below the Street at $0.45 and our estimate of $0.44.

Changes to estimates: We model near the mid-point of guidance for the Dec quarter, expecting non-GAAP revenues, NG gross margin, and NG EPS of $15.558bn/38.3%/$0.24. For CY2027, we model NG revenues, NG gross margin, and NG EPS of $71.059bn/45.4%/$2.28 compared to our prior estimates of $71.264bn/43.2%/$2.00.

In terms of our price target, we are shifting from 42x non GAAP ests, to 38x MW EPS of $1.98 (i.e., including stock compensation). The rationale for the lower multiple is the higher operating margin assumption/less leverage potential beyond CY27, while we move to MW as the company gets closer to its longer-term potential. This brings the target from $84 down to $75.

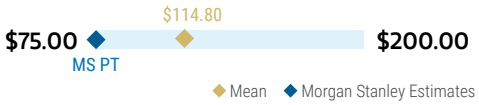
Risk Reward – Intel Corporation (INTC.O)

EW as CPU roadmap and foundry strategy remain uncertain

PRICE TARGET $75.00

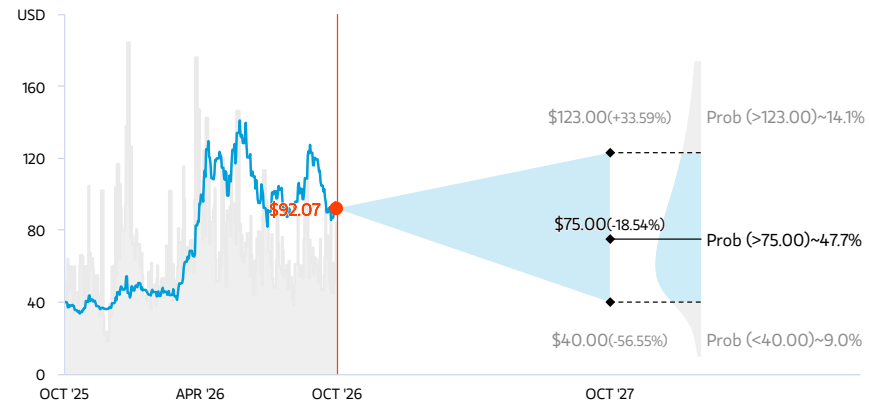
~38x MW CY2027 EPS of $1.98, 38x is above the high end of the large cap logic semi peer group, reflecting high leverage potential beyond CY27, and foundry optionality, despite our longer term skepticism

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



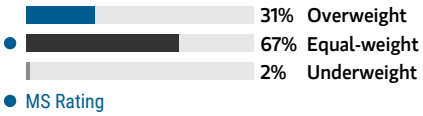
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 29 Oct 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

EQUAL-WEIGHT THESIS

Server market shortages are creating a strong near term environment for everyone in CPUs, but at these levels we need more confidence in an enduring market position. We are skeptical about Intel's ability to regain performance leadership in servers, and to generate high returns on foundry investments

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Self-help:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $123.00

~45x CY2027 MW EPS of $2.74

Intel clearly addresses issues with the pipeline and roadmap delivers competitive performance that stabilizes share

- Management executes on product roadmaps helping investor sentiment and the multiple

- Revenues reach $77bn in CY27, with 50% gross margins

BASE CASE $75.00

~38x CY2027 MW EPS of $1.98

Server CPU shortages prove to be manageable beyond 12 months, and AMD continues to be in a share gain position.

Given Intel's historic roadmap issues in server; even the foundry successes could prove a distraction relative to the purer goal of making the world's best microprocessors. For us to turn more constructive we would need to see evidence that Intel can regain performance leadership in servers.

BEAR CASE $40.00

~30x bear case MW EPS of $1.35

Cycle turns in 2027 and Intel share losses continue. Data-centric revenue underwhelms due to lackluster product roadmap and foundry dissapoints.

- AMD continues to take share in consumer and cloud segments, with delays in the Intel product portfolio that create risk of erosion in the previously protected enterprise space

- Multiple compresses as Intel is not able to secure meaningful foundry relationships

Risk Reward – Intel Corporation (INTC.O)

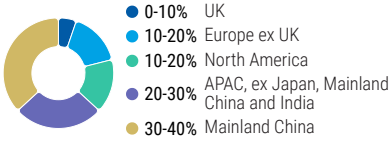
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
GAAP Revenue ($, mm)	52,853	61,776	71,059	86,229
MW Gross Margin (%)	36.7	41.4	45.4	50.4
MW EPS ($)	(0.05)	1.02	1.98	3.38
Inventory ($, mm)	11,618	13,048	14,523	13,901
DOI	123.0	128.5	134.1	116.5

INVESTMENT DRIVERS

- PC and server units and ASPs
- AMD competition in server
- End market growth in data centers, particularly the cloud, enterprise & government, and telco segments

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Foundry partnerships de-risk the story and further improve the multiple
- The company regains lost share in desktop and server following CPU shortages

RISKS TO DOWNSIDE

- AMD competition increasingly becomes more significant, which could lead to further share losses in processors and pressure on ASPs
- Minimal success in foundry leads to an inflated cost structure

OWNERSHIP POSITIONING

Inst. Owners, % Active	44.9%	
HF Sector Long/Short Ratio	2.2x	
HF Sector Net Exposure	30.6%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

Sales / Revenue ($, mm)	58,655	61,776 / 63,217	66,170
EBITDA ($, mm)	18,079	22,024 / 22,224	23,923
Net income ($, mm)	5,232	7,949	9,017
EPS ($)	1.36	1.48 / 1.54	1.74

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Financial Summary

Exhibit 1: Income Statement Summary

INTC-US: Snapshot for the quarter ended September 2026

Income Statement									
Qtr Results:	Actual			Lst Qtr	QoQ	Last Yr	YoY	Cons.	MSe
Revenue	$16,513			$16,128	*2.4%*	$13,653	*20.9%*	$16,555.2	$16,255.7
Gross Margin	*44.1%*			*41.8%*	233	*40.0%*	414	*42.1%*	42.4%
EPS	$0.52			$0.33	$0.19	$0.15	$0.37	$0.41	$0.41
Nxt Qtr Outlook:	Low	High	Midpoint						
Revenue	$15,000	$16,000	$15,500		*-6.1%*	$13,674	*13.4%*	$17,290.2	$16,759.1
Gross Margin			*38.0%*		-610	*37.9%*	12	*42.3%*	43.4%
EPS			$0.25		($0.27)	$0.10	$0.15	$0.45	$0.44

Source: Morgan Stanley Research estimates, Company data

Exhibit 2: Income Statement Variance

MW Financials, $ in Millions except per share	Reported F3Q26	MS Est F3Q26	Difference Act vs. Est.	Per share Difference
Total Revenue	16,513	16,256	257	0.05
Cost of Sales	9,229	9,363	-134	0.03
Gross Profit	7,284	6,893	391	0.07
Gross Margin	*44.1%*	*42.4%*	1.7%	
R&D	3,020	2,992	28	NM
SG&A	1,030	1,229	-199	0.04
Other Opex (inc)	-	-	0	NM
Total Op Expenses	4,050	4,221	-171	0.04
Operating Income	3,234	2,672	562	0.11
Operating Margin	*19.6%*	*16.4%*	3.1%	
Income tax provision	407	290	117	(0.02)
Net Income	2,756	2,098	658	0.12
EPS	0.52	0.41	0.11	0.11
Diluted Shares Out.	5,307	5,134	173	

Source: Morgan Stanley Research estimates, Company data



Projected Financial Statements

Exhibit 3: Intel: Projected Income Statement

intel	2026/1C	2026/2C	2026/3C	2026/4C	2027/1C	2027/2C	2027/3C	2027/4C	2028/1C	2028/2C	2028/3C	2028/4C					
ne Staten / Decemb	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28					
	F1Q26A	F2Q26A	F3Q26A	F4Q26E	F1Q27E	F2Q27E	F3Q27E	F4Q27E	F1Q28E	F2Q28E	F3Q28E	F4Q28E	2024FYA	2025FYE	2026FYE	2027FYE	2028FYE
Revenues	$ 13,577	$ 16,128	$ 16,513	$ 15,558	$ 14,860	$ 16,183	$ 18,571	$ 21,444	$ 21,468	$ 21,445	$ 21,558	$ 21,757	$ 53,101	$ 52,853	$ 61,776	$ 71,059	$ 86,229
Q/Q Change	*-0.7%*	*18.8%*	*2.4%*	*-5.8%*	*-4.5%*	*8.9%*	*14.8%*	*15.5%*	*0.1%*	*-0.1%*	*0.5%*	*0.9%*					
Y/Y Change	*7.2%*	*25.4%*	*20.9%*	*13.8%*	*9.5%*	*0.3%*	*12.5%*	*37.8%*	*44.5%*	*32.5%*	*16.1%*	*1.5%*	*-2.1%*	*-0.5%*	*16.9%*	*15.0%*	*21.3%*
Non-GAAP Revenues	$ 13,577	$ 16,128	$ 16,513	$ 15,558	$ 14,860	$ 16,183	$ 18,571	$ 21,444	$ 21,468	$ 21,445	$ 21,558	$ 21,757	$ 53,101	$ 52,853	$ 61,776	$ 71,059	$ 86,229
Q/Q Change	*-0.7%*	*18.8%*	*2.4%*	*-5.8%*	*-4.5%*	*8.9%*	*14.8%*	*15.5%*	*0.1%*	*-0.1%*	*0.5%*	*0.9%*					
Y/Y Change	*7.2%*	*25.4%*	*20.9%*	*13.8%*	*9.5%*	*0.3%*	*12.5%*	*37.8%*	*44.5%*	*32.5%*	*16.1%*	*1.5%*	*-2.1%*	*-0.5%*	*16.9%*	*15.0%*	*21.3%*
COGS	8,230	9,619	9,417	9,786	8,916	9,224	10,028	11,366	10,949	10,937	10,779	10,879	35,756	34,478	37,052	39,535	43,543
Gross Profit	**5,347**	**6,509**	**7,096**	**5,772**	**5,944**	**6,959**	**8,543**	**10,079**	**10,519**	**10,508**	**10,779**	**10,879**	**17,345**	**18,375**	**24,724**	**31,525**	**42,685**
Gross Margin	*39.4%*	*40.4%*	*43.0%*	*37.1%*	*40.0%*	*43.0%*	*46.0%*	*47.0%*	*49.0%*	*49.0%*	*50.0%*	*50.0%*	*32.7%*	*34.8%*	*40.0%*	*44.4%*	*49.5%*
R&D	3,375	3,368	3,490	3,640	3,676	3,713	3,750	3,788	3,860	3,899	3,938	3,977	16,546	13,774	13,873	14,928	15,674
% of Revs.	*24.9%*	*20.9%*	*21.1%*	*23.4%*	*24.7%*	*22.9%*	*20.2%*	*17.7%*	*18.0%*	*18.2%*	*18.3%*	*18.3%*	*31.2%*	*26.1%*	*22.5%*	*21.0%*	*18.2%*
SG&A	1,038	1,175	1,030	1,274	1,293	1,313	1,332	1,352	1,332	1,352	1,372	1,393	5,507	4,624	4,517	5,290	5,449
% of Revs.	*7.6%*	*7.3%*	*6.2%*	*8.2%*	*8.7%*	*8.1%*	*7.2%*	*6.3%*	*6.2%*	*6.3%*	*6.4%*	*6.4%*	*10.4%*	*8.7%*	*7.3%*	*7.4%*	*6.3%*
Other OpEx	4,070.0	170.0	54.0	-	-	-	-	-	-	-	-	-	6,970.0	2,191.0	4,294.0	-	-
Operating Expenses	**8,483**	**4,713**	**4,574**	**4,914**	**4,970**	**5,026**	**5,082**	**5,140**	**5,192**	**5,251**	**5,310**	**5,370**	**29,023**	**20,589**	**22,684**	**20,218**	**21,123**
													34.3%	-29.1%	10.2%	-10.9%	4.5%
Operating Income	**(3,136)**	**1,796**	**2,522**	**858**	**975**	**1,933**	**3,460**	**4,939**	**5,327**	**5,258**	**5,469**	**5,509**	**(11,678)**	**(2,214)**	**2,040**	**11,307**	**21,562**
Operating Margin %	*-23.1%*	*11.1%*	*15.3%*	*5.5%*	*6.6%*	*11.9%*	*18.6%*	*23.0%*	*24.8%*	*24.5%*	*25.4%*	*25.3%*	*-22.0%*	*-4.2%*	*3.3%*	*15.9%*	*25.0%*
Total Interest Income (net) and Other Inc	(810)	(12,615)	1,460	200	200	200	200	200	200	200	200	200	468	3,771	(11,765)	800	800
PBT	**(3,946)**	**(10,819)**	**3,982**	**1,058**	**1,175**	**2,133**	**3,660**	**5,139**	**5,527**	**5,458**	**5,669**	**5,709**	**(11,210)**	**1,557**	**(9,725)**	**12,107**	**22,362**
Income Tax Expense (Benefit)	335	29	462	161	141	256	439	617	884	873	907	913	8,023	1,531	987	1,453	3,578
Effective tax rate	*-8.5%*	*-0.3%*	*1.0%*	*15.2%*	*12.0%*	*12.0%*	*12.0%*	*12.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*-71.6%*	*98.3%*	*-10.1%*	*12.0%*	*16.0%*
Net Income	**(4,281)**	**(10,848)**	**3,520**	**897**	**1,034**	**1,877**	**3,221**	**4,522**	**4,643**	**4,584**	**4,762**	**4,795**	**(19,233)**	**26**	**(10,712)**	**10,654**	**18,784**
Net Income Margin	*-31.5%*	*-67.3%*	*21.3%*	*5.8%*	*7.0%*	*11.6%*	*17.3%*	*21.1%*	*21.6%*	*21.4%*	*22.1%*	*22.0%*	*-36.2%*	*0.0%*	*-17.3%*	*15.0%*	*21.8%*
Extraordinary Items, net of tax	4,421	102	314	174	180	180	180	180	172	172	172	172	16,631.0	4,450.0	5,010.8	721.6	688.8
Net Income - Non-GAAP	**1,485**	**2,197**	**2,756**	**1,321**	**1,514**	**2,358**	**3,651**	**4,953**	**5,165**	**5,107**	**5,234**	**5,268**	**(1,043)**	**1,929**	**7,759**	**12,476**	**20,773**
Net Income - MW	**311**	**1,695**	**2,370**	**938**	**1,081**	**1,925**	**3,268**	**4,570**	**4,682**	**4,624**	**4,801**	**4,835**	**(4,453)**	**(212)**	**5,314**	**10,844**	**18,941**
Net income (loss) attributable to non-contr	(553)	185	200	250	250	250	300	300	250	250	300	300	(477)	293	82	1100	1100
EPS - GAAP	**$ (0.73)**	**$ (2.16)**	**$ 0.63**	**$ 0.12**	**$ 0.15**	**$ 0.30**	**$ 0.54**	**$ 0.77**	**$ 0.80**	**$ 0.79**	**$ 0.80**	**$ 0.81**	**$ (4.38)**	**$ (0.06)**	**$ (2.07)**	**$ 1.77**	**$ 3.20**
EPS - Non-GAAP	**$ 0.29**	**$ 0.43**	**$ 0.52**	**$ 0.24**	**$ 0.28**	**$ 0.43**	**$ 0.66**	**$ 0.90**	**$ 0.93**	**$ 0.91**	**$ 0.93**	**$ 0.93**	**$ (0.24)**	**$ 0.43**	**$ 1.48**	**$ 2.28**	**$ 3.71**
EPS - MW	**$ 0.06**	**$ 0.33**	**$ 0.45**	**$ 0.17**	**$ 0.20**	**$ 0.35**	**$ 0.59**	**$ 0.83**	**$ 0.84**	**$ 0.83**	**$ 0.85**	**$ 0.86**	**$ (1.04)**	**$ (0.05)**	**$ 1.02**	**$ 1.98**	**$ 3.38**

Source: Company data, Morgan Stanley Research estimates

Exhibit 4: Intel: Projected Balance Sheet

Base Case												
Intel Corporation Balance Sheet	2025/2C	2025/3C	2025/4C	2026/1C	2026/2C	2026/3C	2026/4C					
($ in millions; fiscal year ends in December)	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26					
	F2Q25A	F3Q25A	F4Q25A	F1Q26A	F2Q26A	F3Q26E	F4Q26E	2024FYA	2025FYE	2026FYE	2027FYE	2028FYE
Assets												
Cash and cash equivalents	$ 9,693.0	$ 11,141.0	$ 14,265.0	$ 17,247.0	$ 12,874.0	$ 13,086.3	$ 8,327.0	$ 8,249.0	$ 14,265.0	$ 8,327.0	$ 2,513.8	$ 7,824.2
Short-term investments	11,563.0	19,794.0	23,151.0	15,542.0	16,853.0	16,853.0	16,853.0	13,813.0	23,151.0	16,853.0	12,853.0	853.0
Trading assets	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivables, net	2,360.0	3,202.0	3,839.0	4,066.0	4,033.0	4,064.9	4,190.8	3,478.0	3,839.0	4,190.8	4,988.6	5,441.8
Inventory	11,377.0	11,489.0	11,618.0	12,426.0	12,492.0	12,787.8	12,960.3	12,198.0	11,618.0	12,960.3	13,166.7	14,096.7
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Other current assets	8,382.0	6,105.0	10,815.0	12,876.0	10,961.0	11,047.8	11,389.9	9,586.0	10,815.0	11,389.9	10,972.3	10,880.8
Total Current Assets	**43,375.0**	**51,731.0**	**63,688.0**	**62,157.0**	**57,213.0**	**57,839.9**	**53,721.1**	**47,324.0**	**63,688.0**	**53,721.1**	**44,494.4**	**39,096.6**
Property and equipment, net	109,510.0	105,047.0	105,414.0	104,458.0	105,741.0	107,592.0	111,843.0	107,919.0	105,414.0	111,843.0	128,247.0	145,441.0
Marketable equity securities	5,383.0	8,667.0	8,512.0	8,481.0	8,410.0	8,410.0	8,410.0	5,383.0	8,512.0	8,410.0	8,410.0	8,410.0
Other long-term investments	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill	23,912.0	23,912.0	23,912.0	20,465.0	20,465.0	20,465.0	20,465.0	24,693.0	23,912.0	20,465.0	20,465.0	20,465.0
Other intangible assets, net	3,057.0	2,877.0	2,772.0	2,722.0	2,545.0	2,445.0	2,345.0	3,691.0	2,772.0	2,345.0	1,945.0	1,545.0
Other long-term assets	7,283.0	12,280.0	7,131.0	7,049.0	8,065.0	8,065.0	8,065.0	7,475.0	7,131.0	8,065.0	8,065.0	8,065.0
Total Assets	**192,520.0**	**204,514.0**	**211,429.0**	**205,332.0**	**202,439.0**	**204,816.9**	**204,849.1**	**196,485.0**	**211,429.0**	**204,849.1**	**211,626.4**	**223,022.6**
Liabilities & Shareholders' Equity												
Short-term debt	6,731.0	2,496.0	2,499.0	2,004.0	1,988.0	1,988.0	1,988.0	3,729.0	2,499.0	1,988.0	1,988.0	1,988.0
Accounts payable	10,666.0	10,268.0	9,882.0	7,159.0	8,756.0	8,631.8	8,748.2	12,556.0	9,882.0	8,748.2	8,977.3	8,970.7
Accrued compensation and benefits	4,249.0	3,756.0	3,990.0	2,824.0	3,748.0	3,748.0	3,748.0	3,343.0	3,990.0	3,748.0	3,748.0	3,748.0
Accrued advertising	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes payable	887.0	825.0	604.0	-	-	-	-	1,756.0	604.0	-	-	-
Other accrued liabilities	12,433.0	14,952.0	14,600.0	14,898.0	21,178.0	21,178.0	21,178.0	14,282.0	14,600.0	21,178.0	21,178.0	21,178.0
Total Current Liabilities	**34,966.0**	**32,297.0**	**31,575.0**	**26,885.0**	**35,670.0**	**35,545.8**	**35,662.2**	**35,666.0**	**31,575.0**	**35,662.2**	**35,891.3**	**35,884.7**
Long-term debt	44,026.0	44,057.0	44,086.0	43,027.0	48,549.0	48,549.0	46,049.0	46,282.0	44,086.0	46,049.0	42,049.0	39,049.0
Long-term deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	7,777.0	11,430.0	9,408.0	10,431.0	15,077.0	15,077.0	15,077.0	9,505.0	9,408.0	15,077.0	15,077.0	15,077.0
Shareholders' Equity	**105,751.0**	**116,730.0**	**126,360.0**	**124,989.0**	**103,143.0**	**105,645.1**	**108,060.8**	105,032.0	126,360.0	108,060.8	118,609.1	133,011.9
Total Liabilities & Equity	**192,520.0**	**204,514.0**	**211,429.0**	**205,332.0**	**202,439.0**	**204,816.9**	**204,849.1**	**196,485.0**	**211,429.0**	**204,849.1**	**211,626.4**	**223,022.6**

Source: Company data, Morgan Stanley Research estimates

Exhibit 5: Intel: Project Cash Flow Statement

Intel Corporation

Base Case													
Intel Corporation Cash Flow Statement	**2025/1C**	**2025/2C**	**2025/3C**	**2025/4C**	**2026/1C**	**2026/2C**	**2026/3C**	**2026/4C**					
($ in millions; fiscal year ends in December)	**Mar-25**	**Jun-25**	**Sep-25**	**Dec-25**	**Mar-26**	**Jun-26**	**Sep-26**	**Dec-26**					
	F1Q25A	**F2Q25A**	**F3Q25A**	**F4Q25A**	**F1Q26A**	**F2Q26A**	**F3Q26A**	**F4Q26E**	**2024FYA**	**2025FYE**	**2026FYE**	**2027FYE**	**2028FYE**
Cash flows provided by (used for) operating activities:													
Net income	$ (887.0)	$ (3,024.0)	$ 4,270.0	$ (333.0)	$ (4,281.0)	$ (10,848.0)	$ 3,520.0	$ 896.8	$ (19,233.0)	$ 26.0	$ (10,712.2)	$ 10,654.2	$ 18,784.5
Adjustments to reconcile net income to net cash													
Depreciation	2,425.0	2,788.0	2,758.0	2,786.0	2,902.0	2,989.0	3,042.0	3,142.0	9,951.0	10,757.0	12,075.0	13,068.0	14,218.0
Stock-based compensation expense	684.0	664.0	548.0	538.0	621.0	686.0	587.0	587.0	3,410.0	2,434.0	2,481.0	2,748.0	3,148.0
Restructuring and other charges	-	382.0	(10.0)	104.0	3,965.0	2.0	2.0	-	3,491.0	476.0	3,969.0	-	-
Excess tax benefit from share-based payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of intangibles	249.0	225.0	234.0	241.0	234.0	235.0	190.0	55.0	1,428.0	949.0	714.0	220.0	220.0
(Gains) losses on equity method investments, net	112.0	(502.0)	(221.0)	97.0	72.0	39.0	(330.0)	-	(246.0)	(514.0)	(219.0)	-	-
Deferred taxes	19.0	87.0	17.0	205.0	(9.0)	(18.0)	83.0	-	6,132.0	328.0	56.0	-	-
Other operating activities	-	482.0	(3,685.0)	191.0	1,090.0	12,694.0	(1,012.0)	-	2,252.0	(3,012.0)	12,772.0	-	-
Changes in current assets and liabilities:													
Accounts receivable	414.0	590.0	(842.0)	(611.0)	(217.0)	(4.0)	(60.0)	236.8	(75.0)	(449.0)	(44.2)	(1,459.2)	(77.5)
Inventory	(83.0)	182.0	(108.0)	(129.0)	(808.0)	(66.0)	(576.0)	20.4	(1,105.0)	(138.0)	(1,429.6)	(1,475.1)	622.2
Prepaid expenses and other assets	-	-	-	-	-	-	-	660.1	-	-	660.1	(1,046.5)	915.8
Accounts payable	(240.0)	354.0	(395.0)	578.0	(142.0)	452.0	511.0	345.8	634.0	297.0	1,166.8	294.6	(1,010.1)
Accrued liabilities	(741.0)	1,763.0	(481.0)	247.0	(1,175.0)	803.0	165.0	-	(218.0)	788.0	(207.0)	-	-
Income taxes payable and receivable	67.0	(1,405.0)	142.0	201.0	169.0	(646.0)	72.0	-	(356.0)	(995.0)	(405.0)	-	-
Other changes in assets and liabilities	(1,206.0)	(536.0)	319.0	173.0	(1,325.0)	688.0	(1,112.0)	-	2,223.0	(1,250.0)	(1,749.0)	-	-
Net cash provided by operating activities	**813.0**	**2,050.0**	**2,546.0**	**4,288.0**	**1,096.0**	**7,006.0**	**5,082.0**	**5,943.9**	**8,288.0**	**9,697.0**	**19,127.9**	**23,003.9**	**36,820.8**
Cash flows from investing activities:													
Additions to property, plant and equipment	(5,183.0)	(3,550.0)	(2,425.0)	(3,488.0)	(3,636.0)	(2,556.0)	(4,024.0)	(10,000.0)	(23,944.0)	(14,646.0)	(20,216.0)	(32,000.0)	(32,000.0)
Proceeds from capital-related government incentives	803.0	161.0	54.0	559.0	107.0	60.0	48.0	48.0	1,936.0	1,577.0	263.0	340.0	400.0
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions, net of cash acquired	-	-	-	-	(596.0)	-	-	-	-	-	(596.0)	-	-
Purchase of available-for-sale investments	(3,386.0)	(2,344.0)	(10,671.0)	(7,918.0)	(7,190.0)	(5,547.0)	(19,414.0)	-	(37,940.0)	(24,319.0)	(32,151.0)	-	-
Maturities and sales of available-for-sale investments	5,327.0	3,248.0	2,389.0	4,423.0	14,448.0	(6,724.0)	(7,724.0)	-	42,510.0	15,387.0	-	4,000.0	12,000.0
Purchases of trading assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Maturities and sales of trading assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments in non-marketable equity investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Return of equity method investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from divestitures	1,935.0	-	4,251.0	(29.0)	-	-	-	-	-	6,157.0	-	-	-
Customer Prepayments/Other investing activities	585.0	399.0	152.0	(113.0)	(40.0)	11,005.0	11,524.0	-	(818.0)	1,023.0	22,489.0	-	-
Net cash used for investing activities	**81.0**	**(2,086.0)**	**(6,250.0)**	**(6,566.0)**	**3,093.0**	**(3,762.0)**	**(19,590.0)**	**(9,952.0)**	**(18,256.0)**	**(14,821.0)**	**(30,211.0)**	**(27,660.0)**	**(19,600.0)**
Cash flows from financing activities:													
Increase (decrease) in short-term debt, net	1,496.0	501.0	(1,997.0)	-	-	-	-	-	-	-	-	-	-
Payments of/Proceeds from long-term debt, net	-	(1,500.0)	(2,250.0)	-	-	(9,000.0)	-	(2,500.0)	2,975.0	(3,750.0)	(11,500.0)	(4,000.0)	(3,000.0)
Proceeds from sales of shares	491.0	-	286.0	(6.0)	427.0	-	309.0	-	987.0	771.0	736.0	-	-
Repurchase of common stock	-	-	-	-	-	-	-	-	-	-	-	-	-
Partner Contributions	955.0	1,283.0	1,414.0	1,456.0	2,064.0	2,018.0	950.0	500.0	12,714.0	5,108.0	5,532.0	-	-
Partner Distributions						(14,339.0)		-	-	-	(14,339.0)	(1,100.0)	(1,100.0)
Payment of dividends to stockholders	-	-	-	-	-	-	-	-	(1,599.0)	-	-	-	-
Other financing activities	(3,138.0)	498.0	7,699.0	4,399.0	(3,697.0)	13,979.0	22,153.0	-	(3,939.0)	9,458.0	32,435.0	-	-
Net cash used for financing activities	**(196.0)**	**782.0**	**5,152.0**	**5,849.0**	**(1,206.0)**	**(7,342.0)**	**23,412.0**	**(2,000.0)**	**11,138.0**	**11,587.0**	**12,864.0**	**(5,100.0)**	**(4,100.0)**
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents, beginning of period	**8,249.0**	**8,947.0**	**9,693.0**	**11,141.0**	**14,265.0**	**17,247.0**	**12,874.0**	**21,846.0**	**7,079.0**	**8,249.0**	**14,265.0**	**15,837.9**	**6,081.8**
Change in cash flow due to restatement				(447.0)	(1.0)	(275.0)	68.0		-	(447.0)	(208.0)	-	-
Net increase (decrease) in cash and cash equivalents	**698.0**	**746.0**	**1,448.0**	**3,571.0**	**2,983.0**	**(4,098.0)**	**8,904.0**	**(6,008.1)**	**1,170.0**	**6,463.0**	**1,780.9**	**(9,756.1)**	**13,120.8**
Cash and cash equivalents, end of period	**8,947.0**	**9,693.0**	**11,141.0**	**14,265.0**	**17,247.0**	**12,874.0**	**21,846.0**	**15,837.9**	**8,249.0**	**14,265.0**	**15,837.9**	**6,081.8**	**19,202.6**
vs. Balance Sheet	8,947.0	9,693.0	11,141.0	14,265.0	17,247.0	12,874.0	21,846.0	15,837.9	8,249.0	14,265.0	15,837.9	6,081.8	19,202.6
Check	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research estimates

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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Global Stock Ratings Distribution

(as of September 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

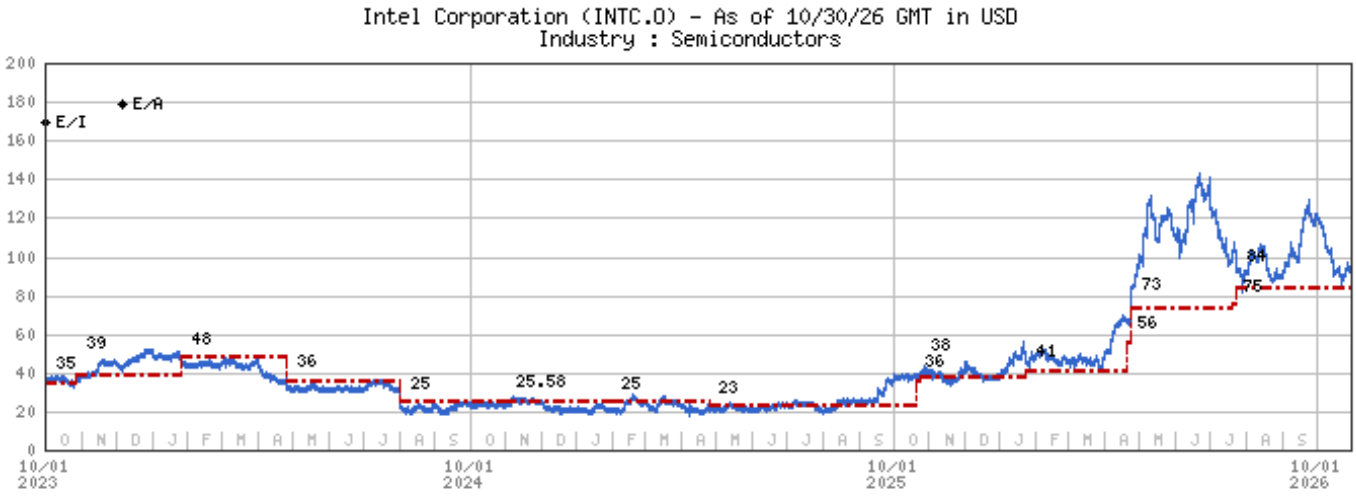
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/1/21 : O/I; 10/22/21 : E/I; 3/3/22 : U/I; 2/22/23 : E/I; 12/7/23 : E/A

Price Target History: 7/23/21 : 70; 10/5/21 : 67; 10/22/21 : 55; 3/3/22 : 47; 4/28/22 : 46; 7/28/22 : 36; 10/27/22 : 29.5; 2/22/23 : 28; 4/27/23 : 31; 6/15/23 : 38; 7/28/23 : 35; 10/27/23 : 39; 1/26/24 : 48; 4/26/24 : 36; 8/2/24 : 25; 10/31/24 : 25.58; 1/31/25 : 25; 4/25/25 : 23; 10/20/25 : 36; 10/24/25 : 38; 1/23/26 : 41; 4/20/26 : 56; 4/24/26 : 73; 7/20/26 : 75; 7/24/26 : 84

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/29/2026)
Ella Tulchinsky		
Infleqtion, Inc. (INFQ.N)	E (10/15/2026)	$9.43
Xanadu Quantum Technologies Limited (XNDU.O)	E (10/15/2026)	$3.11
Joseph Moore		
Advanced Micro Devices (AMD.O)	E (06/09/2024)	$566.42
Aeva Technologies Inc (AEVA.O)	E (07/19/2021)	$9.94
Allegro Microsystems Inc (ALGM.O)	O (02/13/2026)	$33.03
Ambarella Inc (AMBA.O)	O (03/29/2016)	$64.58
Amkor Technology Inc (AMKR.O)	E (11/08/2023)	$41.21
Analog Devices Inc. (ADI.O)	O (11/16/2023)	$433.28
Astera Labs Inc (ALAB.O)	O (05/11/2025)	$290.43
Broadcom Inc. (AVGO.O)	O (06/09/2024)	$345.00
Cerebras Systems (CBRS.O)	O (06/08/2026)	$115.16
GlobalFoundries Inc (GFS.O)	E (10/28/2024)	$45.85
Intel Corporation (INTC.O)	E (02/22/2023)	$92.07
IonQ Inc (IONQ.N)	E (04/25/2023)	$31.72
Marvell Technology Group Ltd (MRVL.O)	E (09/14/2015)	$218.34
Microchip Technology Inc. (MCHP.O)	E (07/10/2024)	$81.12
Micron Technology Inc. (MU.O)	O (10/06/2025)	$934.27
Navitas Semiconductor Corp (NVTS.O)	U (04/06/2025)	$9.20
NVIDIA Corp. (NVDA.O)	O (03/16/2023)	$213.66
NXP Semiconductor NV (NXPI.O)	O (02/11/2025)	$266.00
ON Semiconductor Corp. (ON.O)	++	$75.24
Qualcomm Inc. (QCOM.O)	E (06/24/2026)	$185.41
Quantinuum (QNT.O)	O (10/15/2026)	$37.50
SanDisk Corporation. (SNDK.O)	O (03/03/2025)	$1,330.05

Semtech Corp. (SMTC.O)	E (04/06/2025)	$140.85
Silicon Laboratories Inc. (SLAB.O)	E (01/19/2021)	$222.35
SiTime Corporation (SITM.O)	O (09/16/2026)	$488.08
Skyworks Solutions Inc (SWKS.O)	E (11/28/2018)	$89.43
Texas Instruments (TXN.O)	U (04/13/2020)	$312.94
Wolfspeed, INC (WOLF.N)	NR (04/06/2025)	$24.95
Lee Simpson		
Arm Holdings plc (ARM.O)	E (04/07/2026)	$228.77
Cadence Design Systems Inc (CDNS.O)	O (02/14/2024)	$342.75
PDF Solutions Inc (PDFS.O)	O (09/08/2026)	$45.56
Synopsys Inc. (SNPS.O)	O (09/08/2026)	$490.19

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