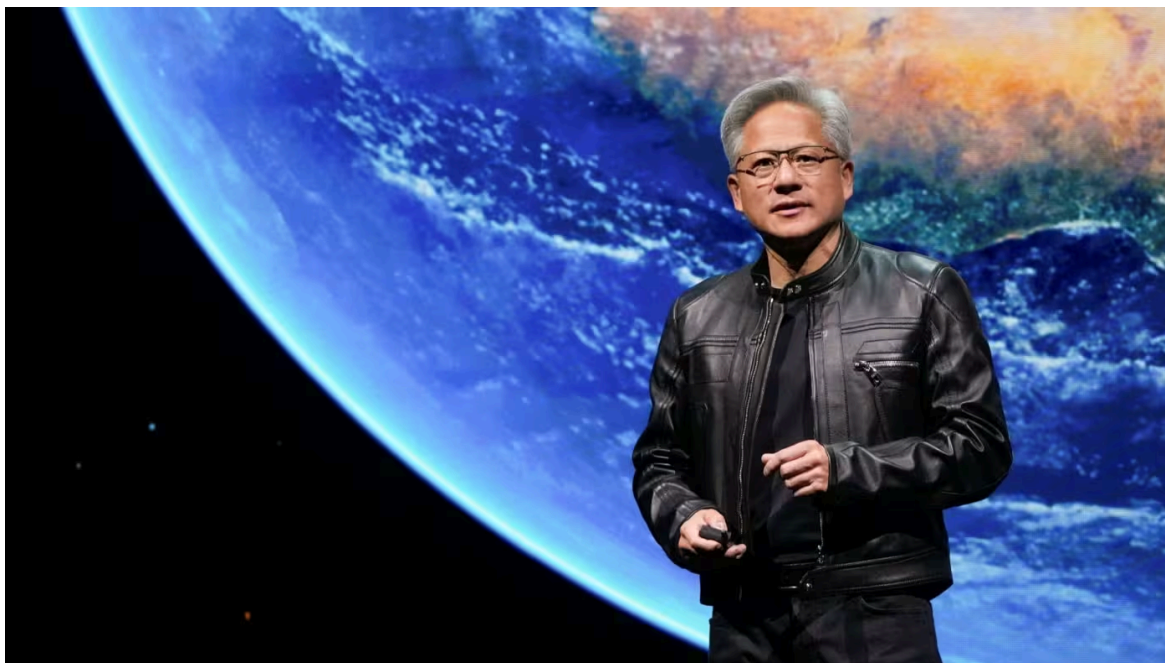


**Nvidia****Nvidia to invest \$5bn in rival Intel**

Deal will see the two US groups co-develop chips for PCs and data centres, but no manufacturing partnership



Nvidia chief Jensen Huang hailed the 'fusion of two world-class platforms' © Nathan Laine/Bloomberg

**Tim Bradshaw** in London and **Michael Acton** in San Francisco

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Nvidia has agreed to invest \$5bn in its struggling rival Intel as part of a deal to develop chips for PCs and data centres, the latest reordering of the tech industry spurred by artificial intelligence.

[Intel](#)'s shares closed 23 per cent higher at \$30.57 on Thursday following the announcement, which unites two of Silicon Valley's longest-running competitors.

The deal comes a month after the US government agreed to take a [10 per cent stake](#) in Intel, as President Donald Trump's administration looks to secure the future of American chip manufacturing.

However, the pair's announcement includes no broader plan for [Nvidia](#) to use Intel's foundry to produce its chips. Intel's manufacturing business, which is losing billions of dollars a year and struggling to secure external customers, is seen as vital to US technological sovereignty.

Jensen Huang, Nvidia's chief executive, hailed a "historic collaboration" and "a fusion of two world-class platforms", combining its graphics processing units, which dominate the market for AI infrastructure, with Intel's general-purpose chips.

On a press call following the announcement, Huang downplayed the idea that the deal positioned Nvidia as a foundry customer for Intel, suggesting that both companies would continue to rely on Taiwan Semiconductor Manufacturing Company.

"I think [Intel chief executive] Lip-Bu [Tan] and I would both say that TSMC is a world-class foundry," Huang said. "You just can't overstate the magic that is TSMC."

Tan said the two companies were looking for "multiple ways" to work together. Intel would like to manufacture the chips included in the partnership, he said.

Huang accompanied Trump on the US president's state visit to the UK this week. Huang and Tan have forged closer ties with the White House in recent months.

Huang clarified that the Trump administration "had no involvement in this partnership at all", although commerce secretary Howard Lutnick was "very excited [and] very supportive" of it.

The deal had been in the works for about a year, Huang said, predating Tan's appointment as Intel CEO in March. The return on the \$5bn investment "is going to be fantastic", he said.

Under the chip companies' agreement, Intel will make custom central processing units for Nvidia to build into its AI platforms for data centres, as well as a separate project to develop PC chips.

Nvidia will buy \$5bn worth of Intel stock at \$23.28 per share.

Nvidia shares were up 3.5 per cent, on Thursday, while shares in Arm, Nvidia's current partner on CPUs, were down 4.5 per cent. Last month, Japan-based SoftBank, Arm's majority owner, said it would purchase \$2bn worth of Intel shares.

Huang said the Intel partnership would target a \$50bn market opportunity, enabling Nvidia to progress into the consumer PC market while allowing Intel to push into the AI data centre market.

Bernstein analysts suggested the \$5bn investment from Nvidia was a gesture that allowed it to avoid committing to using Intel's foundry, as the US government seeks to support the troubled company.

"This is not just a lifeline but a strategic alignment that offers Intel a much clearer future," said Geoff Blaber, chief executive of analyst group CCS Insight.

While Intel and Nvidia's chips have sat side by side in computing equipment for decades, they have maintained a more than 30-year rivalry since Intel sought to incorporate audio, graphics and other then-niche PC functions into its own processors.

"Make no mistake. Intel is out to get us and put us out of business," Huang is reported as telling his staff in 1998, according to a recent book on the company, *The Nvidia Way*. "Our job is to go kill them before they put us out of business."

In the mid-2000s, Intel considered buying Nvidia for a reported \$20bn but instead built its own rival graphics chip. That effort failed, leaving Intel lacking expertise in the same technology that would later come to underpin AI.

While Intel's CPUs are good at handling a wide variety of tasks, putting them at the heart of many PCs, Nvidia's GPUs can run many of the same type of calculations "in parallel" — an architecture ideally suited to training and running the large language models that power ChatGPT and today's other generative AI apps.

Nvidia's investment throws Intel a lifeline from its most unlikely ally, but the equity deal does not solve Intel's most urgent challenge. Its foundry business, which after decades of only producing its own chips has opened up to outside customers and was established as a standalone unit last year, is desperate for new business.

Tan warned in July that Intel may abandon development of leading-edge manufacturing if it cannot secure a "significant external customer" — which would leave US tech companies largely dependent on TSMC for the production of chips that power the latest smartphones and AI servers.

*Additional reporting by James Politi in London*

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