INTEL EMPLOYEE PLANNING SERIES

The Intel ESPP Decision

How to evaluate the discount, taxes, concentration risk, and what to do after shares are purchased

Intel's Employee Stock Purchase Plan can turn payroll deductions into shares purchased at a discount. But the discount answers how the shares are purchased; it does not answer whether keeping them is the right investment decision for your household.

CONFIRM THE CURRENT PURCHASE FORMULA Intel's current public plan materials describe two purchases each year at 85% of purchase-date market value, without a beginning-date lookback, for subscription periods beginning on or after February 20, 2025. Confirm the terms for your period before relying on them.

DECIDE BEFORE SHARES ARRIVE Choose an intentional policy: sell promptly, retain a defined percentage, or hold specific lots for a documented reason. A written policy prevents each purchase from becoming a new decision made under time pressure.

TRACK TAX BASIS Keep every Form 3922, purchase confirmation, W-2, and sale record. Brokerage basis may omit compensation income created by an ESPP disposition, so tax basis often must be reconciled before filing.

The Discount Is Only the Beginning

A qualifying Section 423 purchase generally does not create federal taxable income when the shares are purchased. Tax consequences generally arise when the shares are sold or otherwise disposed of. Selling promptly can monetize the discount and reduce Intel concentration, but a sale before the later of two years from the option grant and one year from the share transfer is generally a disqualifying disposition. Ordinary compensation is generally tied to the purchase-date value over the purchase price, with later price movement treated as capital gain or loss.

Holding through the statutory periods may improve the character of part of the income, but it adds market and concentration risk. Highly appreciated shares held more than one year may also be considered for a direct gift to a qualified public charity or donor-advised fund. A gift is a disposition, and the ESPP discount may still create ordinary income even when no sale proceeds are received, so coordinate the tax-lot selection, deduction, and transfer with a tax professional and the receiving custodian.

> ***Planning principle:*** *The discount improves the economics of the purchase; it does not eliminate the risk of holding the stock.*

QUESTIONS TO RESOLVE BEFORE YOU ACT

WHAT IS THE CURRENT PURCHASE FORMULA? Confirm the subscription and purchase dates, contribution rate, eligible compensation, current designated percentage, purchase-date pricing, annual limit, share cap, and withdrawal rules in your enrollment materials.

WHAT IS THE AFTER-TAX VALUE? Model prompt sale and intentional holding under price-decline and price-growth scenarios. Include ordinary income, capital gain or loss, withholding, estimated tax, basis adjustments, and transaction costs.

HOW MUCH INTEL RISK ALREADY EXISTS? Measure ESPP shares with direct holdings, vested and unvested awards, options, Intel stock in the 401(k), future grants, SERPLUS credit exposure, and career income before choosing what to retain.

WHAT IF EMPLOYMENT ENDS? Intel states that a departure before the subscription period ends generally produces a full refund within two to four pay periods, with no stock purchase and no interest. Confirm the timing against the separation record and final payroll.

Educational overview. Current plan documents, enrollment materials, participant instructions, transaction records, and professional tax advice control. Sources: Intel 2026 Proxy Statement, including the 2006 Employee Stock Purchase Plan as amended and restated in 2026; Intel Leaving Intel; Intel 2025 Form 10-K; IRS Publication 525; IRS Topic 427; and IRS Publication 526. Intel Corporation is not affiliated with Oswego Legacy Partners or Prudential. Reviewed August 2026.