




With Leadership Comes Responsibility

Intel 2007 Corporate Responsibility Report

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This printable (PDF) version of the complete Intel 2007 Corporate Responsibility Report was published in May 2008.



## Creating impact through responsibility and leadership

## Overview

At Intel, we believe that corporate responsibility is essential to our business. Our approach is motivated by our understanding that the success of our company cannot be separated from the health of the planet or the communities in which we operate. As a global technology and business leader, we believe that we are uniquely positioned to help advance environmental sustainability, improve education, and strengthen communities worldwide—through the innovative application of technology and the hands-on commitment and leadership that we can provide.

Read on to learn about Intel's economic, environmental, and social performance in 2007 and our priorities for the future.

### Report Scope and Profile

This Corporate Responsibility Report, published in Portable Document Format (PDF) in May 2008, covers global programs and corporate performance in Intel's worldwide operations and facilities during fiscal year 2007 (ended December 29, 2007). The report also includes historical performance data and future goals; this year, we have expanded our historical performance data to include five years of data instead of three, to provide readers with enhanced trend information. We continue to publish our report on an annual reporting cycle; our last report was published in May 2007.

Throughout the report, we discuss the management systems used to monitor and collect our data and indicators. Environmental, health, and safety data include widely accepted parameters and units. Principles and policies apply to all officers and employees of Intel and its subsidiaries. Financial data is presented in U.S. dollars.

Content for this report is developed through discussions with Intel stakeholders worldwide, company executives, and leading thinkers, and through feedback received throughout the year from our

### Reporting Guidelines and Report Feedback

We have prepared this report using the Global Reporting Initiative\* (GRI) G3 Sustainability Reporting Guidelines. A [GRI Index](#) is provided at the end of this report as a cross-reference to the report content. We self-declare this report to GRI Application Level B+.

A full discussion of Intel's operations and financial statements is included in our [2007 Annual Report and Form 10-K](#). Intel has been engaged in voluntary public reporting of our environmental, health, and safety performance since 1994, and has produced a full Corporate Responsibility Report since 2001. For our previous reports, visit our [Report Download Center](#).

In addition to our complete report in PDF, we publish an eight-page, printed executive summary that our sites around the world localize in both language and content to use with local stakeholders.

Send questions, comments, or feedback on this report to Dave Stangis, Director of Corporate Responsibility, Intel Corporation, 5000 W. Chandler Blvd., CH7-301, Chandler, AZ 85226. Or use our web-based [feedback form](#) to contact our Corporate Responsibility team members, who will research your request and respond promptly.

various communications. These inputs help define topics of materiality for our Corporate Responsibility Report. The report is divided into the following sections: Corporate Profile (including stakeholder relations, ethics, and governance), Workplace, Environment, Education, Community, and Supply Chain Management. Based on feedback from our stakeholders, this year we added a Management Strategy and Analysis section in which we describe the approach and process that we use to determine materiality for reporting, and discuss the main opportunities and challenges for our business. This year's report does not reflect any significant changes in reporting scope and boundary compared to previous years.

Report Assurance

MBA students Tom Anderson, Laura Clise, Nancy Mahtta, and Katherine Yue from the Thunderbird School of Global Management reviewed our 2007 Corporate Responsibility Report under the guidance of Professor Greg Unruh using the new Net Impact MBA Assurance Protocol. To prepare their assessment, the team reviewed the report against the AccountAbility AA1000 Assurance Standard on materiality, completeness, and responsiveness, as well as the Global Reporting Initiative's G3 guidelines. Their unedited [Report Assurance Statement](#) can be found at the end of this report.

This is the fourth year that Intel has worked with a team of MBA students to provide assurance for our Corporate Responsibility Report. The students provide independent, unbiased feedback, which helps readers understand how our report compares against recognized reporting standards. At the same time, we are creating a valuable educational experience for students interested in pursuing careers in the field of corporate social responsibility.

GRI Application Levels

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	G3 Profile Disclosures OUTPUT	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15	Report Externally Assured	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	
	G3 Management Approach Disclosures OUTPUT	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 Performance Indicators & Sector Supplement Performance Indicators OUTPUT	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on a minimum of 20 Performance Indicators, at least one from each of Economic, Environmental, Human rights, Labor, Society, Product Reponsibility.	Report Externally Assured	Report on each core G3 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	

Report Application Levels

2002 In Accordance		C	C+	B	B+	A	A+
Mandatory	Self Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked						
Optional	GRI Checked						

## Executive Perspective



In 2008, we will celebrate Intel's 40th anniversary. Over that 40-year span, our company's products have enabled some of the most important human innovations. Today, our microprocessors are at the heart of an ever expanding digital world—allowing people to connect in amazing new ways and to achieve previously unimagined gains in productivity.

Corporate responsibility is an essential ingredient in how we do business. It has been critical to our success in the past and will continue to be so in the future. It's fundamentally about doing the right things the right way—from setting high ethical expectations for our employees and suppliers, to providing a progressive and inclusive workplace, to delivering products that can change the world.

We have long focused on reducing our emissions, recycling waste, conserving water, and designing products with the environment in mind. Intel chips are made of silicon, the principal ingredient in beach sand. I've outlined a long-term vision for Intel that I've termed "Sand to Sand," a decision-making framework that embodies the concept of sustainability and gives us ongoing motivation to make the right choices for the environment.

While our core focus areas of product innovation, environmental responsibility, educational advancement, community investment, and business integrity remain constant, 2007 brought some

exceptional results. We brought to the market our strongest product portfolio in years. Our new product lines enable the most energy-efficient solutions to date and low-cost options for first-time computer users, especially in emerging markets.

We started producing our new 45nm products using a lead-free process and laid plans to move to halogen-free packaging technology in 2008. Our products are built in some of the most advanced manufacturing facilities on the planet. Fab 32 in Arizona, which started production in 2007, will be our first factory to be certified as a Green Building under new LEED criteria being developed for facilities of this kind.

Intel's education efforts achieved new milestones in 2007 as well. We continued to collaborate with educators and governments worldwide to advance 21st century education and to prepare young people for success. Since 1998, the Intel® Teach Program has been helping teachers be more effective educators and better integrate technology into the classroom. In 2007, we trained more than 1.1 million teachers and surpassed the mark of training 5 million teachers worldwide.

Intel has received a lot of recognition this past year for our CSR leadership. I believe that with leadership comes responsibility. Society and business continue to struggle with complex challenges—from addressing environmental sustainability and climate change to providing quality education and technology access to children and communities around the world. I'm committed to viewing these challenges as future business opportunities and areas where Intel can contribute and collaborate with others in a meaningful way.


In this report, prepared using the Global Reporting Initiative's G3 guidelines, you will see the full scope of our corporate responsibility efforts. We attempt to offer a balanced presentation of our organization's economic, environmental, and social performance in 2007, and outline our priorities for the future.

For Intel's 40th anniversary year, I've challenged our employees worldwide to continue to build on our strong culture of volunteerism and donate one million hours of service in our communities. This is the most direct way that we can thank the communities that have welcomed Intel as a neighbor over the past 40 years. In addition, we will be matching volunteer hours at both local schools and nonprofit organizations with cash grants from the Intel Foundation.

I'm extremely proud of our employees, and as we work together throughout 2008, I'm confident that they will continue to carry on Intel's commitment to deliver the best technology while being one of the world's leading corporate citizens.

A handwritten signature in black ink that reads "Paul S. Otellini".

Paul S. Otellini  
President and Chief Executive Officer



Valuing open and  
honest engagement

## Management Strategy and Analysis

Our leaders have been aware of Intel's impact on the larger world community since our founding 40 years ago. Examples of how that awareness affects our operations and business strategies can be found throughout this Corporate Responsibility Report. In all of our business practices, our goal is not only to have a positive economic impact in the communities where we operate, but also to make those communities better places to live and work.

We are a global manufacturing company, and a major customer and supplier in the high-tech economy. At the end of 2007, we employed more than 85,000 people in close to 50 countries. Given the size and scope of our operations, we place a growing emphasis on sustainability—in both economic and environmental terms. In addition, with our company's particular focus, we emphasize the advancement of education and technology access around the world.

In this section, we provide an overview of our approaches to economic and environmental sustainability, educational advancement, and the most important issues in each of those areas. We also outline how we work with our many stakeholders to understand and prioritize the key sustainability trends affecting our business, how we determine materiality for our public reporting, and how we manage corporate responsibility at Intel.

### Economic Sustainability

In the realm of sustainability reporting, an organization's economic dimension includes much more than the balance sheet and income statement. Intel President and CEO Paul Otellini and other members of our executive team have described our 2007 financial performance, products, technologies, opportunities, and key challenges in our [2007 Annual Report and Form 10-K](#). Clearly, our stockholders are an important stakeholder group, and no analysis of long-term sustainability can exist without an understanding of our financial performance. As noted in that report, 2007 was a strong year for Intel financially, as we enjoyed robust demand for our products in multiple business segments and geographies.

Our ability to compete as markets change strengthens our financial sustainability. As customer demand for energy efficiency, lower total cost of ownership, and environmentally sensitive products has risen, we have stepped up efforts to develop products and technologies with these attributes. In fact, by the end of 2007, we had completed the transition to the energy-efficient Intel® Core™ microarchitecture across our entire desktop, mobile, and server processor lines. We are also investing in new market segments that we believe offer large growth opportunities, such as mobile Internet devices, low-cost PCs for emerging markets, consumer electronics, and advanced graphics.

In 2007, we also strengthened our economic sustainability by achieving significant improvements in our customer service and responsiveness, and through ongoing restructuring and cost-cutting efforts, to create a leaner, more efficient organization for the long term. Where our restructuring efforts included headcount reduction, we worked over an extended time horizon and utilized enhanced communication, career resource services, and severance packages to ease transitions.

Our operations, employees, customers, and suppliers have significant impacts on economic systems at local, regional, and global levels. For many years, we have conducted economic assessments of our site-level investments to better understand our direct and indirect economic impacts on the communities in which we operate. We provide higher-than-average-wage jobs at our sites, and create additional indirect investments in the form of non-Intel jobs and tax revenue. At the same time, each of our sites adds infrastructure demands on local transportation, schools, and communities. Our economic impact assessments have helped us demonstrate a net positive impact on the communities in which we operate. The assessments have also been important resources in our relationships with local communities and governments in discussions pertaining to long-term community viability. For the first time, we are looking to conduct an economic impact assessment designed to give us a better picture of impacts and benefits at a national level. There is concern—based on both perception and reality—that significant U.S. investments in manufacturing are a thing of the past. While we make investments in capital and research and development worldwide, currently we are among the largest capital investors in the United States.

## Environmental Stewardship



We have a multi-pronged focus on environmental sustainability. Our strategy is not new, nor is it a short-term “green” campaign. It is a management approach that we have used at Intel for decades. Our environmental efforts are not only important to our employees and our communities, but an ingredient of our future business success. In fact, in 2008, a component of every employee’s variable compensation will be tied to Intel’s environmental performance in our products, energy use, and overall environmental reputation. We continue to publish environmental goals for energy and water use, climate change impact, and waste recycling. Those goals are supplemented by additional internal goals to help drive our progress in these areas.

Many of the efforts we have under way in the environmental arena are designed to drive efficiencies and cost savings in our operations. Those efforts include decreasing energy and water use, minimizing global-warming emissions, recycling waste, and partnering with local communities to drive environmental improvements. We have conducted polling research that has supported our longtime view that the perception of a company is tied significantly to the way it does business. We recognize the need to remain diligently focused on our operational footprint, as we are continually challenged to reduce absolute levels of resources used and waste generated. The increasing complexity of our manufacturing processes and the continued growth in our manufacturing base present the most significant challenges to meeting our goals. For example, some of our newer technologies, while driving reductions in emissions and resource use per chip manufactured (particularly energy and water), will likely continue to drive increases in absolute amounts.

Another focus of our environmental efforts is the development of products that are more energy efficient and use more environmentally responsible materials and processes. Beyond our own products, we are working to drive industry-wide advancements in energy-efficiency standards that can result in significant, measurable reductions in carbon emissions.

Global attention and increasing alignment around the challenge of climate change present both challenges and opportunities. In addition to focusing on our own operations and products, we are involved in several climate change efforts at the policy, research, and framework levels. We have a specific public policy on climate change that is applicable worldwide and outlines the benefits of a global framework, including market mechanisms to help drive positive environmental impact.

We work constructively with governments around the world to share our views and advice on addressing the climate change challenge. Specifically, we are helping sponsor a significant study being performed by the National Academies of Science entitled “America’s Energy Future: Technology Opportunities, Risks, and Tradeoffs.” This study will critically evaluate the current and projected state of development of energy supply, storage, and

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### Perspective from Our Director of Corporate Responsibility



Corporate responsibility, particularly in the area of environmental sustainability, has received increasing attention worldwide over the past few years, and more companies are trying to integrate their “green” activities into their brand strategies and marketing campaigns.

At Intel, corporate responsibility isn’t a fad or a new initiative—it’s a deeply ingrained way of doing business that the company’s founders instilled 40 years ago.

I am personally proud to work for a company that has long recognized that business success is dependent on respect for individuals, communities, and our planet. But I’m also well aware that the ever-changing expectations mean that we need to continue to evolve our thinking in this space and find new and innovative ways to make a meaningful impact and reach new audiences with our CSR efforts and results. In addition, we are committed to continuous improvement in our own CSR reporting—and in 2007 we made a number of improvements based on the feedback of our report readers and researchers. Some of the most significant changes are the addition of a comprehensive Management Strategy and Analysis section, transitioning from three years to five years of performance data to provide better trend information, including a featured box in each section on key challenges, providing more detail on our supply chain and ethics and compliance efforts, and expanding our discussion about our process for determining materiality.

*Dave Stangis, Intel Director of Corporate Responsibility*

end-use technologies. The work will analyze the role of public policy in determining the demands and costs of energy and the configuration of the nation's energy systems.

In addition, Intel President and CEO Paul Otellini has been asked to serve on the Copenhagen Climate Council. The council includes science and public policy thinkers, as well as corporate leaders, all united in the belief that it is of paramount importance that a satisfactory diplomatic outcome be achieved at the Copenhagen meeting in 2009.

### Improving Education and Technology Access



With respect to our social and international development agenda, Intel has for many years focused on education. We have invested hundreds of millions of dollars and millions of employee hours to improve teacher skills and increase student access to technology. The sheer scope of this endeavor presents the greatest challenge. By the end of 2007, we had reached the significant milestone of having provided training to 5 million teachers worldwide through Intel® Teach, our signature education program. At the 2007 Clinton Global Initiative conference in September, we launched the online version of the Intel Teach curriculum and announced a new online Teach Essentials course.

In January 2008, Intel announced its resignation from the One Laptop Per Child (OLPC) Association and its board of directors. After months of negotiations with OLPC, we mutually concluded that while both organizations remain aligned on the goal of educating children, our approaches are fundamentally different and cannot be reconciled. Although our support has not wavered from the mission of having children in emerging markets benefit from computer technology, our decision to part ways with OLPC took a toll on our reputation as a responsible corporate citizen.

We continue to expand the Intel World Ahead Program, which reflects our belief that making a real difference in education must include more than affordable technology; it also must include educational content, infrastructure, student and teacher

training, and an ongoing understanding from governments and communities about the importance of this direction.

We view education as an area in which we can contribute unique competencies, and we believe that all children should be able to take advantage of the expanded educational horizons that technology avails. Our focus on improving education is motivated by our understanding that the health of local economies and the success of our company are dependent on young people having access to a quality education and technology so they can become the innovators of tomorrow.

### How We Manage Corporate Responsibility

We rely on a corporate-wide matrix of business group leaders to manage corporate responsibility at Intel. A core corporate responsibility team acts as an internal business consultant. This team identifies and communicates trends, emerging issues, and priorities, and helps our business groups focus on improving their performance for the long term. This core team also manages certain stakeholder relationships and the production of our corporate responsibility report and other communication vehicles, and drives or participates in various other corporate responsibility teams within the company. A management review committee of senior Intel managers from various business groups owns the operational aspects of our corporate responsibility. This committee meets regularly and has decision-making authority to implement company strategy.

Other formal management systems and teams include Environmental Health and Safety; Legal; Human Resources; Government Affairs; Community Relations; Manufacturing; Supply Chain Management; Ethics and Compliance; and many other groups. Some business organizations, such as Supply Chain Management, have created their own corporate responsibility management structure that is aligned with our overall corporate strategy. In other cases, Intel's director of Corporate Responsibility is a member of a group's management structure, such as Intel's Ethics and Compliance Oversight Committee. Ultimately, our senior executives have authority for the working relationships with the general counsel, the CEO, and the chairman of the Board. An Executive Corporate Responsibility Council challenges decisions and is staffed by our CEO, chief administrative

officer, executive vice president of Sales and Marketing, executive vice president of Manufacturing, executive vice president of Legal, general counsel, and vice president of Corporate Affairs. The Corporate Governance and Nominating Committee of our Board of Directors has ultimate oversight of the company's corporate responsibility performance and reporting, as set by a formal charter.

We maintain a Code of Conduct for all of our employees and directors worldwide. It sets clear expectations for day-to-day performance, with the underlying principle that all employees act with uncompromising integrity. The Intel Code of Conduct directs employees to consider both short- and long-term impacts on the environment and community when making decisions. All new employees are trained in the Code of Conduct, and every employee is expected to complete annual refresher training. Our Code of Conduct is available in eight languages and is supported by case studies specific to geographical regions. We review third-party codes of conduct periodically to ensure that the Intel Code of Conduct is consistent with widely regarded codes, such as the Electronic Industry Code of Conduct, the United Nations Global Compact, the International Labour Organization conventions, and the United Nations norms on human rights.

We use many additional business, corporate responsibility, and developmental frameworks to help inform our strategies, including the Millennium Development Goals (MDGs). The eight MDGs represent commitments to reduce poverty and hunger, and tackle ill health, gender inequality, lack of education, lack of access to clean water, and environmental degradation. Every global company has a unique set of skills and competencies that it can bring to the world's developmental challenges. We believe that all multinational companies should understand their role with respect to the MDGs and keep all eight goals in mind as they develop their internal and external strategies.



Technology is at the top of our list of competencies, but we also have placed emphasis and developed advanced capabilities in environmental sustainability and achieving universal primary education. Intel Chairman Craig Barrett is the chairman of the United Nations Global Alliance for Information and Communication Technologies and Development (GAID).

Recognizing that no single organization can achieve the MDGs in isolation, we believe it is crucial to create an open and inclusive platform that can broaden the dialogue in innovative ways. GAID was formed in direct response to this need. With its multi-stakeholder approach, the alliance reaffirms the belief that a people-centered, knowledge-based information society is essential for achieving a better life for all people.

## Role of Our Stakeholders

A section of this report is dedicated to describing the role of our stakeholders in Intel's overall operations. Stakeholders affect the content of this report; their views are incorporated into our short- and long-term planning, and how we identify our most material sustainability issues. We view every individual who has a relationship with Intel as a stakeholder. We have Intel groups that focus on specific stakeholders, such as our customers and the users of our products, and our suppliers and contractors. Detailed perception tools and feedback loops are part of the business models of these organizations.

Each of our sites around the world employs a toolkit for stakeholder engagement. Some use formal community advisory panels, while others use opinion leader surveys or informal community panels to monitor and gather feedback. We also hold regular meetings with investors, including mainstream and socially responsible investors (SRIs) and research firms. In addition, we have regular engagements with non-governmental organizations (NGOs) and multilateral organizations worldwide, and also offer multiple ways for individuals and groups to contact us directly.

We strive for open, trusted relationships with government officials and businesses worldwide. We share information regularly with government representatives and peers, both within and outside our industry. We are members of multiple organizations throughout the world that focus on corporate responsibility and sustainability.

For the past eight years, Intel has maintained an emerging issues management function. This effort, led by our core corporate responsibility team, monitors and identifies emerging sustainability trends worldwide. We use an intranet tool to monitor key issues occurring around the world. We then classify the issues into different sustainability categories, giving priority to identifying

potential risks to either our reputation or performance. For example, we may monitor new stories about another company facing environmental or stakeholder challenges at one of its facilities. Or perhaps we will monitor proposed regulations that have the potential to affect our ability to do business a certain way or in a certain location. We summarize these issues internally and on a weekly basis communicate them to management and employees. This issues management process helps us stay ahead of emerging trends, engage proactively, and keep the right people informed about our major focus areas.

We regularly receive feedback on our corporate responsibility and sustainability efforts from a variety of sources, including individual employees, our Intel Employee Sustainability Network, comments posted to our corporate responsibility blog and other blogs, and communication mechanisms on our web site. We take

all feedback seriously, and, when appropriate, incorporate it into our thinking and planning. This information factors into not only what we communicate, but also how we communicate, and it affects the programs and initiatives that we focus on. For example, our community programs are continuously evaluated based on feedback from the local community, and our reporting methodology and the content in this report are adapted to meet the needs of our stakeholders.

Our stakeholders have helped define our major corporate responsibility focus areas, as listed above. Our corporate responsibility agenda includes many other areas as well: We work to maintain a progressive workplace, promote diversity and inclusion, actively support local community needs, help drive awareness of HIV and AIDS in certain geographies, role-model business ethics and integrity, and more.

## Sharing and Promoting Best Practices

We are regularly approached by other companies to engage in benchmarking activities and to share best practices in corporate responsibility management. We also serve on the boards of directors of or as advisors to corporate responsibility-related organizations, including Boston College Center for Corporate Citizenship, Net Impact, and Ethical Corporation. In 2007, we joined with other companies and organizations to advance the understanding of and encourage excellence in corporate responsibility—at country, regional, and local levels. Some examples include:

In Asia, Intel helped the Asian Institute of Management (AIM) develop a new CSR award—the [Intel-AIM Corporate Responsibility Award](#)—to encourage excellence in corporate responsibility among businesses in the region. Ballarpur Industries Ltd., India's largest paper company, received the first of these awards, at the Asian Forum on Corporate Social Responsibility in Ho Chi Minh City in September 2007. The new award is one of a number of initiatives that Intel and AIM are working together on to promote greater awareness and understanding of corporate responsibility in the region.

In June 2007, Intel Costa Rica joined with other organizations to create [ALIARSE](#), a public-private consortium to promote a

culture of corporate responsibility and sustainable and equitable development in the country. ALIARSE is made up of a mix of national and multinational corporations and public institutions. Karla Blanco, Intel Costa Rica Corporate Affairs manager, commented, "ALIARSE aims to generate awareness, exchange business practices, inform public opinion, and promote the creation of public-private partnerships in the areas of education, health, environment, and local development."

In Arizona, where Intel has a major manufacturing presence, we teamed up in early 2007 with Arizona Public Service, Arizona's largest utility company, to found [Arizona Businesses Advancing Sustainability](#) (AzBAS). AzBAS is an informal association of Arizona businesses interested in working together to expand sustainability concepts and activities in the business community in Arizona. The group holds in-depth dialogues among participants to share, learn from, challenge, and test the sustainability practices in our companies. In November 2007, AzBAS also co-sponsored a Business and Climate Change Summit with the Arizona Investment Council, bringing together more than 170 business leaders, policy makers, and academics to discuss the impact of climate change on businesses and the economy in the state.

In our Corporate Responsibility Report, we attempt to cover the sustainability issues that we consider most material to our business. On this page, we outline the process that we use to define materiality, both for this report and for continued development of our corporate responsibility strategy. We have used the Materiality Framework developed by the research firm AccountAbility to inform our approach.

## Materiality Analysis

### Identify

Identify issues from a wide range of stakeholders and sources.

#### Primary Sources

- Employee blogs & forums
- Corporate social responsibility (CSR) web site e-mails
- Emerging issue alerts process and trend analysis
- Results of community advisory panels and community perception surveys
- Meetings/feedback sessions with mainstream and socially responsible investors (SRIs) and research firms
- Proxy resolution negotiations
- Ethics Compliance & Oversight Committee
- Strategic chemical review process
- Community relations
- CSR/sustainability conferences
- Reputation for market research
- Meetings with government officials
- Customer concerns
- External standards
- Participation in industry working groups

#### Issues

- Climate change
- Water conservation
- Air emissions/quality
- Supporting education
- Fair compensation
- Business performance
- HIV/AIDS
- Globalization
- Health concerns related to wireless technology
- SARS/Avian Flu
- Energy
- Nanomaterials
- Employee benefits
- Labor unions
- Material restrictions
- Employee health
- Privacy
- Political contributions
- Taxes/incentives
- Diversity
- E-waste
- EHS/human rights in the supply chain

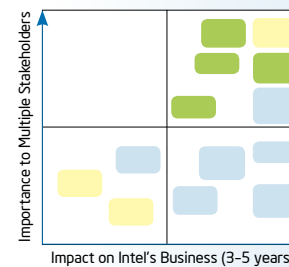
### Prioritize

Use a consistent set of filters to determine the significance of each issue and develop a list of the most material issues.

#### Criteria

- Business continuity
- Impact to brand/reputation
- Applicability to multiple regions
- Alignment with Intel's business strategies
- Impact to community
- Attracting and retaining talent
- Regulatory impacts

#### Materiality Matrix



### Review

Embed the process in internal decision-making and external review.

#### Internal Review

- Board of Directors and Corporate Responsibility Management Review Committee (MRC) reviews
- Corporate strategic discussions
- Business group MRC/planning

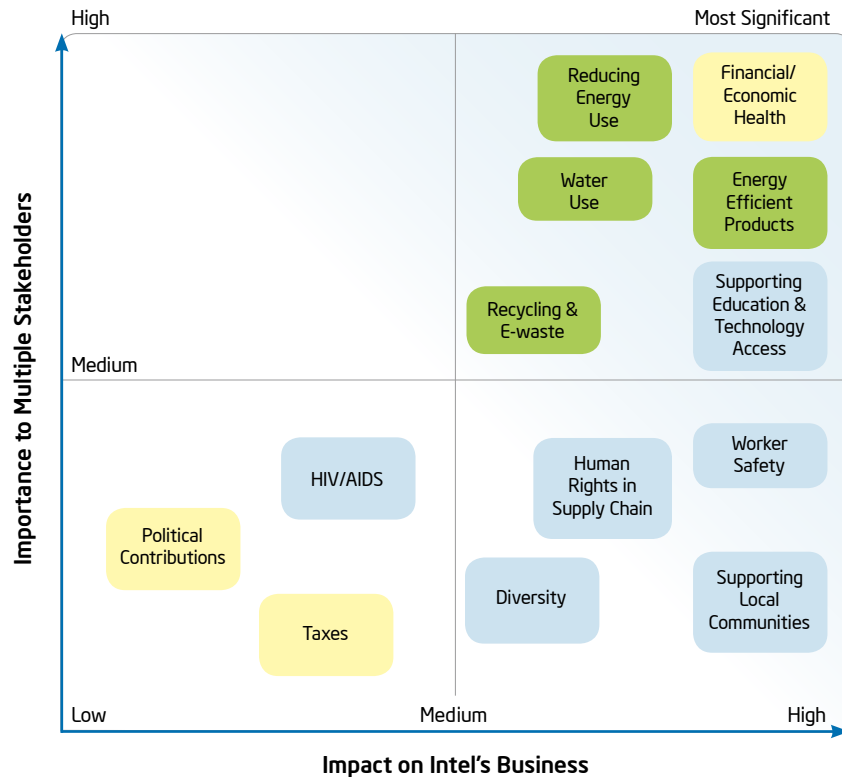
#### External Review

- SRI outreach/CSR report review
- SustainAbility participation & benchmarking
- External report assurance using AA1000 standard

#### Decisions

- Set new performance goals
- Initiate new projects or develop new policy
- Communicate with stakeholders
- Include in CSR annual report, site/local reports, CSR web site

## CSR Issues—Materiality Matrix



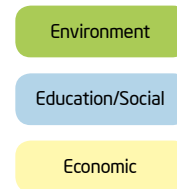
This materiality matrix (developed using the process outlined on the previous page) illustrates the topics we believe to be of greatest interest to our stakeholders, who want to make informed decisions about Intel's environmental, social, and economic performance.

## How We Report on Corporate Responsibility

This full Corporate Responsibility Report attempts to address Intel's entire corporate sustainability agenda, including challenges, opportunities, and global performance and results. The full report contains information pertaining to the indicators in the Global Reporting Initiative's G3 sustainability reporting guidelines. We also print a limited number of copies of an executive summary of our full report for stakeholders who appreciate a snapshot of our positions and our most material issues.

For a high-level summary of corporate responsibility at Intel, visit our [Corporate Responsibility](#) web site. In addition, we publish [quarterly newsletters](#) that cover corporate responsibility challenges and opportunities. The newsletters include various site-based articles and approaches not covered in our Corporate Responsibility Report. And finally, our [CSR@Intel](#) blog provides commentary on various aspects of corporate responsibility.

Corporate responsibility at Intel reflects our deep respect for people and for the world around us. It means achieving business success while acting with uncompromising integrity. It means listening to, learning from, and communicating openly with our stakeholders. It's how we do business every day, at every Intel site around the world.



Accountable to our customers,  
employees, and stockholders



## Corporate Profile

Intel is the world's largest semiconductor chip maker based on revenue. We develop advanced digital technology products, primarily integrated circuits, for industries such as computing and communications. Our goal is to be the preeminent provider of semiconductor chips and platforms to the worldwide digital economy. A common mission directs our efforts: to delight our customers, employees, and stockholders by relentlessly delivering the platform and technology advancements that become essential to the way people work and live.

## Organizational Profile

For close to 40 years, Intel has challenged the status quo, transforming once-inconceivable ideas into normal, everyday solutions. We continue to drive innovation—in technology, education, business practices, corporate responsibility, manufacturing, and more—and encourage customers, consumers, businesses, government leaders, and others to join us in expanding what is possible for people everywhere.

Intel is headquartered in Santa Clara, California and incorporated in the state of Delaware. Intel's common stock (symbol INTC) trades on The NASDAQ Global Select Market.\*

### Products

Our products include chips, boards, and other semiconductor products that are the building blocks integral to computers, servers, consumer electronics and handheld devices, and networking and communications products. Our primary component-level products include microprocessors, chipsets, and flash memory. We offer products at various levels of integration, allowing our customers the flexibility to create advanced computing and communications systems and products.

### 2007 Highlights

- Reported our 21st consecutive year of profitability.
- Paid record cash dividends of \$2.6 billion.
- Captured the number one spot in the technology hardware sector on *Corporate Responsibility Officer* magazine's "10 Best Corporate Citizens by Industry 2007" list.
- Completed our transition to the Intel® Core™ microarchitecture, delivering its energy-efficient performance benefits across our desktop, mobile, and server processor lines.
- Named to the Dow Jones Sustainability Index for the ninth consecutive year (since the index's inception), and named the Supersector Leader for Technology for the seventh consecutive year.
- Named to the Corporate Knights/Innovest list of the "100 Most Sustainable Corporations in the World" for the third consecutive year.
- Trained more than 95% of our employees worldwide in Intel's business ethics expectations.

### 2007 Challenges

- Effectively integrating ethics awareness into our business strategies can be challenging across diverse cultures. We have placed a priority on engaging employees in the areas of conflicts of interest, early identification of issues, expense reporting, protecting assets, and import and export compliance.
- Our reputation continued to be affected by antitrust regulatory inquiries, particularly in Europe. In March 2008, Intel President and CEO Paul Otellini met with the European Commission (EC) to explain and defend Intel's business practices. The EC's antitrust officials will begin drafting a final ruling. There is no formal deadline for antitrust decisions.

We have established a roadmap for sustained technology leadership through our “tick-tock” strategy of introducing a new silicon process technology approximately every two years and ramping the next generation of microarchitecture in the intervening years. Our 45-nanometer (nm) processors, launched in November 2007, were designed from the ground up with energy efficiency in mind. As of the end of February 2008, we offered more than 30 of these processors, which are built using Intel 45nm Hi-k metal gate silicon technology, an entirely new transistor composition that minimizes electrical leakage and enables us to continue our pace of innovation. They boast nearly twice the transistor density—up to 820 million transistors for quad-core processors—compared to previous chips built on our 65nm technology, and have set a number of records on key industry performance benchmarks, while consuming less power. These processors are also manufactured using a lead-free<sup>1</sup> process.

In 2007, we completed our transition to the Intel® Core™ microarchitecture, now delivering its energy-efficient performance benefits across our entire desktop, mobile, and server lines of dual- and quad-core processors. Compared to processors with only one core, those with two or more cores are designed to deliver higher system throughput and simultaneous management of activities, while balancing power requirements.

We have a broad focus on growth opportunities presented through integrated platforms—which combine Intel processors and other technologies to address the needs of different users, such as consumers, business owners, and information technology (IT) professionals.

## Customers

We sell our products primarily to original equipment manufacturers (OEMs) and original design manufacturers (ODMs). ODMs provide design and/or manufacturing services to branded and unbranded private-label resellers. In addition, we sell our products to other manufacturers, including makers of a wide range of industrial and communications equipment. Our customers also include PC and network communications products users who buy PC components and our other products through distributor, reseller, retail, and OEM channels throughout the world.

## Operating Segments

Intel is organized into the following operating segments, which focus on developing platforms and microprocessors for market segments where we believe large growth opportunities exist. Subsequent to the end of the first quarter of 2008, we completed a reorganization that transferred the Digital Home Group's consumer PC components business to the Digital Enterprise Group. The discussions below are based on the revised organizational structure.

**Digital Enterprise Group.** Delivers products that are incorporated into desktop computers, enterprise computing servers, workstations, a broad range of embedded applications, and other products that help make up the infrastructure for the Internet. Products include microprocessors, chipsets, motherboards, and other components such as network processors, communications boards, embedded processors, wired connectivity devices, and products for network and server storage. In the desktop computing market segment, we also focus on the design of components for high-end enthusiast PCs and mainstream PCs with rich audio and video capabilities.

**Mobility Group.** Offers microprocessors and related chipsets for the notebook market segment, wireless connectivity products, and energy-efficient products designed for the ultra-mobile market segment. Products include Intel® Centrino® processor technologies based on our microprocessors, chipsets, and wireless network connections.

**We have a broad focus on growth opportunities presented through integrated platforms—which combine Intel processors and other technologies to address the needs of different users, such as consumers, business owners, and IT professionals.**

**NAND Products Group.** Provides NAND flash memory products primarily used in digital audio players, memory cards, and system-level applications, such as solid-state drives.

**Digital Home Group.** Offers products and solutions for use in consumer electronics devices designed to access and share Internet, broadcast, optical media, and personal content through a variety of linked digital devices within the home.

**Digital Health Group.** Focuses on digital hospital and consumer/home health products, exploring opportunities in healthcare IT, research, diagnostics, and productivity, as well as personal healthcare.

**Software Solutions Group.** Works with the worldwide software and services ecosystem by providing software products, engaging with developers, and driving strategic software investments.

*Note: On March 30, 2008 (subsequent to the close of the first quarter of 2008), we completed the divestiture of our NOR flash memory business to Numonyx, a private, independent semiconductor company formed by Intel, STMicroelectronics, and Francisco Partners. We will continue to have revenue associated with a supply agreement that we have with Numonyx.*

<sup>1</sup> Our 45nm products are manufactured on a lead-free process. Lead is below 1,000 PPM per European Union Restriction of Hazardous Substances (RoHS) Directive of July 2006 (2002/95/EC, Annex A). Some RoHS exemptions for lead may apply to other components used in the product packaging.

## Manufacturing and Assembly and Test

As of year-end 2007, 73% of our wafer fabrication, including microprocessor, chipset, NOR flash memory, communications, and other silicon fabrication, was conducted within the U.S. at our facilities in Arizona, New Mexico, Oregon, Massachusetts, and California. The remaining 27% of our wafer fabrication was conducted at our facilities in Ireland and Israel. As of the end of 2007, we primarily manufactured our products in wafer fabrication facilities described in the table below.

In addition to our current facilities, we are building a facility in Israel that is expected to begin wafer fabrication for microprocessors on 300mm wafers using 45nm process technology in the second half of 2008. Also, we are building a 300mm wafer fabrication facility in China that is expected to begin production in 2010.

As of year-end 2007, the majority of our microprocessors were manufactured on 300mm wafers using our 65nm process technology. In 2007, we started manufacturing microprocessors using our new 45nm Hi-k metal gate silicon technology, which

enables higher and more energy-efficient processor performance. Each succeeding generation of manufacturing process technology can result in microprocessors that are higher performing, consume less power, and/or cost less to manufacture.

To augment capacity, we use third-party manufacturing companies (foundries) to manufacture wafers for certain components, including chipset, networking, and communications products. In addition, we primarily use subcontractors to manufacture board-level products and systems, and purchase certain communications networking products from external vendors, principally in the Asia-Pacific region.

Following the manufacturing process, the majority of our components are subject to assembly and test. We perform our components assembly and test at facilities in Malaysia, China, the Philippines, and Costa Rica. We plan to continue investing in new assembly and test technologies as well as increasing the capacity of our existing facilities and building new facilities to keep pace with our microprocessor, chipset, and

communications technology improvements. In line with these plans, we are building a new assembly and test facility in Vietnam, which is expected to begin production in 2009. To augment capacity, we use subcontractors to perform assembly of certain products, primarily flash memory, chipsets, and networking and communications products. Assembly and test of NAND flash memory products, manufactured by IM Flash Technologies, is performed by Micron Technology and other external subcontractors.

Our employment practices are consistent with, and we expect our suppliers and subcontractors to abide by, local country law. In addition, we impose a minimum employee age requirement as well as progressive environmental, health, and safety requirements regardless of local law. We set expectations for supplier performance and reinforce those expectations with periodic assessments. We communicate those expectations to our suppliers regularly, and work with them to implement improvements when necessary. For more information on our supply chain corporate responsibility efforts, see the [Supply Chain Management](#) section of this report.

Wafer Fabrication Facilities			
Products	Wafer Size	Process Technology	Locations
Microprocessors	300mm	45nm	Oregon, Arizona
Microprocessors and chipsets	300mm	65nm	Arizona, Ireland, Oregon
Chipsets and other products	300mm	90nm	New Mexico, Ireland
NOR flash memory	200mm	65-130nm	Israel, Ireland, California
Chipsets and other products	200mm	130nm and above	Oregon, Massachusetts, Arizona, Ireland



## Intel Sites with More Than 50 Employees (as of December 31, 2007)

Locations	Activities	Employees
<b>Argentina</b>	SM	75
<b>Belgium</b>	OS, SM	62
<b>Brazil</b>	OS, SM	137
<b>China</b>		
Beijing	R, SD, SM	496
Chengdu	A	1,372
Dalian	F	53
Hong Kong	OS, SM	203
Pudong/Shanghai	A, C, R, SD, SM	4,110
Shenzhen	SM	215
<b>Costa Rica</b>	A	2,916
<b>France</b>	C, OS, SM	120
<b>Germany</b>		
Braunschweig	C, R	103
Munich	SD, SM	229
<b>India</b>	OS, R, SD, SM	2,287
<b>Ireland</b>		
Leixlip	F, OS, SD, SM	3,557
Shannon	SD	146
<b>Israel</b>		
Haifa	C, OS, R, SD, SM	2,016
Jerusalem	F	686
Lachish	F	2,486
Petach-Tikva	C	326
<b>Italy</b>	SM	50

Locations	Activities	Employees
<b>Japan</b>		
Tokyo	SD, SM	253
Tsukuba	R, SM	277
<b>Malaysia</b>		
Cyberjaya	A, R	57
Kulim	A, L, SM, SY	2,850
Penang	A, L, R	6,358
<b>Mexico</b>	C, OS, SM	314
<b>Netherlands</b>	L	206
<b>Philippines</b>	A, C, L, R, SM	3,538
<b>Poland</b>	OS, R, SM	319
<b>Russia</b>		
Moscow	R, SD, SM	272
Nizhny Novgorod	R, SD	348
Novosibirsk	SD	163
Sarov	SD	93
St. Petersburg	SD	82
<b>Singapore</b>	OS, SM	198
<b>South Korea</b>	SD, SM	135
<b>Spain</b>	SM	68
<b>Taiwan</b>	OS, SM	460
<b>United Kingdom</b>	C, OS, SM	871

Locations	Activities	Employees
<b>United States</b>		
Arizona	A, F, L, OS, R, SD, SM	10,019
<b>California</b>		
Folsom	C, OS, R, SD, SM	5,818
Fremont	C, R	246
Irvine	C, R	84
Sacramento	SM	172
Santa Clara	C, F, OS, R, SD, SM	5,474
Colorado	R	475
Massachusetts	C, F, R, SD	2,002
New Hampshire	SD	51
New Mexico	F, L, OS, R, SD	3,193
Oregon	C, F, L, OS, R, SD, SM	15,474
South Carolina	C, R	209
Texas	C, R	683
Utah	OS	196
Washington	L, OS, R, SY	1,086
<b>Vietnam</b>	A	100

<b>Key:</b>	A	Assembly & test	R	Research & development
	C	Communications	SD	Software design
	F	Fabrication	SM	Sales & marketing
	L	Logistics	SY	Systems manufacturing
	OS	Other support		

## Research and Development

We are committed to investing in world-class technology development, particularly in the design and manufacture of integrated circuits. Our research and development (R&D) expenditures in 2007 were \$5.8 billion (\$5.9 billion in fiscal year 2006 and \$5.1 billion in fiscal year 2005).

Our R&D activities are directed toward developing the technology innovations that we believe will deliver our next generation of products and platforms, which will in turn enable new form factors and usage models for businesses and consumers. Our R&D activities range from designing and developing products to developing and refining manufacturing processes, as well as researching future technologies and products.

As part of our R&D efforts, we plan to introduce a new microarchitecture approximately every two years and ramp the next generation of silicon process technology in the intervening years. In 2007, we began manufacturing microprocessors on our new 45nm Hi-k metal gate silicon technology, and expect to introduce a new microarchitecture on 45nm process technology in 2008. We are currently developing 32nm process technology, our next-generation process technology, and expect to begin manufacturing products using that technology in 2009.

## Employees

In September 2006, we announced a restructuring plan that has resulted in headcount reductions, primarily through workforce reductions, attrition, and targeted business divestitures. As of December 29, 2007, we had approximately 86,300 employees worldwide, with more than 50% of these employees located in the U.S. Our approximate worldwide employee headcount was 94,100 as of December 30, 2006, and 99,900 as of December 31, 2005.

## 2007 Economic Performance

In 2007, we continued to focus on extending our product leadership; leveraging our world-class process technology and manufacturing capabilities; and creating a more efficient, customer-oriented Intel. Our fiscal year results reflect the significant progress we have made in all of these areas. Our 2007 revenue of \$38.3 billion represented an increase of 8% over 2006, and our operating income of \$8.2 billion was up 45% over 2006. Net income for 2007 was \$7 billion, compared to \$5 billion in 2006. We paid record cash dividends of \$2.6 billion and increased our quarterly cash dividend to \$0.1275 beginning in the first quarter of 2008. Our Board of Directors further increased the dividend to \$0.14 in the second quarter of 2008. We also used \$2.75 billion to repurchase 111 million shares of common stock.

We have renewed our focus on leveraging two core strengths that distinguish Intel from the rest of our industry: the Intel® architecture and our unmatched ability to bring cutting-edge technologies to market year after year. As part of renewing our focus, we have divested several operations—including those related to application processing, optical, and certain telecom products—and are contributing the assets of our NOR flash memory business to a newly formed independent company, Numonyx.

Our strategy has been, and continues to be, to invest in new products, technologies, and business efficiencies regardless of the ups and downs of economic cycles. Currently, we are investing in new areas where we believe the application of highly integrated Intel architecture affords large growth opportunities, such as:

- Energy-efficient, low-cost mobile Internet devices and ultra-mobile PCs that enable people to communicate, enjoy digital media, and access the Internet wirelessly.
- New types of consumer electronics devices that combine entertainment functions with Internet connectivity.
- Scalable, high-performance visual computing solutions that integrate vivid graphics and supercomputing performance for scientific, financial services, and other compute-intensive applications.
- Low-cost PCs designed to meet the needs of first-time computer users, particularly in emerging markets.

**“2007 was a breakthrough year for innovation at Intel. We realized the benefits of our investments in new products and our ongoing efforts to drive efficiencies. We entered 2008 with the best combination of products, silicon technology, and manufacturing leadership in our history.”**

***Paul Otellini, Intel President and CEO***

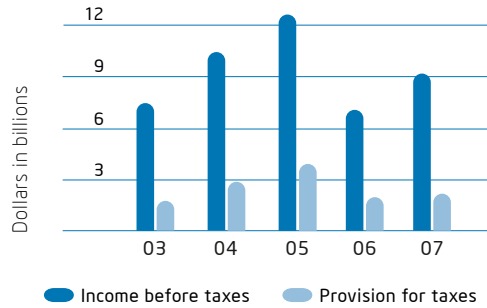
Throughout 2007, we saw robust demand for our products across multiple business segments and geographies. In November 2006, we launched the industry's first quad-core processors, and by the end of 2007, we had shipped more than 6 million quad-core units.

Our integrated platforms—which combine Intel processors and other technologies to address specific user needs—continue to provide value that customers can't get elsewhere. Platform products such as those built with Intel® Centrino® processor technologies have enabled us to take advantage of the worldwide shift from desktop to mobility products, contributing to revenue growth in that segment of 19% year over year.

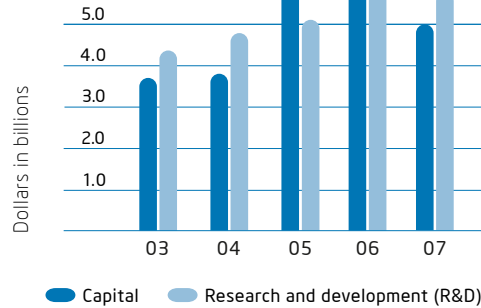
We have also made significant progress in improving efficiency across all of our business operations. For example, during 2007 we achieved our goal to reduce the amount of time it takes to process wafers in our factories by 50%. We recognized savings of about two and a half billion dollars in 2007 and expect additional savings in 2008 as a result of our ongoing efficiency efforts. In addition, our 2007 customer survey results indicate significant improvements in our customer service and responsiveness.

For more information, refer to the [Intel 2007 Annual Report and Form 10-K](#).

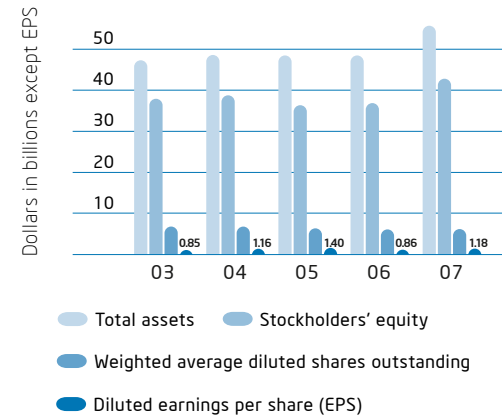
### Income Before Taxes and Provision for Taxes



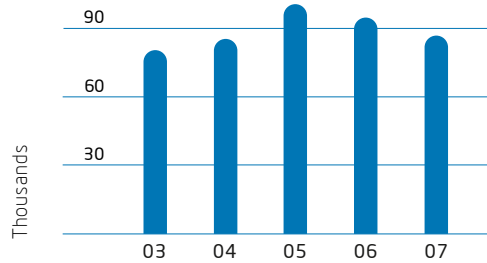
### Capital and R&D Expenditures



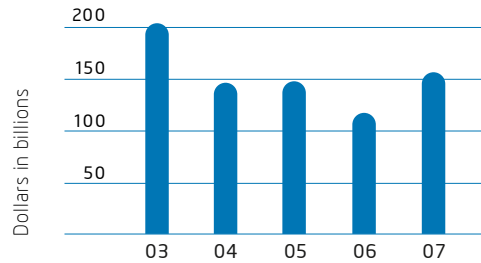
### Assets and Capitalization—Year End



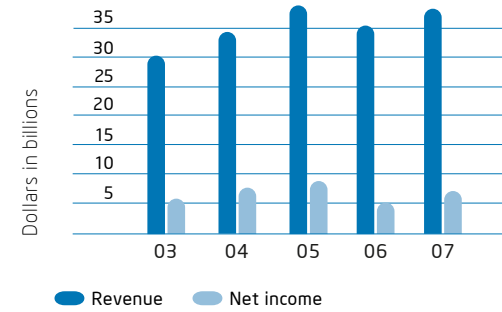
### Employees—Year End



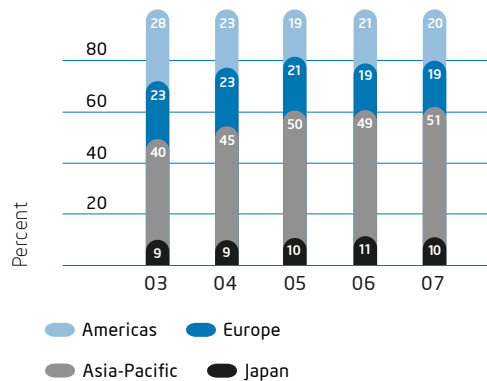
### Market Capitalization—Year End



### Revenue and Net Income



### Geographic Breakdown of Revenue



## Governance and Ethics

For many years, the Intel Code of Conduct has guided the behavior of employees, officers, and non-employee directors. Our Code of Conduct includes business principles and guidelines that promote honest and ethical conduct and deter wrongdoing, as well as support compliance with applicable laws and regulations. The principles embodied in our Code of Conduct also express our policies regarding protecting the environment, health and safety, nondiscrimination, bribery and anti-corruption, conflicts of interest, privacy, and protecting our company assets and reputation. Our Code of Conduct is the cornerstone of Intel culture, our compass for consistently acting with uncompromising integrity as we build trusted relationships around the world.

In 2007, we refreshed the Intel Code of Conduct, including localizing, translating, and enhancing it with new learning aids. The refreshed Code of Conduct and its accompanying enrichment tools and intranet site provide greater accessibility, understanding, and support for employees facing ethical challenges in their day-to-day jobs. During 2007, more than 95% of our employees received formal training on our refreshed code.

The full text of our Code of Conduct, as well as our Principles for Responsible Business, Corporate Governance Guidelines, Board of Director membership, Board committee charters, and executive compensation data are available on our [Corporate Responsibility](#) web site.

### Corporate Governance

Corporate governance is typically defined as the system that allocates duties and authority among a company's stockholders, board of directors, and management. The stockholders elect the board and vote on extraordinary matters. The board is the company's governing body, responsible for hiring, overseeing, and evaluating management, particularly the chief executive officer (CEO), including succession planning and review and approval of major financial objectives, as well as strategic and operating plans and processes. Management runs the company's day-to-day operations. Effective collaboration among these groups

**Our Code of Conduct is the cornerstone of Intel culture, our compass for consistently acting with uncompromising integrity as we build trusted relationships around the world.**

should result in a well-run, efficient company that creates value for its stockholders, identifies and deals with its problems in a timely manner, and consistently acts ethically and in compliance with the law.

We take corporate governance seriously and view it as an area for continuous improvement. The roles of chairman and CEO are separate, and 10 of our 12 directors are independent from the company except for their service on the Board. They are not employees and do not have other significant business or consulting engagements with the company. We rely on these independent directors to bring us diverse knowledge, personal perspectives, and solid business judgment.

We expect our directors to engage with us both inside and outside of Board and committee meetings. They meet with senior management on an individual basis, and attend and participate in employee forums. Unaccompanied by senior management, independent directors visit Intel sites around the world, gaining excellent opportunities to assess local issues directly. These activities help keep the Board informed, and make its oversight and input more valuable.

Our independent directors also regularly meet as a group, led by an elected Lead Independent Director who conducts and reports on the meetings. The Lead Independent Director chairs the Board's Executive Committee and the Corporate Governance and Nominating Committee. The Board's Audit, Compensation, Corporate Governance and Nominating, and Finance committees consist solely of independent directors, with the expectation that this independence will assist them in objectively overseeing the company's management.

Our Corporate Governance and Nominating Committee is charged with reviewing and reporting to the Board regarding our corporate responsibility performance. The committee reviews environmental, workplace, and stakeholder-related corporate responsibility issues as well as the company's public reporting on these topics.

The committee receives regular updates on performance as well as emerging issues in external corporate responsibility. The chairman of the Board manages the Board's process for annual director self-assessment and evaluation of the Board.

### Ethics and Compliance

Our Ethics and Compliance Program is chartered by our Board of Directors. This program provides tools to help Intel employees consistently act with uncompromising integrity to support our position as a role model for how companies should operate.

Intel's CEO drives our overall ethics and compliance culture, including decision-making on issues and holding the senior management team responsible for:

- Visibly supporting the Intel Code of Conduct and overseeing effective business group ethics systems, work environments, and communications.
- Being a role model for accountability.
- Supporting the development, execution, and tracking of organization-specific ethics and compliance plans and results.

In addition to our CEO, the following organizations have primary roles in our Ethics and Compliance Program:

**Ethics and Compliance Oversight Committee (ECOC).** Includes Intel's corporate controller and representatives from our Sales and Marketing; Supplier Management; Environmental Health and Safety; Legal; and other organizations.

Each quarter, the ECOC invites various organizations within Intel to assess and report on ethics and compliance in their respective businesses. Each organization undertakes a compliance self-assessment that covers four major areas for its business: legal and regulatory risks and supporting compliance programs; ethics and Code of Conduct activities and tone; internal control environment and activities; and business continuity planning and preparedness. Legal and regulatory risk areas are also reviewed in the context of the Federal Sentencing Guidelines. Each business group provides the ECOC with a detailed view of that organization's compliance efforts for all four categories.

The ECOC provides comments and issues recommendations for action that it tracks to completion.

The ECOC stays abreast of legal developments such as the Federal Sentencing Guidelines and emerging best business practices, and is responsible for:

- Ensuring that Intel's Code of Conduct is current, accurate, and easy to apply.
- Reviewing existing compliance information and reporting systems.
- Evaluating compliance program auditing procedures for effectiveness in identifying and correcting deficiencies.
- Identifying and recommending opportunities for company-wide and business unit Ethics and Compliance Program improvement.
- Reporting on company-wide and business unit program status and making recommendations to the Audit Committee of the Board.
- Investigating and assisting in compliance issues resolution.

**Ethics and Compliance Office.** Responsible for the day-to-day operations of Intel's Ethics and Compliance Program, including management of oversight and business execution and worldwide programs. Responsibilities also include:

- Driving effective tone-from-the-top, company-wide awareness, training, and open dialogue.
- Enabling strong, decentralized ownership, management, and collaboration worldwide.
- Leading corporate risk assessment and mitigation planning.
- Supporting issue identification, investigation, and resolution.
- Providing the Audit Committee of the Board of Directors with information about the effectiveness, efficiency, and responsiveness of our ethics and compliance environment and structure.
- Ensuring effective communication and collaboration with external stakeholders regarding compliance.

**Our Ethics and Compliance Program provides tools to help Intel employees consistently act with uncompromising integrity to support our position as a role model for how companies should operate.**

**Ethics and Compliance Business Champions.** Reside in business groups worldwide and support management to ensure effective and efficient:

- Business group ethics and compliance information and reporting system implementation, with procedures for identifying and correcting deficiencies.
- Business group risk identification and mitigation.
- "Tone-at-the-top" that includes executive communications, management objectives, and open dialogue.
- Resource support and regional structure collaboration, and monitoring.
- Instituting of business group operating guidelines and policies, as appropriate.
- Processes, policies, and programs for raising and resolving issues, enforcing accountability, and instituting incentives.
- Identification and recommendation of opportunities for company-wide and business unit ethics and compliance improvement.

Our challenges for 2008 include evolving our focus on integrity and our core values as an integral part of our business strategy for growth for all geographies. Our 2008 awareness focus areas include conflicts of interest, early identification of issues, expense reporting, protecting assets, and import and export compliance. The management structure for ethics and compliance oversight and accountability, including business-unit and regional teams worldwide, will continue to evolve as we actively work to understand, discuss, and act in a dynamic business environment.

## External Engagement

Our ongoing strategic efforts include monitoring emerging issues and listening to numerous key stakeholders. Our past collaboration with stakeholders has resulted in improved environmental performance and a more in-depth and focused approach to corporate responsibility reporting. Many Intel stakeholders—from our suppliers and site neighbors to social analysts and Intel stockholders—have indicated their desire for us to continue demonstrating reporting leadership by increasing our disclosure about activities that are important to them. Recent examples include our quarterly environmental performance indicators, additional content on our work related to HIV/AIDS, our disclosure around political contributions and accountability, and our inclusion of a more in-depth discussion of our identification and prioritization process for materiality as it pertains to corporate responsibility reporting.

### Stakeholder Relationships

The business of making semiconductors—perhaps the most complex products on earth—requires tremendous focus and discipline. Ongoing engagement with our many stakeholders helps prevent us from becoming too myopic in our thinking and allows us to view issues from many perspectives. Our goal is to listen to and learn from our stakeholders.

One challenge for us is that stakeholder groups often have concerns that vary greatly from each other. For example, community stakeholders living near one of our operations may have more interest in local issues such as air quality, traffic, or the economic impact of local business decisions. Socially responsible investors may be more interested in global issues such as political contributions or corporate governance. We do our best to be respectful and responsive to all of our stakeholders; however, we focus most of our energy on the issues that are most pertinent and material to our business in the areas of economic and community impact, the environment, and education and technology access.

At many of our larger locations around the world, we have formal community advisory panels (CAPs). We seek feedback from our CAP members on the issues and topics that are important to the community. CAP members provide constructive input on a broad range of issues in areas such as education, the environment, health and safety, emergency response and management, community outreach, local quality of life, communications, and relationship building. Participants recommend and prioritize topics for meeting agendas and offer suggestions on ways that Intel can improve awareness and support in the communities where we operate. Responding to stakeholder requests for local corporate responsibility information, a number of our global sites—including China, Costa Rica, Ireland, Israel, and the Philippines—localized the eight-page, printed executive summary of our complete report in both content and language, and several sites in the U.S. added an insert with local content.

In addition to our direct dialogue and engagement with our CAP members, we seek input and opinions from other community members through community perception surveys. We have been using community perception surveys for more than 15 years at some sites to help determine which issues are important in our communities, and how members of those communities view Intel's performance in response to those issues. Third-party survey experts administer and interpret these surveys, which cover topics such as environmental responsibility, corporate citizenship, and corporate reputation. Many of our sites—including China, Colorado, India, Ireland, Israel, New Mexico, and the Philippines—administered community perception surveys in 2006, and they are scheduled to conduct surveys again in 2008. In 2007, we conducted community perception surveys in India and Oregon; and in Vietnam we conducted a community needs assessment, a process that is related to a perception survey but focused on the most pressing needs of the community.

In 2007, we continued our long-standing practice of seeking both formal and informal input from various stakeholders, including meeting face-to-face with several groups of investors that manage assets within the framework of a social mission or charter. Some of these meetings included a tour of our manufacturing operations. We find these meetings particularly enlightening because socially responsible investors (SRIs) have personal commitments to our company through their equity ownership, and they share with us the concerns and interests of their constituents. SRIs also offer Intel unique perspectives on their expectations for businesses in society. In their investor meetings, they have raised and discussed issues such as transparency, HIV/AIDS, board diversity, and global climate change, and we have taken action in response.

Direct communication with stakeholders happens continually at Intel. We maintain an [e-mail account](#) on our Corporate Responsibility web site that enables stakeholders to share their issues, concerns, and comments directly with members of our Corporate Responsibility team. Through this e-mail account, we receive and respond to hundreds of messages from our stakeholders each year. Although some of the messages are candid and challenging, we welcome the feedback. For example, we received numerous messages regarding Intel's relationship with the [One Laptop Per Child \(OLPC\) initiative](#). This direct feedback mechanism offers us the real-time ability to stay abreast of the issues that are most relevant to our stakeholders. Our director of Corporate Responsibility reads and responds to many of these e-mail messages personally.

In addition to the e-mail account, we recently started a [CSR@Intel blog](#), where members of our corporate responsibility team discuss their views and opinions on issues that Intel faces. More importantly, we receive and respond to comments made by other participants in the blog discussion. This candid, public blog is a new tool that allows us to exchange ideas with anyone who has access to the Internet.

**Community advisory panels provide constructive input on a broad range of issues in areas such as education, the environment, health and safety, emergency response and management, community outreach, local quality of life, communications, and relationship building.**

#### Working Together for the Environment

In August 2004, a new two-way exchange between the community and Intel began with the formation of the Community Environmental Working Group (CEWG) in New Mexico. The group includes environmental activists, Intel representatives, local Intel critics, and other community members, and is committed to making continuous voluntary environmental improvements at Intel's Rio Rancho site.

Over the past three years, this interaction has produced substantial reductions in air emissions at the site. Improvements resulted from capital investments in new pollution control equipment and upgrades of existing equipment, as well as more efficient methods for maintenance that significantly reduced the number of hours that pollution controls must be turned off each year. Other improvements included a 70%–80% reduction in chemical biocide use in the cooling towers, installation of an additional regenerative thermal oxidizer (RTO) abatement system, and the development of a draft "Citizen Protocol." This protocol outlines a new method for conducting air emissions testing, whereby contractor selection, data analysis methodology, and reporting are determined by the CEWG, not by Intel.

The CEWG holds monthly meetings to enable Intel to listen to community concerns and update residents on environmental performance. Membership on the committee remains open to anyone who wants to help make ongoing environmental improvements. Intel and the CEWG will continue to work together in developing ideas for environmental improvements. For more information, visit the [CEWG](#) web site.

### Aligning New Programs with Community Needs

As part of our process of setting up new operations in Vietnam, Intel worked with a third party to conduct an initial community needs assessment to help prioritize our community engagement activities. The assessment was conducted in early 2007 and involved face-to-face interviews with residents living near the new Intel site. Respondents were asked a series of questions about their perceptions of Intel, their major concerns and community needs, and how Intel could best meet those needs. The assessment also provides a benchmark for evaluating the community's perception of Intel and the effectiveness of Intel's community development activities in the future.

The top three priorities identified in the assessment were developing environmental programs, supporting IT training in local schools, and providing safety education. Using these results, Intel developed a community roadmap with specific programs and activities initiated in 2007 and continuing in 2008 that included:

- Working with the Department of Natural Resources and Environment to launch a recycling program at Intel and develop community recycling programs.
- Collaborating with the local education division to identify an appropriate school for a donation of a 40-PC computer lab, which will be used to help teachers and students learn basic computer skills and integrate technology into teaching and learning.
- Training Intel's general contractors, subcontractors, and suppliers about construction safety standards and working with an NGO partner to provide education to community members on road safety.

Another way that we stay informed about corporate responsibility issues around the world is through our emerging issues process. We scan hundreds of publications throughout the world for key topics related to corporate responsibility, including corporate governance, ethics, climate change, and education. We review these publications for their relevance to Intel, and cull the most pertinent items and news articles into an internal e-newsletter called "Emerging Issue Alerts," which we distribute weekly to more than 100 senior leaders at Intel. Our goal for the newsletter is to offer key decision makers at Intel access to timely information on corporate responsibility issues so they can incorporate the information into their planning and business decisions.

How we elicit, track, and incorporate feedback is becoming increasingly important in how we gauge our corporate responsibility efforts. The table on the following page summarizes the various ways that we engage with our many and diverse stakeholders around the world. For a detailed discussion of how we determine what issues are most material to our business, see the "Management Strategy and Analysis" section of this report.

**We scan hundreds of publications throughout the world for key topics related to corporate responsibility. We cull the most pertinent items and news articles into an internal e-newsletter, which we distribute weekly to more than 100 senior leaders at Intel. Our goal is to offer key decision makers access to timely information so they can incorporate it into their planning and business decisions.**

## Stakeholder Engagement

Stakeholders	Tools and Processes	Benefits
Employees	<ul style="list-style-type: none"> <li>▪ <i>Circuit News</i>. Our daily intranet "newspaper," which includes employee and management comment and analysis, blogs, and letters to the editor.</li> <li>▪ Mandatory quarterly Business Update Meetings for all employees.</li> <li>▪ Executive Open Forums and webcasts, which include employee Q&amp;A sessions.</li> <li>▪ Open-door policy designed to give employees access to management at all levels.</li> <li>▪ Formal Intel <a href="#">chartered employee support groups</a>, which include American Veterans at Intel; Diverse Abilities Network; Gay, Lesbian, Bisexual, or Transgender Employees; Network of Intel African American Employees; and Women at Intel Network.</li> <li>▪ Employee surveys, including our broad Organization Health Survey as well as surveys on specific topics such as volunteerism.</li> </ul>	Multiple processes support direct communication up and down the organization, and promote an environment of diversity and inclusion.
Customers	<ul style="list-style-type: none"> <li>▪ Customer Excellence Program, a structured process for obtaining and prioritizing independent customer feedback on the quality of Intel's products and services.</li> <li>▪ Intel Corporate Responsibility <a href="#">e-mail account</a>.</li> <li>▪ <a href="#">CSR@Intel blog</a></li> <li>▪ <a href="#">Customer support information</a> on our web site.</li> </ul>	Objective customer feedback drives improvement and encourages employees to have a positive impact on customers. Employees are eligible to receive an additional day of pay twice a year based on customer satisfaction.
Suppliers	<ul style="list-style-type: none"> <li>▪ <a href="#">Intel's Supplier Site</a></li> <li>▪ Intel Supplier Day, held annually since 1993 to bring together hundreds of our top suppliers for training and setting expectations; country-specific supplier days are also held in China, Costa Rica, India, Ireland, Malaysia, and the Philippines.</li> <li>▪ Supplier newsletter</li> <li>▪ Active participation in the Electronics Industry Citizenship Coalition.</li> </ul>	Setting consistent expectations for our suppliers supports positive interactions for new priorities. It has also facilitated improved tracking tools for Intel suppliers. Development of our Supplier Ethics Expectations has improved interactions with all of our stakeholders in the supply chain.

*continues on next page*

## Stakeholder Engagement *(continued)*

Stakeholders	Tools and Processes	Benefits
Communities	<ul style="list-style-type: none"> <li>Community advisory panels (CAPs), formal, two-way forums where community members and Intel representatives create a proactive relationship to address community issues and concerns.</li> <li>Community perception surveys, formal surveys typically administered every two years at our major locations to measure Intel's reputation in areas such as community, environment, and citizenship.</li> <li>Intel Community web site, which includes feedback mechanisms.</li> <li>Extensive working relationships with educators and educational institutions worldwide.</li> <li>Placement of Intel employees on local nonprofit boards and commissions.</li> </ul>	Our community outreach efforts have established a framework for community relations programs worldwide. We have succeeded in aligning tools and evaluation methods with community priorities, enabling us to provide local communities with a broad range of resources.
Investors	<ul style="list-style-type: none"> <li>Proactive meetings with social responsibility-oriented fund managers and analysts.</li> <li>Timely interaction with investors and research firms through e-mail exchanges, conference calls, and detailed investor surveys.</li> </ul>	Feedback and benchmark data from firms drives improved performance. Detailed, firsthand investor insight on emerging issues promotes timely and effective responses to questions or concerns raised by these stakeholders.
Governments and Policy Makers	<ul style="list-style-type: none"> <li>Active engagement in policy and legislative efforts worldwide through individual discussions and exchanges with joint industry and government committees.</li> <li>Intel Government Affairs and Intel Corporate Affairs work together with policy makers.</li> </ul>	Our efforts in policy development foster credible, trustworthy relationships; strengthen regard for Intel as a valued corporate citizen; and create a supportive public policy environment.
Non-Governmental Organizations (NGOs)	<ul style="list-style-type: none"> <li>Issues meetings, formal dialogues and projects, and multi-sector efforts.</li> </ul>	Our interactions with NGOs promote mutual understanding on critical issues such as regional education priorities, technology options and solutions for developing countries, improvements in supply chain management, and optimization of disaster relief efforts.

## Worldwide Policy Agenda

In working on policy topics worldwide, our goals are clear: to fully understand the various perspectives and educate legislators about the effects that planned regulations may have on our industry's business processes. Intel aspires to contribute constructively to the public policy debate on issues that affect our business, our customers, and our employees. Our key areas of interest and engagement in the public policy arena include:

**Broadband: Wired and Wireless.** Most economic activity in the 21st century will depend on broadband communications and the Internet. The effective regulation and allocation of the radio spectrum is critical to spur the growth of new services and wireless broadband technologies.

Intel has worked with industry colleagues in the U.S. to focus on the complex issue of network neutrality. Intel believes that the fundamental openness of the Internet must be preserved and recognizes the importance of fostering business structures that attract appropriate investment in the Internet. Intel will continue to work with related companies and interested stakeholders to advocate favorable broadband policy in this area.

As a member of the High Tech DTV Coalition, Intel worked to pass legislation that set a date of February 17, 2009 for the digital TV transition (which will free valuable spectrum for public safety and commercial uses). The FCC began auctioning this spectrum on January 24, 2008. A portion of the proceeds will be used to provide substantial funding for first responders and interoperable public safety communications in the U.S.

**Intel has taken a proactive approach to working with government agencies worldwide to craft environmental policy that advances sustainability while preserving our ability to operate and innovate.**

**Digital Healthcare.** As the global population ages and lives longer in many areas, nations around the world anticipate challenges in caring for their elderly citizens. Intel believes that the integration of IT into the healthcare system



will help reduce costs and improve the quality of healthcare. To promote that integration, Intel and others in the healthcare industry are calling for government leadership on healthcare issues and involvement in projects supporting digital healthcare.

Intel Chairman Craig Barrett is a member of the American Health Information Community (AHIC), a federal advisory body chartered with advising the government on how to accelerate the development and adoption of healthcare IT. Intel has also joined with numerous other organizations to advocate funding for efforts to encourage interoperability and standards in the implementation of health information networks.

**Education.** Intel works actively with international ministries of education, the U.S. Department of Education, states, local school districts, and other associations to improve not only math and science education and the effective integration of technology but—more broadly—critical thinking and problem-solving skills. We view these skills as necessary for 21st century teaching and learning. Our efforts have produced new approaches and policies, and have raised the profile of math, science, and technology education in the strategic reform-minded debates occurring today. This will continue to be our major focus in education in 2008.



**Environment/Climate Change.** In addition to our commitment



to safety excellence and a reduction in our environmental footprint, Intel has taken a proactive approach to working with government agencies worldwide to craft environmental policy that advances sustainability while preserving our ability to operate and innovate. Climate change, or "global warming," increasingly is the

front-line environmental policy issue worldwide. Progressing rapidly over recent years, momentum has grown to address climate change and related energy security issues in many parts of the world.

Intel believes that climate change is an important economic, social, and environmental challenge that warrants an equally serious societal and policy response. Our own stewardship actions reflect this belief. Climate change poses an opportunity for Intel because of the close link between climate change and energy efficiency. Government policy changes to address global warming will likely feature requirements for improvements in energy efficiency throughout the economy. Those requirements, in turn, will create a strong preference for more efficient electronic equipment. Policy makers increasingly realize the enabling role that semiconductors and IT equipment play in improving the energy efficiency of other industries' products and operations.

In 2007, the U.S. Environmental Protection Agency (EPA) revised its Energy Star\* specification for computers and has already begun a follow-on specification. In parallel, the EPA has begun developing standards for servers and data centers. We are intensively engaged with the EPA and other stakeholders in the development of these specifications. In the European Union, we have been working with the European Commission and other stakeholders on the development of specifications for PCs and other IT equipment under the Energy-using Products (EuP) Directive. Along with Google, Intel co-founded the Climate Savers Computing Initiative, which builds on and extends the energy-

saving benefits of the Energy Star specification. In addition, we are partnering with the Global e-Sustainability Initiative and the Technology CEO Council to spotlight the role of information and communication technology (ICT) in promoting energy efficiency and climate change mitigation throughout society.

Our positions on legislative, regulatory, and policy advancement in the area of climate change in the U.S. are as follows:

- Intel supports re-engagement of the U.S. government in the international climate policy process as necessary to ensure both effectiveness in addressing the environmental challenge of climate change and the protection of key economic interests.
- Intel supports enactment of a mandatory federal climate change program that includes key flexibility features and preemption of state action. Key flexibility features include a workable cap-and-trade program, reliance on the “basket of gases” concept, and recognition of voluntary industry reductions and credit for early action.
- We believe that any mandatory federal program should preempt the states from taking action, except with respect to renewable portfolio standards, where a one-size-fits-all federal program does not work well.
- We believe that U.S. states and regional bodies should support the development of an effective federal program rather than foster sub-national initiatives, and any state or regional mandatory programs should feature market mechanisms and other key flexibility principles as well as sunset provisions once a federal program has been enacted.

As the European Union evolves its European Climate Change Programme (ECCP), Intel believes that further measures should address equitable burden sharing, recognize prior reduction initiatives, and provide allowance for new entrants. An overall consideration should be the preservation of European Union competitiveness. For more information about our actions to address climate change, see the “[Environment](#)” section of this report.

Among other environmental issues, in response to government initiatives worldwide, Intel and other high-tech companies are addressing the elimination of lead from electronic products. Europe and the state of California in the U.S. have already legislated lead



bans, with exemptions for some applications. Other jurisdictions are following suit, including China and states such as New Jersey and Illinois in the U.S. Intel’s approach has been to invest in developing lead-free technologies while working closely with governments to address applications for which lead-free technology is not yet available. We support harmonization to see that these requirements are implemented in a consistent manner globally. One example of our leadership in this area, beyond the regulatory framework, is the fact that our new 45nm processors are manufactured using a lead-free process.

Regulation of chemical production and use is also a growing issue. The European Union reworked its program for chemicals management under what is known as the REACH (Registration, Evaluation, and Authorization of Chemicals) regulation. We have worked closely with the European Union and other high-tech companies to develop approaches for implementing REACH that will protect both the environment and innovation.

**Export Controls.** Export controls feature prominently in Intel’s global business and apply to a wide array of dual-use and military technologies and commodities, including IT items. Numerous countries apply export controls on both a unilateral and multi-lateral basis, with the U.S. maintaining the strictest control. While substantial export control liberalization has occurred over the years in the semiconductor, computer, and telecommunications sectors, export controls still apply to key products, technologies, and countries of U.S. concern, such as China and Russia.

Examples of items that are relevant to Intel and subject to varying levels of control are technologies for chip design, production, and development; commercial processors to be used in military applications; certain chip-making equipment; higher performance computers; computing technology; and various encryption technologies and products. The controls apply to actual exports of various products and technologies, but the U.S. also applies controls to transfers within the U.S. of restricted technology to foreign persons from countries of concern (known as deemed exports). We also follow export embargoes on a number of countries designated as terrorist states.

Against this backdrop, Intel supports legislative, regulatory, and policy changes in the area of export controls that:

- Consider the positive correlation between national security interests and industry competitiveness, including the need to conduct business globally.
- Apply to sensitive technologies or commodities only when compelling national security or global policy objectives are at stake, while removing controls that: 1) are applied unilaterally by the U.S. and give an advantage to non-U.S. competitors only; and 2) cannot be effectively regulated because of availability outside the U.S.
- Maximize the capability of colleges and universities to train the “best and brightest” and conduct fundamental research.
- Remove export controls on widely available commercial encryption products.
- Create an export license-free zone for global intra-company transfers of technology, products, and equipment, based on strong cyber and physical security safeguards and procedures.
- Make certain that mass-market integrated circuits, which are becoming more radiation tolerant through scaling, do not become subject to business-stopping U.S. munitions export controls on radiation-hardened devices.
- Prevent rollbacks; new controls should not apply to items that have been decontrolled in the past.
- Ensure that controls for preventing military end uses of commercial items do not encroach upon legitimate commercial trade or global activities.

**Import Policy.** The process by which goods are imported into a country is a multifaceted exercise. It consists of standard procedures such as the submission of import documents and data to properly transport goods through customs; compliance with standard product-related requirements related to tariff classification, value, origin, and shipment details; payment of import duties and fees, where applicable; and duty/fee reduction programs. But the process also requires adherence to special requirements from non-customs authorities that are linked to trade agreements, trade remedies, product standards or features, homeland security, product safety, and so on. Customs and trade requirements applicable to the importation of IT goods into a country should foster market access, administrative ease, speed of product delivery, and transparency. Specific import policy goals supported by Intel include:

- Removal of technical barriers to import trade, such as import licensing requirements in areas that include encryption, arbitrary standards, burdensome documentation requirements, and lack of automated import systems.
- Rules of origin for general-purpose trade that foster administrative ease and market access (such as in a World Trade Organization origin harmonization context), while actively opposing origin rules that are onerous or act as barriers to trade and market participation.
- Simplification of trade procedures related to tariff classification, value, documentary requirements, and overall admissibility of goods into a country.
- Removal of tariffs on IT products through multilateral, regional, or bilateral means (per trade policy and market access goals stated herein).
- Ensuring that trade remedies (anti-dumping, subsidy actions, and safeguards) are enforced in a targeted, effective manner that avoids unnecessary trade restrictions.

**Innovation.** Continuing innovation and creating the solutions that will improve our lives depend on policies that promote basic, collaborative research and protect intellectual property. Intel spends approximately \$5 billion annually on R&D, but

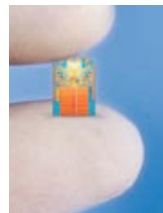
also relies on findings and discoveries from university-based research programs. Government support for these programs has been on the decline over the last three decades.

Working with other companies, Intel continues to demonstrate leadership on the issue of U.S. company competitiveness against increased global competition. We were involved in the development of several reports on the issue, including those by the Task Force on Innovation, the Center for Strategic and International Studies, and a seminal report by the National Academies.

As a key result of these efforts, the U.S. Congress in late 2006 enhanced and extended (for two years) the U.S. federal R&D tax credit, which provides significant incentives for new corporate R&D efforts. However, at year-end 2007, the credit once again expired, and we believe that it should be extended as quickly as possible—preferably permanently, but at least for two years from its expiration date. Also, we believe that if the 2006 enhancement of the Alternative Simplified Credit method were increased from its current 12% rate (perhaps to 20%, as was included in recent bills), the credit would be more effective in stimulating optimum levels of research in the U.S.

Importantly, the President and leaders in Congress created comprehensive proposals on U.S. competitiveness that Congress considered during 2007. Nonetheless, much remains to be done.

**Intellectual Property (IP).** As an innovator, Intel respects the rights of copyright holders to protect their content. We are deeply engaged in developing digital rights management solutions that enable creative industries to launch new digital content business models and bring innovative and exciting experiences to consumers.



To that end, Intel has sought to control the spread of levies on IT and electronic products capable of storing data, and to roll back existing levies that affect sales of digital entertainment products. Another key component of Intel's IP strategy is the development of a 21st century patent system suited to the rapidly evolving technological future. Today, the U.S. patent system is plagued by quality problems, growing backlogs, and an inadequate grasp of how quickly technologies change. These challenges create substantial difficulties for innovators compounded by a legal system that encourages patent speculators to file frivolous suits on questionable claims.

Continuing innovation and creating the solutions that will improve our lives depend on policies that promote basic, collaborative research and protect intellectual property. Intel spends approximately \$5 billion annually on R&D, but also relies on findings and discoveries from university-based research programs.

In all respects, the reforms that Intel advocates are geared toward ensuring that the U.S. patent system is able to competently process applications on a high-quality and timely basis, and that legislation in the courts is structured to maintain an equitable balance between the interests of legitimate patent claimants and product manufacturers. As one of the largest users of the patent system and a frequent litigant in patent lawsuits, Intel has a strong interest in balanced and effective reforms.

**Legal Reform.** Intel is consistently in the forefront of efforts to ensure that the U.S. legal system operates fairly and efficiently. In past years, we have supported significant reforms that were directed toward minimizing the incentives for manipulating the legal system to the benefit of special interests. In particular, Intel has had a key role in supporting reform in securities litigation, litigation management rules, and class actions. As new challenges arise, Intel will be active in meeting those challenges.

**Trade Policy and Market Access.** Free movement of products, people, and ideas is critical to continued innovation and deployment of new technologies. The market segments, manufacturing processes, supply chain, R&D activities, and workforce of the semiconductor industry are global in nature, making our work to proactively remove technical and nontechnical barriers to trade increasingly important.

Further opening markets to technology products through the support of bilateral, regional, and multilateral free trade agreements is an ongoing priority for Intel. We supported Vietnam's accession to the World Trade Organization and the conclusion of bilateral trade agreements between the U.S. and Colombia, Panama, Peru, and South Korea. We have also been providing input on various bilateral negotiations between the U.S. and Malaysia and Russia.

**Workforce.** Access to a talented workforce is key to Intel's continuing technology leadership and competitiveness. During 2007, we were an active member of a broad-based consortium designed to ensure that the U.S. has access to the highly skilled talent needed to keep the country competitive in the 21st century. We advocated with members of Congress for immigration reforms to enable U.S. businesses to recruit, hire, and retain highly skilled foreign nationals in job fields that have a shortage of qualified U.S. workers. Immigration reform will continue to be a major focus area for Intel in 2008.

### Political Accountability

Intel recognizes that over the past few years, key stakeholders have requested greater disclosure regarding corporate political contributions. As a way to provide continued improvement and clarity for our decision making and disclosure surrounding political contributions, in 2006 we drafted a formal policy statement on [Political Accountability](#) that addresses political contributions. In drafting our policy statement, we referred to the Center for Political Accountability's Model Code of Conduct for Corporate Political Spending as a guide. Intel's policy statement describes long-standing practices and decision processes, but also adds new accountability to our activities in the political realm.

**Corporate Contributions.** In the U.S., corporations are prohibited from making political contributions to federal candidates or political parties. However, many states allow corporate contributions to state and local candidates as well as ballot initiatives. Where permitted by law, Intel contributes to local candidates and issues, and to political action committees of organizations with which we share interests. Intel does not contribute corporate funds to federal candidates, political parties, or 527 organizations.

- **Purpose.** Our policy on corporate contributions is driven by the fact that public policy decisions can have a significant impact on our business and on the interests of our stockholders. Intel carefully monitors policy issues and is engaged in educating government representatives about the implications of key decisions for our business. In addition, Intel provides financial support to candidates whose positions are consistent with our business objectives and public policy priorities (such as innovation, intellectual property, broadband, trade policy and

market access, legal reform, digital healthcare, environment, logistics, and education) with the ultimate goal of protecting and enhancing long-term stockholder value.

- **Process.** Throughout the year, we receive funding requests from candidates and political action committees. Our Corporate Affairs staff review requests against our political contribution policy guidelines, which take into account historical voting records and positions on key issues, leadership on key committees, whether Intel has a large presence in the state or district, and the impact of the proposed support on the candidate's campaign. Corporate contributions are subject to the approval of Intel's vice president of Corporate Affairs. This formal approval process has been put in place to assure that our contributions are in line with Intel's interests, rather than those of individual directors and officers.
- **Review.** Our Corporate Affairs department prepares an annual analysis of Intel's corporate contributions to ensure that contributions made during the year are consistent with our corporate policies. This information is reviewed by the vice president of Global Public Policy, the vice president of Corporate Affairs, and the director of regional Corporate Affairs, and is presented to the Board's Corporate Governance and Nominating Committee for review. Whenever possible, Intel makes donations directly to state and local candidates in the interests of transparency. However, in cases for which it is determined that a contribution to a political action committee is in the best interests of the company, Intel conducts periodic reviews of such contributions to assure consistency with Intel's goals and interests. We recognize that given the high number of policy and voting positions, there may be cases in which candidates or organizations support positions that align with most, but not all, of our policy interests. In such cases, we base our decision on the issues that will have the greatest benefit for our stockholders and key stakeholders.
- **Disclosure.** We post our policy on political contributions on our web site. On an annual basis, we report Intel's corporate contributions for the previous year. In 2007, our corporate contributions to state and local candidates, campaigns, and ballot propositions totaled \$98,700. In addition, Intel contributed \$215,105 to local chambers of commerce in the form

of membership dues. For an itemized list of contributions and membership dues, view or download [Intel 2007 U.S. Corporate Contributions](#) in Portable Document Format (PDF).

### Trade Association and Business Coalition Memberships.

As evidenced in the discussion above, we work collaboratively with other companies and groups to address key public policy issues. One of the ways that we do this is through our membership in industry and trade associations. Most of these organizations receive annual membership fees from participating companies, including Intel. The top five organizations in terms of our membership dues in 2007 were: Semiconductor Industry Association, Technology CEO Council, National Association of Manufacturers, Information Technology Industry Council, and U.S. Chamber of Commerce. An itemized list of these contributions is included in the Intel 2007 U.S. Corporate Contributions report noted above.

**Intel Political Action Committee.** The Intel Political Action Committee (IPAC) was created in 1980 to allow employees to support candidates whose legislative goals align with Intel's public policy priorities. Although Intel pays the administrative expenses of IPAC, corporate funds are not contributed to the fund, and all employee contributions are voluntary. An IPAC Steering Committee made up of Intel employees reviews and evaluates candidate requests on a weekly basis, and each funding request must be approved by a majority of the members of the committee.

IPAC does not contribute to presidential campaigns, past campaign debt, or political parties. U.S. congressional and state legislative candidates are eligible to receive IPAC contributions, and such candidates are evaluated based on their voting record on Intel's public policy priorities, support and concern for Intel Values, and presence and engagement in the communities where Intel has locations. The committee also considers individual Intel employee recommendations. Whenever possible, IPAC donations are made directly to candidates rather than through leadership PACs and 527 organizations.

For the 2008 election cycle (which includes contributions from the 2007 calendar year), the sum of political contributions disbursed from IPAC was \$179,400. For an itemized list of contributions, view or download [Intel PAC Contributions to Federal Candidates 2008 Cycle](#) in PDF.

## Awards and Other Recognition

In 2007, Intel received more than 50 awards and other recognition around the world. Listed below are a few examples.

### Environment, Health, and Safety

**U.S. Environmental Protection Agency.** Intel received the U.S. EPA Water Efficiency Leader award for our efforts in reducing, reusing, and recycling water.

**U.S. National Business Group on Health.** Intel won the Gold Level award for The Best Employers for Healthy Lifestyle.

**Ministry of Natural Resources and the Environment.** For the third consecutive year, Intel Malaysia won the Prime Minister's Hibiscus Award for Environmental Performance.

**China Business Journal.** Intel China was given a Global Responsibility Action Award for achievements in energy savings and emissions reductions.

**Philippines Department of Energy.** Intel Philippines won the Don Emilio Abello Energy Efficiency Award for its energy conservation programs.

**Transport & Storage Journal, BWMT, Randstad & VLT (safety and logistics associations).** Intel's distribution center at Schiphol-Rijk was rated the safest warehouse in the Netherlands.

**Valley Forward.** Intel Arizona was given the Crescordia Award for Environmental Stewardship in recognition of environmental leadership strategies over the past decade.

**California Integrated Waste Management Board.** Our Santa Clara and Folsom sites received the Waste Reduction Award.

**Massachusetts Recycles.** Our Hudson site was recognized for its in-house recycling program.

### Education

**German Industry and Trade Association.** Intel received the corporate social responsibility (CSR) award Initiative Freiheit und Verantwortung in recognition of the Intel Teach® Program and our commitment to education in Germany.

**China Ministry of Education.** Intel China was recognized for its outstanding commitment and contribution to education in China.

**Philippines Department of Education.** Intel Philippines was recognized for improving school infrastructure through its Volunteer Matching Grant Program.

**Taiwan Ministry of Education.** Intel Taiwan was recognized for its efforts to promote and enhance local science education.

**Turkish Minister of National Education.** Intel was recognized for its contributions to the integration of ICT into the Turkish education system.

**Oregon Education Association.** Intel Oregon was named Education Citizen of the Year.

### Community

**San Francisco Business Times.** Intel made the newspaper's list of "Top Corporate Philanthropists."

**Brazilian Federal Government.** Intel was given the Zero Hunger Certificate award for helping the Brazilian government with its digital inclusion project.

**China Association of Corporate Citizenship.** For the third year, Intel China received the Outstanding Corporate Citizen award.

**Chambers Ireland.** Intel Ireland was recognized with the CSR award for Best Community Based Project for the site's community stakeholder management.

**National Centre for Promotion of Employment for Disabled People.** Intel India received the Helen Keller Award for technology education and job training in its work with the Centres for Economic Empowerment of the Intellectually Challenged.

**Prime Minister of Malaysia.** Intel Malaysia was recognized with the inaugural Prime Minister's Award for CSR in the community and social welfare category.

**Portland Business Journal.** Intel Oregon was named Oregon's Most Admired Technology Company and one of the three Most Admired Oregon Companies overall.

**Greater Albuquerque Chamber of Commerce.** Intel New Mexico won the Corporate Citizenship Award.

**Italian Red Cross.** Intel Italy received the 2007 Red Cross Award for providing technology support for a project at a children's hospital.

### Business/Workplace

**Corporate Knights/Innovest.** Intel was again named to the list of the "100 Most Sustainable Corporations in the World."

**Dow Jones Sustainability Index.** Intel was included for the ninth consecutive year (since the list's inception) and was named Super-sector Leader for Technology for the seventh consecutive year.

**Corporate Responsibility Officer Magazine.** Intel was again included in the magazine's "100 Best Corporate Citizens" list, and earned the top spot in the Technology Hardware category on the "10 Best Corporate Citizens by Industry" list.

**Foreign Policy Association.** Intel received the association's annual CSR Award, citing our commitment to education, community development, and sustainable environmental practices.

**Beijing University & IT Times Weekly.** Intel China won the national CSR award for Most Responsible Multinational Corporation in China.

**MAALA Index for Corporate Social Responsibility.** Intel was named one of Israel's top five private companies in CSR.













**American Chamber of Commerce - Costa Rica.** Intel Costa Rica received the CSR Award, the only CSR award in the country.



**Ministry of Health - Kingdom of Saudi Arabia.** Intel was recognized for its efforts to advance IT use at King Fahed Medical City in Riyadh.

**National Confederation of Industry Chambers - Mexico.** Intel received the Ethics and Values National Industry Award.

**Working Mother Magazine.** Intel was named to the list of "100 Best Companies for Working Mothers."

## 2007 Performance to Goals

2007 Goals	2007 Performance	
<b>Business/Workplace</b>		
Audit 20% of our suppliers who may be at higher risk for non-conformance to the EICC.	We did not reach our 20% goal. Challenges included industry-wide supplier classification and auditor training.	
As a supplier, validate our own operations to ensure that we conform to the EICC.	We completed an audit of our Chengdu, China facility.	
Work with the EICC to develop standardized training for commodity teams and suppliers within our industry.	Work continues on developing this training, which will be available in 2008. We have also developed our own commodity team training class.	
Publish a case study on our enforcement of supplier ethics standards.	Completed. A summary of a case study from the Asia region is included in this report.	
Undergo a joint audit of one of our major Asian facilities with the EICC.	Completed. An audit was performed at our Chengdu, China factory, and we shared key learnings with other EICC members.	
Strive for 100% inclusion of historically underutilized businesses in all bidding opportunities.	We achieved more than 98% inclusion in all eligible bidding opportunities.	
Hire a diversity manager to promote educational opportunities for diversity students.	Completed.	
<b>Environment</b>		
Reduce greenhouse gas emissions per production unit by 30% from 2004 levels by 2010.	Goal remains on track. In 2007, absolute greenhouse gas emissions were down 6%, but were flat on a per chip basis. Emissions per chip were reduced 20% below 2004 levels through the end of 2007.	
Reduce water usage per production unit below 2005 levels by 2010.	Absolute water use was down 2%; production usage was up 4% per chip. However, at the end of 2007, we were not on track to meet our 2010 goal. Water use was up 11% on an absolute basis and 9% per chip from our 2005 baseline. We continue to implement reduction, reuse, and recycling programs.	
Recycle more than 70% of both our chemical and solid waste generated from our worldwide facilities.	In 2007, Intel recycled 80% of the solid waste and 87% of the chemical waste generated at our facilities worldwide. <sup>1</sup>	
Expand our eco-efficiency strategy by completing over 200 projects in our operations, products, and communities that benefit the environment.	We exceeded our expectation on this goal by completing 119 projects in the first year of a four-year goal timeline.	
Introduce halogen-free materials in new CPU, chipset, and flash memory products.	Released halogen-free flash products and accelerated CPU/chipset plans.	

**Key:** ● = met goal  
 = partially met goal  
 = did not meet goal

<sup>1</sup> The significant increase in our chemical recycling rate was due in part to adding fuel substitution to our recycle rate calculation in 2007.

*continues on next page*

## 2007 Performance to Goals *(continued)*

2007 Goals	2007 Performance	
<b>Education</b>		
Expand the Intel® Teach Program to four new countries and to 1.1 million more teachers around the world in 2007—a 20% increase over 2006. We also plan to expand the program's curricula, with a particular focus on web-based content and training for beginning to advanced teachers.	Expanded to six new countries and exceeded the goal of 1.1 million teachers. Launched the online version of the Intel Teach Program in September 2007 at the Clinton Global Initiative conference.	●
Empower students and teachers by donating 20,000 PCs to schools in developing countries.	Donated 27,000 full-featured PCs with Internet connectivity to more than 500 schools in 22 countries as part of our ICT for Education donation program.	●
Help an additional 230,000 young people in nine countries develop critical learning skills through the Intel® Learn Program and the Intel Teach Skills for Success course.	Taught an additional 234,000 students in nine countries through Intel Learn in 2007, for a total of 663,000 students since the program launched in 2003.	●
Accelerate the adoption of new university curricula focused on business development and breakthrough technologies at 300 universities in 25 countries.	Expanded the adoption of multi-core curriculum to more than 400 universities in 2007, a 10X increase from 40 universities in 2006.	●
Provide secondary-level teachers and students with access to science and math resources and tools by making skool™ Learning and Teaching Technology available in five additional countries in Africa, Asia, and Latin America in 2007 and 2008.	Expanded the program to Australia, Nigeria, Portugal, Spain, and Sri Lanka in 2007, bringing the total number of countries to 12; content is now available in Arabic, English, Portuguese, Spanish, Thai, and Turkish.	●
<b>Community</b>		
Maintain worldwide employee volunteerism of at least 36%.	Exceeded goal. 38% of our worldwide employees volunteered in 2007.	●
Establish formal community programs at new Intel locations.	New environmental, safety education, and volunteer programs were initiated at our Vietnam site based on the results of a community needs assessment. Launched new community programs to expand activities beyond mature Intel sites to non-manufacturing sites, including locations in Argentina, Brazil, Mexico, the Netherlands, Taiwan, Turkey, and the U.K.	●
Actively use communications channels to regularly contact community stakeholders.	Sites continued to utilize e-newsletters, annual mailings, and regional newspaper inserts, and responded to and proactively engaged around community concerns.	●
Use stakeholder feedback from community perception surveys and other vehicles to focus our community investments and outreach programs.	Information collected through community perception surveys and needs assessments guide community outreach activities and community investment strategies at major sites worldwide; methods to better measure community impact are still in development.	●

## Goal Summary—2008 and Beyond

### Business/Workplace

- Introduce EICC and environmental sustainability criteria into our Supplier Continuous Quality Improvement Program (SCQI) application.
- Ensure that at least 50 “higher impact” suppliers complete online self-assessment questionnaires to help identify areas for improvement.
- Complete 20 third-party audits of higher impact suppliers, and complete an EICC third-party audit of an Intel assembly and test facility.
- Establish a “green” purchasing team and develop a set of green purchasing goals.
- Identify and implement improvements to more effectively deliver our ethics messages to our Intel supplier base.
- Increase coverage of CSR content at Intel Supplier Day conference in 2008—reach more than 160 global suppliers representing 80% of our spends.
- Include historically underutilized businesses in 100% of all eligible bidding opportunities.
- Drive key improvements in the hiring and retention of under-represented minorities and women to reach full parity in workforce representation.

### Environment

- Reduce water use per chip<sup>1</sup> by 2012 from 2007 levels.
- Reduce absolute global-warming gas footprint by 20% by 2012 from 2007 levels.
- Reduce energy consumption per chip 5% per year from 2007 through 2012.
- Reduce generation of chemical waste per chip by 10% by 2012 from 2007 levels.
- Recycle 80% of chemical and solid waste generated per year.
- Achieve engineering and design milestones to ensure that Intel products keep the energy-efficiency lead in the market for our next two product generations.

### Education

- Empower teachers through the expansion of the Intel Teach Program to four new countries and 1.1 million more teachers around the world in 2008. Model the innovative use of technology with the new online Intel Teach professional development course for teachers in over 20 countries around the world.
- Collaborate with governments to improve teaching and learning through ICT use, by placing 20,000 PC donations in schools in developing countries.
- Increase awareness of and participation in secondary school student research through the Intel International Science and Engineering Fair. Involve 1,500 students from 50 countries. Train educators from 20 countries on best-known methods for regional and national science competitions.

- Continue to accelerate the adoption of new university curricula focused on breakthrough technologies and business development, extending to over 500 universities in 30 countries.
- Expand the Intel Computer Clubhouse Network offerings from media and arts activities to science, technology, engineering, and mathematics (STEM) activities, to enrich the learning experience for Clubhouse youth.
- Continue to customize and increase access to skool.com math and science learning, and teach content in 12 additional countries—in Africa, Asia, Europe, Latin America, and the Middle East—during 2008 and 2009.

### Community

- Achieve one million volunteer hours in 2008 as part of Intel's 40th anniversary year, and reach at least 40% employee participation globally.
- Further expand community programs beyond our mature Intel sites, such as in countries with non-manufacturing sites where Intel has Corporate Affairs staff. Conduct country-level assessments of community needs and opportunities using our New Site Assessment tool.

<sup>1</sup> Assuming a typical chip size of approximately 1 cm<sup>2</sup>. (Chips vary in size depending on the specific product.)

Great company  
Great technology  
Great careers



## Workplace

Intel offers a premier workplace that attracts innovative thinkers whose talent, passion, and commitment fuel our ability to improve lives by advancing technology. Our goal is to provide a working environment that empowers, motivates, and recognizes the achievements of our employees around the world.

Throughout 2007, the company continued acting on a comprehensive strategy designed to extend product leadership; leverage world-class process technology and manufacturing capabilities; and create a more efficient, customer-oriented Intel. Those actions included restructuring efforts that brought some difficult changes for our employees, including the departure of co-workers and friends. We ended 2007 with approximately 85,000 employees, down from approximately 94,000 at the end of 2006.

Every employee worldwide was asked to contribute to improving Intel's customer responsiveness in 2007. In fact, 25% of every employee's bonus in 2007 depended on significant improvement in this area. Surveys indicated that we were successful—customers reported “a new Intel” in the way we conduct business. All employees shared in that success and were rewarded through our Employee Bonus program.

More than 61,000 Intel employees participated in our worldwide Organization Health Survey (OHS) in August 2007. The purpose of the OHS is to gather employee feedback about issues critical to Intel's ongoing success. As part of the survey, employees submitted 124,000 comments on two requests about 2007:

- Identify up to three things in your business group most in need of improvement.
- Identify up to three things in your business group being done particularly well.

### 2007 Highlights

- Earned a spot on the Fortune 100 “Top MBA Employers” list.
- Named one of the “100 Best Companies for Working Mothers” by *Working Mother* magazine.
- Increased employees' ability to contribute to workplace dialogue with expanded blogs and intranet stories.
- Continued performing at world-class levels for safety, further reducing the severity of worker injuries.
- Helped more than 17,000 Intel employees identify and better manage their health risks through our expanded Health for Life program.
- Delivered online medical and wellness information to more than 49,000 employees through our Mayo Clinic web portal.
- Invested approximately \$249 million in employee training and development.

### 2007 Challenges

- As we continued to implement our restructuring efforts to create a more efficient organization, employee departures and uncertainty had a negative impact on employee morale.
- Results from our OHS in 2007 highlighted the disparity in satisfaction of employees that felt they worked for either good or bad managers within the organization and underscored the need to continue to invest in manager training and leadership development.
- Although Intel continues to be recognized by external groups for our diversity programs and investments to increase the pipeline of women and minorities in the technology industry, we continue to be challenged to increase the percentage of women and underrepresented minorities in our workforce.

## Employees by Region and Turnover

The following table shows our employees by region, along with turnover data.

2007 Employee Data						
Type of Employee	Category	Americas	APAC	EMEA	U.S.	Total
Contract/Intern	Exempt Full Time	103	1,134	405	850	2,492
	Exempt Part Time	48	2	1,563	66	1,679
	<b>Total</b>	<b>151</b>	<b>1,136</b>	<b>1,968</b>	<b>916</b>	<b>4,171</b>
	Non-Exempt Full Time	65	902	21	214	1,202
	Non-Exempt Part Time	0	0	0	1	1
	<b>Total</b>	<b>65</b>	<b>902</b>	<b>21</b>	<b>215</b>	<b>1,203</b>
<b>Contract/Intern Total</b>		<b>216</b>	<b>2,038</b>	<b>1,989</b>	<b>1,131</b>	<b>5,374</b>
Regular	Exempt Full Time	1,753	13,306	8,738	33,129	56,926
	Exempt Part Time	2	8	102	131	243
	<b>Total</b>	<b>1,755</b>	<b>13,314</b>	<b>8,840</b>	<b>33,260</b>	<b>57,169</b>
	Non-Exempt Full Time	1,692	9,622	3,673	12,949	27,936
	Non-Exempt Part Time	1	2	59	20	82
	<b>Total</b>	<b>1,693</b>	<b>9,624</b>	<b>3,732</b>	<b>12,969</b>	<b>28,018</b>
<b>Regular Total</b>		<b>3,448</b>	<b>22,938</b>	<b>12,572</b>	<b>46,229</b>	<b>85,187</b>
<b>Grand Total</b>		<b>3,664</b>	<b>24,976</b>	<b>14,561</b>	<b>47,360</b>	<b>90,561<sup>(1)</sup></b>

APAC = Asia-Pacific EMEA = Europe, Middle East, and Africa

<sup>1</sup> Number of employees at year-end 2007, including interns and contractors.

Any slight discrepancies in totals are due to different data and accounting systems used to manage employee information by business groups across the company.

## Turnover by Region<sup>1</sup>

Region	Year-End Headcount 2007	Turnover 2007	Turnover (%) 2007	Turnover (%) 2006
Greater Americas	3,447	384	11.14%	9.00%
Greater Asia	22,938	2,412	10.52%	9.60%
Greater Europe	12,572	1,036	8.24%	7.50%
United States	46,230	3,121	6.75%	6.30%
<b>Total</b>	<b>85,187</b>	<b>6,953</b>	<b>8.16%</b>	<b>7.50%</b>

<sup>1</sup> Regular employees only; does not include terminations due to divestiture, retirement, or redeployment.

## 2007 Other Turnover<sup>1</sup>

Reason for Termination	Count
Redeployment <sup>2</sup>	4,928
Divestiture	93
Retirement	364

<sup>1</sup> Regular employees only, including those whose jobs were eliminated (who received no comparable offer or who rejected an internal job offer), as well as those whose jobs were eliminated and who left voluntarily or involuntarily.

<sup>2</sup> Redeployment is the movement of employees to areas of greater return when there has been a change in business conditions. Intel's redeployment program provides job-search time and support for eligible employees whose jobs have been impacted. In 2007, 10% of those affected by redeployment found other jobs inside the company.

Major themes that came up in the employees' responses included the perception that Intel's restructuring efforts have had a positive impact on our business overall, but also created stress and tension in the workplace. Survey results also pointed to clear differences in the satisfaction level of employees who felt they worked for either good or bad managers, highlighting disparities in managerial skills in the areas of decision-making, motivation, and work/life effectiveness. Employees also praised the company's turnaround on customer orientation.

Intel's corporate and business groups used the survey scores and verbatim employee comments to identify several focus areas for improvement: innovation, manager/leader effectiveness, work environment, career development, and decision-making. Projects in some of these areas, such as work environment and decision-making, were already under way prior to the survey.

#### Changing How We Work

In the spirit of our "Great Place to Work" corporate value, we have launched a pilot program to improve our traditional office cubicle environment. Pilot office areas at three U.S. locations incorporate features that are designed to improve office ergonomics, such as user-adjustable work surface heights that enable employees to optimize posture as they work, and chairs with ergonomic improvements over our current standard office chairs. Also included are more spaces for groups to meet, with the goal of better supporting collaboration.

The pilot workspace areas were designed and built in late 2007, and participating employees moved in during January 2008. After three months, we will survey participating employees, and then make workplace environment recommendations for the rest of the company.

The pilots have prompted wide-ranging debates among our employees—in forums, on blogs, and elsewhere. We have learned that people in jobs such as marketing tend to want open offices, for example, and employees in product groups favor cubicles. Feedback from employees who participate in the pilot programs will help guide our future steps to make employee work spaces as effective as possible.

## Our Values

Our long-standing Intel Values guide the actions of every employee, helping us maintain uncompromising standards of ethics, performance, and engagement. The first day on the job for all Intel employees includes training that features an introduction to our values, and they are printed on employee identification badges and on posters throughout our workplace. The Intel Values are:

- Customer Orientation
- Discipline
- Quality
- Risk Taking
- Great Place to Work
- Results Orientation

For more information on each of our values, visit the [Intel Values](#) web site.

## Workforce Diversity



Intel has long strived to build a workplace where our employees' faces reflect those of our communities, customers, vendors, and colleagues around the globe. Our diverse workforce enables us to anticipate and provide for the needs of a changing marketplace.

Intel promotes equal employment opportunity for all applicants and employees, regardless of non-job-related factors, including but not limited to race, color, religion, gender, national origin, ancestry, age, marital status, sexual orientation, gender identity, veteran status, and disability. Intel also makes reasonable accommodations for employees with disabilities. This policy applies to all aspects and stages of employment—from recruiting through retirement—and also prohibits harassment of any individual or group.

Intel's diversity strategy aims to connect continuous improvement of management and co-worker practices to our business results. These practices include how we demonstrate our values and treat each other in an increasingly diverse work environment. They also include but are not limited to attracting, hiring, integrating, developing, and retaining the global talent that we need to advance our ability to innovate.

**Retention.** Intel offers extensive intercultural training and mentoring programs to all employees, and we have developed several initiatives tailored to meet the needs of targeted employee populations. Among these initiatives are comprehensive programs designed to improve female employee retention. These programs combine flexibility, career options, and cultural awareness.

We have focused retention and development efforts designed to increase diverse representation at senior levels for women in technical jobs and under-represented minorities (African Americans, Hispanics, and Native Americans). Our Human Resources representatives partner with managers to ensure that ongoing, in-depth career development discussions occur regularly with employees. Managers assist employees in developing detailed action plans and are held accountable for their role in helping employees obtain assignments that will allow them to stretch their abilities. Progress toward these goals is monitored.

**Employee Groups.** Members of about 20 chartered employee affinity groups at multiple Intel sites around the world help recruit and integrate employees into the company, provide support for employees, and promote personal and career development. The activities of our employee groups are closely aligned with our corporate values and business objectives.

Through outreach to schools and communities, these groups enhance our contributions to diverse populations external to the company. Intel provides funding for group activities; dedicated support staff; space for meetings, study, or prayer; and communications vehicles. Intel is one of only a few U.S. companies that support faith-based employee groups.

**Multicultural Events.** Many Intel sites hold multicultural days honoring the heritage of our various employees. African American, Asian, Hispanic, Indian, Irish, and Native American employees have held individual and joint events at Intel.

**Leadership Development.** We have programs specifically chartered to address barriers to female and under-represented minority leadership. These programs include external training opportunities with leading universities, such as the African American Leadership Institute and the Latino Leadership Institute at the University of California at Los Angeles, as well as ongoing development discussions centered around “stretch assignments” designed to challenge employees and increase their capabilities and opportunities for growth through career coaching and mentoring.

**Partner Company Development.** We have several programs aimed at helping develop under-represented businesses that are interested in working with Intel. For example, the She-Business initiative helps women entrepreneurs understand the e-business environment and develop their own e-commerce online presence. The program uses technology to support the development of viable, sustainable, and scalable women-owned businesses by providing tailored consulting, business insight, and concrete business-specific support. For more information on our supplier diversity programs, see the [Supply Chain Management](#) section of this report.

**Diversity and Marketing.** In July 2007, Intel ran an advertisement (the “Sprinter Ad”) that generated quite a bit of controversy and discussion, particularly in the blogosphere. Our ad, entitled “Multiply Computing Performance and Maximize the Power of Your Employees,” was intended to convey the performance capabilities of our processors through the visual metaphor of sprinters. We had used the visual of sprinters successfully in the past, but in this case, the ad, using African American sprinters, proved to be insensitive and insulting to many.

Immediately upon recognizing the problem, we worked to pull the ad from publications, and proactively and transparently responded to the concerns raised. We issued public apologies on our web site and in blogs, and identified specific steps covering heightened cultural sensitivity in our review and approval process to ensure that something similar does not happen again. As a result of this controversy, our diversity group has built stronger relationships with our marketing organization and put a new process in place to better anticipate and prevent similar situations.

#### Employee Groups Currently Chartered at Intel

American Veterans at Intel  
Arab Intel Community  
Asian Cultural Integration  
Intel Bangladesh Association  
Intel Bible-Based Christian Network  
Intel Diverse Abilities Network  
Intel Gay, Lesbian, Bisexual, or Transgender Employees  
Intel India Employee Group  
Intel Iranian Employee Group  
Intel Jewish Community  
Intel Latino Network  
Intel Muslim Employee Group  
Intel Native American Network  
Intel Pakistani Employee Group  
Intel Parents Network  
Intel Russian-Speaking Employee Group  
Intel Vietnamese Group  
Network of Intel African American Employees  
Recent College Graduate Network  
Women at Intel Network

**“We strive to hire and retain the best talent from an increasingly global and diverse labor pool. We believe this will result in a better understanding of our customers’ needs, better products tailored to those needs, and advance Intel’s global leadership position.”**

***Paul Otellini, Intel President and CEO***

#### Employee Group “Adopts” Local School



Three years ago, the Arizona chapter of the Network of Intel African American Employees adopted the Percy Julian School

in Phoenix. Members of the group have provided math tutoring for more than 100 students, renovated school grounds, delivered career presentations on topics such as “the life of an engineer,” and donated more than 100 laptop computers. Through this partnership, 75% of the technology in the school has been upgraded over the past three years.

## Diversity Data

The following tables provide a summary of our workforce demographics. To use Intel's interactive U.S. Employment Demographics (EEO-1) tool, or to view or download our U.S. employment demographic data for 2007, visit our [Diversity Practices](#) web site.

2007 Worldwide Workforce by Gender			
	Female	Male	Total
U.S. Workforce	11,110	35,075	46,186
	24.05%	75.94%	
Non-U.S. Workforce	13,787	25,205	39,001 <sup>(1)</sup>
	35.35%	64.63%	
Worldwide Total	24,897	60,280	85,187 <sup>(1)</sup>
<b>Average % Worldwide</b>	<b>29.23%</b>	<b>70.76%</b>	

<sup>1</sup> The slight discrepancy in totals with the 2007 Employee Data table is due to the use of different methods of accounting in the U.S. and other countries. In addition, the gender of 1 U.S. employee and 9 non-U.S. employees was not reported.

2007 U.S. Data			
Year	Total Number of Employees Hired	Minorities as Percentage of U.S. Hires <sup>1</sup>	Females as Percentage of U.S. Hires
2007	3,045	52% (1,587 of 3,045 hires)	26% (787 of 3,045 hires)
2006	3,056	50% (1,530 of 3,056 hires)	29% (882 of 3,056 hires)
2005	7,551	40% (3,040 of 7,551 hires)	30% (2,248 of 7,551 hires)

<sup>1</sup> "Minorities" includes Asian/Pacific Islanders.

2007 U.S. Workforce							
	African American	Asian/Pacific Islander	Caucasian	Hispanic	Native American	Other <sup>1</sup>	Total
Female	381	3,158	6,329	1,019	86	137	11,110
	3.43%	28.42%	56.97%	9.17%	0.77%	1.23%	100.00%
Male	1,216	8,524	21,734	2,741	218	642	35,075
	3.47%	24.30%	61.96%	7.81%	0.62%	1.83%	100.00%
<b>Total</b>	<b>1,597</b>	<b>11,682</b>	<b>28,064</b>	<b>3,760</b>	<b>304</b>	<b>779</b>	<b>46,186</b>

<sup>1</sup> "Other" column includes 10 employees who reported as multi-racial and 769 employees who did not report race.

2007 U.S. Officials and Managers							
	African American	Asian/Pacific Islander	Caucasian	Hispanic	Native American	Other	Total
Female	19	178	666	59	3	7	932
	2.04%	19.10%	71.46%	6.33%	0.32%	0.75%	100.00%
Male	86	915	3,154	220	13	55	4,443
	1.94%	20.59%	70.99%	4.95%	0.29%	1.24%	100%
<b>Total</b>	<b>105</b>	<b>1,093</b>	<b>3,820</b>	<b>279</b>	<b>16</b>	<b>62</b>	<b>5,375</b>

Intel has long strived to build a workplace where our employees' faces reflect those of our communities, customers, vendors, and colleagues around the globe. A diverse workforce enables us to anticipate and provide for the needs of a changing marketplace.

2007 Senior Management and Corporate Governance Bodies							
		Board of Directors		Corporate Officers		Top 50 in Total Compensation	
Male	African American	—		—		—	
	Asian/Pacific Islander	—		6	20%	7	14%
	Caucasian	8	67%	19	63%	29	58%
	Hispanic	—		—		—	
	Native American/Alaskan	—		—		—	
	Unidentified	—		2	7%	9	18%
Female	African American	—		—		—	
	Asian/Pacific Islander	—		—		—	
	Caucasian	4	33%	3	10%	5	10%
	Hispanic	—		—		—	
	Native American/Alaskan	—		—		—	
<b>Total</b>		<b>12</b>		<b>30</b>		<b>50</b>	

## Career Growth and Development



At Intel, we believe that career growth is a partnership between employees, managers, and Intel. The ability to have a great career is a key reason that people join and stay at Intel. Intel was voted one of the best places to launch a career in 2007 by *Business Week* (Sept 13, 2007). Career growth is encouraged and supported, and employees are given many

opportunities to challenge themselves and develop on the job. On average, Intel employees move to new positions every 18–24 months. Our internal online job system allows employees to seek and apply for open positions to explore the development of new skills without changing jobs. Aligned with our growth strategy, assignments around the world present a great opportunity to enhance skills; about 1,400 employees are on global assignments at any given time.

Intel provides employees with on-the-job development opportunities as well as comprehensive development programs that not only fulfill basic skill requirements but also allow employees to attain their professional goals. A unique element in employee development at Intel is the Intel University volunteer instructor program in which people leverage their strength in a particular subject to teach other employees. In 2007, a total of 6,278 volunteer instructors donated their time to teach others at Intel.

### Management/Leadership Development

We recognize that the best managers and leaders achieve stellar business results and optimize the talent at Intel. That's why we offer high-impact development programs.

Our manager and leader development strategy focuses on support for new managers and senior leaders during their transition period. We find the areas where they might need the most support for individual and organizational success. Two programs designed to support such transitions were piloted in 2007: New to Manager and New to Leader. These programs go beyond coursework: They are three to six months long and blend different management and leadership scenarios, problem-solving, and advanced solutions.

**Career growth is always encouraged. Employees are given many opportunities to challenge themselves with programs and resources, such as Intel University, tuition assistance, and mentoring, to name just a few.**

We also continue to offer programs that support the ongoing development of our seasoned managers and leaders. In addition to 20 core instructor-led and online offerings, programs include online performance support modules that provide “just in time” help for managers, as well as resource materials such as books, podcasts, videos, and articles.

For our senior leaders, we offer our internal curriculum of nine key courses that cover personal leadership, execution, and strategy. These courses are offered globally, and many are taught by Intel executives. We also offer action learning programs that blend strategic business needs with senior leader learning and growth. These programs ensure that real work is accomplished during leadership development. And, our executive coaching program links senior leaders with professional internal and external coaches to help drive optimal performance as leader responsibilities grow and change.

Our employees work at sites spread across close to 50 countries. We offer development programs to address unique opportunities. An example is our successful China Accelerated Leadership Program, which focuses on the development of business acumen and personal leadership for high-potential employees while they work on strategic projects that are key to growth in China.

We also have a developmental infrastructure to ensure that managers and leaders obtain regular feedback, and to track the health of organizations and make corrections as necessary. This infrastructure includes the Manager and Leader Feedback survey, which employees complete twice a year and gives managers feedback on areas of strength and development. Managers are expected to discuss survey results with their employees and make action plans for improvements. We also offer a Manager Dashboard web tool that provides resources for managers in running the “people” side of their business. This tool gives managers quick access to key reports and employee information.

### New Employee Orientation

Our employee integration process involves more than training. Managers are actively involved in the process, putting task lists in place for new employees to complete within the first six months of hire. The program includes required and highly recommended courses for new employees, with a suggested sequence and timing. New employees and their managers receive automatic reminders during the first six months of employment. To continuously improve our new employee orientation process, every new employee receives an assessment tool designed for providing feedback so we can measure the overall impact of our integration program. In 2007, we incorporated additional content on our corporate responsibility practices into the required new employee orientation courses.

### Intel University

Intel invested approximately \$249 million in employee training and development in 2007. Based on the average headcount of 90,000 in 2007, we invested almost \$2,767 per employee in development programs, including e-learning, which is defined as any non-classroom training, such as online and computer-delivered training.

Intel University and training programs cover a broad range of material, including technical courses, cross-cultural training, project management, problem-solving, and effective decision-making.

- Sessions delivered: 26,626
- Total number of training attendees: 413,591
- Number of employee volunteer instructors: 6,278

### Tuition Assistance

Intel supports employee efforts to continue professional development. Our Tuition Assistance Program provides financial assistance to eligible U.S. employees who are completing a job-related degree program or coursework. In 2007, we invested \$18.7 million in employees who were participating in this program.

## Employee Recognition

In 2007, we continued our tradition of recognizing outstanding team and individual accomplishments with two corporate-level awards: the Intel Quality Award and the Intel Achievement Award. Both awards encourage employees to aggressively pursue continuous improvement, attain high levels of excellence, and increase the company's overall competitiveness.

### Intel Quality Award

Since 1991, we have given this annual award to organizations that have made a conscientious long-term commitment to operational excellence and have demonstrated the Intel Values. The Intel Quality Award (IQA) challenges organizations with more than 100 employees to tell their story to a panel of executive judges. IQA recipients serve as role models to help other Intel organizations boost their overall performance to the Intel Values and increase the company's competitiveness. In 2007, two teams from Intel's Technology and Manufacturing Group won the coveted IQA award:

- Fab 12, a 65nm wafer fabrication facility in Chandler, Arizona. Fab 12 was Intel's first fab to convert from 200mm to 300mm wafers, and did so three months ahead of schedule.
- Portland Technology Development (PTD), whose mission is the relentless enforcement of Moore's Law, delivering next-generation silicon process technology every two years. PTD did what many thought was impossible: In January 2007, it became the first facility to use Intel 45nm Hi-k metal gate silicon technology, marking a fundamental change in transistor material.

### Intel Achievement Award

2007 marked 26 years of honoring employees who excel, whose work improves corporate operations, and whose achievements exemplify the Intel Values. The Intel Achievement Award is the company's highest honor for personal or team accomplishments and is given to fewer than one-half of 1% of employees

each year. In 2007, 269 employees on 31 teams received Intel Achievement Awards. Intel President and CEO Paul Otellini congratulated the winners for their significant contributions with this thought: "I have been at this company for 32 years, and the talent and ingenuity that each of you have still amazes me and humbles me." In addition to numerous technical, manufacturing, and marketing breakthroughs, the accomplishments of the 2007 winners included the following achievements, which reinforced our reputation as a leader in corporate responsibility:

- Designed, built, tested, and delivered the first-ever, in-home Parkinson's disease tracking platform.
- Created the [Health for Life](#) program, a first step in helping employees manage their health and determine potential health risks.
- Established a BIOS industry for the People's Republic of China based on Intel software technology and industry standards.

### Other Employee Awards

We also offer a variety of other recognition programs that reward length of service as well as accomplishments and behaviors that support Intel Values.

- **Division Recognition Award.** The most prestigious honor that a division can award an employee or a team for demonstrating a strong commitment to Intel Values.
- **Spontaneous Recognition Award.** Acknowledges "above and beyond" performance by an employee in support of Intel Values.
- **Intel Service Award.** Celebrates every five-year career milestone with public recognition and company keepsakes.
- **Intel Volunteer Recognition Events.** Recognize employees annually for taking the time to volunteer in their communities.
- **Intel Environmental Excellence Awards.** Given annually for outstanding employee achievements in environmental, energy conservation, and pollution prevention programs and performance.

## Open and Honest Communication



We value high-quality, two-way communication between employees and management, including our most senior executives. We believe that our long-term success depends on all of our employees worldwide understanding our technologies, business strategies, and financial matters. To keep our employees informed, we have a number

of strategic programs, including written communications, open forums, webcasts, meetings, blogs, cyber-chats, and more.

Intel's open-door philosophy gives employees access to all levels of management to address work-related concerns and issues. Employee surveys indicate that our open-door philosophy contributes to organizational health, improves productivity, and decreases turnover.

### How We Communicate



**Circuit, our intranet portal,** brings online corporate and local Intel news to employees worldwide, along with tools for real-time access to services and benefits information. Full-time Circuit News reporters write and

post fresh content covering all aspects of our business, strategies, technology, community involvement, and general workplace news and information. We actively seek out and present Intel news from around the world. Our senior executives use Circuit to share information about Intel's business strategies, challenges, and new directions. Surveys show that Circuit is the primary choice of Intel employees for company news and information, with nearly 90% of employees electing Circuit as their Internet browser's home page.

In 2007, we moved aggressively to expand our intranet site with social media channels such as blogs and community forums. We also aimed a laser focus on boosting two-way communications between employees and management.

Some of the features on Circuit that encourage two-way interaction include:

- **Have Your Say.** Employees are invited to post their comments to blog sites related to news articles. We encourage employee comments through provocative prompts such as, “Customer orientation will be a key to Intel’s success in 2007 and beyond. What’s your best recent example of ‘can do’ at Intel? Share please!” and “We’re looking for creative ways to explain to average people just how small and amazing our 45nm technology is.”
- **Five Questions.** This ongoing feature allows our key leaders to offer open, direct, blunt answers to questions that may be on employees’ minds. We avoid easy, “softball questions” or “spun” answers and always try to approach these articles from an employee point of view.
- **Comment and Analysis.** Senior leaders and other employees pen provocative, personal essays as a way to open dialogue about issues that we face and the major challenges and opportunities that lie ahead.
- **Letters to the Editor.** We actively seek and present a broad range of employee opinions on key issues—and not just those that align with Intel’s stated positions. Employee views—negative and positive, critical and laudatory—are posted in Letters to the Editor, which has become one of the most widely read features on Circuit. Our industry benchmarking has shown that few other major companies in the world post employee comments as publicly and openly as we do.
- **CEO and Senior Leader Blogs.** Intel President and CEO Paul Otellini hosts an online blog that is among the top five most-read items on Circuit. Through other blogs, many of our executives have developed rich, ongoing two-way conversations with their extended worldwide teams and have commented on the high quality of employee participation. We often highlight a particular leader’s blog on the Circuit home page when we believe the topic is likely to attract broad employee interest.

Additional ways that we connect leaders and employees include:

- **ExecConnect.** Through this program, we provide face-to-face executive Open Forums, Q&A sessions via webcast, online cyber-chats, and quarterly updates hosted by Paul Otellini. Employees are encouraged to ask tough questions in these live forums, and executives are never given the questions in advance.
- **Ask Your Leaders.** Employees submit questions about Intel’s strategies, challenges, and other business matters. The questions are directed to senior managers so they can address them in update meetings, Open Forums, and webcasts. Selected questions are answered in a blog that appears on Circuit.
- **Open Forums.** Each year, Intel executives travel to our worldwide sites to talk with employees. Open Forums are live, and in some cases are transmitted via video to other sites, allowing remote employees to participate interactively. The sessions are confidential, giving employees the chance to ask questions on sensitive topics, and giving executives the opportunity to talk openly and candidly. Open Forums are not available for replay, nor are they recapped on Circuit, to encourage greater candor from all participants.
- **Manager Feedback.** Intel employees are asked twice a year to complete a Manager and Leader Feedback Survey, which evaluates their managers’ skills in communicating, motivating, and developing their teams. After receiving their scores, managers are strongly encouraged to discuss the results—both strengths and areas for improvement—with their teams.
- **Cyber-Chats with Executives.** Cyber-chats augment our other communication channels. These online sessions allow employees to participate from their desks (or homes if they are telecommuting) and ask multiple questions anonymously. Employees who miss the live chats can view transcripts posted on Circuit.
- **Business Update Meetings.** Each quarter, group general managers share business results and product plans at Business Update Meetings, which all employees are asked to attend. In addition, each meeting features a video that focuses

on a single business strategy or topic and frequently includes appearances by our top leaders. The goal of these meetings is to help employees better understand and align their work with key corporate initiatives. Q&A sessions at the meetings allow open and direct exchange of information.

- **Monthly Update Meetings.** Engineers, technicians, and support staff in our manufacturing organization are invited to learn about the latest plans, factory performance, and fabrication facility (fab) status at monthly update meetings. All meetings end with a Q&A session.
- **One-on-One Meetings.** Intel requires managers at all levels to conduct one-on-one meetings with each of their employees. These meetings are initiated by the employee and are scheduled regularly. In addition, senior managers often meet with employees one or more levels down in the organization. These “skip-level” one-on-one meetings provide insight for both employees and senior managers who participate, and can help senior managers evaluate the performance of middle and front-line managers.
- **E-mail.** Electronic communication is central to our way of working and doing business. Employees feel empowered to take their questions, concerns, and praise to the top, and frequently send e-mails directly to senior Intel leaders—including our CEO and chairman. Employee e-mails are answered, often in considerable detail.
- **Organization Health Survey.** Approximately every other year, we survey our employees to learn what they think about our workplace. This survey process helps us identify strengths and areas for improvement in our business groups and geographies, and provides data for planning and improvement.
- **Coffee Talks and Brown-Bag Sessions.** Some Intel organizations hold these informal sessions to allow managers to meet with smaller groups of employees to chat about business issues.
- **Feedback Cards.** Many of our manufacturing sites have implemented feedback cards, which give employees the opportunity to ask specific questions. Occasionally, discussion initiated by feedback cards results in a one-on-one meeting for the sender and a senior manager.

## Our Open-Door Philosophy

Intel's open-door philosophy encourages employees to raise work-related concerns and issues, and gives them several avenues to pursue if they want to challenge a management decision.

We strive to resolve employee disputes quickly and at the lowest level in the organization. Front-line managers are often in the best position to understand the merits of an employee issue and typically have the authority to address it quickly. If employees believe that their immediate manager is not the appropriate person to approach with a particular concern, they are encouraged to contact another Intel manager—including their department head, division general manager, or even our CEO or chairman—who are each accessible by telephone or e-mail.

Employees can also raise issues anonymously through our Harassment Concerns e-mail account or Ethics & Compliance at Intel intranet site.

Issues that cannot be resolved by an employee's management can be forwarded to a Human Resources legal team that focuses on the most complex employee-related issues. Spread around the world, these team members do not report into the local management chain. Their goal is to uncover the facts and make recommendations that are consistent with our values, guidelines, and the law. They typically handle more than 300 investigations a year. We track the results, look for trends, and drive organizational health improvements from the data. If an employee has concerns about an investigation process or results, he or she can request an appeal.

Employee surveys tell us that our open-door system contributes to organizational health, improves productivity, and reduces undesired turnover. It also reduces the number of issues that go to administrative agencies or the courts. Over the last decade, our external claim rates have been well below benchmarks.

## Compensation and Benefits



Intel's Total Compensation, or "T-Comp," approach aligns company, employee, and stockholder interests, and provides employees with incentives to focus on for meeting or exceeding business objectives. T-Comp is based on five guiding principles that support our philosophy of rewarding individual performance and corporate success:

- **Meritocracy.** Provide rewards based on individual performance.
- **Market competitive.** Maintain competitive pay and benefits.
- **Aligned with business performance.** React responsibly to economic and business cycles.
- **Promote health and welfare.** Foster health and welfare through innovative benefits and employee choices.
- **Mutually beneficial.** Balance employee and stockholder needs.

### Compensation

We believe that total cash compensation should vary with Intel's performance and that long-term incentive compensation should be closely aligned with the interests of stockholders.

Intel targets employee cash compensation (base pay plus bonuses) to be above market averages as long as our performance is comparable to or better than the performance of our peer companies. Base pay for each job is determined by what our competitors generally pay for a comparable job, and the employee's relevant education, skills, experience, and job performance compared to his or her Intel peers. Overtime is paid according to the laws that govern the state or country in which the employee works.

Managers meet with each employee at least quarterly to review the prior quarter's goals, the employee's performance to manager expectations, employee development, and the following quarter's priorities and goals. These meetings between managers and their employees provide opportunities for recognition and discussion of performance issues in a timely manner, and improve a team's performance, execution, and business results.

## Variable-Pay Programs

In addition to base pay, Intel provides employees with variable-pay programs. All employees participate in the Employee Cash Bonus Program and either the Employee Bonus program or Commission program, which include Intel's financial and operational performance metrics. These variable-pay programs recognize that each employee contributes to the company's success and link a portion of the employee's total cash compensation to Intel's performance. Higher level employees, who have a larger scope and greater ability to impact the company's performance, have a higher percentage of their total cash compensation based on Intel's performance.

**Employee Cash Bonus Program (ECBP).** This profit sharing plan pays cash rewards twice a year, allowing all employees to share in Intel's success. Through our Customer Excellence Program (CEP), employees may also receive an additional two days of pay each year on top of the ECBP payout. CEP measures customers' delight, their commitment to Intel, and the likelihood that they will do future business with us.

Historically, the ECBP payout—in addition to base pay—has been:

Year	Additional Days of Pay	% of Eligible Earnings
2001	10.8	4.2%
2002	11.8	4.5%
2003	18.4	7.1%
2004	16.9	6.5%
2005	17.8	6.8%
2006	15.1	5.8%
2007	11.0	6.7%

**Employee Bonus (EB).** Through this plan, Intel shares profits with our employees worldwide by paying a cash reward annually. The EB payout is based on Intel's net income, achievement of operational goals, and the employee's bonus target. EB is a key element of Intel's Total Compensation (T-Comp) plan, which is designed to attract, retain, and reward employees for their contributions to Intel's success.

The EB formula is based on three equally weighted components:

- **Relative financial performance.** Intel's annual adjusted net income growth compared to the annual adjusted net income growth of the S&P 100 and leading high-tech companies.
- **Absolute financial performance.** Intel's current-year adjusted net income compared to the last three years of adjusted net income.
- **Operational performance.** How well employees perform to corporate-wide achievements that are critical to Intel's success.

The following table shows historical payouts for the EB program. The second column shows the multiplier applied to an individual employee's target amount. This means that if an employee's target in 2007 was \$1,000, the employee's payout would have been 3.49 x \$1,000, or \$3,490.

Year	Multiple Target Average
2001	1.81
2002	1.66
2003	2.56
2004	2.88
2005	3.76
2006	2.33
2007	3.49

**Commission.** Instead of the EB program described above, eligible sales and marketing employees participate in our Commission program, which provides a financial incentive linked to sales performance. Each eligible employee's incentive target is based on job, grade, and his or her performance; the payout is based on the target and performance to goals.

### 2007 Equity Program Highlights

- Intel granted 24.6 million stock options and 32.8 million restricted stock units to employees. Virtually 100% of our broad-based employee population received restricted stock units.
- Approximately 70% of our eligible employees participate in our Stock Purchase Plan.

### Equity Programs

We believe that employee interests should align with those of our stockholders. We also believe that employees who contribute to our success should benefit from it. As such, Intel grants equity to more than 90% of our employees annually. We offer two programs through which employees can become stockholders.

**Stock Option/Restricted Stock Plan.** Since 1997, Intel has offered a broad-based stock program, with more than 90% of employees participating annually. By obtaining the right to receive an equity interest in the company, employees acquire a stake in Intel's long-term growth and can potentially benefit from capital appreciation. In 2006, we expanded our equity program to include restricted stock units (RSUs), delivering more predictable value to employees while meeting our commitments to stockholders. Although all employees who receive a stock grant will receive RSUs, the more senior-level employees will continue to have a larger percentage of their stock grant in the form of stock options.

Regular full-time and part-time employees are eligible to receive a stock option grant at the time of hire and may be recommended for additional stock option grants during our annual performance review process or mid-year performance review.

**Stock Purchase Plan.** By enrolling in the stock purchase program, eligible employees can purchase shares of Intel stock at a discounted rate through payroll deductions. All regular full-time and part-time employees and interns are eligible to participate. We give employees the opportunity to enroll in the plan every February and August.

### Health Benefits



Intel has been a leader in offering consumer-driven health plans, which give employees better visibility into pricing. Such plans have shown early signs of controlling healthcare costs,

and we have passed those savings on to employees in the form of no or low monthly premiums. We strive to optimize health plan designs and suppliers, and to provide employees with flexibility and options so they can choose the plan that best meets their needs. We also extend medical and dental benefit coverage to same-sex domestic partners.

We offer an Employee Assistance Program designed to help employees and their dependents through tough times, with confidential and convenient access to short-term professional counseling services at no cost to them.

Intel's health premium spending averages approximately \$876 per month per employee, boosting each employee's compensation package by approximately \$10,510 annually (individual amounts vary depending on the plan and usage).

Our total spending on healthcare benefits in 2007 was \$485 million, including (but not limited to) medical coverage (active employees and retirees), prescription drugs, dental insurance (where available), and disability insurance.

### Retirement Benefits

We believe that retirement planning should be a shared responsibility, with Intel and each employee playing a role in preparing for that employee's retirement. We encourage our employees to leverage all possible resources to create a savings and investment strategy that will provide a secure and comfortable retirement. Our retirement benefits include:

**401(k) Savings Plan.** Our 401(k) Savings Plan provides a long-term savings vehicle that allows eligible U.S. employees to put aside a portion of eligible pay on a tax-deferred basis. The plan also offers a Roth 401(k) option. Participation in the 401(k) Savings Plan is one important way that our employees save for retirement.

**Profit Sharing.** Intel provides tax-qualified profit sharing retirement plans for eligible employees, former employees, and retirees in the U.S. and certain other countries. While plans, benefits, and contributions vary by country and local regulations, they are designed to provide employees with an accumulation of funds for retirement on a tax-deferred basis and provide for annual discretionary employer contributions.

**Pension Benefits.** Intel provides a tax-qualified, defined-benefit pension plan for eligible employees and retirees in the U.S. The plan provides for a minimum pension benefit that is determined by a participant's years of service and final average compensation, taking into account the participant's social security wage base, reduced by the participant's profit sharing plan balance.

Intel provides defined-benefit pension plans in certain other countries. Consistent with the requirements of local law, Intel deposits funds for these plans with insurance companies, third-party trustees, governments (into managed accounts), and/or accrues for the unfunded portion of the obligation.

**Postretirement Medical Benefits.** Upon retirement, eligible U.S. employees are credited with a defined dollar amount based on years of service. These credits can be used to pay all or a portion of the cost to purchase coverage in an Intel-sponsored medical plan for the employee and his or her spouse. If the available credits are not sufficient to pay the entire cost of the coverage, the remaining cost is the responsibility of the retiree.

**Funding Policy.** Our practice is to fund the various pension plans in amounts at least sufficient to meet the minimum requirements of U.S. federal laws and regulations or applicable local laws and governments. Assets are invested in corporate equities, corporate debt securities, government securities, and other institutional arrangements. The company accrues for liability in the event that the minimum liabilities of a plan exceed qualified plan assets.

**Intel's retirement benefits expense in 2007 was \$12.8 million and included (but was not limited to) profit sharing and pension and retiree medical benefit contributions.**

**Additional Retiree Benefits.** Intel provides semiannual Business Update Meetings on-site for retirees as well as volunteer opportunities and a retiree web site. To prepare for retirement, employees can also attend Retiring from Intel classes, which address issues such as healthcare, retirement plan distributions, financial and estate planning, social security benefits, and life event planning.

For more information on our retirement benefits, visit the appropriate country's compensation and benefits page on the [Jobs at Intel](#) web site.

### Special Leave Programs

In addition to Intel's standard vacation days, we offer employees other leave programs.

**Sabbatical Leave Program.** Employees in the U.S. and Canada receive 8 weeks of paid time off for every 7 years of service. They can also add their vacation time for that year to their sabbatical, ultimately taking up to 12 weeks of paid time off. In 2007, 6,942 employees took sabbaticals, returning refreshed and revitalized, and bringing new perspectives and fresh ideas into the workplace. This program also offers excellent career development opportunities to those who temporarily replace people on sabbatical.

**Military Leave of Absence and Pay Adjustment.** Intel supports employees who serve in the U.S. National Guard or military reserves. Due to longer deployment requirements than in the past, Intel has made some adjustments to Military Adjustment Pay for events related to 9/11, service in Iraq, and other emergencies. Military Adjustment Pay compensates for the difference between the employee's base pay and military pay. The company increased the duration of this benefit to a total of two years per deployment.

Our intent is to provide more support to employees who are serving extended tours overseas as long as the employee returns to work between each deployment. The U.S. government has publicly recognized Intel for its commitment and continuing efforts in this area. Since 9/11, about 450 employees have availed themselves of this benefit as they undertook military deployments around the world.

## Work/Life Effectiveness



As part of our "Great Place to Work" corporate value, we are committed to providing tools and work environment solutions that reduce barriers to effectiveness caused by work and personal life challenges. Our goal is to make it easier for employees to manage their busy work and personal lives.

We take a comprehensive, worldwide approach to work/life effectiveness by offering tools and creating an environment that support the needs of different employees—from working parents and those with elder-care responsibilities to those pursuing educational goals and traveling. Program options may vary by business unit and job type. Options are also tailored according to the needs in a specific country and are based on the market needs and statutory requirements of each Intel location.

Managed by a full-time corporate team, our work/life effort focuses on four major areas:

**Flexibility.** To help employees manage their work and personal responsibilities, we support a wide range of flexible work options, including alternative start/stop times, compressed work weeks, part-time options, job sharing, flex time, compensatory time off, and telecommuting. Corporate guidelines govern each of these options, and managers and employees have discretion in developing win-win solutions that meet the needs of both the business and the individual employees.

Because most of these arrangements are negotiated directly between employees and their managers, Intel does not track utilization centrally. However, recent employee surveys show that about 26% of our employees work a compressed work-week schedule, and more than 40% telecommute on a regular or temporary basis using company-provided laptops and remote access to the corporate network.

**Child and Elder Care.** We have received recognition for our child-care programs, which we have implemented at all of our major U.S. sites. Our programs are customized to meet the specific needs of each site and to respond to local market conditions.

Intel sponsors eight near-site childcare centers in the U. S. that offer priority enrollment, back-up childcare, and summer and holiday care. Some of the centers have expertise in working with children who have special needs. We also sponsor family childcare networks at our Arizona, New Mexico, and Oregon sites. To meet the needs of our manufacturing workforce, our family childcare network providers offer extended-hour and 24/7 care.

Through our Dependent Care Assistance Program, employees can set aside \$5,000 in pre-tax dollars each year to pay for dependent care expenses.

We provide on-site caregiver training for employees who are caring for an elder relative. We also promote an elder-care intranet site with easy access to resources, including a nationwide elder-care resource and referral service for employees who have elder-care responsibilities.

**Services and Conveniences.** Intel sponsors several programs to help make employees' lives easier and extend their purchasing power. Discount programs provide special pricing on a variety of products and services, including computers, cars, home mortgages, banking, online retailers, and more. Other offerings include on-site cafeterias, fitness centers, ATMs, dry-cleaning services, and private rooms for nursing mothers.

In addition, more than 90% of our employees in the U.S. have access to commute reduction options that include vanpool and transit programs as well as air shuttles between major sites, saving employees thousands of hours of personal time annually. These environmentally friendly policies landed Intel the top spot

for three consecutive years on the U.S. Environmental Protection Agency's list of the "Best Workplaces for Commuters from the Fortune 500 Companies." The annual list, published by the EPA through 2006, recognized companies for their commitment to improving quality of life for their employees while helping to reduce traffic and air pollution.

**Tools and Training.** Our intranet site provides a wide variety of work/life resources and information. Our Global Work/Life team sponsors ongoing seminars presented by in-house and outside experts. Past topics have included financial planning, resources for finding care for children and the elderly, and effective stress management. Additional course offerings for parents have included "Connecting with Your Teenager," "Fatherhood: The Most Important Job You Will Ever Have," "Positive Discipline," "Brain Development," and "Summer Activities for School Age Children." Another course, "Having a Baby at Intel: Coordinating Your Leave, Benefits, and Work," provides instruction on how to ensure a smooth transition from work to parenthood, and then back to work.

## Health and Safety



Our wellness and safety programs help employees optimize their productivity and improve their quality of life. Employees who are physically and mentally fit help Intel succeed, and they also enjoy a better quality of life outside the workplace.

### Wellness Programs

Intel is committed to providing a portfolio of health benefits and wellness programs that help our employees evaluate, maintain, and improve their health and the health of their families. Our vision is a culture in which employees and their families actively seek to live healthy lifestyles.

Our Health for Life wellness program, now in its second year, provides a gateway for U.S. employees to access resources that focus on positive health and wellness lifestyle choices. Health for Life is based on the simple concept that the more employees know about their health risks, the better they can manage them.

Health for Life is a three-step program that includes a baseline health evaluation, completion of an online Health Risk Assessment, and a confidential meeting with an on-site personal health coach to develop an individual health action plan.

While we did not reach our 2007 goal of 50% participation among U.S. employees in the Health for Life wellness program, more than 17,000 employees (some 34%) did participate. Through completion of the health check and Health Risk Assessment steps of the program, 59% of the participants discovered that they had high blood pressure. Through the program's health coaching step, they then learned how to adopt healthy lifestyle behaviors to help lower their blood pressure. Quarterly surveys show that over 92% of respondents were very satisfied or satisfied with the Health for Life program and plan to make changes to improve their health.

The Health for Life wellness program has received several internal and external awards, including an [Intel Achievement Award](#). The National Business Group on Health also recognized the program by presenting Intel with its Best Employers for Healthy Lifestyle Gold award.

### Mayo Clinic "EmbodyHealth" Portal

In response to employee feedback, in October 2007 the Mayo Clinic, Intel's provider of online medical information, launched EmbodyHealth, a highly personalized portal for self-health management. The portal is designed with consumer empowerment in mind, and provides comprehensive information and education on health and well-being, motivation, tools, and support.

Number of employees who visited the EmbodyHealth portal in 2007: 49,649

Number who visited once: 31,184

Number who visited two or more times: 18,465

We are in the planning stage to expand this program globally, starting with Intel sites in Costa Rica, Israel, and Malaysia.

Examples of other wellness programs offered at various Intel sites around the world include:

- An online Wellness Program with the Mayo Clinic that includes access to all Mayo Clinic resources
- Required ergonomics training
- Wellness programs designed by our on-site nursing staffs to address topics such as weight control, stress reduction, breastfeeding, increasing activity, healthy eating, and more
- Fitness challenges and on-site fitness centers
- On-site flu vaccine clinics
- Massage therapy and physical therapy

#### Leader in Employee Wellness

In 2007, Intel President and CEO Paul Otellini participated in the U.S. Chamber of Commerce "Partnership for Prevention's Leading by Example" CEO-to-CEO initiative, designed to leverage the workplace to improve health by promoting greater business involvement in health promotion and disease prevention. The long-term goal of the initiative is for CEOs to influence the U.S. healthcare system to emphasize prevention over treatment. The program encourages CEOs to make health promotion and disease prevention a part of their company's business strategy, with the goals of achieving optimal performance while managing health risks and healthcare costs.

Also in 2007, Intel Chairman Craig Barrett was the keynote speaker at the 7th Annual International Conference of Health and Productivity Management (HPM). He accepted the President's award for global leadership, which recognized Intel as an early adopter of health and productivity practices in the workplace. The award citation noted, "Intel has become a true leader internationally in implementing the HPM model in Europe, Asia, and Latin America, as well as in the U.S."

- On-site wellness centers with trained health coaches and on-site occupational health resources
- Programs for expectant mothers as well as employees who have or are at risk for asthma, heart disease, diabetes, or depression
- Rewards and incentives for employees who take advantage of our health and wellness programs
- Healthy meals in our cafeterias
- Clinics that employees can visit to ensure that they have the appropriate medications and vaccinations before traveling

#### 2007 Safety Update

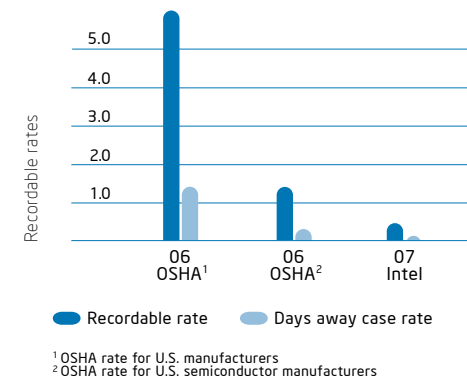
Our safety performance in 2007 continued to be world-class compared to industry benchmarks. The number of cases that resulted in days away from work remained relatively flat in 2007 compared to 2006, but the severity of the cases was significantly reduced. In fact, in 2007 we cut 7 days from our 2006 average number of days lost per days away rate.

In 2007, ergonomic injuries accounted for 60% of our recordable injuries. Our ergonomic safety performance in 2007 was slightly up compared to our 2006 performance and this is a focus area in 2008. We have implemented a self-auditing process to help establish priorities for continuous improvement in ergonomics. All Intel sites have completed the audit and have identified action plans that will support improved performance in 2008.

In 2007, we completed studies of Intel business groups that have leading safety performance to identify their keys to success. We shared the findings with senior management and used those findings to help other business groups improve their safety performance.

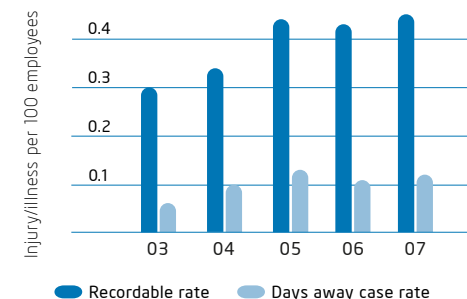
Our 2008 strategy is to close the gaps in safety performance among the best and worst performing business groups inside the company. We have identified organizations in need of improvements based on safety performance trending over the past four years. Each of those organizations will complete

#### Health and Safety Benchmarks



Each year, Intel compares the company's health and safety performance with established benchmarks, relative to the latest data available for all U.S. manufacturers and U.S. semiconductor manufacturers. Intel continues to outperform both benchmarks in terms of injury prevention. External data is from the U.S. Bureau of Labor Statistics.

#### Recordable and Days Away Injury Rates



Intel's recordable case rate for injury and illness increased slightly to 0.45, up from 0.43 in 2006. Our days away case rate also increased slightly from 0.11 in 2006 to 0.12 in 2007. We believe that all workplace injuries are preventable, and we will continue to focus our efforts in these areas.

a comprehensive Safety Self-Assessment (SSA) in 2008. The business group vice president and a designated EHS leader will review each SSA. Vice presidents and managers will review site action plans and track them to closure in subsequent site visits. In addition, specific safety goals will be set for individual organizations based on their recordable rates.

#### Sharing Safety Knowledge



Intel often steps outside the workplace to promote safety in the community. In Vietnam, for example, an Intel team received a \$15,000 Intel EHS Signature Grant to create the Road Safety Is No Accident program to promote the use of helmets for motorbike riders. In 2006, more than 500 children and adolescents died each

month from head injuries in Vietnam, with more than 20,000 seriously injured from head trauma. Despite these statistics, only 3% of riders wear helmets, as helmet laws apply only to specific roadways.

Intel team members met with key government leaders in Ho Chi Minh City to encourage them to create and enforce a law requiring that helmets be worn at all times. The Intel group also sponsored a Helmets for Kids event at a local school, providing a traffic safety assessment, free helmets for 866 kids and 40 school staff members, and safety improvements on the school grounds. In addition, Intel Products Vietnam donated \$20,000 to the Asia Injury Prevention Foundation to support the foundation's comprehensive one-year campaign to promote helmet use throughout Vietnam.

#### Leader in Nanoelectronics

Intel continues to be a leader in the evaluation of the health and safety implications of new technologies for our employees, customers, and end users. We are collaborating with multiple stakeholder groups to further define, characterize, and manage the EHS implications of nanoelectronics—the manufacture of extremely small transistor devices—in the semiconductor industry.



Intel is taking the lead to develop EHS standards for nanotechnology in several standards development organizations, including American Standards Testing Materials (ASTM) International and the International Organization for Standardization (ISO). For example, one of our industrial hygienists led the development of a new ASTM International Standards Guide for Handling Unbound Engineered Nanoscale Particles in Occupational Settings. This document was under development for more than two years and represents input and collaboration from over 30 individuals from various U.S. and international organizations. The purpose of the document is to provide guidance and direction for organizations handling nanoscale particles in occupational settings.

Intel is also heading the ISO Technical Committee 229 on Nanotechnology, which is developing ISO health and safety standards. We continue to support the International Council on Nanotechnology (ICON) and led two international ICON meetings that focused on the development of toxicological assessment techniques for nanomaterials.

Intel is a member of the Nanoparticle Occupational Safety and Health (NOSH) Consortium, a multi-stakeholder group of industry, academic, and government institutions that recently completed basic research on nanoparticle generation and measurement techniques.

#### SIA Health Study



We are continuing our work with the Semiconductor Industry Association (SIA) on a multi-company study of the potential health effects associated with working in wafer fabrication factories. The research, which began in 2005, is a retrospective epidemiological study to determine if wafer fabrication workers have an increased cancer risk compared to other semiconductor

industry workers and the general population. The study has identified over 140,000 U.S. workers in wafer fabrication facilities of participating SIA member companies during the past 30 years, and is in the process of reviewing work histories and medical records of those workers. A significant number of site visits have been completed at the participating companies (more than 30 U.S. plants are involved), and an analysis is in progress for the large amount of data generated. We expect the study to be completed in the next few years. A scientific advisory board, with academic experts in epidemiology, occupational medicine, toxicology, and industrial hygiene, assists the SIA in scientific oversight.

To conduct the research, an exhaustive analysis of historical information is under way, requiring review of computer files as well as hard-copy records to identify workers and then characterize each worker's job location, job activities, and time frame of work activities. We expect to continue providing access to needed information for the researchers in 2008, with a focus on helping them correctly classify workers. SIA member companies are funding the study, which will be one of the largest privately sponsored epidemiological studies ever conducted.

#### NIOSH Study

The National Institute for Occupational Safety and Health (NIOSH) is part of the U.S. Centers for Disease Control and Prevention (CDC). NIOSH is responsible for conducting research and making recommendations for the prevention of work-related illnesses and injuries in the U.S. In 2006, NIOSH asked Intel, along with other employers of more than 8,000 people, to participate in Work and Health Study: Risk Factors for Heart Disease and Depression. The study was designed to look for and evaluate possible relationships between job stressors, heart disease, and depression. We saw the study as an excellent opportunity for collaboration with NIOSH and other companies to develop methods to increase worker health, well-being, and productivity. The study also aligned with the goals of our Health for Life wellness program. Unfortunately, NIOSH discontinued the study due to low participation numbers of all invited employers. However, the employees who participated in the study benefited, as they received free health evaluations.

## Corporate Pandemic Preparedness

Intel's Pandemic Leadership Team (PLT) meets quarterly to review our Pandemic Response Plan. This cross-functional team includes members from EHS, Emergency Management, Corporate Services, Human Resources, and Business Continuity. Team members work to ensure that plans, guidelines, and employee communications are reviewed and revised as required.

We provide a comprehensive pandemic intranet site for our employees, with links to our Pandemic Response Plan, facts and frequently asked questions, and government updates. Also included on the site are links to information about travel and home preparedness. In the event of a pandemic emergency, a link would be activated to provide specialized emergency information.

The PLT also works with external agencies and will continue to engage with numerous local public health districts to coordinate and plan for participation as a public point of distribution for vaccines and/or antiviral medications during a pandemic. We share our response plan and learnings with other companies, local governments, and professional organizations at key forums such as the 2007 American Industrial Hygiene Conference and Exposition.

## Intel Business Continuity Practices

As a global corporation with locations and suppliers all over the world, Intel faces a wide range of potential threats—from natural disasters to terrorist acts and cyber attacks. To protect the interests of our stockholders and customers, as well as the safety of our employees, Intel requires every organization to embed business continuity as a core business practice. By integrating business continuity in decisions and programs, Intel can maintain and regularly test business continuity plans for all of our sites, facilities, and operations. In the event of a business disruption, our business continuity plans are designed to enable us to continue critical business functions, such as handling customer orders, overseeing production and deliveries, and managing our supply chain.

## HIV/AIDS

We believe that employees affected by Acquired Immune Deficiency Syndrome (AIDS) or Human Immunodeficiency Virus (HIV) do not present a health risk to other employees in the workplace under normal working conditions. We strive to ensure that affected employees have the same working conditions and performance requirements as other Intel employees and can continue to work as long as they are able.

**Global Impact.** During 2007, Intel continued to work with the U.S. State Department's Office of U.S. Global AIDS Coordination (OGAC). We act in an advisory capacity on emerging technology trends, program implementation, and workforce education. In 2007, we assisted in the design of new technology-oriented educational programs targeting the most vulnerable children, advised on emerging technology and market trends, provided seed funding, and shared best practices on workforce education. We are committed to our participation with OGAC and the President's Emergency Plan for AIDS Relief throughout 2008.

**Closing Gaps in Benefits.** In 2006, Intel joined a coalition of multinational employers—the Global Health Benefits Institute—which focuses on global health benefits initiatives. In 2007, in an effort to inventory programs and HIV/AIDS educational initiatives, the institute formed an HIV/AIDS working group that focuses on reaching out to organizations involved in HIV/AIDS research and education. Research has indicated that few organizations focus on coverage from a health benefits perspective. As part of this working group, we are striving to develop benefits programs that will assist both our employees and the community.

**Educational Efforts.** Intel's Asia Occupational Health group used "Take leadership! Make a difference today!" as their 2007 HIV/AIDS awareness campaign slogan. The campaign highlighted the commitment required at all levels of society to meet one of the United Nations Millennium Development Goals of halting the spread of HIV/AIDS by 2015. Intel has developed focused education programs and outreach efforts related to HIV/AIDS, with particular emphasis on areas in the world that have limited access to information on this topic. The HIV/AIDS awareness campaign—at our sites in China, India, Malaysia, and the

Intel has developed focused education programs and outreach efforts related to HIV/AIDS, with particular emphasis on areas in the world that have limited access to information on this topic.

### HIV/AIDS Awareness in Malaysia

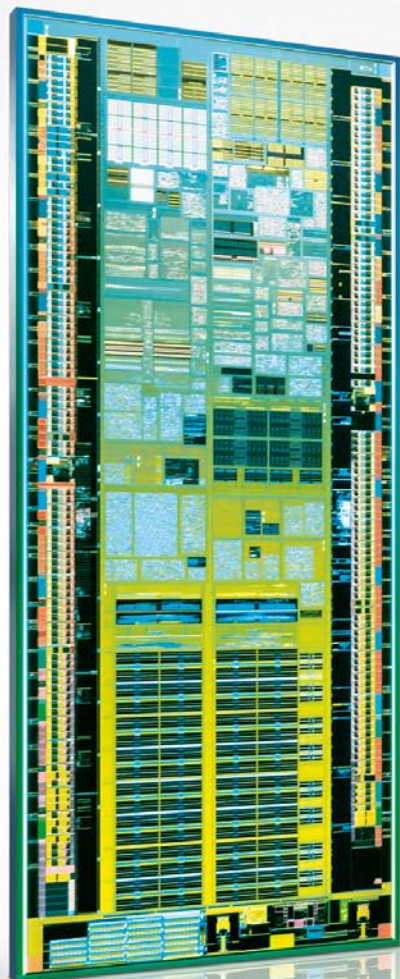


Intel involved volunteer with AIDS awareness ribbon

As part of a leadership initiative to expand HIV/AIDS awareness, Intel Malaysia held an event at our Penang facility in conjunction with World AIDS Day, which falls on December 1 every year. The program reached out not only to employees but also to teachers and students of 12 secondary schools in Penang and Kulim. More than 120 participants attended the one-day event, which included presentations, videos, and displays from the Penang Department of Health. Guest speaker P. R. Selvarajan, chairman of the Penang Community AIDS Service, shared AIDS statistics and explained how HIV spreads. He also touched on the stigma that AIDS sufferers may experience in their daily lives, as well as what the community can do to support those living with AIDS. Learning was reinforced through an interactive game session, a rapid-fire quiz session, and short impromptu skits produced by participants.

Philippines—comprises a range of activities, including annual AIDS awareness training by local occupational health nurses; non-governmental organization presentations by local health experts; and other communications campaigns such as e-mail, posters, quizzes, exhibits, and video presentations. We also participate in community outreach opportunities by bringing HIV/AIDS awareness information to school teachers, students, and parents.

Taking a leadership position in environmental action worldwide



## Environment

Intel co-founder Gordon Moore, a long-time champion of the environment, helped instill a passion for innovation at Intel that we apply not only to developing new technologies, but also to helping address complex environmental issues such as climate change and natural resource conservation. We incorporate environmental performance goals into our day-to-day business activities, from how we design and manufacture our products to how we build and operate our facilities, manage resources, and handle waste materials.

Manufacturing cutting-edge silicon chips presents challenges in areas such as air emissions and energy, resource, and water use. These challenges increase in complexity as we push the boundaries of materials science in our process technologies. We continually strive to achieve higher levels of performance, reliability, and energy efficiency, while at the same time working to minimize our environmental footprint.

Beyond our own operations, we collaborate with customers, suppliers, governments, and industry to address sustainability challenges. In addition, our employees are actively engaged in environmentally focused volunteer efforts in the communities where we are located around the world. For more information, see “[Volunteering for the Environment](#)” in the Community section of this report.

Our most material environmental issues—informed by an analysis of the impacts of our operations and products, and by stakeholder input—include climate change, sustainability in our operations, and responsible product design and life-cycle management.

### 2007 Highlights

- Reduced absolute energy use by 2%. We remain on track to meet our goal to reduce energy use per chip by an average of 4% per year through 2010.
- Co-founded with Google the Climate Savers Computing Initiative, with the goal of reducing greenhouse gas emissions from computing systems.
- Realized savings of 3 billion gallons of water in our global operations in 2007 as a result of our water conservation investments and actions over the past 10 years.
- Announced that we are working in partnership with the U.S. Green Building Council to certify our new Fab 32 in Chandler, Arizona to the LEED green building standard.
- Shifted to a lead-free manufacturing process for our new Intel 45nm Hi-k metal gate silicon technology.
- Collected more than 2 million pounds of electronic waste at community collection events.

### 2007 Challenges

- The increasing complexity of our manufacturing processes challenges our ability to reduce our environmental impact. For example, a new process initiated in 2007 requires more water, making it harder to meet water reduction goals.
- Accessing new chemistries and materials needed to develop the latest innovative technology is increasingly challenging, as governments and customers continue to limit the use of different materials.
- We continue to seek ways to more effectively communicate with our employees about our environmental strategies.

# Climate Change



At Intel, we consider global warming an important environmental issue, and we long ago began taking steps to mitigate our climate change impact. We focus our efforts in three main areas: reducing our operational footprint, improving the energy efficiency of our products, and driving climate leadership initiatives. For Intel's formal position on global climate change, visit our [Climate & Energy Conservation](#) web site.

## Reducing Our Operational Footprint

Our efforts to reduce the climate change impact from our operations are focused in two main areas: reducing greenhouse gas emissions and minimizing the amount of energy used in our manufacturing operations.

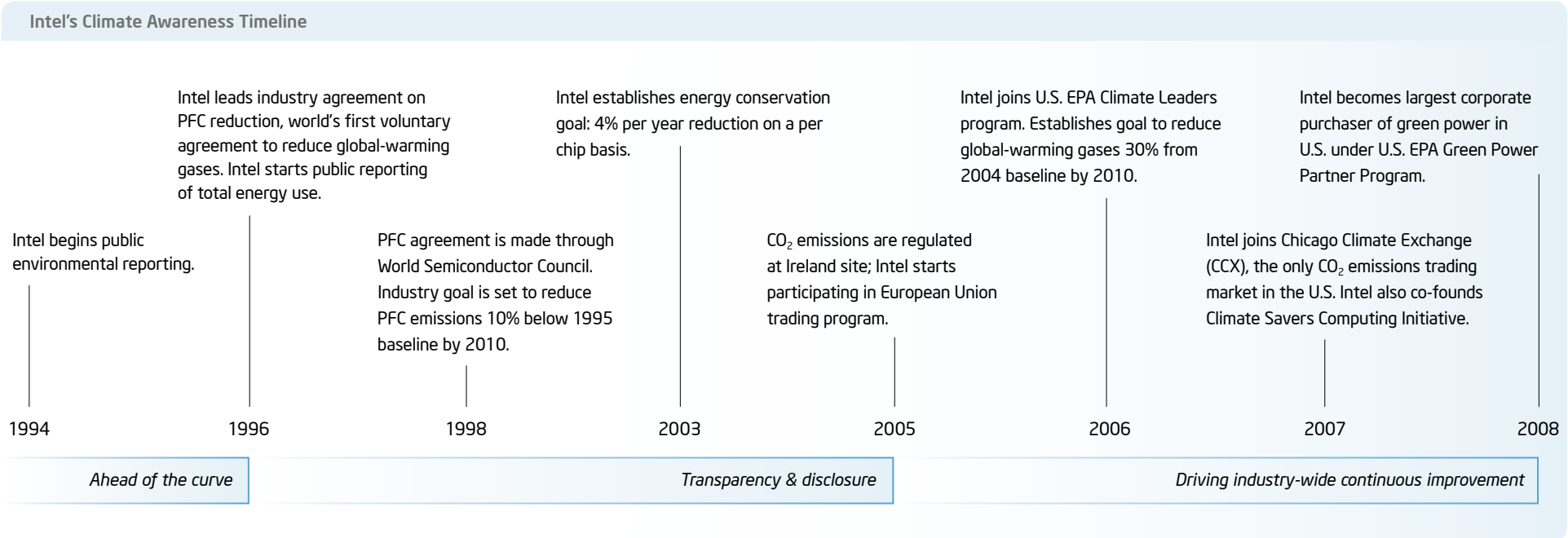
## Greenhouse Gas Emissions

In 1996, we helped lead the development of a voluntary agreement between a semiconductor industry coalition and the U.S. Environmental Protection Agency (EPA) to reduce emissions of perfluorocompounds (PFCs). PFCs—chemicals that are used in semiconductor manufacturing—have a potentially high global-warming impact. This agreement was reached a year before the Kyoto Protocol was negotiated, and was ultimately expanded to include semiconductor companies around the globe. Under this first-of-its-kind agreement, a goal was established to reduce emissions 10% below 1995 levels by 2010. Since 2000, Intel has reduced our own PFC emissions by 56% in absolute terms and 95% on a per chip basis, keeping us on track to meet this challenging goal.

Addressing PFC emissions is just one part of our overall climate strategy. Intel is also a member of the EPA's Climate Leaders program, an industry-government partnership working to develop

goals and strategies aimed at reducing overall climate change, including PFC emissions. Partners in the program set aggressive greenhouse gas emissions reduction goals and inventory emissions to measure progress. Intel has set a goal to reduce our total worldwide greenhouse gas emissions by 30% per unit of production from 2004 through 2010. As of the end of 2007, we were on track to meet this goal, having reduced emissions 20% below 2004 levels.

In April 2007, Intel also became a member of the Chicago Climate Exchange (CCX), the world's first and North America's only voluntary, legally binding greenhouse gas emissions reduction, registry, and trading program. CCX is the only organization in the U.S. driving greenhouse gas emission goals using market mechanisms and CO<sub>2</sub> credits. CCX members commit to an emissions reduction schedule that requires year 2010 emission reductions of 6% below a baseline of average annual emissions from 1998 to 2001.



## Driving Energy Efficiency in Our Operations

Over the past five years, we have reduced our energy use per chip produced by 17% from a 2002 baseline. In 2007, we achieved a 2% absolute reduction compared to 2006, although energy use per chip produced increased 4%. We remain on track to meet our goal to reduce energy consumed per chip produced by an average of 4% per year from 2002 through 2010. We have also set a new five-year goal to reduce energy use per chip by an average of 5% per year from 2007 through 2012.

Since 2001, Intel has invested over \$20 million in more than 250 energy conservation projects, saving in excess of 500 million kilowatt-hours (kWh)—enough energy to power more than 50,000 U.S. homes. We have implemented a dedicated capital funding program that allocates funds solely for the purpose of resource conservation and efficiency projects. By limiting funds from being reallocated to other purposes, this program underscores the importance that we place on reducing energy consump-

### Intel Environment Award at Tech Museum Awards

The Tech Museum Awards honor innovators from around the world who are applying technology to benefit humanity. Intel sponsors the Environment category of these awards, which recognize individuals and groups who apply technology to address the most urgent critical issues facing our planet. In 2007, Intel Environment Tech Museum Award Laureates: developed a system using metal particles and cooking oil to remove toxics from ground water; used seaweed to absorb waste from salmon farming while providing feed for aquaculture; developed a system to trap toxic emissions from coal-fired power plants; applied technology to transform invasive aquatic plants into cooking fuel; and combined wind, solar, and hybrid technologies into a cleaner way to power boats. The project teams came from Australia, Canada, Chile, and the U.S.

Since the Tech Museum Awards were launched in November 2000, the range of projects and geographical diversity of honorees have been broad. For more information about the Intel Environment Award and the Tech Museum Awards program, visit the [Tech Museum Awards](#) web site.

tion in our operations. Our energy-efficiency and conservation improvements to date have included installation of more efficient lighting and “smart” system controls; boiler and chilled water system improvements; and cleanroom heating, ventilation, and air-conditioning improvements. In 2007 alone, we implemented projects that saved approximately 90 million kWh of energy.

Examples of projects include initiatives in Ireland and New Mexico to install higher efficiency boilers, which reduced natural gas consumption an average of 7% while maintaining the same energy output. In Ireland, this has led to annual savings in excess of \$200,000. In New Mexico, the replacement of boilers is expected to generate annual savings of \$75,000 and result in significant emission reductions, particularly CO emissions. In Swindon, U.K., we improved energy efficiency by replacing two 20-year-old boilers and upgrading lighting control systems, saving an estimated 300,000 kWh per year. In addition, across many of our sites, optimization of oil-free air controls and automatic dryer blow-down valves has led to annual savings of more than \$200,000.

In addition to reducing energy consumption in our operations, we strive to use cleaner sources of energy where feasible, in keeping with our belief that businesses must play a key role in driving the market for new, cleaner sources of energy. For years, we have been purchasing wind power at some of our sites, and, in fact, have been the largest purchaser of wind power in Oregon since 2004 and a major purchaser in New Mexico.

## Improving the Energy Efficiency of Our Products



Intel has a long history of commitment to energy efficiency—not just in our factories, but also in the design of our products. We have established and intend to maintain a leadership position in providing the most efficient semiconductors that will drive energy-efficiency progress in our customers' equipment. Our Intel® Core™ Duo processor family is a good example of products that feature both world-class computing performance and significant improvements in energy efficiency.

## Purchasing Renewable Power



At the beginning of 2008, we announced plans to purchase renewable energy certificates (RECs) to support the generation of more than 1.3 billion kWh a year as part of a multi-year contract.

“Our renewable purchase is just one part of a multifaceted approach to protect the environment, and one that we hope spurs additional development and demand for renewable energy,” said Intel President and CEO Paul Otellini.

The purchase placed Intel at the top of the EPA's Green Power Partnership “National Top 25” list and “Fortune 500 Challenge” list. The EPA's Green Power Partnership program encourages and recognizes organizations that buy green power as a way to reduce the environmental impacts associated with purchased electricity use. We hope that Intel's sizable purchase will help stimulate the market for green power, leading to additional generating capacity and, ultimately, lower costs.

According to the EPA, our purchase—which includes a balanced portfolio of wind, solar, small hydro-electric, and biomass sources—has the equivalent environmental impact of taking more than 185,000 passenger vehicles off the road per year. The purchase will be handled by Sterling Planet, a leading supplier of renewable energy, energy efficiency, and low-carbon solutions. The purchase will be certified by the nonprofit Center for Resource Solutions' Green-e program, which certifies and verifies the RECs. RECs are a commonly accepted currency to represent a displacement of pollution, and are monetized and traded in the marketplace. REC records are kept by generators of renewable energy, and then certified as evidence that a given kWh was, in fact, produced using renewable energy, whether from solar, wind, or other sources.

Product energy efficiency has become top of mind in our industry, given the growing demand for more powerful electronics, the increasing cost of energy consumed by information technology, and the corresponding impact on the environment. In 2007, we further strengthened our leadership position in energy efficiency with the delivery of products such as the industry's first processors based on 45nm Hi-k metal gate silicon technology. These products have set a number of records on key industry performance benchmarks while consuming less power, compared to chips built using our 65nm technology.

We are also working with government and others in our industry to establish benchmarks and demonstrate the feasibility of deploying energy-efficient products and technologies. For example, we are actively engaged with the EPA in developing the latest Energy Star\* computing standards, and our energy-efficient processors are a part of many Energy Star-compliant computing systems.

In 2007, Intel and a host of industry partners established the first industry-wide energy-efficiency benchmark, SPECPower\*, which considers both energy and work output to enable meaningful measurements and comparisons of server systems. Based on this metric and independent results, as of early 2008, servers configured with the Intel® Xeon® processor 5400 series were among the most energy-efficient servers available on the market.

To facilitate industry awareness about energy efficiency in data centers, Intel has developed and deployed a number of proof-of-concept demonstrations, most notably the Eco-Rack. The Eco-Rack was developed to show that by integrating leading energy-efficient products and technologies already available on the market, it is possible to create a rack of servers that requires 16%–18% less power than a standard server rack while delivering the same level of performance. For more information on the Eco-Rack, view or download [a recent white paper](#).

## Driving Climate Leadership Initiatives

We recognize that meeting the challenge of climate change requires the participation of many groups. In addition to our focus on reducing the climate change footprint of our operations and our products, Intel has taken a leadership role in a number of key initiatives, working with other stakeholders to address the challenges associated with climate change.



### Climate Savers Computing Initiative.

Intel and Google jointly launched the Climate Savers Computing Initiative in June 2007, with the goal of building awareness and encouraging the use of more efficient components and power management features to reduce IT-related CO<sub>2</sub> emissions by 50% by 2010. The initiative is unique in that it unites industry, consumers, government, and conservation organizations—securing commitments from manufacturers to produce and sell more energy-efficient products and encouraging end customers to purchase computers with higher efficiency components. Climate Savers is well on its way to achieving its goals, having secured over 140 corporate commitments by the end of 2007. For more information, visit the [Climate Savers Computing](#) web site.

**The Green Grid.** In an effort to advance energy efficiency in data centers, Intel joined the Green Grid in 2007. The Green Grid is a global consortium of companies dedicated to energy efficiency in data centers and business computing ecosystems. The Green Grid seeks to provide industry-wide recommendations on best practices, metrics, and technologies that will improve overall data center energy efficiencies. For more information, visit the [Green Grid](#) web site.

**LessWatts.org.** Unveiled at the Intel Developer Forum in September 2007, the LessWatts.org initiative brings together developers, users, and system administrators to promote power-savings in Linux\*-based servers. In large data centers, server power consumption has significant financial and environmental costs; LessWatts.org facilitates the sharing of information on this issue. For more information, visit the [LessWatts.org](#) web site.

**Copenhagen Climate Council.** Intel President and CEO Paul Otellini was invited to join the Copenhagen Climate Council, an independent global initiative founded in May 2007 by a core group of business leaders and scientists. The initiative's goal is to advance a new global climate treaty that will come into force when the first commitment period of the Kyoto Protocol ends in 2012. For more information, visit the [Copenhagen Climate Council](#) web site.

**National Academies of Science Study.** As a participant in the National Academies of Science study "America's Energy Future: Technology Opportunities, Risks, and Tradeoffs," Intel committed in 2007 to fund research on effective solutions for the environment and provide advice to policy makers. This study will critically evaluate the current and projected state of development of energy supply, storage, and end-use technologies. The work will analyze the role of public policy in determining the demands and costs of energy and the configuration of the nation's energy systems. For more information, visit the [National Academies](#) web site.

**EU Energy Efficiency Study.** Intel, along with the American Electronics Association in Europe, helped sponsor a study for the European Union that will focus on identifying ways that technology can help the European Union meet its goals to improve energy efficiency and reduce global-warming emissions.

**GeSI Study.** Intel is participating in an international strategic partnership of companies on a study being led by the Global e-Sustainability Initiative (GeSI). The study is aimed at finding additional opportunities where information technology can be used throughout the economy to drive greater energy efficiency and reduce global-warming emissions. For more information, visit the [GeSI](#) web site.

**Developing Industry Standards.** We are working closely with SEMATECH (a consortium of semiconductor companies, suppliers, universities, and government) and with other companies to develop standards to improve the energy efficiency of manufacturing tools and processes in our industry. For more information, visit the [SEMATECH](#) web site.

## Driving Sustainability in Our Operations

Building and designing the world's most sophisticated products involves addressing many environmental areas in addition to climate change and energy efficiency, such as water conservation, air quality, and materials recycling. Our commitment to continuous improvement is integrated into our efforts to drive more sustainable practices in our facilities.

This "Design for the Environment" philosophy is the basis of our product life-cycle management approach. Intel EHS engineers are involved in all phases of Intel's product design and development processes, addressing the environmental challenges of each new generation of technology before manufacturing processes are put in place. For example, our engineers help drive the design of products that are lead-free<sup>1</sup> or use less energy. They also participate in building design, calculate environmental performance levels for tools and processes, and set environmental production performance goals for each new manufacturing process technology.

### Greener Buildings



Intel engineers have been evaluating "green" design standards and incorporating green building concepts and practices into the construction of our buildings for several years.

In 2006, we announced plans to obtain Leadership in Energy and Environmental Design (LEED) certification for IDC9, a new Intel design center in Haifa, Israel. IDC9 should be ready for occupancy in August 2008, and we anticipate that when it opens it will be the first LEED-certified building in Israel. LEED, a green building rating system developed by the U.S. Green Building Council, provides a set of voluntary, consensus-based standards for developing high-performance, sustainable buildings. IDC9 is being constructed with LEED in mind. The building includes an

internal patio that infuses natural light into all levels, air-conditioning and electrical systems that save and recycle energy, and an irrigation system that uses recycled water. Soil, rock, and asphalt on IDC9's building site were recycled and reused as raw materials for adjacent road construction. In addition, our construction of a green building in Israel has helped motivate the local construction community to embrace more sustainable practices.

Intel has partnered with the International SEMATECH Manufacturing Initiative and the U.S. Green Building Council to develop LEED criteria specifically for wafer fabrication facilities (fabs) and high-tech manufacturing. In October 2007, Intel announced plans to obtain LEED certification for Fab 32 in Chandler, Arizona. The building design incorporates a number of energy and water conservation measures. We will continue to work toward existing-building LEED certification, but due to the data collection and procedural requirements, the certification may take up to four years.

In 2007, we also broke ground on our first fab in China, known as Fab 68. Our \$2.5 billion investment in Fab 68, located in Dalian, will help to extend not only our manufacturing and technology leadership in China, but also our environmental leadership. We are applying the same world-class design and construction standards to Fab 68 that we apply globally, including the incorporation of environmental and energy-saving features. For example, Fab 68 is designed to draw a reduced amount of city water, and the facility's ultra-pure reclaim water system will capture and recycle about 60% of the water used at the facility. This water will then be used in the fab's mechanical closed-loop systems.

Fab 68 will be the first fab in China to install point-of-use abatement technology on dry etching tools to reduce overall emissions. The facility's heat recovery chillers are designed to significantly reduce energy use for air conditioning and water heating. As a result, the fab's boiler emissions will be significantly lower than those at other fabs, and the entire facility will operate on just one boiler rather than three. The fab's fire extinguisher systems will use a material called Halotron, whose global-warming potential is estimated at 127 times less than materials used in traditional systems. Hundreds of various small and large measures used at our other factories—such as smart fans and cool lights—will also

### ISO Environmental Management Systems

In 2007, we extended our certification to the internationally recognized ISO 14001 standard through 2010, ensuring that we maintain a comprehensive management system that clearly defines and tracks global performance to environmental goals and initiatives. As we continue to expand manufacturing operations into new global markets, we use the same best-known methods, or our "copy exactly" philosophy, for implementing world-class environmental programs and certifying new manufacturing sites to the ISO 14001 standard. We have maintained a multi-site ISO 14001 certification for all manufacturing locations since 2001 and demonstrate our commitment to worldwide environmental excellence by completing independent third-party audits at various sites each year. In addition to our ISO certification, we maintain comprehensive compliance assurance programs consisting of routine site self-assessments and corporate-led, multi-disciplinary compliance audits. Our independent EHS audits focus on regulatory compliance, management systems designed to maintain compliance, and proactive identification of potential EHS issues that could affect site operations.

### Feng Shui at Fab 68

Intel is on track to begin production at Fab 68 in Dalian, China in 2010. We consulted Chinese feng shui masters to seek harmonious relationships with the wind, sun, and interior spaces at Fab 68. As a result, the building uses the sun's seasonal path to optimize heating and cooling loads, and the facility is in alignment with the feng shui concept of "qi" (ch'i), or flow of energy.

<sup>1</sup> Our 45nm products are manufactured on a lead-free process. Lead is below 1,000 PPM per European Union Restriction of Hazardous Substances (RoHS) Directive of July 2006 (2002/95/EC, Annex A). Some RoHS exemptions for lead may apply to other components used in the product packaging.

be used at Fab 68. We expect Fab 68 to be a state-of-the-art facility and a leading example of environmental construction, as well as one of our most cost-efficient facilities. To learn more about how we are incorporating environmental design into Fab 68, [watch the video](#).

### Chemical Review, Use, and Selection

Intel carefully reviews all chemicals for their impact on human health and the environment before use. We seek alternatives for materials that are considered hazardous, and when we must use hazardous materials, we specify rigorous controls to ensure that they are handled safely from the time they enter our operations until they are properly disposed of or recycled.

Included in our review are all materials: purchased or specified by Intel for research and development, used during manufacturing processes, incorporated into our products, and used during facility construction. The review begins with a search of all applicable chemical regulations and use restrictions.

Because our manufacturing facilities are located in many countries, the regulatory search includes Intel-specific prohibitions (often above and beyond local regulatory requirements), local site-specific regulations, as well as global and country-specific regulations. Materials that are prohibited from use in an Intel product are identified and removed from the manufacturing process to ensure compliance with applicable product content regulations.

The second phase of our chemical review process includes the identification of controls necessary to protect personnel and the environment during a particular chemical's intended use. We support a precautionary approach to the materials used in our products.

In 2007, Intel engineers replaced isopropyl alcohol (IPA) with a less volatile chemical in our lithography process to reduce air pollution. While IPA is a fairly benign chemical, it does contribute to smog. Finding an alternative for IPA is a prime example of our chemical selection process at work.

As technologies increase in complexity, our environmental challenges change. For instance, although we do not expect to move

to 450mm wafers for semiconductor manufacturing until 2012, we are already working on environmental challenges and targets related to materials selection and new technologies for processing larger wafers.

### Water Conservation

Water conservation continues to be a key focus area at our sites in the U.S. and around the world—particularly those in arid locations. As we work to achieve higher product performance and reliability, our manufacturing processes become more complex—making it more difficult to reduce our environmental impact. For example, a new process initiated in 2007 requires additional water, making it harder for us to meet our water reduction goals.

Over the past 10 years, we have invested more than \$100 million in water conservation programs at our global facilities. As a result of these efforts, we now reclaim more than 3 billion

gallons of wastewater each year instead of tapping into precious fresh-water sources. Between 1998 and 2007, our water conservation programs saved approximately 100,000 acre feet of water—enough to supply more than 280,000 U.S. homes for an entire year. In 2007, our absolute water used decreased by 2%; water use per chip increased by 4%. To drive further improvements in this area, Intel established a team to develop a plan to further reduce water use and develop a new water goal for the company.

Each of our new factories is equipped with complex wastewater collection systems that include a separate drain system for collecting lightly contaminated wastewater for reuse. With this reuse strategy, we harvest as much water as possible and direct it to our facilities equipment such as cooling towers and scrubbers.

Working with other industry experts, we continually strive to reduce water use in our manufacturing processes. With our ongoing conversion to 300mm wafers, for example, we have reduced water use approximately 40% for each square centimeter of wafer surface area compared to older 200mm wafer technology.

In Arizona, Intel and the City of Chandler developed a cooperative water sustainability program. As a result of the program, since 1996, more than 3 billion gallons of rinse water have been purified and safely reinjected directly into the groundwater aquifer for immediate reuse as a potable water source. In 2007, we received the U.S. EPA's prestigious Water Efficiency Leader Award in the Corporate category for the comprehensive water management strategies at our Ocotillo, Arizona campus. Major efforts at the site included the collective recycling of 75% of the water used during manufacturing, which reduced the net demand for city water; the take-back of 825 million gallons of treated wastewater from the city's wastewater plant; the internal reuse of 530 million gallons of water; and the treatment of 575 million gallons of water to drinking-water standards, and the return of that water to the local groundwater aquifer.

Intel India implemented a number of water initiatives in 2007, including a wastewater treatment plant (WWTP) and a rain-water harvesting (RWH) unit. The WWTP treats and recycles about 57,000 liters of sewage water collected from buildings every day. The plant is equipped with an operational capacity of 100 cubic meters of sewage per day. The solid waste that is

#### Xeriscape Conference in New Mexico



For the past several years, Intel has supported the Water Conservation and Xeriscape Conference held in Albuquerque, New Mexico. Participating in the annual conference gives Intel

the opportunity to promote and share best practices on water conservation with national specialists and local residents. Intel was the presenting sponsor of the 12th Water Conservation and Xeriscape Conference, held in 2007. We hosted a break-out session and had a booth highlighting the massive xeriscape project at our Rio Rancho site and describing its impact on water use. "The Xeriscape Council of New Mexico has valued and appreciated Intel's support for years," said Scott Varner, executive director of the Xeriscape Council. "Intel has shown how much a major water user that is required to use a tremendous volume of water in its production process can achieve through concentrated conservation and recycling efforts." For more information on the conference and xeriscaping, visit the [Xeriscape Council of New Mexico](#) web site.

separated at the WWTP is converted into bio-fertilizer that is used in the site's gardens. The lush green plants and approximately 750 trees surrounding the campus thrive on the bio-waste. The RWH project routes water from the site's rooftops into underground tanks. This water is then used to irrigate the site's gardens, ponds, and fountains.

### Reduction of Air Emissions

Through careful design of our production processes and continuous monitoring of our air pollution abatement equipment, every Intel campus is defined as a "minor source" by the U.S. EPA for both volatile organic compounds (VOCs) and hazardous air pollutants (HAPs). Where we cannot eliminate VOCs and HAPs through process optimization, we install wet scrubbers to neutralize and absorb gases and vapors, or thermal oxidizers to destroy them. Both of these air-pollution abatement technologies are designed with maximum efficiencies in mind. Wet scrubbers continuously

#### Intel Employee Sustainability Network

Intel employees have become increasingly passionate about the environment and sustainability issues. To foster this interest, the Intel Employee Sustainability Network (IESN), a chartered Intel Employee Group, provides networking and volunteer opportunities, and facilitates a variety of educational forums. Members of the group are active in the community, and their efforts complement Intel's corporate environmental focus areas. IESN programs are typically coordinated with Intel's EHS, Intel Involved, Public Affairs, and Corporate Services organizations. Examples of the group's activities include participating in commute impact reduction programs, supporting electronic waste recycling projects, improving cafeteria practices, and hosting invited speakers. IESN also delivers Northwest Earth Institute discussion group courses at several Intel sites. In addition, IESN members help solicit nominations for and help judge our internal Intel Environmental Excellence Awards program.

**On many of our campuses, our actual air emissions are less than a fifth of the level that our air permits allow. We minimize all emissions to the atmosphere, regardless of the higher limits potentially available to us from local, state, and federal agencies.**

recirculate water that contains a neutralizing agent to remove acidic gases and other contaminants. Thermal oxidizers first concentrate VOCs, and then oxidize them into carbon dioxide and water vapor. The heat used in this process passes to a regeneration wheel, where it can be reused again and again.

On many of our campuses, our actual air emissions are less than a fifth of the level that our air permits allow. We minimize all emissions to the atmosphere, regardless of the higher limits potentially available to us from local, state, and federal agencies. For example, in 2007—although we were well below our legally permitted limits—we spent \$4 million to install additional air-pollution abatement equipment to further reduce our air emissions at one of our fabs in Oregon.

### Waste Reduction, Reuse, and Recycling

We have committed to conserving resources and minimizing waste through effective reuse and recycling programs in our operations worldwide.

#### New Process Formulation

In 2006, we made a change to one of the chemical processes used to manufacture semiconductor wafers, allowing us to decrease the use of a particular chemical by 40%. The change translated into significant reductions in both waste volume and VOC emissions. In our Oregon and Ireland fabs alone, we eliminated 49,500 gallons of chemical waste and 0.5 tons of VOC emissions over the past two years.

### Chemical Waste

We continue to increase the recycling rate of the chemicals used in our manufacturing processes. In 2007, we recycled or directly reused 87% of our chemical waste, up from 68% in 2006 and exceeding our 2007 goal of 70%. In 2007, we aligned with our benchmark companies and included fuel substitution in the calculation for chemical recycling. Fuel substitution can be beneficial when recycling facilities are located close to the operating facilities, thereby minimizing transportation distances. For 2008, we are raising our chemical waste recycling goal to 80%. The amount of chemical waste generated decreased 22% from 2006 to 2007, and our per chip rate decreased 18%.

Much of our success in reducing our chemical waste in 2007 was due to waste minimization in a type of semiconductor chip packaging known as "C4." Cross-functional Intel teams built predictive waste models and compared them to actual waste shipments. Based on this research, team members implemented system-wide improvements that reduced C4 waste by 35%. The teams also studied other chemical waste systems and identified new projects for further waste reduction.

Two Intel teams were Gold winners in the Intel Environmental Excellence Awards for their inventive solutions for chemical waste reduction in 2007. Engineers on one of the teams challenged the efficiency of our test wafer operations, and evaluated water and chemical usage, and chemical refresh rates. Their efforts resulted in an annual reduction of 6 million gallons of water and 200,000 gallons of chemicals, and a reduction of 680,000 gallons of waste. These changes not only saved resources, but resulted in cost savings of \$3 million per year.

The second team of engineers won a Gold Environmental Excellence Award for initiating a novel way to clean slurry tools, using mechanical techniques instead of chemicals. This change reduced chemical use, created a safer work environment, and saved money.

## Solid Waste

Globally, we recycled 80% of our solid waste in 2007, exceeding our corporate-wide goal of 70%. We have implemented several programs focused on sustainable practices and waste reduction, such as composting cafeteria waste; donating office furniture; and recycling metals, plastics, and other materials.

Of particular note, in 2007 we recycled 89% of the solid waste at our New Mexico site—a total of 5,351 tons of cardboard, paper, metal, plastic, wood, and other materials. Intel Oregon

### Reducing Paper Use

Under the new Notice and Access rule of the U.S. Securities and Exchange Commission (SEC), companies can for the first time use the Internet as the primary means of distributing annual reports and proxy statements. By using the Notice and Access model, we reduced our printing of SEC materials in 2007 from approximately 4.2 million to 1 million documents compared to 2006, eliminating the printing of approximately 3.2 million documents and more than 140 million pages of paper. This change also saved Intel over \$2 million in printing and postage costs, and prevented the generation of approximately 4 million pounds of CO<sub>2</sub> equivalent and over 13 million gallons of wastewater. These environmental impact estimates were made using the Environmental Defense Paper Calculator. For more information, visit the [Environmental Defense Paper Calculator](#) web site.

### Reusable Chopsticks Reduce Waste

Statistics indicate that the number of disposable chopsticks used in China each day could fill Tiananmen Square. In December 2007, Intel joined with Greenpeace China to organize a pledge to promote the use of reusable chopsticks among Intel employees, at Intel's cafeteria, and in the community. Intel employees who signed the pledge agreed not to use disposable chopsticks when dining outside the home, helping to reduce waste and thus their impact on the environment.

achieved an 87% recycling rate, gaining recognition at the Oregon state level. In addition, Intel Oregon donated 27 trailers of office furniture to local schools and nonprofit organizations, for a total "reuse" of 160 tons. At our Santa Clara site, we reused and recycled 29 tons of carpet and 330 tons of furniture. In Arizona, copper from our processes is donated to the Herberger College of the Arts at Arizona State University, to be used as a raw material for copper sculptures. To learn more about recycling at our facilities, [watch the video](#).

## Responsible Product Design



Throughout the last decade, people have become increasingly aware of how the manufacturing and use of electronics can affect the environment. As such, we strive not only to minimize the environmental impact of our operations, but also of our products at all phases in their life cycle: production, use, and ultimate disposal. The following summarizes Intel's involvement with several product ecology initiatives.

### Lead-Free Progress

Due to its electrical and mechanical properties, lead has traditionally been used in electronic components and solders. The search for replacement materials that meet performance and reliability requirements has been a significant scientific and technical challenge, but over the last decade, we have developed technologies that have allowed us to significantly reduce or eliminate lead across our product lines. Our new 45nm processors are manufactured using a lead-free process, for example, and we expect to transition our 65nm chipset products to a lead-free process in 2008. Beyond our own product portfolio, we have worked with our supply chain to develop standards for lead-free products.

### RoHS

We are compliant with the European Union Restriction of Hazardous Substances (RoHS) Directive, which sets limitations on the use of six materials, including lead. We have completed certification of RoHS-compliant materials and processes, and ship

millions of RoHS-compliant products per week. For more information on our lead-free product efforts, visit our [RoHS/Lead \(Pb\) Free Solutions](#) web site.

China is implementing a new regulation restricting the use of certain metals and other compounds in electronic products. The requirement covers the same materials as the European Union's RoHS regulation of 2006. Intel has been an industry leader in working with Chinese officials to ensure that environmental protection goals are met, while helping to alleviate unnecessary administrative burdens for electronics companies. This collaborative process has been a groundbreaking effort in China due to the involvement of stakeholders in the regulatory development process.

### Removing Halogens

While industry compliance is driven largely by government regulations, more and more, companies are voluntarily identifying ways to reduce their environmental impact. For example, legislation does not require the elimination of Halogenated Flame Retardants (HFRs) from our products, but Intel has taken proactive steps over the past few years to eliminate the use of these materials. At the 2007 Fall Intel Developer Forum, Intel President and CEO Paul Otellini announced that we will begin converting to halogen-free<sup>1</sup> packaging technology for our CPU and chipset products in 2008. We expect that most of our 45nm processors will use halogen-free packaging technology by the end of 2008.

To make high-performance CPUs halogen-free, engineers have made changes to the materials in core parts of the packaging that connect the chip to the motherboard. Developing halogen-free packaging technology has required extensive collaboration with our supply chain to ensure that our product performance and reliability goals are achieved.

<sup>1</sup> Halogen-free applies only to halogenated flame retardants and polyvinyl chloride (PVC) in components. Halogens are below 900 PPM bromine and 900 PPM chlorine.

## Innovations in Product Packaging

In 2007, we launched new protective packaging for multiple Intel product lines, with the goal of reducing packaging waste and costs. The new designs decreased packaging size, eliminated packaging components, and incorporated more recyclable materials, resulting in significant reductions in the amounts of paper and plastic materials used. The designs also improved shipping density—reducing the number of shipments required, and therefore the amount of fuel consumed and resultant emissions per unit shipped.

2007 packaging innovation highlights:

- Reduced the size and costs of packages for single motherboards while using foam cushioning that is recyclable.
- Decreased bulk-pack motherboard packaging size by an average of 16% relative to former packaging.
- Developed a universal packaging component that reduced our boxed server processor packaging size by 40%.
- Reduced mobile processor packaging size, thereby eliminating 28% of paper and 40% of plastic materials. We also reduced the number of thermoform components for mobile processor packaging from three to two.

In 2008, as we continue to minimize our packaging volume, all boxed packaging for CPUs will be reduced in size and weight. We expect these redesigns to eliminate approximately 3.5 million pounds of packaging waste annually.

## Electronic Waste

Intel's current products (mainly computing and technology components) are sold primarily to original equipment manufacturers (OEMs) and others who produce finished products. While our components are not typically subject to recycling or electronic waste (e-waste) laws, we have worked proactively with OEMs, retailers, other companies, and suppliers in the industry to identify shared solutions for used electronics. For example, we continue to support the U.S. EPA's Plug-In To eCycling campaign, which works to gather public and private support for proper recycling of used electronics. For more information, visit the [Plug-In To eCycling](#) web site.

We sponsor or host community e-waste collection events, participate in consumer awareness and e-waste collection activities, and facilitate the reuse of electronics equipment where possible. In 2007, our Arizona, Massachusetts, New Mexico, Oregon, South Carolina, and Costa Rica sites hosted or sponsored community electronics recycling events. Working in conjunction with industry, retailers, and government, we collected more than 2 million pounds of used electronics at nine events during the year. Equipment collected included TVs, monitors, CPUs, printers, keyboards, cabling, power supplies, laptops, fax machines, copiers, VCRs, and stereos. The items were sent to approved electronics recycling facilities for materials recovery or were donated to Students Recycling Used Technology (StRUT), an organization that teaches students to refurbish used computers, which are then donated to local schools.

At our own facilities, Intel's PC Services manages the recycling or reuse of electronic equipment such as laptops and desktop PCs. Functional products that can no longer be used within the company are sold or donated. Equipment that cannot be reused is processed by qualified recyclers.

## WEEE Directive

The Waste Electrical and Electronic Equipment (WEEE) Directive of the European Union (EU) went into effect in 2006, requiring producers of certain electrical and electronic equipment to develop programs that allow consumers to return products for recycling. Each EU member state or country has implemented, or is in the process of implementing, national legislation detailing specific requirements for WEEE. Some other non-EU countries have laws similar to the WEEE Directive, but the scope and producer responsibility requirements may vary.

Most of our products—including motherboards, microprocessors, and other components—are generally not considered to be within the scope of the WEEE Directive until they are incorporated into a final product. Although the final assembly and/or configuration of our chassis-level server and telecommunications products are commonly completed by commercial customers, Intel considers these products to be within the scope of the WEEE Directive and provides recycling options for them. In some countries, our distributors manage product recycling for the items covered by the WEEE Directive.

## EPEAT

The Electronic Product Environmental Assessment Tool (EPEAT) is a rating system designed to help purchasers in the public and private sector evaluate, compare, and select desktop computers, notebooks, and monitors based on environmental attributes. Intel has been a leading participant in the development of the EPEAT system, which promotes clear and consistent criteria for product evaluation, and creates market incentives to encourage environmentally friendly design of electronics products.

The EPEAT system gained special recognition on January 24, 2007, when President George W. Bush signed Executive Order 13423 mandating U.S. federal agencies to buy EPEAT-registered products.

### Record E-waste Events



In Oregon, Intel partnered with local television station KGW to host a community e-waste event. Vehicles lined up as people dropped off about 250,000 pounds of e-waste, a record for a one-day collection event at Intel Oregon. Of this total, Intel rescued 19,238 pounds of equipment for the StRUT program in Dalles, Oregon.

In New Mexico, Intel teamed up with the City of Albuquerque and KOAT TV to offer local businesses and residents free electronic equipment recycling at a two-day event—collecting 572,619 pounds of e-waste. And, with the help of employee volunteers in Costa Rica, Intel together with a local NGO hosted a community e-waste collection event where local residents collectively dropped off 90,000 pounds of e-waste in one day.

## Performance Indicators<sup>1</sup>

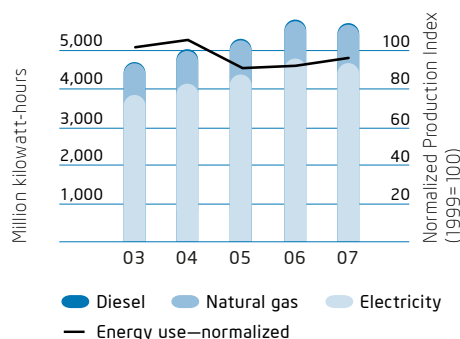
Every quarter—for more than 15 years—we have reviewed our EHS performance indicators with our senior executives. We consider these indicators critical for managing our business.

**Normalized Production Index.** The following graphs show some of the key indicators that we use to manage EHS performance. For the past several years, we have reported Intel's performance in both absolute terms and per unit of production (per chip) for most of our environmental indicators: the Normalized Production Index (NPI). The NPI is derived directly from our worldwide wafer production and is indexed to a reference or baseline year of 1999. (NPI = 100 for baseline year 1999.) With this direct correlation to Intel's global manufacturing levels, the NPI enables more accurate year-to-year comparisons and easier analysis of overall environmental performance. The index also supports trending comparisons across semiconductor manufacturers using similar normalization methods.

For more information on our formal public environmental goals, see the [Corporate Profile](#) section of this report.

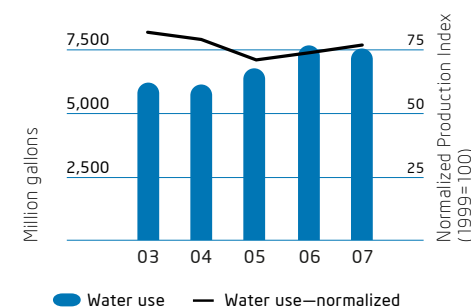
In the pages immediately following these performance indicator graphs, we have included our SARA Title III table and our inspections and compliance report.

### Energy Use



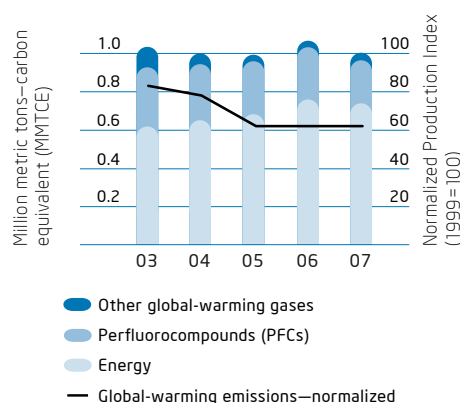
Absolute energy use decreased 2% in 2007, but normalized energy use increased 4%. Intel continues to implement energy reduction projects and remains on track to meet our goal to reduce energy consumption per chip an average of 4% per year from 2002 through 2010.

### Water Use



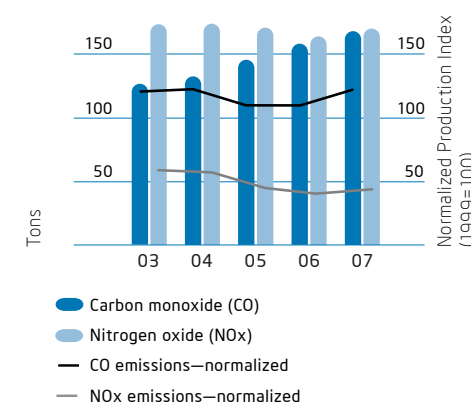
Over the past decade, Intel has invested over \$100 million in reduction, reuse, and recycling programs. In 2007, our absolute water use decreased 2% and water use per chip increased 4%. To drive improvements in this area, Intel established a team to develop a plan to further reduce water use and set a new water goal for the company.

### Global-Warming Emissions



In 2007, we reduced our absolute PFC emissions 20% and reduced normalized PFC emissions 15%. Our global-warming emissions associated with PFCs have declined for seven consecutive years. Total global-warming emissions were down 6% in 2007 but were flat normalized to production. Intel remains on track to meet our new goal to reduce global-warming emissions per chip 30% below the 2004 baseline by 2010, having already reduced normalized emissions 20% below 2004 levels through the end of 2007.

### NOx and CO Emissions



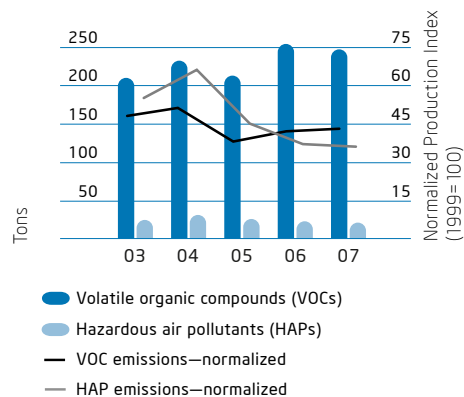
NOx and CO emissions were up in 2007, with absolute and normalized NOx emissions up 4% and 10%, respectively, and CO absolute and normalized emissions up 6% and 12%, respectively. All Intel manufacturing facilities continue to be permitted as minor sources for NOx and CO emissions, as defined by the U.S. EPA.

*continues on next page*

<sup>1</sup> Some historical figures have been restated. The majority reflect minor changes that occur when new information is received after the close of the data collection period. The most significant change pertained to the historical data for normalized chemical waste generated; figures were recalculated after an error was discovered in the wafer start data used to calculate figures in last year's report.

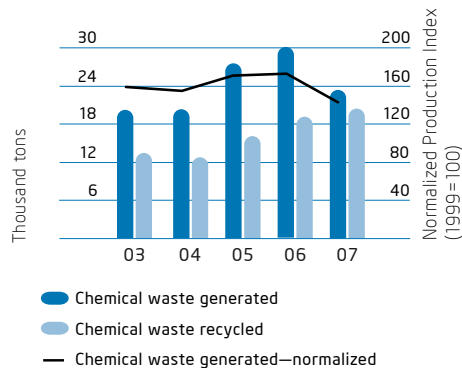
## Performance Indicators *(continued)*

### VOC and HAP Emissions



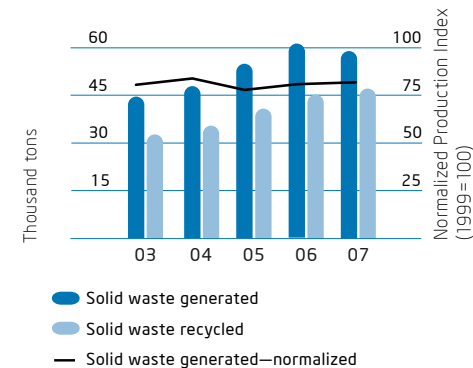
Both absolute VOC and HAP emissions decreased in 2007. VOC absolute emissions were down 3%, and HAP absolute emissions were down 9%. VOC emissions per chip increased 3%, and HAP emissions per chip were down 4%. All Intel manufacturing facilities continue to be permitted as minor sources for VOC and HAP emissions, as defined by the U.S. EPA.

### Chemical Waste Generated/Recycled



In 2007, the amount of chemical waste generated decreased by 22% in absolute terms and decreased 18% per chip. In 2007, Intel recycled 87% of the chemical waste generated at our facilities worldwide.

### Solid Waste Generated/Recycled



In 2007, the amount of solid waste generated decreased by 4% in absolute terms, but increased slightly per chip. In 2007, Intel recycled 80% of the solid waste generated at our facilities worldwide.

# SARA Title III Reportable Chemicals by Site (U.S.)

2006 Calendar Year (pounds). Reported July 2007.

	Releases to Air		Transfers Off-Site			Treatment On-Site
	Total Other On-Site Disposal or Other Releases	Total Other Off-Site Disposal or Other Releases	Quantity Used for Energy Recovery Off-Site	Quantity Recycled Off-Site	Quantity Treated Off-Site	Quantity Treated On-Site
<b>Aloha, Oregon</b>						
Ethylene glycol	10	—	—	27,361	62,514	—
N-methyl-2-pyrrolidone	223	—	—	101,778	117,273	—
<b>Total</b>	<b>233</b>	<b>0</b>	<b>0</b>	<b>129,139</b>	<b>179,787</b>	<b>0</b>
<b>Chandler, Arizona</b>						
Hydrofluoric acid	247	—	—	178	10	19,278
Lead compounds <sup>1</sup>	0	—	—	120	—	—
Nitric acid	10	—	—	20	—	18,026
N-methyl-2-pyrrolidone	3,530	—	—	10,744	300	—
<b>Total</b>	<b>3,787</b>	<b>0</b>	<b>0</b>	<b>11,062</b>	<b>310</b>	<b>37,304</b>
<b>Colorado Springs, Colorado</b>						
Ethylene glycol	31	706	56	36,247	38,462	—
Hydrogen fluoride	335	323	—	—	27	13,801
Nitrates	—	21,817	—	—	—	—
Nitric acid	80	237	—	—	27	21,827
N-methyl-2-pyrrolidone	19	305	56	16,470	68	93
<b>Total</b>	<b>465</b>	<b>23,388</b>	<b>112</b>	<b>52,717</b>	<b>38,584</b>	<b>35,721</b>
<b>Hawthorne Farms, Oregon</b>						
No reportable amounts	—	—	—	—	—	—
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Hudson, Massachusetts</b>						
Ammonia	6,160	806	4	15	9,812	—
Copper compounds	—	791	—	34,051	—	—
Ethylene glycol	—	2,020	44	82,369	117,549	4
Hydrofluoric acid	—	—	—	—	—	—

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**SARA Title III Reportable Chemicals by Site (U.S.) (continued)**

	Releases to Air		Transfers Off-Site			Treatment On-Site
	Total Other On-Site Disposal or Other Releases	Total Other Off-Site Disposal or Other Releases	Quantity Used for Energy Recovery Off-Site	Quantity Recycled Off-Site	Quantity Treated Off-Site	Quantity Treated On-Site
<b>Hudson, Massachusetts (continued)</b>						
Lead compounds <sup>1</sup>	—	93	—	1,063	—	—
Methanol	—	—	—	—	—	—
Nitrates	—	—	—	—	—	—
Nitric acid	1	103	41	—	—	10,148
N-methyl-2-pyrrolidone	678	1,025	44	94,862	6,743	537
<b>Total</b>	<b>6,839</b>	<b>4,838</b>	<b>133</b>	<b>212,360</b>	<b>134,104</b>	<b>10,689</b>
<b>Ocotillo, Arizona</b>						
Ammonia	11,576	49	2,012	12,939	12,894	—
Copper compounds	—	199	—	58,207	—	—
Ethylene glycol	20	1,519	1,626	—	93,935	—
Hydrofluoric acid	762	3	—	1,885	—	180,716
Lead compounds <sup>1</sup>	—	—	—	1,629	—	—
Methanol	—	—	—	—	—	—
Nitrates	—	—	—	—	63,672	—
Nitric acid	641	62	—	449	5,243	64,699
N-methyl-2-pyrrolidone	34	380	82,290	28,220	283	—
<b>Total</b>	<b>13,033</b>	<b>2,212</b>	<b>85,928</b>	<b>103,329</b>	<b>176,027</b>	<b>245,415</b>
<b>Rio Rancho, New Mexico</b>						
Ammonia	19,121	423	92	123	34,917	—
Chlorine	2,526	109	—	—	—	2,848
Copper compounds	—	620	—	37,926	—	—
Ethylene glycol	395	1,360	432	83,819	53,719	—
Hydrofluoric acid	3,470	1	—	2,944	12	298,543
Lead compounds <sup>1</sup>	—	18	—	1,164	—	—
Methanol	2,509	389	96	14,551	27	16,968

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**SARA Title III Reportable Chemicals by Site (U.S.)** *(continued)*


	Releases to Air		Transfers Off-Site			Treatment On-Site
	Total Other On-Site Disposal or Other Releases	Total Other Off-Site Disposal or Other Releases	Quantity Used for Energy Recovery Off-Site	Quantity Recycled Off-Site	Quantity Treated Off-Site	Quantity Treated On-Site
<b>Rio Rancho, New Mexico</b> <i>(continued)</i>						
Nitrates	—	—	—	—	47,789	—
Nitric acid	2,646	45	—	472	—	48,565
N-methyl-2-pyrrolidone	139	1,122	—	283,409	11,506	903
<b>Total</b>	<b>30,806</b>	<b>4,087</b>	<b>620</b>	<b>424,408</b>	<b>147,970</b>	<b>367,827</b>
<b>Ronler Acres, Oregon</b>						
Ammonia	2,140	—	—	114,842	228,490	—
Certain glycol ethers	10	—	—	31,364	13,629	—
Copper compounds	10	582	—	27,017	—	—
Ethylene glycol	10	—	—	95,080	111,199	—
Hydrofluoric acid	1,010	—	—	15,926	5	426,298
Lead compounds <sup>1</sup>	—	4	—	975	—	—
Methanol	3,767	—	—	8,772	—	3,185
Nitrates	—	—	—	—	79,851	—
Nitric acid	3,201	—	—	2,182	10	76,633
N-methyl-2-pyrrolidone	82	—	—	256,124	9,805	2,578
<b>Total</b>	<b>10,230</b>	<b>586</b>	<b>0</b>	<b>552,282</b>	<b>442,989</b>	<b>508,694</b>
<b>Santa Clara, California</b>						
Ammonia	4,137	—	99	—	7,057	—
Copper compounds	—	12	—	13,317	—	—
Ethylene glycol	2	—	99	45,705	10,958	—
Hydrofluoric acid	247	—	—	—	292	32,087
Lead compounds <sup>1</sup>	—	6	—	75	—	—
Nitrates	—	—	—	—	22,134	—
Nitric acid	92	—	—	—	282	22,487
N-methyl-2-pyrrolidone	38	—	2,992	84,049	—	444
<b>Total</b>	<b>4,516</b>	<b>18</b>	<b>3,190</b>	<b>143,146</b>	<b>40,723</b>	<b>55,018</b>

<sup>1</sup> Lead releases equal air emissions plus publicly owned treatment works (POTW) discharges, due to U.S. EPA requirements that metals sent to POTW be recorded as releases.

## Inspections and Compliance 2007

Collectively, Intel's facilities around the world average more than 90 inspections a year by various environmental and safety regulatory agencies. The following is a list of non-compliance issues recorded in 2007.

Location	Type	Violation	Fine	Intel's Corrective Action
<b>Asia-Pacific</b>				
Malaysia	Environmental	The Penang Department of Environment (DOE) issued a Notice of Violation (NOV) for non-conformances cited during unannounced site inspections to Intel Penang. The NOV was related to scheduled waste labeling/notification and approval for emission stacks.	\$800 fine	A new waste label was used and the stack emission approval was resubmitted to the DOE.
China	Safety	The local Fire Department issued a non-compliance regarding windows that could not be opened on the stairway, and the fire system monitoring personnel (security contractor) did not receive the required training and did not have a proper license.	No fines or penalties	A letter was submitted to the Fire Department stating that the identified windows are functional and the fire system monitoring personnel were trained.
<b>Europe, Middle East, Africa</b>				
Ireland	Environmental	A notice of non-compliance was issued regarding a secondary containment inspection that was not completed within the specified period.	No fines or penalties	A report was submitted to the EPA stating that repairs to the identified secondary containments would be completed and that the hydrofluoric acid secondary containment would also be inspected. The following year's Annual Environmental Report, submitted to the EPA in March 2005, confirmed completion of the repairs, but there was no reference to the hydrofluoric acid secondary containment inspection. Although internal checks were completed within the stated time frame, the inspection by the external engineer was not completed; thus, a Notice of Non-compliance was issued.
The Netherlands	Safety	Residential neighbors filed a noise complaint with the local municipality.	No fines or penalties assessed to date	We have submitted a third-party acoustic report to the municipality and are awaiting their response.
<b>United States</b>				
New Mexico	Environmental	The U.S. EPA and the New Mexico Environment Department (NMED) issued an NOV for our administrative error on a Land Disposal Restrictions (LDR) form.	No fines or penalties	Intel corrected the LDR form and submitted a copy to NMED. The NMED stated that no further action was required. EPA Region 6 has not completed their inspection report for the joint inspection.
Washington	Environmental	The Department of Ecology issued an NOV for an improper Washington State waste code determination, and a waste container was not closed properly.	No fines or penalties	The Washington waste code was added to the waste determination documentation. The waste container was closed.

A woman with dark hair tied back, wearing a blue and white patterned shirt, is leaning over a desk and pointing at a book. A young girl with long brown hair, wearing a blue and white striped shirt, is sitting at the desk and looking down at the book. They are both smiling and appear to be engaged in a learning activity.

Involved in today's education for  
tomorrow's innovation

## Education

We believe that students everywhere deserve to have the skills they need to be part of the next generation of innovators. As a global technology leader, Intel is committed to helping people around the world use technology effectively to better their lives. Together with governments, ministries of education, universities, and nonprofit organizations, we form public-private partnerships that work for educational excellence. Through this collaboration of experts, we create and adapt education programs to address the specific needs of different countries and communities so we can help build and enhance local competency. Over the last decade, Intel has invested more than \$1 billion, and Intel employees have donated more than 2 million hours, toward improving education in over 50 countries.

### 2007 Challenges

- The expanded offerings and scale of the Intel Teach Program in 2007 continued to make it more challenging to manage and maintain its high quality. In addition, the new Intel Teach Essentials Online course had a challenging startup in some emerging-market countries due to limited connectivity, infrastructure, and teacher preparedness.
- Providing ongoing support and training through our Intel Learn Program is challenging when government community technology centers don't have sufficient support networks between centers.
- Measuring and quantifying the impact of our programs—particularly indirect impacts—continue to be challenges. For example, we continue to face challenges in measuring the indirect impacts of our entrepreneurship curriculum, including the impact on advancing innovation in local markets.

### 2007 Highlights

- Trained more than 1.1 million teachers in the Intel® Teach Program—for a total of over 5 million teachers trained worldwide since 1998—and expanded the program to six new countries.
- Launched an online Intel Teach curriculum in 15 countries, designed to reach an additional 1.5 million teachers over the next four years.
- Hosted more than 1,500 students from over 50 countries, regions, and territories competing for \$4 million in awards at the Intel International Science and Engineering Fair, and sponsored the Intel Science Talent Search in the U.S. in which 1,700 high school seniors competed for \$1.25 million in scholarships and prizes.
- Held entrepreneurship competitions for business and engineering students at 19 universities in 16 countries.
- Implemented our multi-core architecture technology curriculum in over 400 universities worldwide, expanded from 40 universities in 2006.
- Announced that more than 3 million students and teachers worldwide are now using our skool™ Learning and Teaching Technology, which has been enhanced with content in Spanish and Portuguese.
- Brought 21st-century skills to 234,000 more young people through the Intel® Learn Program.
- Launched proof-of-concept projects for our low-cost classmate PC in over 30 emerging market countries, and donated more than 27,000 classmate PCs to schools in developing countries.
- Tallied more than 550,000 employee volunteer hours in local schools, resulting in \$2.9 million in donations through our Intel Involved Matching Grant Program (formerly called the Volunteer Matching Grant Program).

## Mission

Intel aspires to be a trusted partner to governments and educators worldwide, working together to accelerate improvements in education and prepare today's students for success. Integral to this mission is our focus on "success for all," including women, under-represented minorities, and those with limited or no access to technology. The objectives of the Intel® Education Initiative are:

- Improve teaching and learning through the effective use of technology. We reach out to young people in our local communities as well as educators around the world.
- Advance math, science, and engineering education and research. From science competitions for young students to research, curriculum advancement, and entrepreneurship programs at universities, we cultivate innovative thinking.
- Advocate for educational excellence. We work with governments and global organizations to raise awareness and drive educational improvement.
- Enable technology access to support learning. We work with government leaders around the globe to promote sustainable, affordable access to PCs and Internet connectivity, and to support the creation of 1:1 e-learning environments.
- Provide volunteer support for local schools and education programs. A high percentage of our total annual employee volunteer activity is education related, and employee volunteers earn millions of dollars for local schools each year through the Intel Involved Matching Grant Program.

## Strategic Benefits

One of the United Nation's eight Millennium Development Goals is to ensure that all children worldwide complete a full course of primary schooling. As a leading technology company, Intel is well positioned to support education. We believe that necessary improvements in standards of living across the globe will not occur without universal education that prepares today's children to be tomorrow's informed workforce. For more information on the Millennium Development Goals, visit the [MDG](#) web site.

Innovation and creativity are critical to Intel's success. Our investment in education is an investment in our future. Intel's success depends on skilled engineers and innovators, a healthy technology ecosystem, knowledgeable customers, and thriving communities where our employees can live and work. Additionally, diverse perspectives, abilities, and experiences benefit our business; our education programs are designed to promote diversity by encouraging students in under-represented communities to pursue careers in technology, math, science, and engineering.



*Computer Clubhouse students in Israel with Intel Chairman Craig Barrett*

**Our investment in education is an investment in our future.**

**Intel's success depends on skilled engineers and innovators, a healthy technology ecosystem, knowledgeable customers, and thriving communities where our employees can live and work.**

## Our Education Programs



Giving a child hands-on access to computers and the Internet can change the course of his or her life. Equipping a single teacher with the skills and resources to increase the effective use of technology in the classroom can affect hundreds of students. Providing university faculty members with a cutting-edge curriculum can alter the impact that their students will have on technological advancement for years to come. Through our many education initiatives, we strive to provide opportunities for the next generation of innovators, while at the same time ensuring Intel's future success. For an overview of the Intel Education Initiative, [watch the video](#).

### Improving Teaching and Learning with Technology

Intel's professional development initiative and our community education programs help elementary and secondary students worldwide develop the technology literacy, critical thinking, problem-solving, and collaboration skills needed for success.

#### Intel® Teach Program

For more than a decade, the Intel® Teach Program has been helping teachers around the world integrate technology and create active learning environments in their classrooms. The Intel Teach Program uses a "train the trainer" model, incorporating both face-to-face and online instruction. The program comprises a suite of courses, resource materials, and enhancements, all of which can be tailored to many different educational and social environments. Intel Teach is based on a student-centric approach designed to enhance involvement and interest.

Through Intel Teach, we provided professional development for more than 1.1 million teachers in 2007, bringing the total number of teachers trained to more than 5 million since the program's inception in 1998. Intel Teach is now available in more than 40 countries, including six new countries in 2007: Indonesia, Libya, Peru, Romania, Sri Lanka, and Trinidad and Tobago. Students taught by teachers trained through the program have used their new technology skills for everything from developing an AIDS awareness program to finding new sources of potable water.

#### Teacher Becomes Entrepreneur

Satya Prakash Singh received technology training through the Intel Teach Program and became an Intel Teach master trainer in India. She then started an organization that works to educate and empower children with disabilities. The teacher-turned-entrepreneur captured succinctly the impact that Intel Teach can have: "I realized that the realm of technology does not limit itself to downloading information from the Internet—it also gives us a platform to upload our opinions, raise concerns over issues, and act toward improving those. That led me to do something for children with disabilities and empower them to stand firmly on their feet."

#### Australian and U.S. Students Collaborate

Motivated by the Intel Teach Program, educators from two small towns on opposite sides of the globe—Andale, Kansas in the U.S. and Wedderburn, Australia—engaged their students in a cross-cultural, environmental research project using Internet technology. The result: Students not only honed their digital literacy, critical thinking, collaboration, and problem-solving skills, but also acquired a more global perspective on environmental issues and were inspired to make positive changes in their communities. Read the [case study](#) to learn more about this exciting environmental research project.

#### Learning Replaces Child Labor and Marriage

Demanding physical labor is the all-but-certain future of children who drop out of school in the agrarian village of Karakottai, India. When B. Magdalene Premalatha, a teacher in Karakottai, got involved with the Intel Teach Program, her students took on a social science project focusing on child labor—an issue that had not been adequately addressed in the community despite numerous attempts by the school to encourage parents to send their children to school.



Premalatha's students conducted Internet research and initiated public rallies, carrying placards that they had designed on computers. The village council, thanks largely to the work of the students, soon declared Karakottai a child labor-free village.

In another community in India in the mountains of Nilgiri, the custom of child marriage meant that most girls could not get an education. The Toda tribe faced a high rate of illiteracy, which restrained the community's overall development. Teacher B. Sharada Mani set out to create a project for her students on the topics of illiteracy and child marriage, using project-based learning methods from the Intel Teach Program. Her students conducted research and reached out to members of the community, showing the information they had collected and persisting even when a few villagers destroyed the students' posters. The project achieved a measure of success when one child marriage was stopped by angry protests. A community leader was so impressed with the students' project that he donated a piece of land to be used as a school playground. "At the beginning of the project, I didn't imagine that it would have such an impact on the community," said Mani.

In 2007, we reached Intel Teach milestones in several countries. In China, for example, Intel Teach has trained 1 million teachers, reaching 100 million students across 31 provinces and becoming the largest education program for teachers in primary and secondary schools in the country. "The dedicated educational efforts that Intel has provided in China are truly in line with our objectives for 'building an innovative country,'" said Chen Xiaoya, vice minister of China's Ministry of Education.

In Korea, more than 100 educators and government officers came together in 2007 to celebrate the program's fifth anniversary there. The program also reached all 76 provinces in Thailand in 2007, and has trained over 40,000 teachers in that country since 2003.

In September 2007 at the Clinton Global Initiative annual meeting, Intel Chairman Craig Barrett announced the launch of an online version of the Intel Teach program. We expect to reach 1.5 million teachers in 15 countries through the online program.

Intel has invested in rigorous program evaluations to ensure continuous, targeted improvements in all of our educational programs and activities. Independent evaluations from experts at the Center for Children and Technology, a branch of the Education Development Center in Boston, Massachusetts in the U.S., indicate that 89% of participating teachers are using technology more effectively in their classrooms as a result of the Intel Teach Program. Many governments have linked the training to teacher awards, compensation, and policy changes. In one country, for example, teachers receive a 15% salary increase after completing the Intel Teach Program. For more information, visit our [Teacher Impact](#) web site.

### Intel® Learn Program

Intel® Learn is an informal after-school program that builds skills through hands-on activities and projects. In 2007, more than 234,000 learners from the ages of 8 to 16 participated in the program in developing countries, bringing the total number since the program's inception in 2003 to 663,000. The program, offered in government-funded community technology centers,

is currently available in nine countries: Brazil, Chile, China, Egypt, India, Israel, Mexico, Russia, and Turkey. Independent evaluation from the nonprofit research firm SRI International showed that learners who complete the program demonstrate improvement in technology literacy, collaboration, and critical thinking skills. For more information, visit our [Student Impact](#) web site.

#### Reforestation in Mexico



When Mexican youth involved in the Intel Learn Program noticed that monarch butterflies—once a common sight during fall migration—were no longer visiting the area due to loss of habitat, they decided to take on the topic for their project. The students learned to use technology to research the issue, create a reforestation proposal, and present their work to adults in the regional civic association. Their proposal was adopted and is not only restoring nearby wildlife areas, but bringing the community together to work toward a common goal. To learn more about their efforts, read the [case study](#).

#### Special Olympics in China

In summer 2007, the Intel Learn Program in China included special training for 550 children, including 50 children with learning disabilities. For their Intel Learn project, participants used their new technology skills to produce stamps, posters, games, and signs for the 2007 Special Olympics in Shanghai. A parent of one of the students said that the activities not only gave the kids new abilities, but helped them grow socially, with greater self-confidence. Altogether, more than 50,000 children completed Intel Learn Program training in more than 300 community and after-school centers in China in 2007.

### Intel Computer Clubhouse Network



The Intel Computer Clubhouse Network is a community-based after-school education program operated by the Boston Museum of Science in collaboration with the MIT Media Lab.

Individual Computer Clubhouses are hosted by community organizations and are funded by Intel and other partners. Computer Clubhouses offer an environment of trust and respect where young people can develop technological fluency, collaborative work skills, and a sense of their own potential. Independent evaluation by SRI International has shown significant correlations between the length of time that young people spend in a Computer Clubhouse and not only higher technical competence but also the depth and breadth of their use of technology. One Computer Clubhouse alumnus said, "If not for the Computer Clubhouse, I would not have gone to college.... The Clubhouse staff and mentors opened my eyes to career options with art and sparked my interest in learning."

The Intel Computer Clubhouse Network serves more than 25,000 youth annually in over 100 locations in 20 countries. In 2007, Intel invested in upgrading the technology infrastructure of 11 Computer Clubhouses and sponsored the introduction of new technology tools from the MIT Media Lab. The 2007 Intel Computer Clubhouse Network Annual Conference—held in Evanston, Illinois—brought together program coordinators and leaders from Computer Clubhouses around the world to exchange ideas, learn to use new tools and resources developed for their members, and provide input and advice for network coordinators. For more information, visit the [Intel Computer Clubhouse Network](#) web site.

### Intel International Science and Engineering Fair



A comment from Intel Chairman Craig Barrett embodies the spirit behind the annual Intel International Science and Engineering Fair (Intel ISEF): "Intel ISEF is part of our company's commitment to fostering young innovators who will one day transform the world in ways that we can hardly imagine."

Intel ISEF, a program of Society for Science and the Public, is the world's largest pre-college science competition and the only global science competition for students in grades 9–12. Since Intel became the title sponsor of the competition in 1996, the total number of finalists has grown 40%, and the number of participating countries, regions, and territories has increased 70%.

In 2007, Intel ISEF brought together more than 1,500 young scientists from over 50 countries, regions, and territories to share ideas, showcase cutting-edge projects, and compete for more than \$4 million in awards and scholarships. Three students each received a \$50,000 scholarship for capturing the top Intel Foundation Young Scientist Awards. More than 20% of the Intel ISEF participants held or applied for patents for work presented at the competition. In conjunction with Intel ISEF, we also sponsor the Intel ISEF Educator Academy, which brings together educators and government officials from Intel sites around the world

#### Tomorrow's Innovators Tackle Real-World Problems

The student projects presented at the Intel Science and Engineering Fair are impressive and inspiring:

- Concerned about her neighbors' health and the environment, Malaysian student Siti Sarah Zainal Alimuddin developed a simple, inexpensive, environmentally friendly portable stove. The 18-year-old explained that many of the people in her country "don't have a proper stove, so they burn wood in the open air. This is not good for them or the environment."
- After learning that drowning is a leading cause of death for children in China, Jie Jin developed a sophisticated anti-drowning system by attaching sensors to swim goggles.
- On the Costa Rican farm where he was raised, Cristian Miguel Orozco Vega witnessed the damage that insects can do to crops. He was also well aware of the potential health hazards of various chemical insecticides. After noticing a common house plant that seemed immune to insects, he worked to create an environmentally friendly insecticide using the insect-repellant plant as the key ingredient.

to explore innovative methods of engaging students in the study of science and math, and to share best practices in organizing and managing science fairs.

Intel ISEF finalists are selected from among some 65,000 students participating in more than 550 Intel ISEF-affiliated fairs worldwide. Through the fairs and the competitions leading up to them, millions of students engage in rigorous scientific research and develop the passion that will make them tomorrow's innovators.

Intel ISEF represents the pinnacle of high school science fairs. The goals of the competition are to stimulate natural curiosity and make research a core value among students. For more information, visit the [Intel ISEF](#) web site.

#### Intel Science Talent Search



A \$100,000 scholarship awaits the winner of America's oldest and most prestigious pre-college science competition. The Intel Science Talent Search (Intel STS), a program of Society for Science and the Public, provides an opportunity for U.S. high school seniors to complete an original research project and have it judged by highly regarded professional scientists. In 2007, as many as 1,700 high school seniors competed and were judged for their individual research

#### A Winning Spectrograph

Mary Masterman, a senior from Oklahoma City, Oklahoma, captured first-place honors and a \$100,000 scholarship in the 2007 Intel Science Talent Search. Masterman, 17, built a spectrograph that identifies the specific characteristics, or "fingerprints," of different kinds of molecules. Spectrographs have a wide range of applications in research and industry and can cost as much as \$100,000. Masterman built hers for \$300, machining her own parts and aligning the optics herself. Using lenses from a camera and a microscope, and a laser for her light source, she was able to separate the individual photons scattered by the tested molecules—similar to the effects that a prism has on light—and record their wavelengths.

ability, scientific originality, and creative thinking. Each year, Intel awards more than \$1.25 million to students and their schools during the Intel STS competition. Each of the top 300 semifinalists in 2007 received \$1,000, as did their schools. Of these, 40 were chosen as finalists. The finalists traveled to Washington, D.C. for a week, where they competed for scholarships ranging from \$20,000 to \$100,000. The top three 2007 winners (shown in the photo from left to right) were: John Pardon from Chapel Hill, North Carolina; Mary Masterman from Oklahoma City, Oklahoma; and Dmitry Vaintrob from Eugene, Oregon. For more information, visit the [Intel Science Talent Search](#) web site.

#### Intel Schools of Distinction Awards

The Intel Schools of Distinction Awards recognized six U.S. schools in 2007. The awards celebrate excellence in math and science education, and winning schools in 2007 received a total of \$75,000 in grants from the Intel Foundation and more than \$100,000 in products and services from other sponsors. To be considered an Intel School of Distinction, a school must develop curricula that meet or exceed benchmarks, including national mathematics and science content standards, and a total school environment that fosters excellence and excitement in these critical subject areas. Winning programs serve as models for schools across the country. We hope that by replicating proven programs, schools everywhere can reinvigorate their own science and mathematics teaching. For more information, visit the [Intel Schools of Distinction](#) web site.

#### Random Acts of Education



In December 2007, during American Education Week, Intel surprised four Oregon schools with \$50,000 in donations for math, science, and technology equipment to highlight the importance of corporate and individual social responsibility in education. The donations also served to remind Intel employees about the opportunities for volunteerism in schools.

## skoool™ Learning and Teaching Technology

The skoool™ Learning and Teaching Technology program is designed to support math and science learning for students 13 to 15 years old—the age when many children progress from concrete learning to more abstract hypotheses. [Skool.com](http://Skool.com) is a web-based e-learning portal made up of learning modules for students working alone or in a class. Individual modules can be incorporated into teachers' learning plans.

In 2007, Intel expanded the skoool program to Australia, Nigeria, Portugal, Spain, and Sri Lanka, bringing the number of countries where the program is offered to 12. The skoool content is now available in Arabic, English, Portuguese, Spanish, Thai, and Turkish. Intel develops and deploys the program in conjunction with education ministries and leading public and private sector organizations in participating countries.

## Community Education Programs

To provide students with opportunities to explore engineering and design processes, Intel sponsors robotics competitions, outreach programs, and public television programming such as [Design Squad\\*](#)—helping to bring students the excitement and world-changing possibilities of engineering. Intel also supports engineering education in elementary and secondary school programs, such as those offered by Project Lead the Way, a nonprofit organization that promotes pre-engineering courses for middle and high school students; the Engineering Is Elementary project from the Boston Museum of Science; and High Tech U, a program of the SEMI Foundation.

## Advancing Math, Science, and Engineering Education and Research



Today, business success depends on the ability to hire employees skilled in math, science, and engineering—the essential building blocks of technology and innovation. To help advance education and research in these critical areas, Intel supports programs for faculty and students at the university level, as well as in elementary and secondary schools. We also support initiatives that aim to increase the number of women and under-represented minorities studying math, science, and engineering at the university level.

## Intel® Higher Education Program

In 2007, participants in the Intel® Higher Education Program implemented a curriculum supporting new architecture and continued research on the forefront of computing and engineering technology, and flexed their entrepreneurial muscles in global competitions. Through the program, faculty at more than 150 universities in 34 countries worked with us to prepare students to be the industry leaders of tomorrow. For more information, visit the [Intel Higher Education Program](#) web site.

**Research.** Intel takes seriously the opportunity and responsibility to advance the fundamental science underlying computing technology. Our funding for research and student fellowships helps to ensure that the boundaries of science are continually expanded, and that the high-tech industry, both locally and globally, is nourished by the brightest minds at universities today. Intel grants fund research related to microprocessor technology, high-volume manufacturing, and computer science, along with a variety of other disciplines critical to our industry. In 2007, more than 525 grants totaling over \$22 million enabled research conducted by leading universities around the world. In addition, more than 100 students received graduate fellowship support worldwide. Funding for undergraduate research programs at 15 universities gave more than 300 students the opportunity to see themselves as researchers, inspiring many to pursue advanced degrees that they might otherwise have been unable to envision. Some 70% of the undergraduate researchers are women and/or under-represented minorities—targeting a critical need in the technology pipeline.

**Curriculum.** To accelerate the adoption of cutting-edge technology in engineering education, we work with leading universities around the world to identify and disseminate advanced curricula. The 2007 emphasis continued to be on multi-core technology, focusing on new programming models needed to support the architecture. In 2007, we expanded the multi-core curriculum to over 25,000 students in more than 400 universities worldwide, up from 40 universities in 2006. The program tools include in-person workshop training and web access to free curriculum and software tools to support classroom implementation.

**Entrepreneurship.** Intel conducted workshops and expanded colloquia throughout the world, giving university faculty new skills in entrepreneurship education. In 2007, professors in over

15 countries combined new entrepreneurial skills with their technical expertise to help foster innovation and new startups. This program seeks to eliminate the traditional barriers between technical engineering educators and their business school counterparts—to provide avenues of communication and catalysts for new business development in local economies.

In 2007, Intel and the Haas School of Business at the University of California at Berkeley hosted the third annual Intel+UC Berkeley Technology Entrepreneurship Challenge (IBTEC) for teams of student entrepreneurs. The competition is designed to showcase global business opportunities that have the greatest potential for positive impact on society through the deployment of new and truly innovative technologies. A total of 21 teams from 11 countries participated. The winner was Navaris Medical, a team of German scientists who created a new technology intended to detect breast cancer earlier and more precisely through intra-operative 3D imaging. Navaris Medical received seed funding as a result of the Intel-sponsored competition, which had regional winners from Asia, Europe, Latin America, and the United States. NRG Fuels of Israel captured second place for its biodiesel production from micro-algae growth technology. Third place was awarded to the Brazilian team Trivial Solutions for vEYE, a navigation system designed to give people with

### Intel Sponsors EMEA Academic Forum

In June 2007, 170 academics from close to 100 universities from Europe, the Middle East, and Africa (EMEA) took part in the Intel-sponsored 12th Annual EMEA Academic Forum in Budapest, Hungary. Participants discussed topics ranging from cutting-edge technologies to how to increase the effectiveness of diversity programs in academia. A gender diversity panel discussed how to address the low number of women in certain science and engineering fields. Each panel participant committed to complete an action item at their institution to increase women's participation and success, and promised to report back at next year's forum. Action items included forming support groups, conducting speeches at universities and schools, and actively recruiting women. A similar forum was held in Asia in 2007.

visual impairments greater autonomy. Qmodule, a team from Russia, was given the People's Choice award for its battery-free electronics. For more information on the 2007 winners, visit the [IBTEC](#) web site.

### Advocating for Educational Excellence

We realize that bringing about systemic improvements in education requires collaboration with others who share our goals. In addition to working closely with governments around the world to implement our education programs, we have engaged with a number of development agencies, multilateral organizations, and nonprofits to advocate for education excellence and access—combining expertise, experience, and resources to benefit students and educators worldwide.

**United Nations Global Alliance for ICT and Development.** In 2006, Intel Chairman Craig Barrett was asked to chair the United Nations Global Alliance for ICT and Development (GAID). Established by then-U.N. Secretary General Kofi Annan in March 2006, GAID was designed to provide a global, multi-stakeholder forum to advance the U.N.'s Millennium Development Goals (MDGs) through the use of information and communications technology (ICT). At the inaugural meeting of the alliance in Kuala Lumpur in June 2006, members laid plans to promote the effective use of ICT to improve education, health, entrepreneurship, and e-governance.

Intel hosted the U.N. Meets Silicon Valley event in February 2007, bringing together GAID's Strategy Council and Silicon Valley high-tech companies, venture capital firms, and academia. The event led to a range of relationships, partnerships, and more funding for GAID.

Also in 2007, in his role as GAID chairman, Barrett joined leaders from the International Telecommunication Union, the World Bank Group, and the Swiss Agency for Development to brief reporters at the U.N. on a joint initiative to bring more affordable Internet connectivity to Africa.

For more information on the U.N. alliance, visit the [GAID](#) web site.



**World Economic Forum.** Intel is one of the first members to join the steering board for the World Economic Forum's Global Education Initiative (GEI), an effort to create sustainable models for education reform in the developing world through public-private partnerships. In 2007, the GEI joined with the United Nations Education, Scientific, and Cultural Organization (UNESCO) to form Partnership for Education, and developed several tools and resources to create and sustain a number of initiatives, including a database of public-private partnerships and a review of public-private partnership models. The GEI also joined the Fast Track Initiative to support progress toward Education For All objectives. For more information, visit the [Global Education Initiative](#) web site.

**UNESCO.** In 2007, Intel continued its collaboration with UNESCO and other organizations to develop a guide on best practices for the professional development of teachers in the effective use of technology. "ICT Competency Standards for Teachers" was published in January 2008 and was designed to be a useful tool for policy makers in shaping their country's approach to the use of ICT in education. UNESCO chose to work with Intel because of our extensive experience in training teachers to integrate technology into lesson plans. In August 2007, Intel and UNESCO Bangkok collaborated on an ICT in Education workshop for policy makers from 10 state governments in India.

**Clinton Global Initiative.** In September 2007, Intel joined the Clinton Global Initiative (CGI) and made a commitment to train more than 1.5 million teachers in 15 countries over the next four years via our new online Intel Teach training program. The market value of the commitment is estimated at \$300 million. Intel Chairman Craig Barrett became the first private-sector member named to CGI's Education Advisory Committee. For more information, visit the [CGI](#) web site.

**USAID.** In December 2006, Intel and the U.S. Agency for International Development (USAID) signed an agreement to collaborate in promoting social and economic development through the use of ICT. Education is one of the principal areas of focus, with the goal of using technology to transform teaching, enhance learning outcomes, and equip students with critical skills. In 2007, Intel and USAID kicked off collaboration in Indonesia that will provide training to over 15,000 primary school teachers by 2010. Intel and USAID Nigeria also announced plans to collaborate in providing training in three teacher training colleges.

**World Bank.** In 2007, Intel collaborated with the World Bank Institute to deliver several training courses to policy makers on ICT and education. The first training session was held in May 2007, in Washington, D.C., for over 70 policy makers. In November 2007, another training event, funded by the Korea Ministry of Education, was held in Seoul, Korea, for policy makers from 22 developing countries.

### Enabling Technology Access to Support Learning



Intel works with government leaders around the world to promote sustainable and affordable access to PCs and Internet connectivity. The Intel World Ahead Program, started in 2006, aims to make affordable PCs available, develop PCs tailored to local needs, facilitate critical connectivity, cultivate sustainable local capabilities, and provide the education needed to make a meaningful difference in people's lives.

We support the use of technology in emerging markets to create one-to-one (1:1) "e-learning environments" comprising a dedicated laptop computer for each student and teacher that can be used at home and in the classroom. Internet connectivity is a beneficial but optional part of a 1:1 e-learning environment. The Intel-based classmate PC (shown in the photo above) is a small, mobile, rugged learning device and educational solution developed especially for students in emerging markets.

Developing areas around the world are beginning to invest in 1:1 e-learning environments. By the end of 2007, pilots and proof-of-concept projects had been initiated in more than 30 countries, featuring Intel donations of classmate PCs and the integration of Intel Teach Program elements. Some of these pilots and projects are described below.

**Malaysia.** In April 2007, Intel Malaysia and the Ministry of Education agreed to implement a 1:1 e-learning pilot at 10 schools, each having a classroom equipped with 40 classmate PCs donated by Intel. Teachers were trained using the Intel Teach curriculum. The 1:1 e-learning environment gives both teachers and students continuous access to a range of software, Internet, and other digital resources to enhance learning.



**Costa Rica.** As part of the celebration of Intel's 10th anniversary in Costa Rica, Intel Chairman Craig Barrett visited the country and announced our plans to donate 900 classmate PCs to students in a pilot project there. Participants in the pilot—which also includes wireless Internet access using WiMAX technology—are the first students in the country with access to this technology. The teacher in charge of the pilot reported that the students are earning better grades, being more creative, and enjoying working in groups, and that this technology has helped her plan new class offerings.

**Romania.** Intel provided 20 classmate PCs to children studying in the second and fourth grades at a school in the remote village of Horia. Most of the students had never used a PC or accessed the Internet. The laptops run localized educational content and can be connected to the Internet wirelessly through WiMAX technology.

**Turkey.** In May 2007, at a rural school in Ankara, the Turkish Ministry of National Education and EDMER (Government Solution Centre) executives helped Intel kick off a 1:1 e-learning pilot project with 60 donated classmate PCs. Turkish Telekom provided WiMAX/ADSL connectivity that was used to access skoodl™ content delivery technology and other third-party content online. The teachers received Intel Teach Program training, and the school now also serves as an Intel Learn center for the community.

### Providing Volunteer Support for Local Schools and Education Programs

We extend our strategic focus on education to our employee volunteer program, Intel Involved. A high percentage of our volunteers are engaged in education-related activities, from volunteering directly in local schools and Intel Computer Clubhouses to participating in Junior Achievement activities. The Intel Involved Matching Grant Program matches volunteer hours with dollars, allowing employees to earn money for schools through volunteerism. In 2007, Intel employees worldwide volunteered more than 550,000 hours in local schools, resulting in cash donations of more than \$2.9 million to 1,189 schools.

In addition, our Community Solutions program initiates projects that are designed to help people—including educators—use technology to address important challenges in their communities. One Community Solutions project, for example, brought WiMAX Internet connectivity to schools in Israel in 2007.

For more information about our education-related volunteer and community engagement activities, see the [Community](#) section of this report.

**“Making quality education available to more students around the world—with the help of technology—has inspired Intel’s commitment to education for 40 years.”**

*Paul Otellini, Intel President and CEO*

### Intel and the One Laptop Per Child Organization

The goal of providing technology access to children around the world is shared by many, including other companies, governments, nonprofit organizations, and the public at large. Nicholas Negroponte, a former professor at MIT, champions this goal through his nonprofit organization One Laptop Per Child (OLPC). OLPC has its own low-cost PC design intended for children, called the XO. In July 2007, Intel and OLPC announced their intention to work together to explore synergistic collaborations to bring the benefits of technology to the developing world. Under the terms of the agreement, Intel joined the board of OLPC and donated \$6 million to OLPC—the organization's largest single source of funding at the time.

In the second half of 2007, Intel and OLPC worked together to determine areas for collaboration and attempted to resolve key differences that threatened to derail the effort. Unfortunately, just after year end, the agreement between Intel and OLPC came to an abrupt end, with Intel leaving the association and the board, despite significant investments in time and resources on both sides of the relationship. It was a very disappointing development, but we are still committed to continuing our efforts to accelerate technology access for underserved countries and communities throughout 2008 and beyond.

Working to transform  
communities around the world



## Community

As a technology and business innovator, Intel can help transform communities in unique ways. We specifically look for projects that combine our technical expertise, the energy of our employees, and creative ideas to help build more inclusive, economically empowered, and vibrant communities. We are continually inspired by the generosity and commitment of our employees who donate their time, expertise, and money to support those in need and create new possibilities for people around the globe.

### Mission

We go beyond just being a good neighbor—striving to be an asset in the communities where Intel employees work and live. We work to build open, collaborative relationships with community representatives, nonprofit organizations, regional leaders, and policy makers to identify projects and initiatives that will have the greatest impact and best align with our own expertise and values. We focus our community involvement efforts in three primary areas: education and technology inclusion, environmental stewardship and safety, and community engagement and support. We engage at the local level, but we also think globally in an ongoing effort to maximize our investments in both human resources and financial capital, and to incorporate what we learn from our engagement with one community in other locations. We also look for innovative ways that Intel technology can be applied to solve challenges faced by communities.

### 2007 Highlights

- Achieved a 38% worldwide volunteerism rate among Intel employees, who donated hundreds of thousands of hours to improve their communities.
- Increased the number of hours that employees volunteered in local schools and Intel Computer Clubhouses by 61% compared to 2006, resulting in \$2.9 million in matching donations to 1,189 schools around the world.
- Helped strengthen communities by bringing state-of-the-art technology to improve the delivery of disaster relief in the United States, transform nursing home care in Ireland, provide jobs for young adults with special needs in India, and contribute to economic stability in Lebanon.
- Held about 50 Intel-sponsored events in support of Global Earth Day, with thousands of our employees participating worldwide.

### 2007 Challenges

- We continue to face challenges in effectively measuring and quantifying the impact of our stakeholder engagement and community programs.
- We face challenges in expanding our Intel Involved program in countries that do not have a strong culture of volunteerism, involving employees at non-manufacturing sites, and finding volunteer projects that meet the needs of employees in our factories who work evening shift schedules.
- We were not able to advance as many compelling Community Solutions project ideas as we had hoped, due to a number of challenges, including lack of resources or funding, reduced commitment over time by key participants, and lack of necessary Intel technology experts in a given location.

## Strategic Benefits

We believe that supporting the long-term health and vitality of our local communities has clear benefits for the people who live there, as well as for our employees and our business. Through our Intel Involved volunteer program, for example, employees become more aware of critical local issues. The program helps create a sense of belonging, teamwork, and accomplishment, and gives employees opportunities to connect personally with community members, colleagues, and senior Intel managers who volunteer on the same projects. Through Intel Involved, employees regularly discover personal strengths; develop new passions; and build project management, presentation, leadership, and planning skills.

Our reputation as a good corporate citizen and neighbor allows us greater agility in running our business. When we want to expand an existing Intel campus or build in a new location, our plans are welcomed and supported because of the trust, goodwill, and relationships that we have built with community and local leaders worldwide. Intel's reputation also helps us hire and retain the best people, while our significant investments in math and science education help prepare students everywhere to thrive in the 21st century knowledge economy. Our focus on identifying ways that we can help to strengthen communities with technology not only yields benefits for our communities, but also helps us identify innovative applications for Intel technology.

## Community Involvement and Impact

We strive to foster open and honest dialogue with our neighbors and stakeholders. Intel Corporate Affairs professionals at our major sites around the world give us an "on-the-ground" presence that allows us to better understand and respond to local needs and concerns. These employees are engaged on a day-to-day basis with key stakeholders—both internal and external—serving on boards of local nonprofit organizations, sitting on commissions and task forces, meeting with local government officials, attending community events and meetings, organizing

employee volunteer projects, answering questions from our neighbors, and sharing their knowledge and experience with other businesses in the area.

By managing our engagement at the local level, we can create innovative programs that meet the immediate educational and community-support needs of our local stakeholders. For more information on the ongoing local activities at each of our sites worldwide, visit the [Intel Communities](#) web site. For more information on our stakeholder engagement activities, see "Stakeholder Relationships" in the Corporate Profile section of this report.

The success of our global community engagement activities and programs also depends on communication among the staff members who make up our worldwide Corporate Affairs network. Representatives from our different geographies meet regularly to review emerging issues, share examples of best practices, and develop and implement corporate-wide projects and initiatives. The reach of this global network enables us to leverage ideas developed at both the local and corporate level, and to roll out effective programs across our sites worldwide for maximum impact.

Our community initiatives focus on three main areas: direct employee involvement, solving community challenges with technology, and strategic giving.

**Intel Corporate Affairs professionals engage on a day-to-day basis with key stakeholders—serving on boards of local nonprofit organizations, sitting on commissions and task forces, meeting with local government officials, and attending community events and meetings.**

### Educational Reform on a National Scale

Intel Ireland employee Frank Turpin has helped to advance education as a member of the National Council for Curriculum and Assessment, which helps advise the Ireland Minister for Education and Science on curriculum and assessment changes at primary and post-primary schools throughout the country. Turpin chairs the Board of Studies for Mathematics, working to drive the reform of mathematics curriculum and assessment for students aged 12 to 18. This initiative has a particularly high profile because of the importance of mathematics in Ireland's future as a knowledge economy.

### Intel Worldwide Corporate Affairs Network

#### Intel Global Cross-Functional Teams

Govt. Affairs and Media Relations Teams  
Community Relations Council  
Corporate Social Responsibility Teams

- Track emerging issues
- Set policy
- Drive results at the local level

#### Site Corporate Affairs Professionals

Community Relations Managers  
Government Affairs Managers  
Education Managers  
Intel Involved Program Managers

- Follow policy
- Run programs
- Report updates and results

## Direct Employee Involvement

The Intel Involved program matches the unique skills, technical knowledge, and passion of our employees with volunteer opportunities in communities worldwide.

In 2007, 38% of our employees volunteered through the Intel Involved program, donating more than half a million hours to improve their communities. Ten Intel locations boasted an employee volunteerism rate of over 50%. Intel Philippines employees donated 202,000 volunteer hours on education-related activities alone, resulting in \$807,000 in donations for local schools through the Volunteer Matching Grant Program (renamed the Intel Involved Matching Grant Program in early 2008).

Intel employees make a difference every day in our communities, contributing thousands of volunteer hours each year in support of educational, environmental, and community programs.

### Volunteering for Education



We have a strong focus on supporting schools in the communities where Intel employees live and work, as evidenced by the fact that a high percentage of our total employee volunteer activities each year are education related. Intel employees serve as classroom volunteers and mentors, judge science fairs, teach Junior Achievement classes, and volunteer

in computer labs. Over the past decade, Intel employees have volunteered more than 2 million hours in schools and for education-related activities. In the 2006–2007 school year alone, Intel employees logged more than 550,000 hours in schools and Intel Computer Clubhouses around the world. The Intel Foundation matched these hours with \$2.9 million in contributions to 1,189 schools. Following are a few examples of our education-related volunteer activities in 2007.

**PC Pals.** Through this program, Intel volunteers communicate via e-mail with students twice a week throughout the school year, providing encouragement, inspiration, guidance, and sometimes homework help. Students gain a better understanding of technology, and receive mentoring and support for school and life goals. At our Folsom, California location in the U.S., 713 Intel employees volunteered to be mentors for the PC Pals program at 26 schools during the 2007–2008 school year.

**Junior Achievement.** Employees at many of our locations are actively involved in Junior Achievement, including “JA in a Day” projects. In Santa Clara, California, employees made Intel the number one corporate volunteer for Junior Achievement of Silicon Valley in both 2006 and 2007. At schools in Oregon, Intel is a major sponsor of the BizTown program, a model for workforce development, economic education, and state-of-the-art experiential learning. After finishing 18 hours of classroom work that prepares them for the “real world” of business, students spend the day at BizTown, where they experience working in places such as an Intel microprocessor fabrication facility, a real estate business, or a retail store.

**China Rural Teacher Program.** Initially launched in 2004, this program helps underserved rural district schools in China integrate technology into their classrooms. The program also works to improve teaching and English language skills at the schools. Over the past three years, more than 200 Intel volunteers have been involved in this program, helping over 100 teachers at 40 schools develop PC skills. Altogether, Intel employees have contributed more than 1,500 hours of volunteer time to the program, resulting in matching financial contributions from the Intel Foundation. The program is also supported by the Sichuan People’s Congress and Sichuan People’s Association of Friendship with Foreign Countries.

**Intel employees make a difference every day in our communities, contributing thousands of hours each year in support of educational, environmental, and community programs.**

### Learning Valuable Lessons Through Volunteerism

On many weekends, Intel China employee Diana Ni donates time to her community through the Intel Involved program. “Some of my colleagues worry that such activities will get in the way of their family lives,” said Ni. “What I tell them is that volunteering is a great time to get together with your family.” Ni said that volunteering has given her family a new perspective on life: “These days, it’s very easy for children to become spoiled. Many have little understanding of hardships and are ignorant of the value of helping others.” She said that after volunteering to work with children with disabilities, her son was “deeply moved at the courage he saw. ...Though he was tired and sweaty all over, on his face I saw the proudest look that I’ll never forget. As his parents, we feel so grateful that our son could have this experience at his age.”

### A Town of Volunteers



As part of a new partnership with the Asian Institute of Management, Intel participated in a number of corporate social responsibility-related case studies in 2007, including a study on the Intel Involved program in the Philippines. As noted in the study, “Bayanihan” is the Filipinos’ concept of volunteerism. Capitalizing on this innate Filipino value, Intel Involved Philippines has encouraged not just employees, but also members of the local government and the entire community to become actively involved, leading General Trias Cavite—the site of Intel Philippines—to call itself “The Town of Volunteers.”

**Virtual Classroom.** In 2007, Intel collaborated with an Italian nonprofit organization, Fondazione Mondo Digitale (Digital World Consortium), and the Rome City Council on a project aimed at helping patients in a children's hospital maintain their relationships with classmates and participate in their lessons through a PC notebook and a webcam during their hospital stay. In December 2007, Intel received the Red Cross 2007 Award from the Italian Red Cross for our involvement in this project.

For more information on Intel's broader commitment to improving education, see the [Education](#) section of this report.

### Seniors and Technology: A Great Match

Intel engineer Martial Frechette enjoys introducing seniors to e-mail and the Internet through Intel computer classes held at New Horizons, a nonprofit independent and assisted-living center in Marlborough, Massachusetts in the U.S. Frechette said that the seniors are primarily interested in what he calls the "human side" of computers. "They want to communicate with loved ones or look at a web page that their daughter recommended to them," he explained. Some also like shopping from home. Relatively few of his students want to learn how to create a spreadsheet or format a document, tasks that are the traditional focus of most computer classes.

Since the Intel classes started at New Horizons more than two years ago, Frechette and other Intel employees have introduced more than 100 residents to computers, including Frechette's own aunt and uncle. The program has been so successful that in 2007, New Horizons agreed to dedicate classroom space and purchase new furniture to show their commitment to both the residents and the Intel volunteers. Intel, in turn, donated \$10,000 toward the purchase of technology for the computer classroom, which was dedicated in January 2008 in memory of Frechette's uncle.

### Volunteering for the Environment

Intel volunteer activities during 2007 also reflected strong employee interest in protecting the environment and raising awareness of environmental concerns in our communities. Employees volunteered for community e-waste recycling drives, tree-planting projects, and environmental education initiatives. Following are a few examples of our environmental-related volunteer activities in 2007:

#### Community E-waste Collection and Recycling Events.



Intel sites in the United States hold community computer recycling days every year, providing a convenient way for people to recycle used technology responsibly. In 2007, we collected more than 2 million pounds of electronic waste at nine community collection events and supported local chapters of Students Recycling Used Technology (StRUT). For more information on our e-waste initiatives, see the [Environment](#) section of this report.

Intel Malaysia organized the Intel and Friends Recycling Campaign 2007, a solid-waste recycling competition among 63 schools and several colleges in Penang and Kulim. The site also invited companies within the Kulim Hi-Tech Park and Penang Free Trade Zone to participate. Apart from supporting the local environment, funds raised from the sale of recyclable materials were directed toward World Wildlife Fund Malaysia to support environmental conservation work. Held each year since 2003, the recycling event features a strong educational component, with Intel employees speaking to students about the importance of environmental protection and encouraging students to reduce, reuse, and recycle.

**Trees for the Environment.** In Malaysia, the Intel "One Employee: One Tree" campaign created an avenue for employees to support the conservation of the country's mangrove forests. The 2007 campaign raised about US\$10,000, enough to purchase 1,500 mangrove saplings, a marked increase from the 220 trees purchased and planted during a similar project in 2005. More than 100 Intel employees planted the saplings, with help from the Penang Inshore Fisherman Welfare Association, as well as students and teachers from 23 schools.

In Costa Rica, some 700 Intel employees donated or helped plant trees in support of a goal to plant 10,000 trees by the end of 2007. The project was part of celebrations marking Intel's 10th year in Costa Rica.

In Brazil, employees volunteered for a project to plant 5,000 trees representing 80 native species in the state of São Paulo with other members of +Unidos, a partnership of more than 50 of the largest companies in Brazil and the American Chamber of Commerce, working together to promote a culture of volunteerism in Brazil.

Employees in Folsom, California planted trees as part of Intel's Global Earth Day activities; employees in Ireland planted trees at 18 local schools to create awareness during National Tree Week; and employees in China planted 1,000 young maidenhead trees on Tree-Planting Day in Chengdu.

### Global Earth Day 2007



Each year in April, Intel employees demonstrate their commitment to the environment by performing volunteer work in conjunction with Global Earth Day. In 2007, thousands of employees at our sites around the world participated in about 50 Intel sponsored events. Activities included environmental education events for students, employees, and community members; river and park cleanups; and recycling events. Intel Israel employees built a nature path and picked fruit and vegetables for families in need. Intel Russia employees held city cleanup events and helped prepare the garden at an orphanage for the new season. Our Santa Clara site held an Earth Day Fair, and employees in the Philippines held environmental education activities that included a climate change awareness campaign and Project WET (Water Education for Teachers). Employees in Malaysia planted trees, held nature walks, and sponsored a recycling campaign. Massachusetts and Oregon employees participated in large, one-day cleanup and park restoration events, and sponsored environmental photo contests.

**Environmental Education.** To date, the Intel Caring for the Earth,



Soaring with the Birds project has conducted environmental education events at 18 schools in China, reaching 20,000 students, 800 teachers, and 8,000 residents. Intel's Environmental Health and Safety organization created

this educational program in conjunction with the Chengdu Bird Watching Society. The project aims to increase environmental awareness by providing innovative, hands-on bird and environmental protection-related activities, including lectures and games.

In 2007, Intel Israel launched the Treasures Program, a collaboration with the Ministry of Education and the Ministry of the Environment. The program offers schools a set of three interactive CDs—"Wildlife Treasures," "Science Treasures," and "Safety Treasures"—and is designed to help students develop advanced, critical thinking skills. Students of all ages solve puzzles and tackle tasks published each week on the Intel Israel web site. Using technology, teamwork, and brainstorming, students can find answers to the puzzles with the help of the educational CDs.

In India, Intel volunteers have contributed over 2,000 hours leading the 18-month Intel for a Better Bannerghatta program, designed to make the Bannerghatta Biological Park a plastic-free, no-litter zone. The environmental education component of the project has reached more than 100,000 visitors and hundreds of school children.

In December 2007, Intel sponsored an online corporate challenge for Save the Bay, an organization working to protect, restore, and celebrate the San Francisco Bay in Northern California. As part of the challenge, Intel pledged to match up to \$20,000 in donations. A portion of Intel's match will be put toward an outreach program and curriculum about Bay Area waterways for students in grades K-5.

For more information on Intel's broader commitment to the environment, see the [Environment](#) section of this report.

## Volunteering to Support the Needs of Our Communities

In addition to supporting educational and environmental programs, Intel employees responded to other needs in our local communities around the world. In 2007, employee volunteer initiatives included organizing food, school supplies, and holiday toy drives; holding blood drives; and hosting community education events on topics such as HIV/AIDS and bicycle safety. For more information on HIV/AIDS and bicycle safety programs, see the [Workplace](#) section of this report.

Following are a few examples of our community support activities in 2007:

**Balancing Urban and Rural Development.** The Intel Walks into Rural Communities program involved nearly 100 Intel volunteers and 1,000 primary and middle school students in China. Urban students visited five rural areas in Shanghai, meeting their rural peers and learning computer and PC drawing skills together. The students also received hands-on experience at mechanized farms and orchards, and attended environmental lectures given by Intel volunteers. The initiative, designed to help balance urban and rural development, was recognized as the outstanding summer holiday program by the Shanghai municipal government.

**Facilitating Dialogue.** In 2007, more than 1,000 children participated in the Intel Dialogue for Co-existence project, a collaboration with Beit Hagefen (an Arab-Jewish Center that promotes co-existence and tolerance) to facilitate encounters between Arab and Jewish elementary school children and teens in Haifa, Israel. The program is designed to further the vision of co-existence and uses science and technology to show the similarities between the religions. Over the three years that the program has been in place, Intel employees have been actively engaged in its support, providing time and science and technology expertise.

**Pro Bono Legal Service.** In 2006, Jeffrey Hyman, an attorney in Intel's Legal department, worked with others in the company to set up a pilot pro bono program in Silicon Valley. By spring 2007, three other Intel sites had put pro bono projects in place, including work in areas such as domestic violence, special education, legal guardianship, and advising micro-entrepreneurs. In 2007, Intel signed the Corporate Pro Bono Challenge launched by the Pro Bono Institute and the Association of Corporate Counsel. As a



charter signatory, Intel pledged that at least half of our Legal staff would do pro bono work over the next year, and agreed to take pro bono work at outside law firms into account when hiring counsel. Esther Lardent, president and CEO of the Pro Bono Institute, noted, "Intel is a great model because it has such a well-planned program. They [used requests for proposals to find law firm partners, and] tied pro bono work to areas of interest in the department and in the company as a whole. They started in their [Santa Clara] headquarters but have expanded to other offices as well." In 2007, more than 30 Intel volunteers handled 36 cases and donated approximately 500 hours of legal services.

**Helping to Feed America's Hungry.** In November 2007, our Americas Sales and Marketing Organization (ASMO) held its first Feed the Hungry Day, during which 400 employees throughout Canada, Latin America, and the United States volunteered 2,605 hours in a single day. Each ASMO field sales office and site organized a volunteer activity in their local community—including sorting donations, preparing and serving meals, and cleaning and painting projects at local food banks and soup kitchens. Many employees said they planned to continue volunteering on a regular basis. "This event not only touched the community, but touched the employees in a way that we will never forget," said Annette Bachmeier, project manager for the Folsom/Sacramento event.

## Intel Community Solutions

We look for ways that Intel technology can be used to strengthen communities and blend Intel's business strategies with our corporate social responsibility objectives. Through our Community Solutions program, we identify innovative ways that technology can be applied to respond to a particular community challenge or need.

Community Solutions projects not only benefit communities, but in many instances also generate incremental business opportunities for Intel by enabling our technology experts to connect with people in the community. Our world-class technology experts work together with local organizations and governments to design highly creative, scalable technology solutions that yield positive impacts. At the heart of this initiative is collaboration—we recognize the unique skills and perspectives that different groups can bring to the problem-solving process. Our intent is to contribute to projects that help increase economic growth,

### Creating New Opportunities in India



Intel India won the Helen Keller Award in December 2007 for its work with the Centre for Economic Empowerment of the Intellectually Challenged (CEEIC). Intel collaborated with

an NGO partner in 2004 to found the CEEIC, a technology training lab designed to help people with learning disabilities prepare for jobs such as data entry. From an initial modest installation of 10 computers with software and peripherals, this unique technology training lab has evolved into five centers across the country. Most of the training is provided by previous students of the program, who run the centers with little outside intervention. The CEEIC also has a specialized job center where trained students work independently on actual job projects in a protected environment, enabling them to earn a living. Most of the students contribute 35% to 50% of their families' monthly income and, more importantly, have become socially accepted and valued members of their community.

**"It is a wonderful opportunity to take a lifetime of logistics experience...and use it to potentially reduce the suffering of disadvantaged and displaced people around the globe."**

***Jim Kellso, Intel Senior Supply Chain Master and Community Solutions Project Volunteer***

protect the environment, improve health, enhance education, or make government more efficient—in short, to work with communities to help make them stronger.

When the elements align—a community need, a willing external partner with a vested interest, and the right Intel resources—the impact can be significant. "We collaborate with communities in a context of 'anything is possible,'" said Karen Spencer, Intel Community Solutions director. "As a result, we create outcomes that far exceed any single party's investment."

Following are a few examples of how we are working to build more inclusive and economically empowered communities with technology. Projects slated for 2008 promise to help improve people's lives worldwide, with emerging opportunities in China, India, Turkey, and the United States. To learn more about our Community Solutions program and projects, visit our [Community Solutions](#) web site.

**Improving Disaster Response.** In 2007, Community Solutions worked with the Fritz Institute on HELIOS, new logistics software designed to transform how emergency response agencies worldwide manage materials while responding to natural disasters. "We are so pleased to have the experts at Intel act as technical advisors for HELIOS. These are the smartest people I have met. With them, we'll position HELIOS for the future and realize our vision," said Mitsuko (Mich) Mizushima, chief logistics officer for the Fritz Institute.

Jim Kellso, Intel senior supply chain master and Community Solutions project volunteer, reflected on his personal involvement with the Fritz Institute project: "It is a wonderful opportunity to take a lifetime of logistics experience, and instead of using it to make a corporation more effective and profitable, to be able to use it to potentially reduce the suffering of disadvantaged and displaced people around the globe. This is very satisfying on a personal level."

### Intel Ireland Community Solutions Champion

Lisa Harlow, an Intel employee for more than 17 years, typifies the 14 employees who make up the global Intel Community Solutions team. Energetic, creative, and resourceful, Harlow has helped develop projects in Ireland that have attracted the attention of healthcare officials, university professors, credit union presidents, and even Ireland's prime minister. "My role is to partner our internal experts and the community, bringing them together to see what we can develop," she explained. "Sometimes it requires patience—the way things are done at Intel is not the way things are done in communities—and I need to manage expectations on both sides. When we find that happy middle ground, it's possible to see how our business—and our technology—can make a difference."

Her proudest Community Solutions achievement so far is one that she and her team accomplished at Ryevale Nursing Home, which specializes in the care of dementia patients. The team deployed a total IT solution designed to increase staff efficiency as well as resident well-being and security. Care providers now monitor residents via wireless webcams, and use technology to provide in-house entertainment and emotional connections for residents. Multimedia sensory immersions featuring digital diaries—with pictures, familiar sounds, voices, and music—are tailored to each resident's past. Such sensory immersions have been shown to relieve patient stress. Eileen Gallagher, owner of the nursing home, said, "Intel has helped us promote person-centered care through the introduction of technologically advanced services, improving the overall well-being of our residents."

"This project fits exactly what we are about—building relationships," Harlow said. "For patients whose families don't get to see each other very often, we are using technology to connect them via the Internet and webcams. The project has been going on for a year, and already I can see how technology is helping to improve these patients' lives."

## Rebuilding Lebanon



Intel is part of the Partnership for Lebanon fund, a collaborative effort launched in 2006 with other companies—including Microsoft, Cisco, GHAFARI, and

Occidental Petroleum—that are working to help revitalize Lebanon and provide critically needed resources to bring long-term economic growth and stability to the country.

As part of the effort, Intel Chairman Craig Barrett announced new projects for the partnership during a visit to Lebanon in April 2007. Intel is installing state-of-the-art wireless networks to expand the use of technology and provide high-speed Internet access. WiMAX systems are being deployed at two hospitals, one school, and two community centers in Burj Al Barajneh, Nabatiyeh, and Beirut. Intel is donating more than 100 high-performance servers to university engineering labs and science departments across Lebanon.

Intel Capital, our venture capital organization, is investing in an innovative technology incubator in Lebanon. Intel Capital's Berytech Fund aims to finance startups or invest in as many as 10 technology companies in emerging regions.

Intel is also increasing technical and doctor training support for a telemedicine program at the American University of Beirut Medical Center and the Nabatiyeh Governmental Hospital. The telemedicine systems provide the hospitals with real-time video consultation between physicians kilometers apart, and the ability to share data and diagnose patients from afar. Local doctors get access to the latest medical data and second opinions from specialists and medical centers hundreds of kilometers away. For more information on how Intel is using technology to help improve healthcare around the world, visit our [Expanding What's Possible](#) web site.

**Unwiring a Hospital in Israel.** Creativity, technology, and inspiration came together in the creation of something remarkable in the antiseptic confines of an Israeli hospital ward in 2007. Intel employees Tammy Matzlavi, Tal Ezra Shemer, and their IT team sought a way to help Israeli soldiers recovering from combat injuries. Their solution: an Intel donation of notebook PCs and free wireless Internet for patients in order to surf the web and connect with family members. "We wanted to help the soldiers pass the time during their recovery," said Matzlavi, "but we got far more than that." The hospital staff also used the network. Media reports recounted how Intel's seemingly simple solution significantly increased the soldiers' quality of life and their families' peace of mind. And the hospital's IT department, responding to growing staff demand, subsequently purchased nearly 100 more wireless units for other hospital departments.

**Economic Development in Arizona.** In Arizona, Community Solutions multiplied the impact of a technology upgrade slated for the Greater Phoenix Economic Council (GPEC). The council's IT staff had planned a marginal incremental technology refresh,

## Digital Transformation in the Middle East and Turkey

Intel's Digital Transformation Initiative for the Middle East and Turkey, launched in 2005, is a large-scale example of our approach of applying technology and collaboration to address community challenges. This comprehensive, multi-year program expands Intel's economic, educational, community, and technology-related support throughout the region. It is part of our long-term strategy to provide educational opportunities and job creation throughout the Middle East. Since the launch of the initiative, projects have included the digital makeover of a village in Cairo, Egypt; the first Arabic e-learning portal aligned with the Saudi Arabian K-12 curricula ([skool.com.sa](#)); a state-of-the-art energy competency laboratory in Dhahran, Saudi Arabia; and a new annual Arab Universities Technology Business Plan Competition to stimulate and reward entrepreneurship among students majoring in technology. For more information and other digital transformation projects, visit the [Intel World Ahead](#) web site.

but with guidance, consultation, and inspiration from Intel Government Affairs Manager Jason Bagley—who sits on GPEC's board of directors and is one of Intel's Community Solutions champions—a new wireless, mobile, remote networking solution was put in place. Barry Broome, GPEC president and CEO, said, "As the leading regional economic development organization, our technology infrastructure provides greater stability, security, and mobility of information, which dramatically improves our effectiveness. It helps us communicate to the business world that Arizona is a great place to pursue innovation."

**Protecting Biodiversity in Costa Rica.** In 2006, Intel worked with national telecommunications company RASCA to help develop a new technology center and small business incubator to help balance business development and biodiversity on Costa Rica's Osa Peninsula. Almost 3% of the world's biodiversity and nearly 50% of all the species in Costa Rica live on the Peninsula. Preserving that biodiversity was critical, but local leaders also wanted to reverse the "brain drain" occurring in the community as young people left their homes to find better economic opportunities. Intel donated PCs and equipment, and employees committed 300 hours of computer training consulting to support the center. RASCA provided free Internet access. Today, the center is home to NGOs working in the area on conservation projects and approximately 15 micro-entrepreneurs developing new businesses. Patricia Chico, Intel Costa Rica's Community Solutions champion, noted that the region needed this project: "Young people left the Osa because they did not find development opportunities here. But that is changing."

## Strategic Giving

We know that financial support is an essential part of how we can make a difference in our communities, but it's only a portion of our contribution. We maintain a strategic focus for our corporate giving and look to maximize the positive impact on an organization or community, whether it is by matching funds with volunteer hours, providing technical support, or making in-kind donations of technology or other urgently needed items. Our focus areas for investment include education, environmental stewardship and safety, diversity, and building stronger communities. We believe that these areas provide the best opportunities to align Intel's business with the needs of our communities and the expertise of our employees.

**Intel Foundation.** The Intel Foundation was formed 20 years ago to develop and fund educational and charitable programs. The foundation is funded solely through donations from Intel Corporation. Its four-member board of directors is made up of corporate senior managers and is chaired by Intel Chairman Craig Barrett. Intel Foundation's specific funding objectives are to:

- Advance math, science, and engineering education.
- Promote the entrance of women and under-served populations into careers in science and engineering.
- Support programs that improve the quality of life in the communities where we operate, with a particular focus on programs that promote diversity and multiculturalism, support local youth, are cost-effective, can be effectively measured and replicated, and have the potential for Intel employee involvement.
- Support and encourage employee volunteerism and philanthropy, including matching employees' financial donations for education, natural disaster relief, and the annual Intel Community Giving Campaign.

Each year, the Intel Foundation contributes tens of millions of dollars to primary and secondary education, higher education, and nonprofit organizations in communities around the world where Intel operates major facilities.

**Employee Giving.** Every year, we are inspired by the generosity of our employees. Following several recent natural disasters—including earthquakes in Peru and Japan; floods in Bangladesh, Washington, and Oregon; and a typhoon and mudslides in the Philippines—Intel employees contributed not only volunteer hours and technical expertise, but also millions of dollars toward relief efforts. Employee giving at Intel is an ongoing effort. Through our annual Intel Community Giving Campaign, for example, our U.S. employees make contributions to nonprofit organizations that are matched with Intel Foundation funds for the United Way. The U.S. Community Giving Campaign set a new Intel record of over \$20 million in 2007, combining employee gifts plus the Intel Foundation match, with every site exceeding its individual goal.

**Matching Volunteer Hours with Grants.** We launched the Volunteer Matching Grant Program (VMGP) 20 years ago to promote and maximize the benefits of direct employee involvement in local schools. Through the program, for every 20 hours that Intel employees and retirees volunteer at a school or Intel Computer Clubhouse, the Intel Foundation makes a cash donation to that school or Clubhouse. Over the past three years, we have expanded this successful program beyond the United States, to China, Costa Rica, India, Ireland, Israel, Malaysia, and the Philippines. In 2007, we added the Netherlands, Russia, and Taiwan. Within six months of roll-out, over 20% of employees at Intel Taiwan had actively participated in community programs, including Global Earth Day activities, blood drives, and school visits.

Altogether, Intel employees volunteered more than 550,000 hours in schools during the 2006–2007 school year, a 61% increase over the previous year. As a result, more than \$2.9 million in VMGP donations went to 1,189 local schools and Intel Computer Clubhouses. Over the past decade, Intel employees have earned close to \$15 million for local schools through the program.

In early 2008, the program was renamed the Intel Involved Matching Grant program, and we launched a pilot program to expand matching grants for volunteer hours to additional activities in schools and at local nonprofit organizations. The expanded program is part of our goal to donate 1 million volunteer hours in 2008 to our communities to celebrate Intel's 40th anniversary.

**Our employees contribute not only volunteer hours and technical expertise, but also millions of dollars toward relief efforts. Employee giving at Intel is an ongoing effort.**

### Flood Response in Oregon




In December 2007, Intel employees turned out in droves to donate food, clothing, and school supplies following severe flooding in Oregon and Washington in the U.S.

Two trucks loaded with donations and buses filled with employee volunteers headed to Vernonia, Oregon to support the relief efforts. The Intel Foundation also made a direct donation of \$100,000 to the American Red Cross and agreed to match dollar-for-dollar Intel employee and Intel retiree donations for flood relief up to \$2,000 per person.

Strategic Giving Summary				
U.S.	2007	2006	2005	2004
Total cash gifts (including direct and Intel Foundation)	\$ 48,198,002	\$ 48,922,934	\$ 56,476,920	\$ 46,330,472
Cost value of total in-kind giving (products and services)	10,872,898	6,151,957	15,881,303	16,211,487
Value of cash gifts to programs or organizations that primarily benefit minorities	5,314,746	6,217,804	6,497,979	6,689,987
Cost to company of in-kind giving (products and services) to programs or organizations that primarily benefit minorities	158,998	332,234	559,560	863,284
Value of cash gifts to programs or organizations that primarily benefit women	1,416,001	1,616,660	1,523,872	667,540
Cost to company of in-kind giving (products and services) to programs or organizations that primarily benefit women	40,618	12,010	3,332	7,915
Outside U.S.				
Total cash donations	33,534,854	31,274,706	28,091,579	25,755,227
Total equipment grants	9,678,212	1,882,192	1,572,139	1,280,873
Grand Total	\$109,214,329	\$ 96,410,497	\$ 110,606,684	\$ 97,806,785

Our focus areas for investment include education, environmental stewardship and safety, diversity, and building stronger communities. We believe that these areas provide the best opportunities to align Intel's business with the needs of our communities and the expertise of our employees.



Setting expectations  
around the globe

## Supply Chain Management

Intel depends on a complex, multi-tiered supply chain that includes hundreds of companies in multiple countries. Our suppliers provide a myriad of parts, equipment, materials, and services for our factories worldwide. With all of its complexity, our supply chain must remain robust, flexible, and resistant to interruption. We believe that the most reliable, sustainable supply chain is made up of companies that treat their employees and the environment with respect and dignity.

In 1998, Intel first codified formal supplier expectations regarding human resources, environmental management, worker safety, and ethics in our Corporate Business Principles, and we actively train our suppliers on Intel's Code of Conduct. In 2004, we adopted the Electronic Industry Code of Conduct, which is consistent with our own Code of Conduct and provides additional clarity with regard to labor, health and safety, environmental, ethics, and management system expectations of our suppliers. Since 2004, we have worked as an active member of the Electronic Industry Citizenship Coalition (EICC), including chairing the EICC and providing dedicated resources to several EICC working groups.

### 2007 Highlights

- Held country-specific supplier days in several countries, including China, Costa Rica, Malaysia, and the Philippines.
- Included at least one diversity supplier in more than 98% of our eligible U.S. bids.
- Chaired the EICC from March 2005 through October 2007, and remain on the board of directors as chair emeritus.
- Performed an audit of our Chengdu, China assembly and test facility using new EICC audit tools.
- Completed more than 100 high-level risk assessments, representing 80% of our purchasing spends.

### 2007 Challenges

- The complexities involved in getting an entire industry to move in the same direction and advance the progress of our collective efforts in supply chain responsibility continued to be a challenge, but we are seeing continuous improvements.
- We faced challenges in terms of supplier classification and industry-wide auditor training that prevented us from meeting our 2007 goal to audit 20% of our suppliers that could be classified as high risk for non-conformance to the EICC.
- Progress was slower than expected on working with the EICC to develop standardized training for commodity teams and suppliers in our industry. We are continuing work with the EICC on this training, which will be available in 2008. We also developed our own commodity team training class and are in the process of developing supplier training.

## Key Human Rights Issues

Our own practices, and those we expect of our suppliers, embody the principles laid out in external human rights and labor performance standards, including pertinent International Labor Organization conventions (such as C87 and C98), the United Nations Global Compact, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights. The most material human rights issues vary by region. For example, in China our experience indicates that the most common issues in the electronics supply chain are related to working hours, compensation, and worker health and safety; whereas in Mexico, key issues involve worker contracts and discrimination.

The following are key human rights issues covered by our supply chain policies:

**Child and Forced Labor.** Intel's definition of a reasonable age for labor working in manufacturing is 16 years. However, where it is legal to employ children under the age of 16, we do not want them to be fired. Instead, we request a commitment from the supplier to refrain from further hiring children under age 16, and to move any employees under age 16 to jobs in non-manufacturing areas. Intel prohibits suppliers from using forced, bonded, or indentured labor. We forbid harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment.

**Freedom of Association and Collective Bargaining.** Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Accordingly, we expect our suppliers to

respect the rights of workers to associate freely, join or not join labor unions, seek representation, and join workers' councils in accordance with local laws. Workers shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation, or harassment.

**Nondiscrimination.** Intel expects that its suppliers will not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, or marital status. In addition, workers or potential workers should not be subjected to medical/pregnancy tests that could be used in a discriminatory way.

**Working Hours and Minimum Wages.** Work weeks are not to exceed the maximum set by local law, and should not exceed 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be given at least one day off per seven-day week. Intel expects compensation paid by suppliers to comply with applicable wage laws, including those related to minimum wages, overtime hours, and legally mandated benefits.

**Environmental Standards.** Suppliers must adhere to Intel's Environmental Product Content Specification, and confirm that the materials and products supplied to Intel do not contain materials banned for use in our products, such as ozone-depleting substances and certain glycol ethers. Intel makes its Chemical Selection Guidelines, Screening Tools, and Product Content Specifications public for our suppliers and potential suppliers to use. For other restricted materials, suppliers must confirm that such materials do not exceed specified levels. Information regarding the rationale for each restriction is included in a form available on [Intel's Supplier Site](#).

**Worker Health and Safety.** Our commitment to world-class safety practices extends to our suppliers. We require compliance with all applicable laws concerning health and safety, and we expect our suppliers to strive to provide a workplace free of occupational injuries and illnesses.

**Intel expects that its suppliers will not engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, or marital status.**

## How We Manage Our Supply Chain

An internal organization is dedicated to managing our supply chain, and we have chartered specific leadership teams to focus on integrating corporate responsibility throughout the supply chain.

The primary leadership team chartered with setting the direction and strategy for all corporate responsibility issues related to our supply chain is the Supplier Corporate Responsibility Management Review Committee (MRC). This senior leadership team is made up of 3 vice presidents with particular vested interests in our supply chain and 12 directors from relevant business units across Intel, such as Corporate Responsibility, Materials, Human Resources, and Legal.



### Case Study: Upholding Our Standards

We have a thorough screening process for our suppliers, and we work closely with them to maintain high levels of quality, productivity, and ethical behavior. The process involves clearly communicating intentions and expectations, defining measures of success, obtaining regular feedback, and implementing corrective action plans to improve performance. Even with all of these steps, sometimes issues involving unethical behavior arise.

One example is a situation that occurred at our operations in Malaysia in which we received anonymous tips alleging unethical behavior such as kickbacks by Intel employees and contractors. We launched an internal investigation with staff from Security, Human Resources, Legal, and Internal Audit. The team conducted hundreds of interviews with Intel employees and suppliers, and reviewed thousands of documents, including encrypted files on computers and e-mail messages.

Eventually, the investigation identified a complex web of multiple suppliers and Intel employees involved in unethical behavior

such as corruption, improper payments, stealing and reselling assets, selling confidential information, and improperly using our computer assets. As a result of these findings, we took disciplinary actions against almost 40 Intel employees and 15 suppliers, all in accordance with Malaysian Labor Law and the Domestic Inquiry process. We terminated relationships with six suppliers and put nine on corrective action plans subject to follow-up review. Additionally, a cross-organizational management team identified all performance gaps and prepared detailed improvement plans for some 13 dimensions of the Intel/supplier relationship to prevent this type of incident from occurring again.

Although this was a very disappointing incident to discover in our own operations, we believe that our internal systems are stronger and more robust as a result of it. "We understand that illegal activity goes on in this world," said Craig Brown, vice president of Intel's Technology and Manufacturing Group and director of Materials, "but we want it known to the supply community that we have zero tolerance for such activity. We will find you."

### Case Study: Early Engagement in Emerging Markets

Although production at Intel Products Vietnam (IPV) is not scheduled to start until December 2009, conducting business with uncompromising integrity is already a key priority at the planned 500,000-square-foot factory.

Vietnam is ranked high on Transparency International's list of the world's most corrupt countries. As part of a commitment to fight corruption and improper business conduct, Intel signed a Memorandum of Understanding in August 2007 with the government-owned Saigon Hi-Tech Park (SHTP). Both parties committed to conduct business ethically and within the bounds of applicable law; to act against corruption, bribes, kickbacks, and any form of abuse of power for personal interests; and to inform their relevant agencies, subsidiaries, agents, or contractors of any violations. The signing represents the first time that Intel has entered into such an agreement with a government agency.

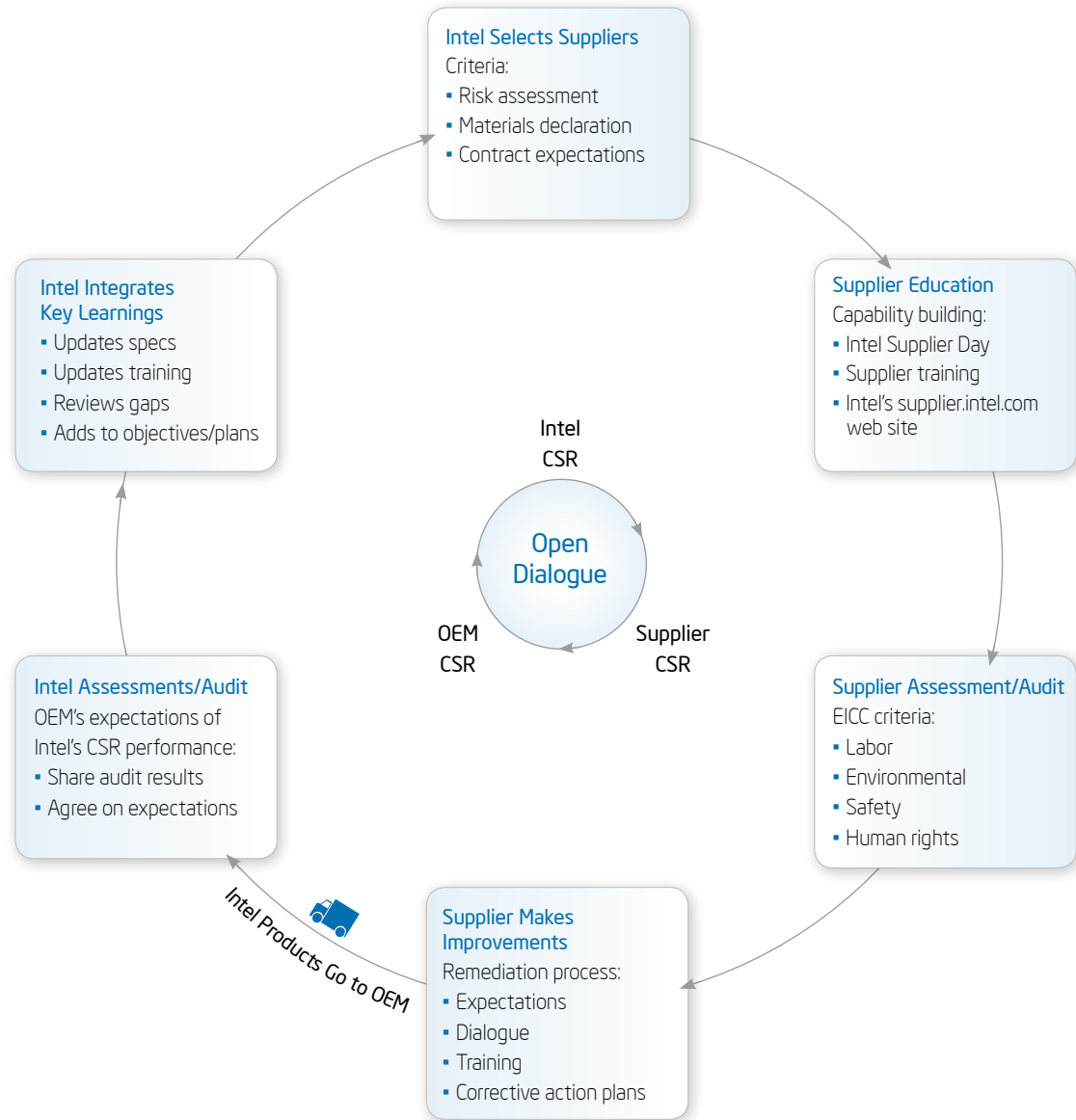
As part of IPV's start-up preparations, Intel held its first Supplier Day in Vietnam in the fourth quarter of 2006. During the event, we met with suppliers to set Intel Code of Conduct expectations, provide ethics training, and describe our business objectives. Materials were translated into Vietnamese, and we used case studies to illustrate key points. We allowed time for dialogue, to ensure that our expectations were understood. Since then, we have continued the dialogue with the suppliers via quarterly briefings.

We are also conducting monthly training for new suppliers in Vietnam, including setting ethics expectations. In addition, we are helping SHTP implement its own supplier training and development programs—an effort that we expect will help develop the local supply base for other companies.

## Leadership Teams That Manage Our Supply Chain

The MRC is supported by two working groups: one that focuses solely on the EICC and another that addresses areas of sustainability not directly covered by the EICC, such as supplier diversity and “green purchasing.” The Supplier Corporate Responsibility MRC meets quarterly to set direction, review data, and monitor progress toward established goals. The two working groups meet at least monthly and are involved in implementing the objectives set by the MRC.

## Intel CSR in the Supply Chain



## Ensuring Supplier Diversity



Our Supplier Business Development and Diversity initiative promotes opportunities for diversity suppliers and enhances their capabilities. Intel has set a formal performance goal of including historically underutilized businesses in 100% of all eligible bidding opportunities in the U.S. In 2007, more than 98% of eligible Intel bids in the U.S. included a diversity supplier.

For the past decade, the Supplier Diversity initiative focused solely on diversity suppliers in the U.S. In 2007, reflecting our global business values, we expanded our diversity initiatives to include our worldwide supply base. "As many companies, including Intel, increased our global sourcing, we had to redefine diversity to include global suppliers," said Craig Brown, vice president of Intel's Technology and Manufacturing Group and director of Materials. "That led to the creation of a global supplier diversity program."

In 2008, we will strive to include historically underutilized businesses in 100% of all eligible bidding opportunities. Defining country-specific diversity suppliers is the biggest hurdle we must overcome. Due to privacy concerns, the burden tends to fall on the suppliers to make their classifications known to potential buyers.

Key components of our strategy to expand global supplier diversity include:

- Educating the supply base and government agencies in all regions about the benefits of identifying themselves as diversity suppliers.
- Educating internal procurement contacts on how to identify potential diversity suppliers in non-U.S. markets.
- Working with existing suppliers to help identify diversity suppliers in new markets.
- Partnering with U.S.-based supplier diversity agencies to expand programs internationally.
- Working with identified global diversity suppliers to expand their business.

We have initiatives to expand our use of diversity suppliers beyond our own direct purchases. We also work with our primary suppliers and encourage them to use diversity suppliers in all business geographies and to report on their own diversity spending. "We want this initiative to go beyond Intel; we want it to be part of our entire supplier network," Brown noted.

## Supplier Tools, Education, and Recognition

To ensure that our suppliers are well informed and compliant with Intel's expectations as well as the Electronic Industry Code of Conduct, we offer training and a number of tools and recognition programs.

**Supplier Web Site.** Our [Supplier Site](#) on the Internet contains detailed information about our ethics and environmental, health, and safety (EHS) policies for suppliers; supplier diversity initiatives; supplier quality and recognition programs; business continuity; and key contacts. The secure area of the site features numerous web-based tools to promote effective communications and help suppliers follow proper data collection and procedures.

The [Environmental Health and Safety](#) section of our Supplier Site includes online safety training tools and manuals, as well as information about recent safety awards given to suppliers. It also clearly lays out environmental requirements, such as the Environmental Product Content Specification, and provides various tools such as a chemical restrictions screening tool.

**Intel Supplier Day.** In support of our goal to enhance supplier communication and performance standards, we have held an Intel Supplier Day conference every year since 1993. During the conference, hundreds of individuals come together to discuss our expectations of suppliers as well as specific objectives for the coming year. In 2007, we also held country-specific supplier days in locations such as China, Costa Rica, Malaysia, and the Philippines. For the past three years, we have provided training, shared information, and promoted membership in the EICC to our suppliers during these supplier days.

### Three Questions for Steve Viera

We asked Steve Viera, Intel's Supply Chain Responsibility Program chair, some questions about the challenges and potential improvements in our supply chain.

#### [What is Intel doing to drive corporate responsibility improvements in its supply chain?](#)

Much of our recent focus has been working with our industry as an active member of the Electronic Industry Citizenship Coalition (EICC). We realize that we can have a much greater impact across the entire electronics supply chain collaborating with EICC members. We are starting to see progress on audit process tools and online self-assessment tools. In 2008, we are raising the bar in the areas of Electronic Industry Code of Conduct, supplier ethics, greening of the supply chain, and supplier diversity. For example, the Intel Supplier Day conference in March 2008 featured a new session on CSR that reached over 160 global suppliers representing 80% of our spends. We will also be rolling out new training materials, further developing our green purchasing strategy, and adding EICC criteria into the requirements for the Intel Supplier Continuous Quality Improvement award.

#### [What are your biggest challenges?](#)

From a big-picture perspective, it's getting the entire industry to move in the same direction and hasten the progress of our collective efforts. With our supply chain, we have a big challenge/opportunity with the tactical aspects of implementing the online risk self-assessments and third-party audits to meet our 2008 goals.

#### [Are you seeing evidence of improvements or progress within your supply chain?](#)

Yes, we are seeing evidence of improvements when performing re-validation checks at our sites. We are also seeing greater awareness of the Electronic Industry Code of Conduct, as the EICC has expanded its membership over time. Because of the size and complexity of our supply chain, it will probably take a number of years to ensure that sustainable, continuous improvement is happening.

To reinforce our goals and expectations for suppliers, we present annual awards in recognition of outstanding performance. In 2008, we will be adding EICC criteria to the requirements for the Intel Supplier Continuous Quality Improvement award.

**Ethics Training.** We set ethics expectations with our suppliers during the Intel Supplier Day conference, in meetings with supplier management, and in published information on our supplier web site. We expect our suppliers to report any ethical concerns to Intel, so that we can investigate and take appropriate action. We send an annual letter to suppliers to remind them of the importance of complying with our policies and expectations, including those of the EICC. We also provide localized supplier ethics training—with case studies and translations—for China, India, Latin America, Russia, and Vietnam.

For more information on our ethics expectations, including how to report issues with e-mail links, visit the [Intel Supplier Ethics Expectations](#) section of Intel's Supplier Site.

**Site Visits and Audits.** We visit our suppliers and perform audits. When specific concerns arise from these visits and audits, we work with suppliers to help them understand our expectations and develop appropriate solutions. Since 2000, we have made more than 1,000 site visits to suppliers.

**Supplier Awards.** To reinforce our goals and expectations for suppliers, we present annual awards in recognition of outstanding performance. Awards include Certified Supplier, Preferred Quality Supplier, and Supplier Continuous Quality Improvement. For more information about our supplier awards, visit the [Supplier Quality Programs](#) section of Intel's Supplier Site.

## Our Commitment to the EICC

Intel has been an active member of the EICC since 2004. Members of the EICC work together to create a comprehensive set of tools and methods used to implement the Electronic Industry Code of Conduct, which outlines standards to ensure that working conditions in the electronic industry supply chain are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible.

Intel chaired the EICC from March 2005 through October 2007, and continues to serve as chair emeritus. We also provide our expertise to several EICC working groups.

Intel and the other EICC members achieved the following in 2007:

- The first release of the Electronic Tool for Accountable Supply Chains (E-TASC), a web-based system that facilitates the flow of information and resources among suppliers, auditing firms, and EICC members. Eventually, this tool will house all audit reports in a secure and confidential environment, while allowing member companies to maintain compliance with antitrust requirements.
- The translation of EICC protocols into Chinese, Spanish, and Japanese.
- The launch of two joint audit pilots of EICC members and suppliers, with results shared among multiple customers.
- The completion of stakeholder engagement sessions in Europe and Mexico, designed to clarify what our key stakeholders want. We received feedback that our stakeholders want greater input and influence in the direction of the EICC, and we are working to understand and incorporate this feedback into meaningful action.
- Participation in a Foreign Investment Advisory Service (FIAS) World Bank study on issues related to the supply chain in China. The Global e-Sustainability Initiative (GeSI) and EICC contributed to funding the study.

## EICC Audits: A Two-Way Learning Opportunity

In 2007, as part of our effort to gain experience using the new EICC audit tools, Intel performed a two-week site audit of one of our major suppliers in Asia. We learned a lot about what worked and didn't work with the tools, and shared that information with EICC members. We also learned that this particular supplier needed improvements in overtime management, storage of materials, worker safety, and worker dormitories.

Based on the audit results, the supplier developed a plan of 135 actions designed to address deficiencies. Over the next few months, the supplier provided Intel with regular updates on the actions, including written documentation and photographs. The Intel team performed a follow-up site inspection, which revealed that the supplier had made improvements in food processing, chemical management, and overall management system, but still needed to address issues related to safety (such as a lack of personal protective equipment for handling chemicals) and excess overtime.

### EICC Framework

#### Management Systems

- A management systems approach drives sustainable solutions.
- An industry-wide approach is simpler and more efficient for suppliers.



We continue to monitor this supplier's progress on an ongoing basis. We view these audits not as one-time "pass or fail" sessions, but as opportunities to build relationships with suppliers to continuously improve performance.

### Expectations for Intel as a Supplier

We hold ourselves accountable to meet or exceed the same expectations that we set for our suppliers. As such, we volunteered to have our Chengdu, China facility participate in the EICC phase 1 pilot audit program in 2007. The pilot's purpose included testing the EICC-developed tools and processes, and ensuring that third-party auditors had the skills and capabilities needed to perform quality audits. The objectives were to ensure that audit reports provided both the information necessary to understand performance against the EICC requirements and, when necessary, to establish root causes of deficiencies and appropriate corrective actions. China was selected for the pilot, given the high percentage of electronics manufactured there and stakeholder concerns with labor conditions in the country.

The audit proved successful—both for Intel and the EICC. We were able to validate the EICC tools, processes, and auditor skills, as well as identify areas of improvement in our own operations. For example, we learned the importance of clearly documenting strategies with local permitting authorities when starting construction on new facilities—learnings that we will apply in future projects.

"The EICC audit was a tremendous learning experience for me and my staff," said Allen Wilson, Intel Chengdu Environmental, Health, and Safety manager. "The audit uncovered some minor issues, and the process of surfacing and correcting them strengthened our program. The exercise also validated the rigors of the new EICC process and tools."

### Audit Improves Supplier Performance

The EICC provides not only a code of conduct, but also a framework to help drive continuous improvement in the supply chain. In 2007, one of the suppliers that Intel was evaluating for a potential business relationship notified us of a serious safety incident at its facility. The supplier had done a thorough review of the incident and was open to reviewing it with us.

Instead of immediately disqualifying the supplier, we wanted to ensure that the supplier had acceptable management systems and programs in place for human resources, ethics, the environment, and safety. We requested that the supplier use the EICC audit process to perform an independent third-party review of the incident and the company's overall corporate responsibility programs.

During our discussions with the supplier, we explained what the EICC was, what was involved in the audit process, what the EICC expectations are, and who was capable of performing the audit. Even though we had not made a formal commitment to the supplier, the supplier agreed to do a third-party EICC audit.

The audit identified needed improvements in the supplier's operations in areas such as risk assessment/management, audit processes, and corrective action processes. The audit also revealed issues with working hours, wages and benefits, and general labor management programs. Through the audit process, Intel set expectations for the supplier, and the supplier identified deficiencies in its systems and programs. The audit provided a roadmap for the supplier to improve working conditions, and Intel is monitoring the supplier's progress in making the necessary improvements. As of the end of 2007, about 75% of the discrepancies had been corrected. Intel completed a follow-up review to ensure that ongoing progress is being made on the remaining open items.

Despite the time commitment required for the audit, both Intel and the supplier reported that it was a valuable experience. We learned that familiarizing the industry with the process and working with a new set of auditing tools will require additional time. The firm that conducted the audit experienced a learning curve with the tools, and the supplier was surprised by the breadth and scope of the audit.


**"The EICC audit was a tremendous learning experience for me and my staff. The audit uncovered some minor issues, and the process of surfacing and correcting them strengthened our program. The exercise also validated the rigors of the new EICC process and tools."**

*Allen Wilson, Intel Chengdu EHS Manager*

### Perspective from the Former EICC Chair

Brad Bennett, sustainable development manager and co-chair of Intel's Supply Chain Responsibility Program, chaired the EICC from its inception in March 2005 until October 2007. He remains on the EICC board of directors as chair emeritus. In a recent interview, Bennett commented on his experience with the EICC: "I probably underestimated the challenge associated with bringing together so many companies—and the diversity of corporate and geographical cultures, identities, terminologies, and business models—and unifying all of us in a common direction. It would have been easier for each of our members to create and implement their own program, but we recognized a unique opportunity to bring about positive and lasting improvement for our industry by establishing and maintaining a single voice and standard approach for corporate responsibility. The commitment and dedication of each company and individual involved in the initiative is a testament to this shared value."

Bennett added that demonstrating progress may be the next challenge for the group. "We've worked very hard to develop a common set of tools," he said, "and we now need to identify the right set of metrics that accurately demonstrates that we are making progress. We recognize that we have a very diverse group of stakeholders with wide-ranging interests and expectations of the EICC."



Promoting excellence  
in reporting

## Appendix

Resources in this section are designed to show how the Intel 2007 Corporate Responsibility Report aligns with external reporting standards and indicators. Included is an unedited Report Assurance Statement prepared using the AccountAbility AA1000 Assurance Standard and Global Reporting Initiative (GRI) G3 guidelines. Also included is a GRI Content Index.

# Report Assurance Statement

April 2008

*J. Thomas Anderson, Laura Clise, Nancy Mahtta, Katherine Yue*  
*Thunderbird School of Global Management*

## Introduction

As part of its commitment to sustainability reporting, Intel engaged a team from Thunderbird School of Management to provide independent assurance of their 2007 Corporate Responsibility Report. Our approach to assurance provision utilized the AA1000 Assurance Standard as a guide for assessing the materiality, completeness, and responsiveness of the information presented in the report. In addition, we examined the report's alignment with the GRI G3 Sustainability Reporting Guidelines and GRI Reporting Framework.

## Methodology of Assurance Activities

The review process primarily focused on interviews with key members of Intel's global management and select members of Intel's regional program management. Assurance activities included:

- Interviews with management of Intel Corporation and Intel Foundation to understand processes for planning, program execution, and monitoring
- Interviews with select management to understand methods that Intel uses to solicit feedback from internal and external stakeholders
- Reliance on relevant external audit reports and internal testimony supporting Corporate Responsibility programs
- A site visit
- Verification of select references to additional information as mentioned in the report

## Limitations of Review

Our scope of work did not involve verification of the robustness of the data provided, but rather focused on an assessment of the processes in place for collecting information and engaging with relevant stakeholders. We did not conduct physical inspection of factories or sites, with the exception of a visit to Intel's Ocotillo site and tour of the exterior of three fabrication facilities. As a result, our verification is rooted in our interactions with Intel employees. The level of assurance is limited, as defined by our methodology and limitations of the review.

## Findings

### Materiality

The information included in the report is a good representation of the material issues concerning Intel's sustainable performance and that the report enables stakeholders to make informed judgments, decisions and actions.

### Completeness

Intel has the capability to measure, monitor, and manage issues of sustainability. Intel has provided sufficient detail for a complete and accurate assessment of the issues material to stakeholders. In addition, the report provides links to additional information on the Internet.

### Responsiveness

Intel has adequate systemic processes in place that engage the relevant stakeholders and the report demonstrates that Intel has sufficiently responded to stakeholder concerns.

## Recommendations

- Include program goals and tracking against their achievements across all programs
- Further leverage the use of anecdotal sidebars as illustrations of Intel's impact by clearly tying in Intel's involvement, scope, and the effectiveness of efforts in the community
- Further support workplace program highlights with data on the total budget and utilization per program along with country-specific information
- Include additional information regarding green purchasing activities in detail or through document links to provide a more complete account of this material issue

## Conclusion

Serving as the independent assurance body for Intel's 2007 Corporate Responsibility Report, we conclude that the report provides an accurate account of Intel's activities and performance regarding the sustainability issues most material to its stakeholders. The report also reflects satisfactory reporting against the GRI core indicators.

For additional details regarding our observations and recommendations on each section of the report, view or download the complete [Report Assurance Statement](#).

## About Us

J. Thomas Anderson, Laura Clise, Nancy Mahtta, and Katherine Yue are MBA students at Thunderbird School of Global Management. We conducted this assessment under the supervision of Greg Unruh, Ph.D., Director of the Lincoln Center for Ethics in Global Management. We served as an impartial, independent assurance body and were not paid for our services. Please contact us at [gregory.unruh@thunderbird.edu](mailto:gregory.unruh@thunderbird.edu) with any questions or comments.

# GRI Content Index

This GRI Content Index is provided to assist readers in navigating the report and understanding how our report aligns with the GRI G3 Reporting Guidelines. We self-declare this report to the B+ level. For more information, see the [Overview](#) section of the report or visit the GRI web site at [www.globalreporting.org](http://www.globalreporting.org).

Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>1. Strategy and Analysis</b>					
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	●	<a href="#">Executive Perspective</a>	5	
1.2	Description of key impacts, risks, and opportunities.	●	<a href="#">Management Strategy &amp; Analysis (MS&amp;A)</a> , <a href="#">Corporate Profile</a>	6, 29	Performance to goals and forward-looking goals included in Corporate Profile section. Performance and challenges are described in each major report section.
<b>2. Organizational Profile</b>					
2.1	Name of the organization.	●	<a href="#">Overview</a>	3	
2.2	Primary brands, products, and/or services.	●	<a href="#">Organizational Profile</a>	12	Additional detail available in <a href="#">10-K/Annual Report</a> .
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	<a href="#">Organizational Profile</a>	13	Additional detail available in <a href="#">10-K/Annual Report</a> .
2.4	Location of organization's headquarters.	●	<a href="#">Organizational Profile</a>	12	
2.5	Number/names of countries where the organization operates.	●	<a href="#">Organizational Profile</a>	15	
2.6	Nature of ownership and legal form.	●	<a href="#">Organizational Profile</a>	12	
2.7	Markets served (including geographic breakdown, sectors served, types of customers/beneficiaries).	●	<a href="#">Organizational Profile</a>	13, 17	Revenue broken down by region, not by country.
2.8	Scale of the reporting organization.	●	<a href="#">Organizational Profile</a>	14	Additional detail available in <a href="#">10-K/Annual Report</a> .
2.9	Significant changes during the reporting period (i.e., size, structure, ownership, changes in operations).	●	<a href="#">Organizational Profile</a>	13	Additional detail available in <a href="#">10-K/Annual Report</a> .
2.10	Awards received in the reporting period.	●	<a href="#">Awards and Recognition</a>	28	

**Key:** ● = covered in report  
 ● = partially covered in report  
 ○ = not covered in report













*continues on next page*

Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>3. Report Parameters</b>					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	<a href="#">Report Scope and Profile</a>	3	
3.2	Date of most recent previous report.	●	<a href="#">Report Scope and Profile</a>	3	
3.3	Reporting cycle (annual, biennial, etc.)	●	<a href="#">Report Scope and Profile</a>	3	
3.4	Contact point for questions regarding the report or its contents.	●	<a href="#">Report Scope and Profile</a>	3	
3.5	Process for defining report content.	●	<a href="#">MS&amp;A</a>	6	
3.6	Boundary of the report.	●	<a href="#">Report Scope and Profile</a>	3	
3.7	Limitations on scope and/or report boundary.	●	<a href="#">Report Scope and Profile, MS&amp;A</a>	3, 6	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations.	●	<a href="#">Report Scope and Profile</a>	3	Additional detail available in <a href="#">10-K/Annual Report</a> .
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques.	◐	<a href="#">Report Scope and Profile, Performance Indicators</a>	3, 57	Some information provided related to key environmental performance indicators, including normalized production index.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	●	<a href="#">Performance Indicators</a>	57	Some historical figures have been restated. The majority reflect minor changes that occur when new information is received after the close of the data collection period. The most significant change pertained to the historical data for normalized chemical waste generated; figures were recalculated after an error was discovered in wafer start data used to calculate figures in last year's report.
3.11	Significant changes from previous reporting periods (scope, boundary, or measurement methods).	●	<a href="#">Report Scope &amp; Profile, Organizational Profile, Performance Indicators</a>	4, 12, 57	No significant changes in scope or boundary. In 2007, we aligned with our benchmark companies and included fuel substitution in our calculation for chemical recycling.
3.12	Table identifying the location of the Standard Disclosures in the report.	●	<a href="#">GRI Index</a>	89	
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	<a href="#">Report Assurance, Assurance Statement</a>	4, 88	
<b>4. Governance, Commitments, and Engagement</b>					
4.1	Governance structure of the organization, including committees under the highest governance body.	●	<a href="#">MS&amp;A, Governance and Ethics</a>	8, 18	Detail on corporate responsibility management structure included in MS&A section; additional information on Board committees and composition available in the <a href="#">2008 Proxy</a> .
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	●	<a href="#">Governance and Ethics</a>	18	















*continues on next page*

Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>4. Governance, Commitments, and Engagement (continued)</b>					
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	<a href="#">Governance and Ethics</a>	18	
4.4	Mechanisms for shareholders and employees to provide recommendations to the highest governance body.	◐	<a href="#">External Engagement, Open and Honest Communication</a>	19, 41	Information provided in the report on general communications policies and feedback loops, but not specific reference to Board of Directors access.
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	<a href="#">Compensation and Benefits</a>	41	For additional information, see <a href="#">10-K/Annual Report</a> and the <a href="#">2008 Proxy</a> . Note that beginning in 2008, every employee's compensation (including senior management) will include a component linked to achievement of our environmental goals.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	<a href="#">Governance and Ethics</a>	18	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	◐	<a href="#">Governance and Ethics</a>	18	Information on Board of Director qualifications included in our <a href="#">Corporate Governance Guidelines</a> and in the <a href="#">2008 Proxy</a> . Qualifications on environmental and social topics not specifically referenced in these disclosures.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	<a href="#">Governance and Ethics, Workplace, Supply Chain</a>	18, 34, 81	Intel Values covered in Workplace section. Intel Code of Conduct covered in Governance and Ethics. Human Rights Policies/ Electronic Industry Code of Conduct included in the Supply Chain section.
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance.	●	<a href="#">MS&amp;A, Governance and Ethics</a>	8, 18	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	◐	<a href="#">Governance and Ethics</a>	18	Some information provided. Additional information is included in our <a href="#">Corporate Governance Guidelines</a> .
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	<a href="#">Environment</a>	53	Intel's Code of Conduct states: "We support a precautionary approach to the materials used in our products and strive to reduce and minimize the use of hazardous materials and the environmental impact of our manufacturing technologies."
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	<a href="#">MS&amp;A, Supply Chain</a>	8, 80	















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Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>4. Governance, Commitments, and Engagement (continued)</b>					
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.		<a href="#">MS&amp;A, Worldwide Policy Agenda, Political Accountability, Environment, Education</a>	6, 24, 27, 51, 69	We discuss our memberships at a high level in the Worldwide Policy Agenda section and MS&A section. We have a significant number of memberships in the areas of education and environment; information on these topics is discussed in the respective report sections.
4.14	List of stakeholder groups engaged by the organization.		<a href="#">External Engagement</a>	22	
4.15	Basis for identification and selection of stakeholders with whom to engage.		<a href="#">MS&amp;A, External Engagement</a>	9, 22	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		<a href="#">MS&amp;A, External Engagement</a>	9, 22	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		<a href="#">MS&amp;A, External Engagement</a>	7, 10, 19	
<b>5a. Economic Performance Indicators</b>					
	Management Approach Disclosures: Economic		<a href="#">MS&amp;A, Organizational Profile</a>	6, 12	Additional information also included in <a href="#">10-K/Annual Report</a> .
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. (Core)		<a href="#">MS&amp;A, Organizational Profile, Political Accountability, Strategic Giving</a>	6, 16, 27, 78	Additional information on revenue, cost, and other financial information reported in <a href="#">10-K/Annual Report</a> .
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)		<a href="#">MS&amp;A, Worldwide Policy Agenda, Climate Change</a>	7, 24, 49	Strategy, policy, and actions to address climate change reported in referenced sections.
EC3	Coverage of the organization's defined benefit plan obligations. (Core)		<a href="#">Compensation and Benefits</a>	41	Additional information available in <a href="#">10-K/Annual Report</a> .
EC4	Significant financial assistance received from government. (Core)				Intel does not report this information in this report. However, most of this information is publicly available at the time of site selection. The company's primary use of incentives and grants is for the construction of new facilities. These activities are managed on a local level in the location where they are built, and information is often disclosed by the government or municipality.
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation. (Additional)		<a href="#">MS&amp;A, Compensation and Benefits</a>	7, 41	Some information provided; ratios not reported.
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. (Core)		<a href="#">Supply Chain</a>	84	Information on supplier diversity programs provided, including global expansion of diversity programs. Information on in-country supplier days is also reported.













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Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>5a. Economic Performance Indicators (continued)</b>					
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)				We do not report on specific procedures, but in general our recruiting practices are designed to be inclusive, and we hire from the diverse populations and communities where we operate.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)		<a href="#">Education, Community</a>	63, 71	Information provided on in-kind donations of technology for schools and communities as well as on our Community Solutions and World Ahead programs.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)				
<b>5b. Environmental Performance Indicators</b>					
	Management Approach Disclosures: Environment		<a href="#">MS&amp;A, Organizational Profile, Environment</a>	6, 12, 48	
EN1	Materials used by weight or volume. (Core)				Our systems are not designed to calculate in totality materials in this way, and given our business, in which we essentially take sand and turn it into computer chips, it is not an accurate paradigm to describe our environmental footprint.
EN2	Percentage of materials used that are recycled input materials. (Core)		<a href="#">Responsible Product Design</a>	55	We do not compile total recycled content information. Examples of packaging and recycled product used discussed in Environment section.
EN3	Direct energy consumption by primary energy source. (Core)		<a href="#">Performance Indicators</a>	57	
EN4	Indirect energy consumption by primary source. (Core)		<a href="#">Performance Indicators</a>	57	
EN5	Energy saved due to conservation and efficiency improvements. (Additional)		<a href="#">Climate Change</a>	50	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. (Additional)		<a href="#">Climate Change, Responsible Product Design</a>	49, 55	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)		<a href="#">Climate Change</a>	50	
EN8	Total water withdrawal by source. (Core)				We do not report our water use in this way; we report total water use. See EN10.
EN9	Water sources significantly affected by withdrawal of water. (Additional)				We know of no significant ecosystem impacts. Certain Intel sites publish more comprehensive environmental data for community or regulatory use, including Arizona, New Mexico, and Ireland.
EN10	Percentage and total volume of water recycled and reused. (Additional)		<a href="#">Driving Sustainability in Our Operations, Performance Indicators</a>	53, 57	Total water use in 2007 was 7,517 million gallons.










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Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>5b. Environmental Performance Indicators (continued)</b>					
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas. (Core)				Not reported in this manner. Some may consider the Philippines or Costa Rica biodiversity-rich areas; the number, size, and location of facilities that we own can be found in the Organizational Profile section and in our <a href="#">10-K/Annual Report</a> .
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. (Core)				We know of no major impacts on biodiversity from Intel operations or products.
EN13	Habitats protected or restored. (Additional)				We do have protected or restored areas on some of our sites, but have not included detailed information in this year's report.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity. (Additional)				Since 1994, Intel has worked with Conservation International to connect scientists and conservationists around the world by providing information technology tools and training. Intel and Conservation International's Center for Applied Biodiversity Science recently re-launched the Biodiversity Hotspots web site ( <a href="http://www.biodiversityhotspots.org/Pages/default.aspx">www.biodiversityhotspots.org/Pages/default.aspx</a> ) containing detailed information about the world's biodiversity hotspots.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk. (Additional)				We know of no IUCN Red List species and national conservation list species with habitats in areas affected by our operations.
EN16	Total direct and indirect greenhouse gas emissions by weight. (Core)		<a href="#">Performance Indicators</a>	57	
EN17	Other relevant indirect greenhouse gas emissions by weight. (Core)		<a href="#">Performance Indicators</a>	57	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)		<a href="#">Climate Change, Performance Indicators</a>	50, 57	
EN19	Emissions of ozone-depleting substances by weight. (Core)		<a href="#">Performance Indicators</a>	57	
EN20	NOx, SOx, and other significant air emissions by type and weight. (Core)		<a href="#">Performance Indicators</a>	57	
EN21	Total water discharge by quality and destination. (Core)		<a href="#">SARA Title III Table</a>	59	Reported for the U.S. by site; not compiled for reporting globally.
EN22	Total weight of waste by type and disposal method. (Core)		<a href="#">Performance Indicators</a>	57	
EN23	Total number and volume of significant spills. (Core)		<a href="#">Inspections and Compliance</a>	62	No spills were reported in 2007. Other non-compliance issues are reported.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. (Additional)		<a href="#">SARA Title III Table</a>	59	Hazardous waste reported. Transport, import, and export information not reported.

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Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>5b. Environmental Performance Indicators (continued)</b>					
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. (Additional)				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)		<a href="#">Responsible Product Design</a>	55	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category. (Core)				Intel does not have the data collection processes to track, record, and report this information. However, given the precious metal content in some of our products, we expect this percentage to be significant.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)		<a href="#">Inspections and Compliance</a>	62	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. (Additional)				In the last year, we have better defined our logistical, product, and employee footprints, but are still working on refining this further before publishing.
EN30	Total environmental protection expenditures and investments by type. (Additional)				We do not currently aggregate our total environmental expenditures in this manner, as investments in environmental protection or actions to reduce our environmental footprint are initiated or funded out of different business groups across the company.
<b>5c. Social Performance Indicators: Labor Practices</b>					
	Management Approach Disclosures: Labor Practices		<a href="#">MS&amp;A, Organizational Profile, Workplace</a>	6, 12, 32	
LA1	Total workforce by employment type, employment contract, and region. (Core)		<a href="#">Workplace</a>	33	
LA2	Total number and rate of employee turnover by age group, gender, and region. (Core)		<a href="#">Workplace</a>	33	Information provided on turnover by gender and region, but not by age.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)				
LA4	Percentage of employees covered by collective bargaining agreements. (Core)				Not specifically referenced in the report, but the percentage is zero.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)		<a href="#">MS&amp;A, Workplace</a>	6, 32	

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Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>5c. Social Performance Indicators: Labor Practices <i>(continued)</i></b>					
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs. (Additional)		<a href="#">Health and Safety</a>	45	Many Intel organizations have what are termed Safety Leadership Teams made up of a cross-section of employees. Intel operations are also reviewed periodically as part of Intel's Safety Self-Assessments; these include formal interactions between senior managers and employees.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)		<a href="#">Health and Safety</a>	44	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)		<a href="#">Health and Safety</a>	44	
LA9	Health and safety topics covered in formal agreements with trade unions. (Additional)				None exist.
LA10	Average hours of training per year per employee by employee category. (Core)		<a href="#">Career Growth and Development</a>	38	Average hours not reported, but report total average investment per employee (\$2,767 per employee in 2007). In addition, tuition reimbursement investment for U.S. employees totaled \$18.7 million in 2007.
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)		<a href="#">Career Growth and Development</a> , <a href="#">Compensation and Benefits</a>	38, 43	Intel's approach is atypical: we offer voluntary separation programs and support. Our separation packages include not only separation pay and benefits but also career counseling. Since the early 1990s, Intel's redeployment program has provided employees affected by business change with up to four months of salary and benefits in addition to training and outplacement assistance. Career resource centers and learning centers also provide support.
LA12	Percentage of employees receiving regular performance and career development reviews. (Additional)		<a href="#">Career Growth and Development</a> , <a href="#">Compensation and Benefits</a>	38, 41	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. (Core)		<a href="#">Workforce Diversity</a>	36	
LA14	Ratio of basic salary of men to women by employee category. (Core)				Not reported. Breakdown of top 50 in senior management in terms of compensation provided in Workforce Diversity section.

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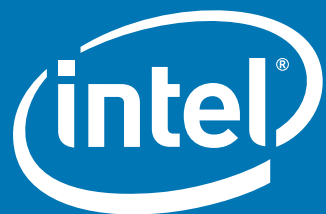
Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>5d. Social Performance Indicators: Human Rights</b>					
	Management Approach Disclosures: Human Rights	●	<a href="#">MS&amp;A, Organizational Profile, Supply Chain</a>	6, 12, 80	
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. (Core)	◐			Our comprehensive site selection process evaluates several criteria, including the land's physical characteristics, local utility infrastructure, transportation capabilities, human and labor rights, permitting and investment conditions, and risk assessment of security issues such as corruption, terrorism, crime, and political instability.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	◐	<a href="#">Supply Chain</a>	80	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained. (Additional)	◐	<a href="#">Governance and Ethics</a>	18	Training on Intel's Code of Conduct and other policies and procedures is mandatory for every Intel employee. Content is covered in various courses, both classroom and web-based training.
HR4	Total number of incidents of discrimination and actions taken. (Core)	○			Results, while compiled for internal review and action, are not publicly reported.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)	○			Intel's Code of Conduct and Principles for Responsible Business cover actions at all Intel operations and include references to protecting human rights and the right of employees to associate or not associate with third-party organizations. Our Human Rights policies can be found in the Supply Chain section of the report.
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	●			We have identified no operations with significant risk for child labor. We also have Intel standards in place as well as standards in place for Intel suppliers.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor. (Core)	●			We have identified no operations with significant risk for forced or compulsory labor. We also have Intel standards in place as well as standards in place for Intel suppliers.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. (Additional)	◐			Intel's direct security organization personnel undergo the same Code of Conduct training as every other Intel employee. Contracted officers receive separate training that encompasses human rights expectations globally.
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. (Additional)	○			

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Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>5e. Social Performance Indicators: Society</b>					
	Management Approach Disclosures: Society	●	<a href="#">MS&amp;A, Organizational Profile, Education, Community</a>	6, 12, 63, 71	
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. (Core)	●	<a href="#">External Engagement, Community</a>	19, 71	
S02	Percentage and total number of business units analyzed for risks related to corruption. (Core)	◐	<a href="#">Governance and Ethics</a>	18	Percentage not reported. However, detail on our Ethics and Compliance programs is reported.
S03	Percentage of employees trained in organization's anti-corruption policies and procedures. (Core)	●	<a href="#">Governance and Ethics</a>	18	See HR3. Employees with responsibilities that put them in contact with government representatives are subject to additional required training courses, including one on the Foreign Corrupt Practices Act.
S04	Actions taken in response to incidents of corruption. (Core)	◐	<a href="#">Governance and Ethics, Supply Chain</a>	18, 82	
S05	Public policy positions and participation in public policy development and lobbying. (Core)	●	<a href="#">Worldwide Policy Agenda</a>	24	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	●	<a href="#">Political Accountability</a>	27	
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional)	●			Reported in <a href="#">10-K/Annual Report</a> .
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)	●			Reported in <a href="#">10-K/Annual Report</a> .
<b>5f. Social Performance Indicators: Product Responsibility</b>					
	Management Approach Disclosures: Product Responsibility	●	<a href="#">MS&amp;A, Organizational Profile, Responsible Product Design</a>	6, 12, 55	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. (Core)	●	<a href="#">Responsible Product Design</a>	55	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome. (Additional)	○			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	◐	<a href="#">Supply Chain</a>	84	Detailed information provided to materials suppliers on our <a href="http://supplier.intel.com">supplier.intel.com</a> web site.

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Indicator	Description	Status	Report Links	Page(s)	Explanatory Notes
<b>5f. Social Performance Indicators: Product Responsibility (continued)</b>					
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcome. (Additional)	●			This number is zero.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)	◐	<a href="#">Workplace</a>	32	In 2007, 25% of every employee's bonus was tied to improvement in customer responsiveness. Additional information available in Intel's Quality System Handbook at <a href="http://www.intel.com/design/quality/isyh.htm">www.intel.com/design/quality/isyh.htm</a>
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	◐			Covered in Intel's Code of Conduct.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcome. (Additional)	○			We don't report number of incidents of non-compliance, but these issues are covered in our Code of Conduct.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. (Additional)	○			Information on Intel's privacy policy is available at <a href="http://www.intel.com/sites/corporate/privacy.htm">www.intel.com/sites/corporate/privacy.htm</a>
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. (Core)	●			This number is zero.



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