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**UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

Individually and on  
Behalf of All Others Similarly Situated,  
  
Plaintiff,  
  
v.  
  
INTEL CORPORATION, PAT GELSINGER,  
and DAVID ZINSNER,  
  
Defendants.

Case No.  
  
**CLASS ACTION COMPLAINT FOR  
VIOLATIONS OF THE FEDERAL  
SECURITIES LAWS**  
  
**DEMAND FOR JURY TRIAL**

1 Plaintiff “Plaintiff”), individually and on behalf of all others similarly  
2 situated, by and through her attorneys, alleges the following upon information and belief, except as  
3 to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s  
4 information and belief is based upon, among other things, her counsel’s investigation, which  
5 includes without limitation: (a) review and analysis of regulatory filings made by Intel Corporation  
6 (“Intel” or the “Company”) with the United States (“U.S.”) Securities and Exchange Commission  
7 (“SEC”); (b) review and analysis of press releases and media reports issued by and disseminated by  
8 Intel; and (c) review of other publicly available information concerning Intel.

9 **NATURE OF THE ACTION AND OVERVIEW**

10 1. This is a class action on behalf of persons and entities that purchased or otherwise  
11 acquired Intel securities between January 25, 2024 and April 25, 2024, inclusive (the “Class  
12 Period”). Plaintiff pursues claims against the Defendants under the Securities Exchange Act of 1934  
13 (the “Exchange Act”).

14 2. Intel designs, develops, manufactures, markets, and sells computing and related  
15 products and services worldwide. The Company’s product portfolio is comprised of central  
16 processing units (CPUs), chipsets, processors, graphics processing units (GPUs), and other  
17 semiconductor products. It also offers silicon devices and software products; and optimization  
18 solutions for workloads, such as AI, cryptography, security, storage, and networking.

19 3. On March 23, 2021, Chief Executive Officer Pat Gelsinger (“Gelsinger”) laid out his  
20 vision for the future of the Company under a program he dubbed “IDM 2.0.”<sup>1</sup> To deliver on this  
21 vision, the Company announced it would reconfigure and would now be operating through the  
22 following reportable segments: Client Computing Group, Data Center and AI, Network and Edge,  
23 Mobileye, and Intel Foundry Services (“IFS”). IFS was created to encompass the Company’s  
24 packaging and process technology. Beginning in the first quarter of Fiscal Year 2022, The Company  
25 utilized these segments to report revenue. Then, on October 11, 2022, Gelsinger announced the  
26 Company would shift to an “internal foundry model” (the “Internal Foundry” or “Foundry” model).

27 \_\_\_\_\_  
28 <sup>1</sup> Integrated Device Manufacturing (“IDM”).

1 Under the Internal Foundry model, Intel would recognize revenues generated from both external  
2 foundry customers and Intel Products, as well as technology development and product  
3 manufacturing costs historically allocated to Intel Products. On June 21, 2023, the Company  
4 provided an update on the Foundry model, explaining that, beginning in the first quarter of 2024,  
5 the Company would separate out all manufacturing services into a separate group, inclusive of IFS,  
6 manufacturing, and technology development, to form the Foundry, and implement a new financial  
7 reporting structure to recognize this reorganization, under which Foundry would be responsible for  
8 its own reportable profit and losses (“P&Ls”). The Company emphasized the cost saving and margin  
9 improving benefits the Internal Foundry model would provide and the tailwind it would bring to  
10 IFS.

11 4. On April 2, 2024, after the markets closed, Intel issued a press release which  
12 disclosed a retrospective revision of the Company’s financial results under the new Foundry model  
13 reporting structure, revealing that the Foundry segment experienced an operating loss of \$7 billion  
14 on sales of \$18.9 billion in 2023, that Foundry revenue in 2023 was \$18.9 billion down \$8.6 billion  
15 from 2022, that that the segment’s operating loss included a \$2.1 million in lower product profit  
16 driven by lower internal revenue.

17 5. On this news, Intel’s stock price fell \$3.61, or 8.2%, to close at \$40.33 per share on  
18 April 3, 2024, on unusually heavy trading.

19 6. On April 25, 2024, after the markets closed, Intel released its first quarter 2024  
20 financial results, the first quarter reporting the Company’s results under the Foundry model; the  
21 results revealed the Company’s Foundry segment declined 10% compared to the same quarter last  
22 year, to a revenue of \$4.4 billion.

23 7. On this news, Intel’s stock price fell \$3.23, or 9.2%, to close at \$31.88 per share on  
24 April 26, 2024, on unusually heavy trading.

25 8. Throughout the Class Period, Defendants made materially false and/or misleading  
26 statements, as well as failed to disclose material adverse facts about the Company’s business,  
27 operations, and prospects. Specifically, Defendants failed to disclose to investors: (1) the growth of  
28 Intel Foundry Services was not indicative of revenue growth reportable under the Internal Foundry

1 segment; (2) the Foundry experienced significant operating losses in 2023; (3) that the Foundry  
2 experienced a decline in product profit driven by lower internal revenue; (4) as a result the Foundry  
3 model would not be a strong tailwind to the Company's IFS strategy; and (5) that, as a result of the  
4 foregoing, Defendants' positive statements about the Company's business, operations, and  
5 prospects were materially misleading and/or lacked a reasonable basis.

6 9. As a result of Defendants' wrongful acts and omissions, and the precipitous decline  
7 in the market value of the Company's securities, Plaintiff and other Class members have suffered  
8 significant losses and damages.

9 **JURISDICTION AND VENUE**

10 10. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act  
11 (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §  
12 240.10b-5).

13 11. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C.  
14 § 1331 and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

15 12. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b) and Section  
16 27 of the Exchange Act (15 U.S.C. § 78aa(c)). Substantial acts in furtherance of the alleged fraud  
17 or the effects of the fraud have occurred in this Judicial District. Many of the acts charged herein,  
18 including the dissemination of materially false and/or misleading information, occurred in  
19 substantial part in this Judicial District. In addition, the Company's principal executive offices are  
20 located in this District.

21 13. In connection with the acts, transactions, and conduct alleged herein, Defendants  
22 directly and indirectly used the means and instrumentalities of interstate commerce, including the  
23 United States mail, interstate telephone communications, and the facilities of a national securities  
24 exchange.

25 **PARTIES**

26 14. Plaintiff \_\_\_\_\_, as set forth in the accompanying certification, incorporated  
27 by reference herein, purchased Intel securities during the Class Period, and suffered damages as a  
28

1 result of the federal securities law violations and false and/or misleading statements and/or material  
2 omissions alleged herein.

3 15. Defendant Intel is incorporated under the laws of Delaware with its principal  
4 executive offices located in Santa Clara, California. Intel's common stock trades on the NASDAQ  
5 exchange under the symbol "INTC."

6 16. Defendant Gelsinger was the Company's Chief Executive Officer ("CEO") at all  
7 relevant times.

8 17. Defendant David Zinsner ("Zinsner") was the Company's Chief Financial Officer  
9 ("CFO") at all relevant times.

10 18. Defendants Gelsinger and Zinsner (collectively the "Individual Defendants"),  
11 because of their positions with the Company, possessed the power and authority to control the  
12 contents of the Company's reports to the SEC, press releases and presentations to securities analysts,  
13 money and portfolio managers and institutional investors, i.e., the market. The Individual  
14 Defendants were provided with copies of the Company's reports and press releases alleged herein  
15 to be misleading prior to, or shortly after, their issuance and had the ability and opportunity to  
16 prevent their issuance or cause them to be corrected. Because of their positions and access to  
17 material non-public information available to them, the Individual Defendants knew that the adverse  
18 facts specified herein had not been disclosed to, and were being concealed from, the public, and that  
19 the positive representations which were being made were then materially false and/or misleading.  
20 The Individual Defendants are liable for the false statements pleaded herein.

21 **SUBSTANTIVE ALLEGATIONS**

22 **Background**

23 19. Intel designs, develops, manufactures, markets, and sells computing and related  
24 products and services worldwide. The Company's product portfolio is comprised of central  
25 processing units, chipsets, processors, graphics processing units (GPUs), and other semiconductor  
26 products. It also offers silicon devices and software products; and optimization solutions for  
27 workloads, such as AI, cryptography, security, storage, and networking.

28



1 22. The FY2023 Press Release included the following comment of Defendant Zinsner,  
2 Intel's CFO:

3 We continued to drive operational efficiencies in the fourth quarter, and comfortably  
4 achieved our commitment to deliver \$3 billion in cost savings in 2023. ***We expect to***  
5 ***unlock further efficiencies in 2024 and beyond as we implement our new internal***  
6 ***foundry model, which is designed to drive greater transparency and accountability***  
7 ***and higher returns on our owners' capital.***"

8 23. On January 25, 2024, the Company hosted a conference call concerning the full year  
9 2023 financial results during which Defendant Gelsinger stated, in relevant part:

10 ***we expect sequential and year-on-year growth in both revenue and EPS for each***  
11 ***quarter of fiscal year '24.***

12 \* \* \*

13 ***Third-party engagements with IFS continue to validate our progress on process***  
14 ***technology. We launched IFS with a long-term view of delivering the world's first***  
15 ***system foundry that brings together a secure and sustainable supply chain with the***  
16 ***best of Intel and our ecosystem.***

17 While our ambitions will not materialize overnight, ***we made tremendous progress***  
18 ***in both Q4 and fiscal year '23 towards our goal of becoming the second largest***  
19 ***external foundry by 2030.*** The rapid adoption of AI by all industries is proving to be  
20 a significant tailwind for IFS as high-performance compute, an area where we have  
21 considerable wafer and packaging know-how and IP is now one of the largest,  
22 fastest-growing segments of the semiconductor market.

23 \* \* \*

24 ***Our success with IFS will be measured by customer commitments and revenue.***  
25 We have taped out more than 75 ecosystem and customer test chips. IFS already has  
26 more than 50 test chips in the pipeline across 2024 and 2025, 75% of which are on  
27 Intel 18A.

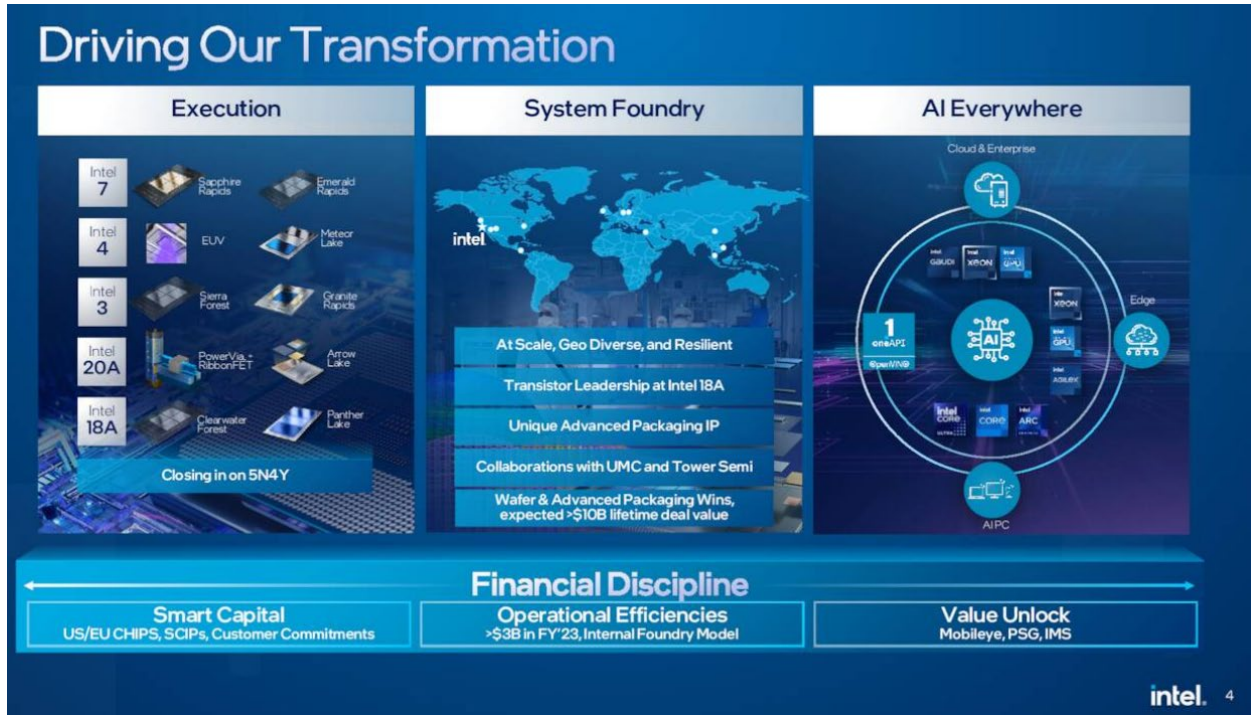
28 \* \* \*

29 The momentum in advanced packaging is very strong and is another facet of our  
30 foundry strategy, which is clearly benefiting from the surge of interest in AI. With  
31 leadership technology and available capacity, our opportunity set continues to grow.  
32 In total, across wafer and advanced packaging, ***our lifetime deal value for IFS is***  
33 ***now over \$10 billion, more than doubling from the \$4 billion we provided in our***  
34 ***last update.***

35 \* \* \*

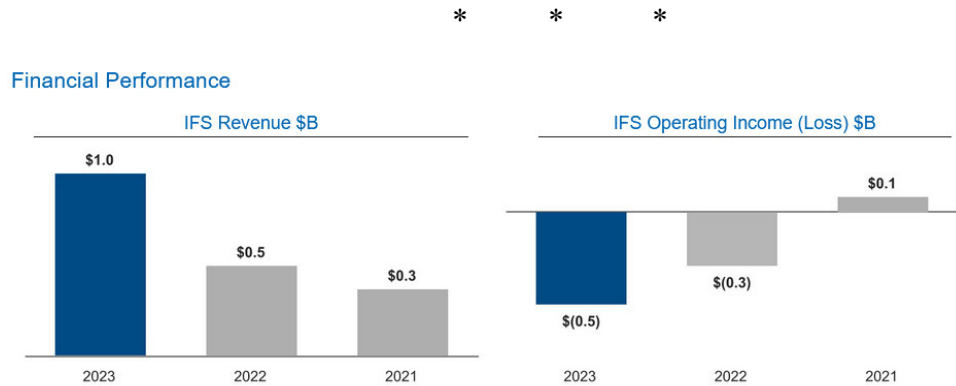
36 As our new internal foundry model, which is designed to drive greater transparency,  
37 accountability and focus on cost begins to take root, ***we expect to unlock further cost***  
38 ***savings and efficiencies in 2024 and beyond. We have officially transitioned to this***  
39 ***new operating model on January 1, and we'll report the new segmentation format***  
40 ***as part of our Q1 earnings. We see incremental efficiencies as we drive to our long-***  
41 ***term model of 60% gross and 40% operating margins.***

24. As part of the conference call on January 25, 2024, the Company provided an investor presentation which touted the Company’s Foundry model, including stating operational efficiencies included “>\$3B in FY’23, Internal Foundry Model,” as shown excerpted:



25. On January 26, 2024, Intel filed its annual report on Form 10-K for the period ended December 31, 2023, wherein the Company touted the benefits of the Foundry model accompanied by a report of IFS segment’s financial performance, as follows excerpted in relevant part:

We believe the Open System Foundry model delivers differentiated capabilities to help our customers lead in their industries while bringing stability to the global semiconductor supply chain. *The momentum and customer commitments we are seeing demonstrate that our strategy and offerings are resonating, and we look to build on this success in 2024 and in future periods.*





1           26.     On March 6, 2024 Intel joint the Morgan Stanley Technology, Media & Telecom  
2 Conference, wherein Defendant Zinsner spoke, discussing the Foundry model, stating in relevant  
3 part that “*it's a significant tailwind to the earnings of the company.*” Defendant Zinsner continued,  
4 stating:

5           *We can be profitable, meaningfully profitable in the foundry space, be well*  
6 *underneath what the leading player in the space is, and still drive significant*  
7 *profitability for the overall Intel company because we get the margin stacking*  
8 *benefit in at least the part of the business that we sell into our own fabless portion*  
9 *of our business.* So that's really the way I kind of think about it.

10           And I think the last piece of this is kind of restructuring how we manage the business.  
11           So we look at the entire manufacturing and TD footprint as a separate P&L and kind  
12           of manage the company accordingly to that. *And I think we'll start to see a lot of the*  
13           *efficiencies that we think we can yield and get ourselves more competitive* from a  
14           cost structure from managing the business in that way.

15           27.     On March 28, 2024, Intel published its Annual Report to Security Holders, which  
16 contained a prefatory letter from Defendant Gelsinger which stated in relevant part:

17           *While still early in our foundry journey, we are seeing significant traction.* We  
18           began 2023 with a commitment from one Intel 18A foundry customer and ended the  
19           year with four. *We also achieved five advanced packaging winds, a testament to the*  
20           *advantages of Intel Foundry. To support the growing demand for our foundry*  
21           *offering, we continued to expand our manufacturing capacity and capabilities.*

22           28.     The above statements identified in ¶¶ 21-27 were materially false and/or misleading,  
23 and failed to disclose material adverse facts about the Company’s business, operations, and  
24 prospects. Specifically, Defendants failed to disclose to investors: (1) the growth of Intel Foundry  
25 Services was not indicative of revenue growth reportable under the Internal Foundry segment; (2)  
26 the Foundry experienced significant operating losses in 2023; (3) that the Foundry experienced a  
27 decline in product profit driven by lower internal revenue; (4) as a result the Foundry model would  
28 not be a strong tailwind to the Company’s IFS strategy; and (5) that, as a result of the foregoing,  
29 Defendants’ positive statements about the Company’s business, operations, and prospects were  
30 materially misleading and/or lacked a reasonable basis.

#### **Disclosures at the End of the Class Period**

31           29.     On April 2, 2024, after the markets closed, Intel issued a press release which  
32 disclosed a retrospective revision of the Company’s financial results under the new Foundry model  
33 reporting structure, revealing that the Foundry segment experienced an operating loss of \$7 billion

1 on sales of \$18.9 billion in 2023, that Foundry revenue in 2023 was \$18.9 billion down \$8.6 billion  
 2 from 2022, that there was a lower product profit driven by lower internal revenue.

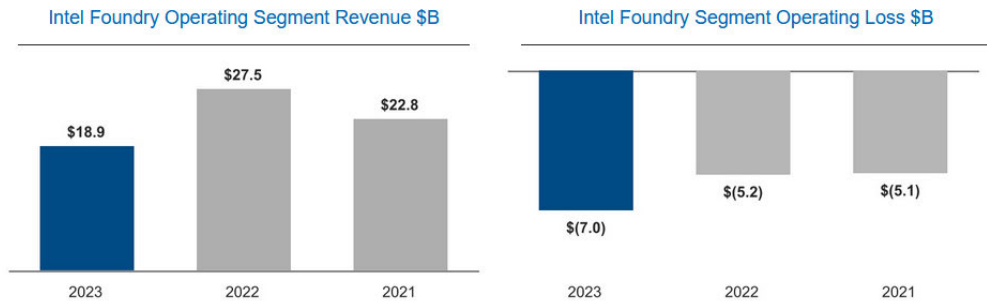
3 30. Specifically, the Company provided a Retrospective revision to Item 7 of Intel  
 4 Corporation's Annual Report on Form 10-K "Management's Discussion and Analysis of Financial  
 5 Condition and Results of Operations" for the year ended December 30, 2023, as originally filed with  
 6 the SEC on January 26, 2024, which stated in relevant part:

7 We previously announced the implementation of our internal foundry operating  
 8 model, which took effect in the first quarter of 2024, and creates a foundry  
 9 relationship between our Intel Products business (collectively CCG, DCAI, and  
 10 NEX) and our Intel Foundry business.

\* \* \*

11 Our internal foundry model is a key component of our strategy and is designed to  
 12 reshape our operational dynamics and drive greater transparency, accountability, and  
 13 focus on costs and efficiency.

14 **Financial Performance**



19 **Operating Segment Revenue Summary**

20 **2023 vs. 2022**

21 Revenue was \$18.9 billion down \$8.6 billion from 2022. Internal revenue was \$18.0 billion, down \$9.1 billion driven by lower intersegment volume. External revenue was \$953 million, up \$479 million from 2022, driven by higher packaging revenue.

22 **Segment Operating Loss Summary**

23 We had an operating loss of \$7.0 billion, compared to an operating loss of \$5.2 billion in 2022.

(In Millions)	
\$ (6,955)	<b>2023 Operating Loss</b>
(2,100)	Lower product profit driven by lower internal revenue
(411)	Higher period charges related to excess capacity
(284)	Higher period charges driven by higher inventory reserves taken in 2023
481	Lower period charges primarily driven by a decrease in product ramp costs
315	Higher product profit driven by external packaging revenue
213	Lower operating expenses driven by various cost-cutting measures
\$ (5,169)	<b>2022 Operating Loss</b>

27 31. On this news, Intel's stock price fell \$3.61, or 8.2%, to close at \$40.33 per share on  
 28 April 3, 2024, on unusually heavy trading.

1           32.     On April 25, 2024, after the markets closed, Intel released its first quarter 2024  
2 financial results, the first quarter reporting the Company’s results under the Foundry model; the  
3 results revealed the Company’s Foundry segment declined 10% compared to the same quarter last  
4 year, to a revenue of \$4.4 billion.

5           33.     On this news, Intel’s stock price fell \$3.23, or 9.2%, to close at \$31.88 per share on  
6 April 26, 2024, on unusually heavy trading.

7   **CLASS ACTION ALLEGATIONS**

8           34.     Plaintiff brings this action as a class action pursuant to Federal Rule of Civil  
9 Procedure 23(a) and (b)(3) on behalf of a class, consisting of all persons and entities that purchased  
10 or otherwise acquired Intel securities between January 25, 2024 and April 25, 2024, inclusive, and  
11 who were damaged thereby (the “Class”). Excluded from the Class are Defendants, the officers and  
12 directors of the Company, at all relevant times, members of their immediate families and their legal  
13 representatives, heirs, successors, or assigns, and any entity in which Defendants have or had a  
14 controlling interest.

15           35.     The members of the Class are so numerous that joinder of all members is  
16 impracticable. Throughout the Class Period, Intel’s shares actively traded on the NASDAQ. While  
17 the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained  
18 through appropriate discovery, Plaintiff believes that there are at least hundreds or thousands of  
19 members in the proposed Class. Millions of Intel shares were traded publicly during the Class  
20 Period on the NASDAQ. Record owners and other members of the Class may be identified from  
21 records maintained by Intel or its transfer agent and may be notified of the pendency of this action  
22 by mail, using the form of notice similar to that customarily used in securities class actions.

23           36.     Plaintiff’s claims are typical of the claims of the members of the Class as all members  
24 of the Class are similarly affected by Defendants’ wrongful conduct in violation of federal law that  
25 is complained of herein.

26           37.     Plaintiff will fairly and adequately protect the interests of the members of the Class  
27 and has retained counsel competent and experienced in class and securities litigation.

28

1           38. Common questions of law and fact exist as to all members of the Class and  
2 predominate over any questions solely affecting individual members of the Class. Among the  
3 questions of law and fact common to the Class are:

4           (a) whether the federal securities laws were violated by Defendants' acts as  
5 alleged herein;

6           (b) whether statements made by Defendants to the investing public during the  
7 Class Period omitted and/or misrepresented material facts about the business, operations, and  
8 prospects of Intel; and

9           (c) to what extent the members of the Class have sustained damages and the  
10 proper measure of damages.

11           39. A class action is superior to all other available methods for the fair and efficient  
12 adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the  
13 damages suffered by individual Class members may be relatively small, the expense and burden of  
14 individual litigation makes it impossible for members of the Class to individually redress the wrongs  
15 done to them. There will be no difficulty in the management of this action as a class action.

#### 16                           **UNDISCLOSED ADVERSE FACTS**

17           40. The market for Intel's securities was open, well-developed and efficient at all  
18 relevant times. As a result of these materially false and/or misleading statements, and/or failures to  
19 disclose, Intel's securities traded at artificially inflated prices during the Class Period. Plaintiff and  
20 other members of the Class purchased or otherwise acquired Intel's securities relying upon the  
21 integrity of the market price of the Company's securities and market information relating to Intel,  
22 and have been damaged thereby.

23           41. During the Class Period, Defendants materially misled the investing public, thereby  
24 inflating the price of Intel's securities, by publicly issuing false and/or misleading statements and/or  
25 omitting to disclose material facts necessary to make Defendants' statements, as set forth herein,  
26 not false and/or misleading. The statements and omissions were materially false and/or misleading  
27 because they failed to disclose material adverse information and/or misrepresented the truth about  
28 Intel's business, operations, and prospects as alleged herein.

1 42. At all relevant times, the material misrepresentations and omissions particularized in  
2 this Complaint directly or proximately caused or were a substantial contributing cause of the  
3 damages sustained by Plaintiff and other members of the Class. As described herein, during the  
4 Class Period, Defendants made or caused to be made a series of materially false and/or misleading  
5 statements about Intel’s financial well-being and prospects. These material misstatements and/or  
6 omissions had the cause and effect of creating in the market an unrealistically positive assessment  
7 of the Company and its financial well-being and prospects, thus causing the Company’s securities  
8 to be overvalued and artificially inflated at all relevant times. Defendants’ materially false and/or  
9 misleading statements during the Class Period resulted in Plaintiff and other members of the Class  
10 purchasing the Company’s securities at artificially inflated prices, thus causing the damages  
11 complained of herein when the truth was revealed.

12 **LOSS CAUSATION**

13 43. Defendants’ wrongful conduct, as alleged herein, directly and proximately caused  
14 the economic loss suffered by Plaintiff and the Class.

15 44. During the Class Period, Plaintiff and the Class purchased Intel’s securities at  
16 artificially inflated prices and were damaged thereby. The price of the Company’s securities  
17 significantly declined when the misrepresentations made to the market, and/or the information  
18 alleged herein to have been concealed from the market, and/or the effects thereof, were revealed,  
19 causing investors’ losses.

20 **SCIENTER ALLEGATIONS**

21 45. As alleged herein, Defendants acted with scienter since Defendants knew that the  
22 public documents and statements issued or disseminated in the name of the Company were  
23 materially false and/or misleading; knew that such statements or documents would be issued or  
24 disseminated to the investing public; and knowingly and substantially participated or acquiesced in  
25 the issuance or dissemination of such statements or documents as primary violations of the federal  
26 securities laws. As set forth elsewhere herein in detail, the Individual Defendants, by virtue of their  
27 receipt of information reflecting the true facts regarding Intel, their control over, and/or receipt  
28 and/or modification of Intel’s allegedly materially misleading misstatements and/or their

1 associations with the Company which made them privy to confidential proprietary information  
2 concerning Intel, participated in the fraudulent scheme alleged herein.

3 **APPLICABILITY OF PRESUMPTION OF RELIANCE**

4 **(FRAUD-ON-THE-MARKET DOCTRINE)**

5 46. The market for Intel's securities was open, well-developed and efficient at all  
6 relevant times. As a result of the materially false and/or misleading statements and/or failures to  
7 disclose, Intel's securities traded at artificially inflated prices during the Class Period. On January  
8 25, 2024, the Company's share price closed at a Class Period high of \$49.55 per share. Plaintiff and  
9 other members of the Class purchased or otherwise acquired the Company's securities relying upon  
10 the integrity of the market price of Intel's securities and market information relating to Intel, and  
11 have been damaged thereby.

12 47. During the Class Period, the artificial inflation of Intel's shares was caused by the  
13 material misrepresentations and/or omissions particularized in this Complaint causing the damages  
14 sustained by Plaintiff and other members of the Class. As described herein, during the Class Period,  
15 Defendants made or caused to be made a series of materially false and/or misleading statements  
16 about Intel's business, prospects, and operations. These material misstatements and/or omissions  
17 created an unrealistically positive assessment of Intel and its business, operations, and prospects,  
18 thus causing the price of the Company's securities to be artificially inflated at all relevant times, and  
19 when disclosed, negatively affected the value of the Company shares. Defendants' materially false  
20 and/or misleading statements during the Class Period resulted in Plaintiff and other members of the  
21 Class purchasing the Company's securities at such artificially inflated prices, and each of them has  
22 been damaged as a result.

23 48. At all relevant times, the market for Intel's securities was an efficient market for the  
24 following reasons, among others:

25 (a) Intel shares met the requirements for listing, and was listed and actively  
26 traded on the NASDAQ, a highly efficient and automated market;

27 (b) As a regulated issuer, Intel filed periodic public reports with the SEC and/or  
28 the NASDAQ;

1 (c) Intel regularly communicated with public investors via established market  
2 communication mechanisms, including through regular dissemination of press releases on the  
3 national circuits of major newswire services and through other wide-ranging public disclosures,  
4 such as communications with the financial press and other similar reporting services; and/or

5 (d) Intel was followed by securities analysts employed by brokerage firms who  
6 wrote reports about the Company, and these reports were distributed to the sales force and certain  
7 customers of their respective brokerage firms. Each of these reports was publicly available and  
8 entered the public marketplace.

9 49. As a result of the foregoing, the market for Intel's securities promptly digested  
10 current information regarding Intel from all publicly available sources and reflected such  
11 information in Intel's share price. Under these circumstances, all purchasers of Intel's securities  
12 during the Class Period suffered similar injury through their purchase of Intel's securities at  
13 artificially inflated prices and a presumption of reliance applies.

14 50. A Class-wide presumption of reliance is also appropriate in this action under the  
15 Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972),  
16 because the Class's claims are, in large part, grounded on Defendants' material misstatements and/or  
17 omissions. Because this action involves Defendants' failure to disclose material adverse  
18 information regarding the Company's business operations and financial prospects—information that  
19 Defendants were obligated to disclose—positive proof of reliance is not a prerequisite to recovery.  
20 All that is necessary is that the facts withheld be material in the sense that a reasonable investor  
21 might have considered them important in making investment decisions. Given the importance of  
22 the Class Period material misstatements and omissions set forth above, that requirement is satisfied  
23 here.

24 **NO SAFE HARBOR**

25 51. The statutory safe harbor provided for forward-looking statements under certain  
26 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The  
27 statements alleged to be false and misleading herein all relate to then-existing facts and conditions.  
28 In addition, to the extent certain of the statements alleged to be false may be characterized as forward

1 looking, they were not identified as “forward-looking statements” when made and there were no  
2 meaningful cautionary statements identifying important factors that could cause actual results to  
3 differ materially from those in the purportedly forward-looking statements. In the alternative, to the  
4 extent that the statutory safe harbor is determined to apply to any forward-looking statements  
5 pleaded herein, Defendants are liable for those false forward-looking statements because at the time  
6 each of those forward-looking statements was made, the speaker had actual knowledge that the  
7 forward-looking statement was materially false or misleading, and/or the forward-looking statement  
8 was authorized or approved by an executive officer of Intel who knew that the statement was false  
9 when made.

10 **FIRST CLAIM**

11 **Violation of Section 10(b) of The Exchange Act and**

12 **Rule 10b-5 Promulgated Thereunder**

13 **Against All Defendants**

14 52. Plaintiff repeats and re-alleges each and every allegation contained above as if fully  
15 set forth herein.

16 53. During the Class Period, Defendants carried out a plan, scheme and course of conduct  
17 which was intended to and, throughout the Class Period, did: (i) deceive the investing public,  
18 including Plaintiff and other Class members, as alleged herein; and (ii) cause Plaintiff and other  
19 members of the Class to purchase Intel’s securities at artificially inflated prices. In furtherance of  
20 this unlawful scheme, plan and course of conduct, Defendants, and each defendant, took the actions  
21 set forth herein.

22 54. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue  
23 statements of material fact and/or omitted to state material facts necessary to make the statements  
24 not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a  
25 fraud and deceit upon the purchasers of the Company’s securities in an effort to maintain artificially  
26 high market prices for Intel’s securities in violation of Section 10(b) of the Exchange Act and Rule  
27 10b-5. All Defendants are sued either as primary participants in the wrongful and illegal conduct  
28 charged herein or as controlling persons as alleged below.



1           55. Defendants, individually and in concert, directly and indirectly, by the use, means or  
2 instrumentalities of interstate commerce and/or of the mails, engaged and participated in a  
3 continuous course of conduct to conceal adverse material information about Intel's financial well-  
4 being and prospects, as specified herein.

5           56. Defendants employed devices, schemes and artifices to defraud, while in possession  
6 of material adverse non-public information and engaged in acts, practices, and a course of conduct  
7 as alleged herein in an effort to assure investors of Intel's value and performance and continued  
8 substantial growth, which included the making of, or the participation in the making of, untrue  
9 statements of material facts and/or omitting to state material facts necessary in order to make the  
10 statements made about Intel and its business operations and future prospects in light of the  
11 circumstances under which they were made, not misleading, as set forth more particularly herein,  
12 and engaged in transactions, practices and a course of business which operated as a fraud and deceit  
13 upon the purchasers of the Company's securities during the Class Period.

14           57. Each of the Individual Defendants' primary liability and controlling person liability  
15 arises from the following facts: (i) the Individual Defendants were high-level executives and/or  
16 directors at the Company during the Class Period and members of the Company's management team  
17 or had control thereof; (ii) each of these defendants, by virtue of their responsibilities and activities  
18 as a senior officer and/or director of the Company, was privy to and participated in the creation,  
19 development and reporting of the Company's internal budgets, plans, projections and/or reports;  
20 (iii) each of these defendants enjoyed significant personal contact and familiarity with the other  
21 defendants and was advised of, and had access to, other members of the Company's management  
22 team, internal reports and other data and information about the Company's finances, operations, and  
23 sales at all relevant times; and (iv) each of these defendants was aware of the Company's  
24 dissemination of information to the investing public which they knew and/or recklessly disregarded  
25 was materially false and misleading.

26           58. Defendants had actual knowledge of the misrepresentations and/or omissions of  
27 material facts set forth herein, or acted with reckless disregard for the truth in that they failed to  
28 ascertain and to disclose such facts, even though such facts were available to them. Such defendants'

1 material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose  
2 and effect of concealing Intel's financial well-being and prospects from the investing public and  
3 supporting the artificially inflated price of its securities. As demonstrated by Defendants'  
4 overstatements and/or misstatements of the Company's business, operations, financial well-being,  
5 and prospects throughout the Class Period, Defendants, if they did not have actual knowledge of the  
6 misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by  
7 deliberately refraining from taking those steps necessary to discover whether those statements were  
8 false or misleading.

9         59. As a result of the dissemination of the materially false and/or misleading information  
10 and/or failure to disclose material facts, as set forth above, the market price of Intel's securities was  
11 artificially inflated during the Class Period. In ignorance of the fact that market prices of the  
12 Company's securities were artificially inflated, and relying directly or indirectly on the false and  
13 misleading statements made by Defendants, or upon the integrity of the market in which the  
14 securities trades, and/or in the absence of material adverse information that was known to or  
15 recklessly disregarded by Defendants, but not disclosed in public statements by Defendants during  
16 the Class Period, Plaintiff and the other members of the Class acquired Intel's securities during the  
17 Class Period at artificially high prices and were damaged thereby.

18         60. At the time of said misrepresentations and/or omissions, Plaintiff and other members  
19 of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other  
20 members of the Class and the marketplace known the truth regarding the problems that Intel was  
21 experiencing, which were not disclosed by Defendants, Plaintiff and other members of the Class  
22 would not have purchased or otherwise acquired their Intel securities, or, if they had acquired such  
23 securities during the Class Period, they would not have done so at the artificially inflated prices  
24 which they paid.

25         61. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act  
26 and Rule 10b-5 promulgated thereunder.

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1 the Class suffered damages in connection with their purchases of the Company's securities during  
2 the Class Period.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff prays for relief and judgment, as follows:

5 (a) Determining that this action is a proper class action under Rule 23 of the Federal  
6 Rules of Civil Procedure;

7 (b) Awarding compensatory damages in favor of Plaintiff and the other Class members  
8 against all defendants, jointly and severally, for all damages sustained as a result of Defendants'  
9 wrongdoing, in an amount to be proven at trial, including interest thereon;

10 (c) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this  
11 action, including counsel fees and expert fees; and

12 (d) Such other and further relief as the Court may deem just and proper.

13 **JURY TRIAL DEMANDED**

14 Plaintiff hereby demands a trial by jury.  
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