



PROJECT BRIEF  
Strategy Case Study

# Intel After Apple: The Right Time to Split Is Now

# Intel After Apple: The Right Time to Split Is Now

---

## Project Title

Intel After Apple: The Right Time to Split Is Now

## Engagement Type

Public strategic memo / market analysis. The deliverable is a publishable thought-piece (4,500 to 6,000 words) suitable for Calafai's marketing site, LinkedIn long-form, and pitching to financial press. The audience is CEOs of companies in analogous strategic crises, plus the investor and policy communities.

## The Brief

Intel is in its fifth year of a strategic transformation that hasn't worked. Per the FY2024 10-K, the company lost \$13B in its foundry segment in 2024; trade-press aggregation of FY2025 quarterly releases indicates ~\$10.3B in foundry operating losses for 2025 (to be verified against the audited FY2025 10-K filed early 2026). Internal foundry external revenue languished at \$174M in Q1 2026 (Q1 2026 earnings release). The US government took a 9.9% equity stake in August 2025, converting CHIPS Act grants into common stock and signaling national-champion status. Apple is reportedly closing in on a preliminary foundry deal as of May 2026. The stock has doubled from 2025 lows. CEO Lip-Bu Tan is being credited with an early turnaround.

The discourse is loud and crowded. Eleven distinct positions are in active circulation, ranging from "hold the line" (Morgan Stanley) to "split the company" (former Intel directors) to "national champion" (CSIS) to "Intel is unfixable" (Bernstein's Rasgon). No one is combining the split thesis with the national-champion thesis. That combination is the publishable wedge.

**Our hypothesis:** Intel should announce a Reverse Morris Trust spinoff within four quarters, creating two companies. ProductsCo becomes a fabless x86 server CPU pure-play, comparable to AMD. FoundryCo becomes a US sovereign foundry with the federal government as its largest shareholder, the DoD as anchor customer, and allied sovereign-AI demand as its growth engine. The August 2025 government deal does not block this. It enables it. The 5% warrant designed to deter foundry sale is read as a poison pill against foreign acquirers, not US-domestic restructuring. The Apple deal of May 2026 is not validation of the integrated model. It is proof that FoundryCo can stand alone, and the cleanest moment to make sure it does.

The case rests on three claims that need rigorous defense:

1. **The split is good for shareholders** in 95% of plausible 2030 outcomes, because it removes the conglomerate discount, forces capital allocation discipline, allows comparable-multiple re-rating, and provides risk segregation. The 5% of outcomes where the split looks wrong are scenarios where Intel was doomed regardless of structure.
2. **The split is good for the government** because a focused FoundryCo serves national-security goals better than a confused integrated company. The warrant exercise becomes a cooperative move that takes the government's FoundryCo stake to ~11%.
3. **The timing is specific.** Q3 2026 to Q3 2027 is the right window. The current administration designed the deal. Tan's credibility is at its peak. The stock is in the green for most holders. Activist pressure is structurally imminent. Waiting carries a real cost (\$2.4B per quarter of foundry operating losses).

The memo must be opinionated, contrarian, evidence-grounded, and unflinching about the strongest objections. It will be published under Calafai's name and is intended as a case study demonstration of the firm's strategic methodology.

# Intel After Apple: The Right Time to Split Is Now

---

## Background Documents (Attachments)

See attachments. Primary Intel SEC filings include the FY2025 10-K as the PRIMARY source (uploaded separately via SEC EDGAR HTML), supplemented by the Q1 2026 earnings release, the August 2025 government-deal press release, the FY2024 10-K for historical context, and the 2024 resegmentation infographic.

## Success Criteria

1. The memo defends the hypothesis on numbers grounded in Intel's actual public filings, not approximations.
2. It engages honestly with the seven strongest counterarguments and the pre-mortem scenarios.
3. The valuation framework triangulates across at least three comparable sets (foundry pure-play, defense prime, fables designer) with sensitivity ranges.
4. The China parallel is treated with seriousness, neither dismissed nor accepted uncritically.
5. The stakeholder action case is built for each of the five key constituencies (CEO, board, government, institutional shareholders, customers).
6. A separate "private brief" version is produced for potential direct delivery to Intel's board or a major institutional shareholder (Vanguard, BlackRock, Capital Group).

## Constraints

1. **Numbers must come from public filings.** No assumed or inferred figures without explicit sourcing.
2. **The hypothesis is committed.** This engagement is not a balanced "should they split or not?" analysis. It is a defense of a specific opinionated stance meant to be an honest demonstration of Calafai platform capability on first pass before iteration and human direction further develops and refines.
3. **The audience is sophisticated.** The reader knows what x86 is, what TSMC does, what a Reverse Morris Trust is. Do not over-explain.
4. **Length target: 5,500 words for the published memo.** Plus a separate executive summary (one page) and a separate private-brief variant (target 8,000 words with extra detail for board-level audience).