

US government takes 10 percent stake in Intel in exchange for money it was already on the hook for

The US is investing \$8.9 billion into Intel, but most of the funds come from money that the government was supposed to pay the embattled chipmaker anyway. In an announcement on Friday, Intel said the federal government will fund its investment using the remaining \$5.7 billion in grants it hasn't yet received under the Biden administration's CHIPS Act, in addition to the \$3.2 billion received as part of the Secure Enclave program.

President Donald Trump confirmed the investment during a press briefing before the formal announcement, saying Intel CEO Lip-Bu Tan agreed to give the government a 10 percent stake. Earlier this month, Trump called on Tan to resign over his ties to China, and today he positioned the deal as a way for the executive to "keep his job."

Trump told reporters that he floated the offer during negotiations with Tan. "I said, 'I think it would be good having the United States as your partner,'" Trump said. "They've agreed to do it, and I think it's a great deal for them." Intel has already received \$2.2 billion under the CHIPS Act.

The government's investment in Intel "will be a passive ownership, with no Board representation or other governance or information rights," according to Intel. "We are grateful for the confidence the President and the Administration have

placed in Intel, and we look forward to working to advance U.S. technology and manufacturing leadership,” Tan says in the press release.

The confirmation of the deal comes just days after SoftBank announced plans to invest \$2 billion into Intel to “further expand” chipmaking in the US.

Treasury Secretary Scott Bessent hinted at the government’s potential investment this week, saying during an interview with CNBC that it “would be a conversion of grants” meant to “stabilize the company for chip production here in the US.”

It doesn’t seem like this is the end for Trump’s approach to deal-making, as he said during the briefing that “he’ll do more of them” in the future.

Update, August 22nd: Added information from Intel.

<https://www.theverge.com/news/764480/intel-donald-trump-lip-bu-tan-deal>