2009 Corporate Responsibility Report

Sponsors of Tomorrow. (intel)

At Intel, we never stop looking for bold ideas in technology, business, manufacturing, and corporate responsibility.

In this report, we discuss our corporate responsibility performance during 2009, including our strategic approach to key environmental, social, and governance indicators. This report was prepared using the Global Reporting Initiative* (GRI) G3 guidelines, and we self-declare the report at the GRI Application Level A.

Corporate responsibility is about doing the right things right. Throughout Intel's history, we have focused on building an ethical culture, reducing our environmental impact, investing in our employees, and engaging with our communities. Our approach has created value not only for our stakeholders and society, but also for Intel. We have reduced costs through energy conservation investments, minimized risk by proactively working with our communities and supply chain, and enhanced our reputation as a leading corporate citizen by building trusted relationships around the world.

In 2009, we continued to invest in our corporate responsibility priorities, despite difficult economic conditions. We completed a number of energy efficiency, water conservation, and solar installation projects in our facilities, and Intel remained the largest purchaser of "green" power in the U.S., according to the U.S. Environmental Protection Agency. To help drive accountability, again this year a portion of all employees' variable compensation was dependent upon Intel achieving its environmental goals. We also became a member of the United Nations Global Compact and published new Human Rights Principles, reinforcing our commitment to leadership in corporate responsibility.

Corporate responsibility for Intel is also about innovation, as we apply our resources to address global challenges. In 2009, we launched the Intel Sponsors of Tomorrow™ marketing campaign, which celebrates the accomplishments and contributions of Intel employees—innovators in the truest sense of the word. I continue to be amazed by their relentless focus on operational excellence, and their generosity in sharing their time and talent in our communities. Every day they are discovering new ways to bring about improvements in education, the environment, and healthcare.

By improving the energy-efficient performance of our products, for example, our employees are helping our customers and entire segments of the economy reduce energy use and address climate change. We estimate that the conversion to the energy-efficient Intel® Core™ microarchitecture saved up to 26 terawatt-hours of electricity between 2006 and 2009, compared to the technology it replaced. Our employees are also involved in initiatives to accelerate the integration of intelligent renewable energy sources, smart grids, and smart buildings.

Innovation—and the economic development and competitiveness of countries—depend on the availability of a workforce with a strong mastery of math and science and the skills to apply knowledge in new ways. To inspire the next generation of innovators, Intel continues to partner with governments and educators to develop and implement programs that combine technology, Internet connectivity, and training to improve teaching and learning around the world.

In 2009, we faced challenges related to antitrust allegations, including cases brought by the European Commission, the U.S. Federal Trade Commission, and the New York Attorney General. We firmly believe that Intel has operated fairly and lawfully, and we are continuing to appeal and to make our arguments in a court of law.

We also faced challenges in reducing our water use and waste generation in 2009, but we expect that the implementation of new technologies will enable us to improve our performance in these areas so we can achieve our 2012 environmental goals.

As you read this report, I hope that you will sense a continued progression, noting how we are building on successes, further integrating corporate responsibility into our culture and decision-making processes, and seeking new challenges to work on. We appreciate that our leadership position—in both innovation and corporate responsibility—must be earned every day. We welcome your feedback on this report, as well as suggestions for how we can drive performance improvements and increase value for our stakeholders around the world.

Paul S. Otellini
President and Chief Executive Officer

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Intel by the Numbers.

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Corporate Profile

Intel is committed to pushing the boundaries of technology to make the lives of people everywhere more exciting, fulfilling, and manageable. We enable innovation across a spectrum of computing devices by building successive generations of microprocessors that can cost less to manufacture, have improved performance and energy efficiency, and offer more capabilities.

? Click on icon to view locations of Intel's wafer fabrication facilities (fabs) and assembly and test sites around the world.
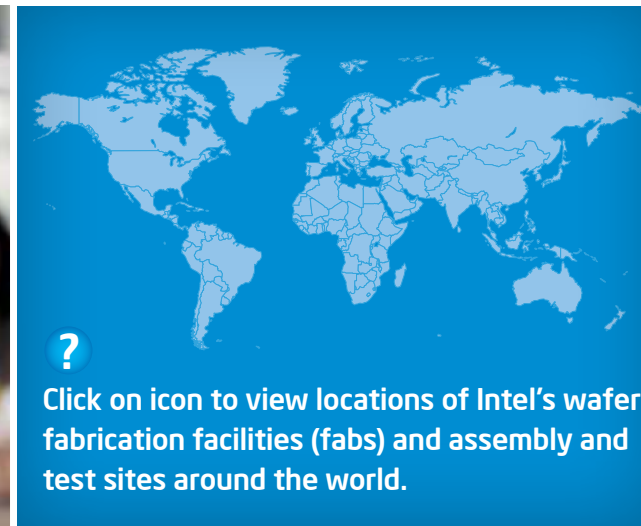
90%
Percentage of revenue at end of year from products that did not exist at beginning of year

64%
Percentage of wafer manufacturing that takes place at our sites in the U.S.

>2 Billion
Number of transistors on our microprocessors

Key Corporate Links

Intel 2009 Annual Report and Form 10-K

Intel Investor Relations

Intel Products

Technology Leadership

Innovation at Intel

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Intel is the world's largest semiconductor chip maker, based on revenue. We develop advanced integrated digital technology products, primarily integrated circuits, for industries such as computing and communications. We serve customers in more than 120 countries, and at fiscal year-end 2009 had 79,800 employees in more than 50 countries. To learn more about Intel's history of innovation, visit our Corporate Timeline web site.

Products

Our products include microprocessors, chipsets, motherboards, and wire-less and wired connectivity products, as well as platforms that incorporate these components. We strive to optimize the overall performance improvements of our products by balancing increased performance capabilities with improved energy efficiency. The substantial majority of our revenue is from the sale of microprocessors and chipsets. Most of our microprocessors are based on the latest generation Intel® Core™ microarchitecture.

Over time, we have delivered products that offer more capabilities and are faster, more energy-efficient, and more affordable. Intel's first micro-processor, the 4004—introduced in 1971—incorporated 2,251 transistors. Today, we manufacture microprocessors that incorporate more than 2 billion transistors per chip. Compared to the 4004, our first 32-nanometer (nm) processors, introduced in early 2010, are 5,000 times faster and have transistors that cost 100,000 times less than the Intel 4004. If the cost-performance of the automobile followed a similar path, today's cars could run at 470,000 miles per hour, get 100,000 miles per gallon, and cost only three cents. For more information, visit our Products web site or our 2009 Annual Report and Form 10-K.

Customers

We sell our products primarily to original equipment manufacturers (OEMs) and original design manufacturers (ODMs). We also 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. In 2009, Hewlett-Packard Company accounted for 21% of our net revenue and Dell Inc. accounted for 17% of our net revenue. No other customer accounted for more than 10% of our net revenue. In 2009, 80% of our revenue came from customers outside the Americas.

Operating Segments

At the end of 2009, we reorganized our business to better align our major product groups around the core competencies of Intel® architecture and our manufacturing operations. After the reorganization, we have nine operating segments.

Intel Operating Segments	
Operating Segment	**Description**
PC Client Group	Delivering a high-quality computing and Internet experience through Intel® architecture-based products and platforms, primarily for notebooks, netbooks, and desktops.
Data Center Group	Delivering server, storage, and workstation plat-forms for small, medium, and large enterprises.
Embedded and Communications Group	Delivering Intel architecture-based products as solutions for embedded applications through long life-cycle support, software and architectural scalability, and platform integration.
Digital Home Group	Delivering Intel architecture-based products for next-generation consumer electronics devices with interactive Internet content and traditional broadcast programming.
Ultra-Mobility Group	Building a business in the next-generation handheld market segment with low-power Intel architecture-based products.
NAND Solutions Group	Delivering advanced NAND flash memory products for use in a variety of devices.
Wind River Software Group	A wholly owned subsidiary delivering device software optimization products to the embedded and handheld market segments, serving a variety of hardware architectures.
Software and Services Group	Delivering software products and services, in addition to promoting Intel architecture as the platform of choice for software development.
Digital Health Group	Delivering technology-enabled products designed to reduce healthcare costs and connect people and information to improve patient care and safety.

In 2009, 75% of our revenue was attributable to the PC Client Group, 19% to the Data Center Group, and 7% to all other operating segments.

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Global Operations

At the end of fiscal 2009, 64% of our wafer fabrication, including micro-processors and chipsets, was conducted within the U.S. at our facilities in Arizona, Oregon, New Mexico, and Massachusetts. The remaining 36% of our wafer fabrication was conducted outside the U.S. at our facilities in Ireland and Israel. We are building a wafer fabrication facility (fab) in China that is expected to begin production in late 2010.

▷ **Watch Video**

Following the manufacturing process, the majority of our components are assembled and tested at facilities in Malaysia, China, and Costa Rica. We are building an assembly and test facility in Vietnam that is expected to begin production in the second half of 2010. In addition, we have sales and marketing offices worldwide.

As of the end of fiscal 2009, the substantial majority of our microprocessors were manufactured on 300mm wafers using our 45nm process technology, and we introduced the first products based on our 32nm process technology. We have also already demonstrated the world's first 22nm process technology, on track for production in 2011. The benefits of moving to each succeeding generation of process technology can include using less space per transistor, reducing heat output from each transistor, and/or increasing the number of integrated features on each chip.

For more information about our products, customers, and operations, see the Intel 2009 Annual Report and Form 10-K.

> **Our mission is to delight our customers, employees, and stockholders by relentlessly delivering the platform and technology advancements that become essential to the way we work and live.**

Countries with More Than 50 Employees[1]

Location	Activities	Employees
Argentina	SD, SM	110
Brazil	OS, SM	135
China	A, C, F[2], OS, R, SD, SM	6,993
Costa Rica	A, OS	2,709
Germany	C, R, SD, SM	370
Hong Kong	OS, SM	182
India	OS, R, SD, SM	2,349
Ireland	F, L, OS, R, SD, SM	2,915
Israel	C, F, OS, R, SD, SM	5,134
Japan	OS, R, SD, SM	524
South Korea	SD, SM	119
Malaysia	A, L, SM, SY	9,382
Mexico	C, OS, R, SM	405
Netherlands	L	163
Philippines	SM	51
Poland	OS, R, SM	402
Russia	OS, R, SD, SM	883
Singapore	OS, SM	154
Taiwan	OS, R, SM	467
United Kingdom	C, OS, SM	719
United States	A, C, F, L, OS, R, SD, SM, SY	42,492
Vietnam	A[2]	249

A Assembly and Test   **C** Communications   **F** Fabrication   **L** Logistics   **OS** Other Support   **R** Research and Development   **SD** Software Design   **SM** Sales and Marketing   **SY** Systems Manufacturing

[1] As of December 31, 2009.
[2] Our wafer fabrication facility in Dalian, China and our assembly and test facility in Vietnam were both under construction in 2009.

Intel is headquartered in Santa Clara, California and incorporated in the state of Delaware. We have over 300 facilities located in more than 50 countries.

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Our Approach to Corporate Responsibility

By incorporating corporate responsibility into our strategy and objectives, we manage our business more effectively and find ways to apply our technology and expertise to benefit the environment and society. Our focus on corporate responsibility helps us mitigate risks, reduce costs, protect brand value, and identify market opportunities.

9

Number of years Intel has published a corporate responsibility report

›80

Awards and recognitions received for our corporate responsibility performance in 2009

6

Years that we have had a Board committee with oversight for corporate responsibility

Key Corporate Responsibility Links

Corporate Responsibility at Intel

Intel Values

Awards and Recognitions

UN Global Compact Communication on Progress

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An Integrated, Strategic Approach

We do not view corporate responsibility as something separate from our business; it is part of an integrated management approach that helps us create long-term business value. Our approach is rooted in our commitment to ethics, transparency, collaboration, and innovation.

For decades, the backbone of our corporate culture has been our Intel Values: Customer Orientation, Discipline, Quality, Risk Taking, Great Place to Work, and Results Orientation. These values define who we are and how we act as employees and as a company. They move us forward toward common goals—in business and corporate responsibility.

We are committed to transparency in our corporate responsibility performance, as it holds us accountable and encourages two-way dialogue with our employees and other stakeholders. As highlighted throughout this report, we focus on building relationships and partnerships with external organizations to help improve our performance and increase the impact of our programs and initiatives. We strive to apply the same level of innovation to tackling global challenges with technology as we do in our products and manufacturing.

Frameworks such as the United Nations Millennium Development Goals (MDGs) help inform our corporate responsibility strategy. While we keep all of the MDGs in mind, we focus on two areas where we believe Intel is especially well suited to play a transformative role: education quality and access, and environmental sustainability. We believe that our technology can play a significant role in improving education, and that we can combine information and communications technology (ICT) with our experience in environmental management to help improve energy efficiency and address critical challenges such as climate change.

Other frameworks also inform our thinking on corporate responsibility. In 2009, to reinforce our commitment to corporate responsibility, Intel became a member of the United Nations Global Compact. We also published new Human Rights Principles in 2009, which reference external human rights standards.

Our corporate strategy includes specific goals related to building new businesses while tackling global challenges in the areas of education, healthcare, and environment and energy efficiency. The Intel World Ahead Program, launched in 2006, focuses on connecting the next billion people to technology around the world through improved technology access, connectivity, education, and digital content and services.

Our Global Strategy
Use our unmatched manufacturing, technology, employee talents, and brand strength to:
Accelerate the PC Globally
Enable an additional 1 billion people to get Internet access by 2012.
Expand PC total available market and footprint (netbooks, visualization, system-on-a-chip capabilities).
Establish Intel® architecture as the building block for the Internet cloud and data center.
Extend Intel® Architecture into Three Adjacent Market Segments
Deliver high-volume mobile Internet devices and smartphones by 2012.
Grow in the embedded market by enabling 120 million units of new devices.
Win high-volume consumer electronics devices in the living room.
Build New Businesses by Tackling Big Problems
Digital Divide. Make WiMAX available to 1.2 billion people by 2012.
Education. Train 10 million teachers by 2011, and get 500 million devices into students' hands.
Energy and Environment. Use our architectures and transistor technology to make a difference.
Services. Grow new revenue built on unique Intel platform features.
Health. Connect people and information to reduce costs and increase the quality of healthcare.

To drive clarity and focus on our global strategy, Intel leaders created a one-page corporate strategy document with these objectives and distributed it to some 80,000 employees.

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Management and Decision-Making

At Intel, we never view corporate responsibility and sustainability as "finished"; we maintain a focus on continuous improvement, taking steps each year to further integrate these concepts more deeply into our decision-making, corporate culture, and compensation practices.

We rely on a number of cross-functional groups to effectively manage corporate responsibility and sustainability activities across the organization. In addition to Board of Directors-level responsibility and oversight, we have a number of Management Review Committees (MRCs) that bring together senior leaders from different business groups to review our performance and set direction. For example, our Eco-MRC, headed by our senior vice president and general manager of manufacturing and supply chain, meets monthly to review Intel's approach to environmental management and sustainability practices. Our Corporate Responsibility MRC reviews emerging issues across a range of corporate responsibility focus areas.

Our global Corporate Responsibility Office acts as an internal business advisor to groups across the company. Groups that manage key aspects of our corporate responsibility performance include, but are not limited to, Environmental Health and Safety, Eco-Technology Program Office, Ethics and Compliance Program Office, Corporate Affairs Group, Global Public Policy, Human Resources, Corporate Diversity, Supply Chain, and Information Technology.

To more effectively manage environmental and sustainability issues across the organization, in 2009 a cross-functional group led by an Intel corporate vice president brought together representatives from key groups across Intel—including Environmental Health and Safety, Corporate Responsibility, the Eco-Tech Program Office, and Information Technology—to develop clear and consistent strategies for improving our environmental performance.

In recent years, investors have been increasingly concerned about the connection between corporate responsibility performance and the creation of business value. We have long believed that a strategic and integrated approach to corporate responsibility and sustainability results in clear benefits for our company and our stakeholders.

We have engaged in discussions about this connection, both externally with investors and research organizations, and internally. In 2009, we participated in a number of projects on this topic, including one with the Boston College Center for Corporate Citizenship on the link between community engagement and business value. Working with a team from our corporate finance organization, we also began exploring the development of a new framework to assess the impact of environmental, social, and governance (ESG) factors and investments on our business and help us improve our reporting on these impacts. In addition, we began work on new finance tools to help us better integrate these factors into our decision-making processes.

The framework looks at how corporate responsibility and ESG factors create business value across four key areas: revenue, operations, risk management, and brand. For example, our focus on designing products with improved energy-efficient performance helps us meet new customer needs and indentify market expansion opportunities. Our investments in energy efficiency in our operations have helped to reduce our emissions and have reduced our energy costs. High-quality training, diversity, and benefits programs enable us to attract and retain the talented workforce that we need in order to drive product innovation and expand into new markets.

"Corporate responsibility is really about management quality. It's about reframing decisions and issues to incorporate a wide range of factors that may impact company success, while recognizing and valuing the impacts on society and the environment."

Shelly Esque, Intel Vice President and Director, Corporate Affairs Group; President, Intel Foundation

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Integrated Value Framework

Revenue	**Growth & Innovation** • Market expansion • Product innovation • New customer needs
Operations	**Cost Savings & Continuous Improvements** • Operational efficiency • Management quality • Employee engagement
Risk Management	**License to Operate & Governance** • Regulatory risk (e.g., environmental) • Community engagement • Supply chain responsibility
Brand	**Reputation & Goodwill** • Differentiation • Trusted partner • Goodwill

Integrating corporate responsibility and sustainability into our business and decision-making creates value for Intel in four main ways, as it helps us: (1) reduce risk and protect our license to operate, (2) improve the efficiency and effectiveness of our operations, (3) protect and build brand value, and (4) drive revenue growth through innovation and identification of new market opportunities. We will continue to refine this new framework, which was based on a number of external frameworks, including one from McKinsey and Boston College Center for Corporate Citizenship.

In 2009, we continued to focus on educating our employees on the importance of corporate responsibility and environmental performance, including increasing our communications about the environmental sustainability component of the Intel Employee Bonus, developing a "green" intranet portal for employees, and expanding skills-based volunteer opportunities to strengthen the impact of our community outreach activities. In 2009, we also updated our annual Code of Conduct training to add more content on our corporate responsibility expectations, specifically those related to human rights and the environment.

Stakeholder Engagement

We derive significant value from our diverse stakeholders and maintain formal management systems to engage with, listen to, and learn from them. We take their feedback seriously, and, when appropriate and relevant to our business, incorporate it into our thinking and planning.

We evaluate our community programs based on input from the local community, and we work to adapt our reporting methodology and the content in this report to meet the needs of our stakeholders.

To supplement face-to-face meetings with stakeholders, we generate ongoing discussion through web tools and social media. We maintain an e-mail account on our Corporate Responsibility web site, enabling stakeholders to share 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 on a wide variety of topics.

In addition, we have an external CSR@Intel blog, where members of our corporate responsibility team and leaders across Intel discuss their views and opinions, and receive and respond to comments made by other blog participants.

In 2009, we also expanded our participation in other social media channels, including Twitter and Justmeans.com, to reach new audiences with information on our corporate responsibility performance. To prioritize our stakeholders and their concerns, we look at both the relevance of the stakeholder's relationship to our business and the importance of the particular issue being raised.

As part of our stakeholder engagement strategy, we have developed a number of tools and processes that provide valuable ongoing feedback to help us shape our corporate responsibility strategy and public reporting.

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Stakeholder Engagement Activities

Stakeholders	Tools and Processes	Benefits and Results
Employees		
	Open-door policy designed to give employees access to management at all levels.	Multiple processes support direct communication up and down the organization. OHS results allow us to track our performance in key areas and identify gaps on a regular cadence. For more detail, see the Workplace section of this report.
	Employee surveys, including our Organizational Health Survey (OHS).	
	Circuit News, our daily intranet "newspaper," which includes direct feedback tools.	
	Quarterly Business Update Meetings for all employees, and Executive Open Forums and webcasts that include Q&A sessions.	
Customers		
	Customer Excellence Program (CEP), a structured program that uses a web-based survey administered by a third-party market research firm to obtain and prioritize customer feedback on the quality of Intel's products and services. A portion of Intel employees' annual variable compensation is tied to CEP results.	Objective customer feedback enables us to identify areas for improvement. In 2009, employees received two additional days of pay based on the high customer satisfaction levels under the CEP. For more information, refer to the Intel Quality System Handbook.
	Consumer Support web site.	
	External blogs, such as Technology@Intel, with discussions of interest to customers.	
Suppliers		
	Intel's Supplier Site.	Setting consistent expectations for our suppliers reduces risk and improves efficiency across our supply chain. In this year's report, based on stakeholder feedback and benchmarking research, we have provided additional detail in the Supply Chain section.
	Intel Supplier Day conference, which brings together hundreds of our top suppliers for training.	
	Participation in the Electronic Industry Citizenship Coalition (EICC).	
Communities		
	Community advisory panels and working groups, two-way forums where community members and Intel representatives collaborate to address community issues and concerns. Community perception surveys and needs assessments conducted as needed.	Maintaining an open dialogue with our communities has allowed us to build positive and constructive relationships at the local level. For more detail on how we use stakeholder feedback to assess and manage our community impacts, see the Community section of this report.
	Intel Community web site, which includes feedback mechanisms.	
	Placement of Intel employees on local nonprofit boards and commissions.	
	Extensive working relationships with educators and educational institutions worldwide, and third-party evaluations of our education programs.	

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Stakeholder Engagement Activities (continued)

Stakeholders	Tools and Processes	Benefits and Results
Investors		
	Regular face-to-face meetings with social responsibility-oriented fund managers and analysts.	Feedback and benchmark data drive improved performance and help us identify emerging issues and concerns. In direct response to feedback received from these groups in 2009 and early 2010, we adopted an advisory vote for our stock-holders on executive compensation, and developed new Intel Human Rights Principles and a new Intel Water Policy. We amended the charter of the Board's Corporate Governance and Nominating Committee (which already included reference to corporate responsibility) to also include language clarifying that the committee is responsible for reviewing sustainability issues as well.
	Timely interaction with investors and research firms through e-mail exchanges, conference calls, and detailed investor surveys.	
	Online stockholder forum, launched in 2009, featuring investor surveys on a range of issues, including questions on corporate responsibility.	
	Intel Corporate Responsibility e-mail account, Intel Investor Relations e-mail account, and CSR@Intel blog.	
Governments and Policy Makers		
	Active engagement in policy and legislative efforts worldwide through individual discussions and exchanges with joint industry and government committees.	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. For more information, visit our Public Policy web site.
	Intel Global Public Policy and Intel Corporate Affairs working with policy makers.	
	New Policy@Intel web site and blog.	
Non-Governmental Organizations (NGOs)		
	Issues meetings, formal dialogues and projects, and multi-sector efforts.	Intel's interactions with NGOs promote mutual understanding on environmental issues, regional education priorities, technology options and solutions for developing countries, supply chain management issues, and other topics. Details on our collaborations with NGOs in our main corporate responsibility focus areas are covered in other sections of this report.

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Corporate Responsibility Materiality Analysis

Identify
Identify issues from a wide range of stakeholders and sources.

Primary Sources
- Employee blogs and forums
- Customer concerns
- Corporate Responsibility web site e-mails
- Results of community advisory panels and community perception surveys
- Meetings/feedback sessions with mainstream and socially responsible investors
- Proxy resolution negotiations
- Ethics and Compliance Oversight Committee
- Strategic chemical review process
- Community relations
- Corporate responsibility/sustainability conferences
- Market research on reputation issues
- Meetings with government officials
- Review of external standards
- Participation in industry working groups

Issues
- Climate change
- Water conservation
- Air emissions/quality
- Education
- Fair compensation
- Stock price performance
- HIV/AIDS
- Antitrust
- Health concerns related to wireless technology
- Energy
- Nanomaterials
- Labor unions
- Materials restrictions
- Employee health
- Privacy
- Political contributions
- Taxes/incentives
- Diversity
- E-waste
- EHS/human rights in the supply chain
- Stockholders' "say on pay" for executive compensation
- Extractives sourcing concerns
- Human right to water

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

Key Criteria
- Business continuity
- Impact to brand/reputation
- Applicability to multiple regions
- Alignment with Intel's business strategies
- Impact on the community
- Ability to attract and retain talent
- Regulatory impacts

This materiality matrix illustrates the topics that we believe are of greatest interest to our stakeholders, who want to make informed decisions about Intel's environmental, social, and economic performance.

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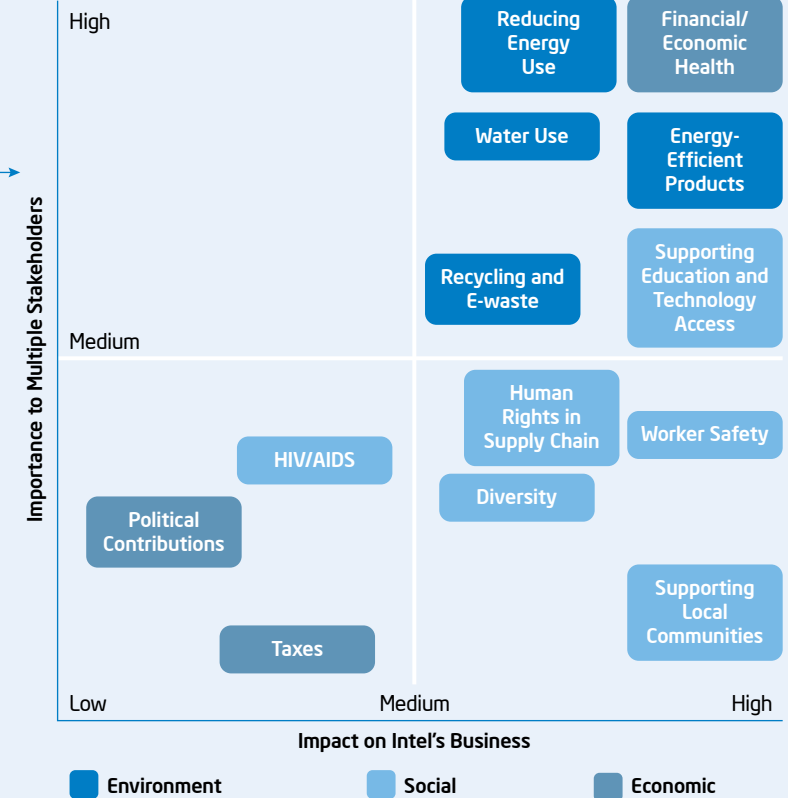
Review
Embed the process in internal decision-making and external review.

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

External Review
- Outreach to socially responsible investors
- Corporate Responsibility Report review
- SustainAbility participation and benchmarking

Decisions
- Set new performance goals
- Initiate new projects or develop new policy
- Communicate with stakeholders
- Include in Corporate Responsibility Report, site/local reports, Corporate Responsibility web site

We have used the Sustainability Materiality Framework developed by the research firm AccountAbility to define corporate responsibility materiality, both for this report and for our strategy development. (Note that "materiality" in this context does not refer to financial materiality.)

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Sustainability Trends: Key Challenges and Opportunities

Climate change, water use, education, labor standards, and supply chain responsibility are among the major sustainability areas that present challenges and opportunities for Intel.

Climate Change and Energy Efficiency

Proposed increased environmental regulation has encouraged Intel to reduce absolute emissions from our operations—even as we grow—and to address the climate change impact of our products. We continue to work on lowering our normalized and absolute emissions, with the goal of a 20% reduction in absolute emissions by 2012 from 2007 levels, and improving the energy-efficient performance of our products. Worldwide efforts to reduce emissions and address climate change also present potential market opportunities for Intel technologies.

Water Use

Sustainable water management is a key focus at Intel and is increasingly important to our external stakeholders. Intel has developed innovative water conservation solutions that we share with local governments and other companies. Still, we continue to face challenges in reducing our water use as our manufacturing processes increase in complexity. We have expanded our disclosure in this report on our water use and conservation efforts, and continue to engage with external organizations to understand changing expectations and emerging best practices. In addition, in early 2010 we adopted a new water policy for the company that reinforces our commitment to conservation and respect for the human right to water.

Education Quality and the Digital Divide

Global economic health and Intel's success depend on young people having access to a quality education and technology. As a leading technology company, we believe that Intel is well-positioned to help governments around the world achieve their economic development and educational goals by effectively integrating technology into their education programs and strategies.

Recycling and Electronic Waste

In 2009, we continued to recycle a high percentage (over 70%) of the solid and chemical waste generated in our operations. However, in the past two years, our chemical waste on a per chip basis has increased, despite our reduction and recycling efforts. We are continuing to put measures in place to address this and expect to meet our 2012 goal. In recent years, we have also seen companies taking an increased interest in managing electronic waste. Intel's products are sold primarily to original equipment manufacturers (OEMs) and other companies that produce finished products. While our components are not typically subject to recycling or electronic waste laws, we work with OEMs, retailers, and others to identify shared solutions for used electronics.

Labor Standards and Supply Chain Responsibility

In our industry and others, companies are taking a more active role in promoting improvements in the labor and safety practices of their suppliers. We have been engaged with other companies in our industry to promote collaboration and shared processes for accountability in the electronics supply chain. While there have been many successes, progress has been slower than expected in a number of key areas, including the industry shared assessment and audit process. We have taken other steps in the past year to promote transparency and accountability in our supply chain, such as disclosing our top 50 suppliers and proactively working with our cobalt, gold, tantalum, tin, and tungsten suppliers to address concerns about extractives and conflict metals in the Democratic Republic of the Congo.

Workforce Diversity

In recent years, we have significantly improved representation of several key categories in our workforce, but we still struggle to improve the number of under-represented minorities and technical females in management and senior leadership positions. In addition, the overall percentage of women in our global workforce has remained relatively flat at about 30% since 2005. We continue to focus on efforts aimed at increasing the number of women and under-represented minorities in our workforce, including investing in the talent pipeline in engineering and technical disciplines.

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Performance Summary

The following table provides a high-level summary of our key economic, environmental, and social indicators. Click on the headings in the table for details found in other sections of this report.

Key Indicators						
Economic		2009	2008	2007	2006	2005
Net revenue (dollars in billions)		$35.1	$37.6	$38.3	$35.4	$38.8
Net income (dollars in billions)		$4.4	$5.3	$7.0	$5.0	$8.7
Provision for taxes (dollars in billions)		$1.3	$2.4	$2.2	$2.0	$3.9
Research and development spending (dollars in billions)		$5.7	$5.7	$5.8	$5.9	$5.1
Capital investments (dollars in billions)		$4.5	$5.2	$5.0	$5.9	$5.9
Environment						
Global-warming emissions (million metric tons of CO_2 equivalents)		1.98	2.49	3.85	4.02	3.78
Energy use (million kWh—includes electricity, gas, and diesel)		5,110	5,649	5,765	5,793	5,292
Water use (millions of gallons)		8,025	7,792	7,517	7,651	6,756
Chemical waste generated (tons)		24,670	28,486	23,260	29,951	27,357
Chemical waste recycled/reused		71%	84%	87%	64%	58%
Solid waste generated (tons)		44,484	83,822	58,746	60,917	54,634
Solid waste recycled/reused		80%	88%	80%	74%	75%
Social						
Workplace	Employees at year end	79,800	83,900	86,300	94,100	99,900
	Women in global workforce	28%	29%	29%	30%	30%
	Investments in training (dollars in millions)	$267	$314	$249	$380	$377
	Safety—recordable rate[1]	0.45	0.47	0.48	0.43	0.44
	Safety—days away case rate[1]	0.09	0.11	0.12	0.11	0.13
Community	Employee volunteerism rate	38%	54%	38%	38%	35%
	Worldwide charitable giving (dollars in millions)[2]	$100	$102	$109	$96	$111
	Charitable giving as percentage of pre-tax net income	1.8%	1.3%	1.2%	1.4%	0.9%
Education	Teachers trained through Intel® Teach Program (millions)	1.2	1.1	1.1	0.9	0.8

[1] Rate based on 100 employees working full time for one year.   [2] Includes total giving (cash and in-kind) by Intel Corporation and Intel Foundation.

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Corporate Responsibility Goal Summary

Based on feedback from stakeholders, we have incorporated the discussion of our performance to goals and future goals into each relevant section of this report. The following table provides a high-level summary of our company-wide goals in key corporate responsibility areas. Click on the links in the table for more detail on our goals in each section of the report.

Goals		
Report Section	**2009 Performance to Goals**	**Goals for 2010 and Beyond**
Environment	At the beginning of 2008, we set new five-year goals related to global-warming emissions, energy, water use, waste reduction, recycling, and product energy efficiency. While we faced challenges in areas such as water conservation and chemical waste, we are taking measures to stay on track to meet our goals by 2012.	In 2010, we will continue to work toward achieving our 2012 environmental goals, with a targeted focus on energy and water conservation, and identifying new ways to reduce the generation of chemical waste.
Workplace	We partially achieved our 2009 diversity goal. While the overall percentage of women in our global workforce remained flat, we saw gains in the number of women in senior leadership roles. We improved early reporting of ergonomic-related injuries by 16%, but fell just short of our 2009 goal.	We will continue to drive key improvements in diversity and hire at full availability for technical under-represented minorities and women. We will also focus on improving our organizational health as measured by our employee Organizational Health Survey. In the area of workplace safety, we will continue to work toward improving early reporting of injuries and drive further reductions in our days away case rate.
Supply Chain	We met most of our supply chain goals, including supplier diversity and increasing the number of risk assessments completed. However, we continued to face challenges in the area of third-party supplier audits.	In 2010, we will continue to work to improve assessment and audit processes. We will also continue to focus on supplier diversity and further integrating environmental, social, and governance factors into our supplier awards, Supplier Report Card, contracts, purchasing specifications, and training.
Community	Our global volunteer rate was just short of our 40% goal, at 38%. The total number of volunteer hours remained strong, at close to 1 million hours, and we saw an increase in our skills-based volunteer hours.	We will work to achieve at least a 40% employee volunteerism rate and further expand our skills-based volunteer program.
Education	We met our goals, including training more than 1.2 million teachers through our Intel® Teach Program and accelerating the adoption of technology curriculum in universities.	For 2010, we will continue our work to advance education transformation through strategic collaborations. We will expand the Intel Teach Program and Intel® Learn Program, reaching more teachers and learners and adding program and curriculum options for greater impact. We will also work toward our target of 100,000 PC donations in emerging markets by 2011.

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Awards and Recognitions

Third-party recognition gives us valuable feedback on our programs and practices, and helps us drive continuous improvement over time.
Below is a selection from more than 80 corporate responsibility awards and recognitions that Intel received in 2009. For more information, visit our Awards and Recognitions web site.

| 2009 Selected Awards and Recognitions |
|---|
| **Overall Corporate Responsibility**

• **Dow Jones Sustainability Indexes.** Listed on North America and World indexes (11th year) and top semiconductor company (9th year)
• **Corporate Knights.** Global 100 Most Sustainable Corporations in the World (5th year)
• **Ethisphere Institute.** World's Most Ethical Companies 2009
• **Fortune.** World's Most Admired Companies (1st in social responsibility in our industry)
• **Covalence.** Ethical Ranking 2009 (2nd overall)
• **Corporate Responsibility magazine.** 100 Best Corporate Citizens 2009 (10th year) (U.S.)
• **FTSE Group.** Listed on the FTSE4Good Index (9th year)
• **MAALA Corporate Responsibility Index.** Platinum rating (6th year) (Israel)
• **Corporate Citizenship Committee.** Five-Star Best Corporate Citizenship Award (China)
• **U.S. Secretary of State.** Award for Corporate Excellence Finalist (Costa Rica)
• **Chambers Ireland.** President's Awards for CSR (for energy conservation and education programs) |
| **Environment**

• **Newsweek.** Top 500 Green Companies in America (4th overall)
• **U.S. EPA.** A Green Power Partner of the Year (2nd consecutive year) (U.S.)
• **Carbon Disclosure Project.** Carbon Disclosure Leadership Index (top companies in technology industry) (global)
• **InfoWorld.** InfoWorld Green 15 (for identifying cost savings and pushing the limits of free cooling in the data center) (U.S.)
• **Confederation of Indian Industry.** Energy Management Award (India) |
| **Business/ Workplace**

• **Fortune magazine and Hewitt Associates.** Top 25 Companies for Leaders (global)
• **BusinessWeek magazine.** Best Places to Launch a Career (U.S.)
• **Working Mother magazine.** 100 Best Companies for Working Mothers (U.S.)
• **American Association of Retired People.** Best Places for Workers over 50 (U.S.)
• **Hewitt Associates, Asian Strategy Leadership Institute.** Top 10 Employers in Malaysia
• **The Marker magazine.** 50 Best Companies to Work For (1st place) (Israel)
• **Institute Japan.** 100 Best Companies to Work For
• **Human Rights Campaign.** Corporate Equality Index (8th year with perfect score) (U.S.)
• **Institute for Health and Productivity Management.** Level II International Corporate Health and Productivity Management Award
• **National Business Group on Health.** Best Employers for Healthy Lifestyles–Gold level (3rd consecutive year) (U.S.)
• **AMR Research.** Top 25 Supply Chains (global) |
| **Community and Education**

• **President of Chile.** Education Bicentennial Award
• **Arizona Governor's Office.** 2009 Volunteer Service Award (U.S.)
• **China Ministry of Education.** Outstanding Contribution to China Education Award (6th year)
• **Ukraine Ministry of Education.** Silver Medal for Innovation in Education
• **New Mexico Governor's Office.** Governor's Award for Corporate Volunteer Program (U.S.)
• **CSR Association of Turkey.** CSR Marketplace Award (for Intel® Teach Program)
• **Commerce magazine.** CSR Award 2009–Best in Community (Vietnam)
• **Mexican Institute of Philanthropy.** Best Practices Award for CSR (for our education programs)
• **Portland Business Journal.** Top Large Company Philanthropist (U.S./Oregon)
• **United Way.** United Way Leadership Award (Brazil)
• **Ministry of Economic Development of the Russia Federation.** Russia CSR Ranking |

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Financial Performance and Economic Impact

While 2009 was a turbulent year for the global economy, we reported our 23rd consecutive year of profitability. Our 2009 results reflect our continued focus on operational efficiency and investment in innovation and manufacturing leadership. The impact of these economic results extends beyond Intel, providing positive benefits to communities at local, regional, and global levels.
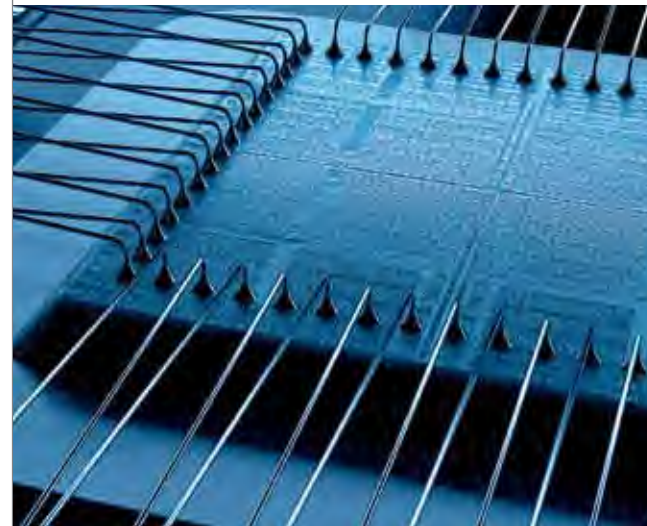
$**5.7** Billion

Amount invested in research and development in 2009

80%

Percentage of revenue generated outside the Americas

$**1.4** Billion

Revenue from Intel® Atom™ processors and associated chipsets in 2009

Key Financial Performance and Economic Impact Links

Intel 2009 Annual Report and Form 10-K

Intel Investor Relations

Intel Products

Technology Leadership

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2009 Financial Performance

We entered 2009 in one of the deepest recessions in our history, and ended it with broad-based demand for our products across all regions and market segments.
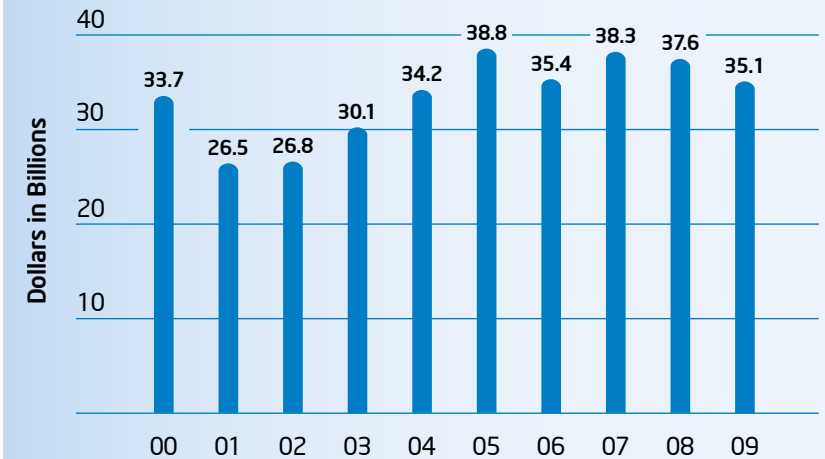
We reported 2009 revenue of $35.1 billion, operating income of $5.7 billion, net income of $4.4 billion, and earnings per share of 77 cents. We generated more than $11 billion in cash from operations, and ended the year with $13.9 billion in cash, short-term investments, and trading assets. Our cash dividend payout for 2009 totaled $3.1 billion.

Despite the worldwide economic recession, microprocessor unit shipments for the PC industry were up 6% in 2009, according to Mercury Research—illustrating how essential computing has become in our lives. As the year progressed, we saw increasingly strong consumer market sales—fueled in large part by the popularity of mobile computers, including easy-to-use, affordable Intel® Atom™ processor-based netbooks. Our revenue for Intel Atom processors and associated chipsets totaled $1.4 billion in 2009.
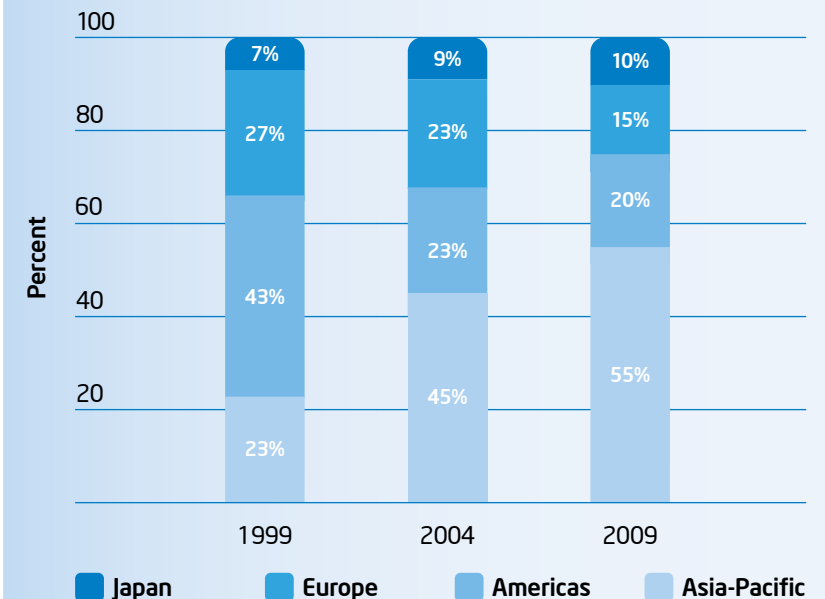
Our 2009 results reflect the impact of a $1.45 billion fine that we incurred in May as a result of the European Commission conclusion that Intel had violated competition laws in Europe. We strongly believe that the decision was wrong and are appealing it. Our results were also affected by a $1.25 billion payment that we made in November to Advanced Micro Devices (AMD) as part of a settlement to end all outstanding legal issues between the companies, including antitrust litigation and patent cross-license disputes. For more information about these antitrust matters, see the Governance, Ethics, and Public Policy section of this report.

We are committed to investing in world-class technology development, particularly in the design and manufacture of integrated circuits. Research and development (R&D) expenditures in 2009 were $5.7 billion. Our capital expenditures were $4.5 billion in 2009.

Net Revenue

Dollars in Billions

Year	Revenue
00	33.7
01	26.5
02	26.8
03	30.1
04	34.2
05	38.8
06	35.4
07	38.3
08	37.6
09	35.1

Geographic Breakdown of Revenue

Percent

	1999	2004	2009
Japan	7%	9%	10%
Europe	27%	23%	15%
Americas	43%	23%	20%
Asia-Pacific	23%	45%	55%

■ Japan ■ Europe ■ Americas ■ Asia-Pacific

In 2009, 80% of our revenue was from outside the Americas, compared to 57% in 1999.

Past performance does not guarantee future results.

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Income Before Taxes and Provision for Taxes

Dollars in Billions

Year	Income Before Taxes	Provision for Taxes
2005	12.6	3.9
2006	7.1	2.0
2007	9.2	2.2
2008	7.7	2.4
2009	5.7	1.3

■ Income Before Taxes   ■ Provision for Taxes

Diluted Earnings Per Share

Dollars

Year	Value
2005	1.40
2006	0.86
2007	1.18
2008	0.92
2009	0.77
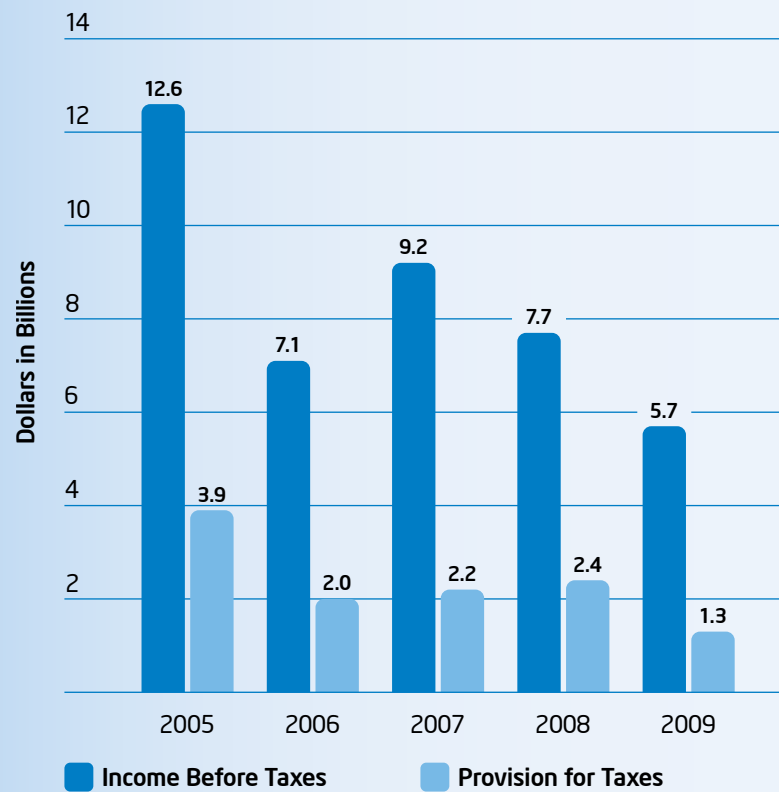
Dividends Per Share Paid

Dollars

Year	Value
2005	0.32
2006	0.40
2007	0.45
2008	0.55
2009	0.56
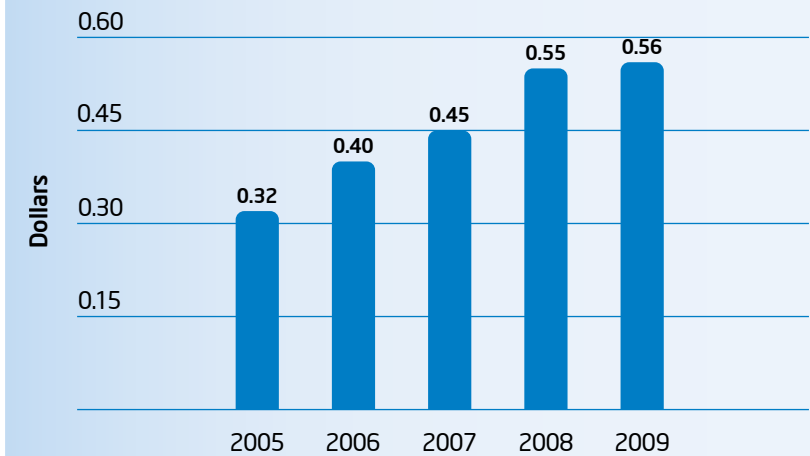
Capital Additions to Property, Plant and Equipment

Dollars in Billions

Year	Value
2005	5.9
2006	5.9
2007	5.0
2008	5.2
2009	4.5
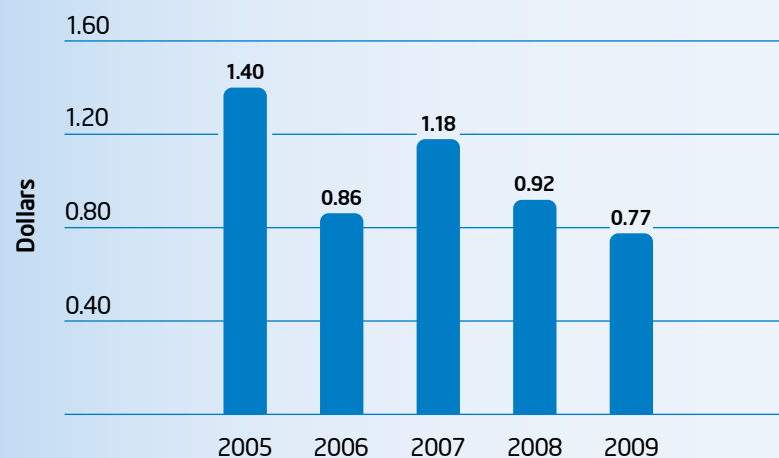
For more information on our financial performance, products, customers, technologies, opportunities, and key challenges, see the Intel 2009 Annual Report and Form 10-K.

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Research and Development

Dollars in Billions

Year	Value
2005	5.1
2006	5.9
2007	5.8
2008	5.7
2009	5.7

"Intel's strong 2009 results reflect our invest-ment in industry-leading manufacturing and product innovation. This strategy has enabled us to generate unprecedented operating effi-ciencies while growing our traditional business and creating exciting new market opportunities, even in difficult economic times."

Paul S. Otellini, Intel President and Chief Executive Officer

Economic Impact

We provide high-paying jobs at our sites and create additional indirect investments in the form of non-Intel jobs and tax revenue.

We have periodically conducted local economic assessments to better understand our impact on the communities where we operate. These assessments have helped us demonstrate a net positive impact on communities and have been important resources in discussions about long-term community viability with local stakeholders and governments. For examples of Intel's impact on communities, read the case studies on Intel Oregon and Intel Costa Rica.

In 2008, we commissioned IHS Global Insight to conduct an independent study of Intel's economic impact in the U.S. and Europe, including our direct and indirect role in fueling economic growth, creating jobs, and enhancing productivity across multiple industries. In the study, "The Economic Impact of Intel Corporation in the United States and European Union, 2001–2007," calculations of Intel's economic contributions are based on four layers of impact; the first three layers measure the direct, indirect, and induced effects of Intel's own operations, and the fourth layer considers produc-tivity gains throughout the economy that stem from the use of Intel® microprocessors.

The study found that between 2001 and 2007, Intel contributed $758 billion to the U.S. gross domestic product (GDP). Of this total, $458 billion was stimulated by Intel's operations and $300 billion was attributable to our productivity-based impact. The study also revealed that Intel contributed $247 billion (€177 billion) to the European Union GDP over the 2001–2007 period. Of this total, $28 billion (€20 billion) came from the operations of Intel and its extended ecosystem, and $219 billion (€157 billion) from productivity-based gains. In January 2009, we launched Intel Labs Europe to further expand the scope of our R&D activities in Europe and promote collaboration with European stakeholders to improve both Europe and Intel's competitiveness in the knowledge economy. For additional details, see our 2008 Corporate Responsibility Report.

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Four Layers of Economic Impact

Direct Impact	Indirect Impact	Induced Impact	Productivity Impact
Intel sells products, provides above-average wages to employees, and pays taxes.	Intel pays suppliers and creates business for resellers, who in turn generate employment.	Consumer spending by Intel employees and supplier and partner employees stimulates additional economic activity.	The use of Intel products and our technology leadership result in productivity gains in the economy.

This illustration was adapted from an IHS Global Insight report graphic. To create the assessment, IHS Global Insight used the IMPLAN methodology, an industry-standard approach for determining the economic ripple effect caused by the production of a product or service.

In 2009, we published a white paper examining the economic impact of broadband Internet connectivity in developing nations. Although economic benefits have been seen in both developed and developing nations, the existing infrastructure, regulatory environment, urban-rural divide, and other factors that affect broadband adoption are often different in developing nations. These differences should not preclude the expansion of broadband in emerging markets; they should instead reinforce the need to adopt best practices that facilitate the rapid and cost-effective deployment of broadband technologies, along with other information and communication technologies and services.

Intel has extensive global experience facilitating broadband deployments in developing nations and views this as an area in which we can have a significant impact working in collaboration with governments and other stakeholders.

We also recognize the role that Intel's investments in education play in helping countries advance economic development and improve competitiveness. For more information, see the Education section of this report.

Despite the strained economic climate over the past year, Intel's continued investments and leadership helped stimulate economic and job growth. In February 2009, Intel President and CEO Paul Otellini announced that the company would spend $7 billion to upgrade our manufacturing facilities in the U.S. The investment is funding the deployment of Intel's industry-leading 32nm manufacturing technology at existing manufacturing sites in Oregon, Arizona, and New Mexico, maintaining approximately 7,000 high-wage, high-skilled jobs and temporarily providing 4,000 contract jobs for technicians and construction workers.

One year later, in February 2010, Intel announced the new Invest in America Alliance initiative focused on stimulating economic recovery and investing in innovation. Led by Intel and supported by 16 other major Fortune 500 companies and venture capital firms, the effort highlights the role that American businesses can play in improving economic competitiveness, by supporting the government's efforts to promote education and innovation and create new business opportunities. Specific actions outlined in the initiative include:

- A commitment from Intel Capital, Intel's global investment organization, and 24 other leading venture capital firms to invest $3.5 billion in U.S. technology companies in 2010 and 2011. This includes a new $200 million Intel Capital Invest in America Technology Fund, which will target key innovation and growth segments, such as clean technology, information technology, and biotechnology.

- Commitments from 17 technology and other corporate leaders to increase as much as two times their hiring of new college graduates, a group whose unemployment rate is significantly higher than the national average. We expect that this commitment could lead to at least 10,500 new jobs in 2010.

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Governance, Ethics, and Public Policy

"Conduct business with uncompromising integrity and professionalism." This statement, part of the formal Intel Values, expresses our commitment to upholding the highest standards of corporate governance and business ethics in our day-to-day activities at Intel and in our engagement with external stakeholders. We work continuously to develop a strong culture of trust through open and direct communication, and we are committed to accountability and transparency in our work on public policy issues.

90%

Percentage of Intel Board made up of independent directors

27%

Percentage of women on our Board at the end of 2009

9

Number of languages in which the Intel Code of Conduct is available

Key Governance Links

Intel Governance and Ethics

Intel Code of Conduct

Human Rights Principles

Intel Public Policy

Competition in the Innovation Economy

Political Accountability Guidelines

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Governance and Ethics

Our corporate governance structure, formal Code of Conduct, and Ethics and Compliance Program help ensure that we maintain the highest standards of integrity in everything we do.

Our Code of Conduct, Corporate Governance Guidelines, Board of Directors membership, Board committee charters, Human Rights Principles, and executive compensation data are available on our Corporate Governance and Ethics web site and in our most recent Proxy Statement.

Corporate Governance

As of the end of 2009, Intel's Board included President and CEO Paul Otellini and 10 independent directors. Jane Shaw, an independent director on Intel's Board since 1993, assumed the role of independent Chairman in May 2009, following the retirement of Craig Barrett. She is not only Intel's first non-executive independent Chairman since 1975, but also one of only a few female independent chairmen at an S&P 500* company.

The Chairman presides over all meetings of the Board, independent directors, and stockholders; prepares Board meeting agendas; and manages the Board's process for annual director self-assessment and evaluation of the Board. Directors are not paid for any service to the company other than their director compensation. We rely on them for their diverse knowledge, personal perspectives, and solid business judgment. They meet individually with senior management, attend and participate in employee forums, and—unaccompanied by senior management—visit Intel sites around the world to assess local issues. A number of directors have expertise and backgrounds in key corporate responsibility areas, including corporate governance, education, and energy efficiency. Director biographies are available on our Biographies web site.

The Board's Audit, Compensation, Compliance, Corporate Governance and Nominating, and Finance committees consist solely of independent directors who provide objective oversight of the company's management. The Corporate Governance and Nominating Committee is responsible for reviewing and reporting to the Board on our corporate responsibility and sustainability performance—including environmental topics such as climate change—and the company's public reporting in this area.

The Board added a "say on pay" advisory vote on executive compensation to our 2009 Annual Stockholders' Meeting agenda, increasing stockholders' opportunity to provide feedback on Intel's compensation practices. At the meeting, 94% of stockholders voted in favor of this resolution.

We received the 2009 Corporate Secretary magazine award for the most effective/innovative use of technology in a corporate governance program. The magazine recognized our use of technology—including adding "virtual" components to our annual stockholders' meeting—to improve board and management processes, reduce costs, and increase stockholder value. For many years, stockholders who could not attend the annual meeting in person had the opportunity to attend via the Internet. In 2009, Intel expanded this functionality to allow stockholders to submit questions online prior to the meeting and cast votes online during the meeting.

> "We believe that enabling stockholders from around the world to attend the annual meeting virtually allows for their increased participation and access to management."
>
> **Jane E. Shaw, Intel Chairman of the Board**

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Intel Corporate Governance at a Glance

- Independent non-executive Chairman of the Board
- Ten of our 11 board members are independent directors
- All of our Board committees (other than the Executive Committee) are made up of independent directors
- Corporate governance guidelines and committee charters are publicly disclosed
- Majority vote and "say on pay" practices have been voluntarily adopted
- Board-approved CEO succession plan is in place
- Policy limits directors to no more than four external board seats
- Board self-assessment process and individual director annual performance reviews are in place
- 27% of Board directors are female
- Charter dictates Board committee responsibility for corporate responsibility and sustainability issues
- Corporate responsibility and climate change information has been integrated into our annual report
- Employee and executive compensation are linked to corporate responsibility factors

Intel Code of Conduct

The Intel Code of Conduct guides the behavior of our employees, officers, non-employee directors, and suppliers, and serves as a cornerstone of Intel culture. The Code's business principles and guidelines promote honest and ethical conduct, deter wrongdoing, and support compliance with applicable laws and regulations. The principles embodied in the Code also express our policies related but not limited to conflicts of interest, nondiscrimination, antitrust, anti-bribery and anti-corruption, privacy, health and safety, and protecting our company's assets and reputation. The Code directs employees to consider both short- and long-term impacts on the environment and the community when they are making business decisions.

All employees are expected to complete training on the Code of Conduct when they join the company and annually thereafter. The Code is available in nine languages, and training sessions incorporate real case scenarios. In 2009, over 98% of our employees received formal training on the Code. Employees are encouraged to raise ethical questions and issues, and have multiple channels to do so—anonymously, if they prefer. Employees assert adherence to the Code through an annual disclosure process for targeted populations across the company.

All employees are also required to complete training on privacy and information security every two years. Depending on their roles and geographical locations, certain employees are assigned more in-depth ethics and compliance training courses, including those covering anti-corruption, import-export compliance, insider trading, and antitrust. For example, approximately 13,000 employees were trained on our anti-corruption policies and procedures in 2009.

In early 2009, based on stakeholder feedback, Intel published a set of Human Rights Principles to complement the Code of Conduct and express our commitment to human rights and responsible labor practices. The Code, our policies and guidelines, and the annual Code training course were updated in 2009 to reinforce these topics.

Ethics and Compliance Program

Our Ethics and Compliance Program advances a culture of the highest levels of business ethics and legal compliance. The Board reviews implementation of ethics and compliance programs and continually assesses the integrity of senior management. Intel's CEO sets the tone for our ethical culture and holds the senior management team accountable for recognizing and addressing ethics and compliance risk; role-modeling ethical behavior and holding their managers accountable; communicating policy and conduct expectations; and overseeing business group ethics and compliance systems.

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At the beginning of each year, our CEO communicates separately with employees and senior managers the importance of ethics and legal compliance. This "tone from the top"—combined with our annual ethics training, regular communications throughout the year, and educational resources on our employee intranet site—help to create an ethical and legally compliant culture.

We maintain distributed responsibility for managing ethics and compliance, with a number of cross-functional teams and leaders in place to drive awareness and accountability throughout the company. Our Ethics and Compliance Oversight Committee (ECOC) includes senior representatives from across the company and is chartered by and reports to the Audit Committee of the Board. The ECOC is co-chaired by the Director of Internal Audit and the Vice President, Director of Corporate Legal. Each quarter, the ECOC invites various organizations within Intel to assess and report on ethics and compliance in their respective businesses, and reviews risk topics that span business groups.

Our Ethics and Compliance Program Office is responsible for the administration of Intel's Ethics and Compliance Program, and ensures implementation of oversight and operational execution. Integral to the success of the program are the many Ethics and Compliance Business Champions across the company, who are responsible for advocating and monitoring ethics and compliance within their groups. We also have regional leadership forums that bring managers together to review issues and program effectiveness in different countries. Support organizations such as Audit, Human Resources, and Legal provide expertise to help management and employees execute to the company's ethics and compliance expectations.

Our 2009 focus areas included: reinforcing a culture in which issues are raised and addressed effectively; promoting ethics and compliance leadership; tracking emerging regulations; and updating our Code, policies, and training accordingly. In 2009, our senior management team

had in-depth conversations with their staff members on the importance of role-modeling ethical behavior related to the ethics and compliance risks of their business units. Examples include intellectual property risks in our Intel Architecture Group and privacy risks in Corporate Affairs.

In 2009, nine business groups at Intel completed a comprehensive risk assessment review with the ECOC, and another nine provided the ECOC with updates to their 2008 risk assessment plans. Business groups monitor their performance (including training, management tone, risk assessment, and more) on a quarterly basis and send the results to the Ethics and Compliance Program Office. Groups also conduct self-assessments and put in place action plans and training.

We maintain a robust process for reporting misconduct via phone, e-mail, or intranet, and have a non-retaliation policy that is clearly communicated to employees. In addition, we conduct an annual employee survey of targeted populations to assess our ethical culture, including whether management is setting clear expectations and employees feel comfortable raising issues. Processes are in place for informing senior management and the Board about misconduct issues, including overall misconduct statistics in periodic reports, and communicating details about key investigations while they are in progress and after they have been completed. An investigative package is also provided to our Ethics and Compliance Business Champions quarterly for review with Business Group management and as input for staff discussions.

In terms of the number of misconduct allegations received and the number of issues verified per 1,000 employees, benchmarking has shown that Intel performs well compared to companies of similar size. The largest categories of verified cases in 2009 included corporate travel card misuse, falsification of employment credentials, misuse of assets, and expense reporting misconduct.

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Antitrust Issues

In May 2009, we incurred a $1.45 billion fine as a result of the European Commission conclusion that Intel had violated competition laws in Europe. We strongly believe that the decision was wrong and are appealing it. We also made a $1.25 billion payment in November 2009 to Advanced Micro Devices (AMD) as part of a settlement to end all outstanding legal issues between the companies, including antitrust litigation and patent cross-license disputes. The settlement is a compromise of disputed legal matters, with both companies denying any wrongdoing. It avoided a lengthy and complex jury trial in Delaware, where AMD would have sought multiples of the amount paid to settle these claims. In the fall of 2009, both the New York Attorney General and the U.S. Federal Trade Commission also filed antitrust lawsuits against Intel—actions that we believe are misguided, wrong on the facts, and based on incomplete investigations. We firmly believe that Intel has competed fairly and lawfully, and we will continue to litigate these cases.

In the spirit of transparency, we created the Competition in the Innovation Economy web site, which includes information and regular updates on these matters. Additional information is also available in the Intel 2009 Annual Report and Form 10-K.

Public Policy and Advocacy

Our goals in working on policy topics are to engage as a trusted advisor, to fully understand different perspectives, and to educate legislators on the effects that regulations have on our industry, customers, and employees.

The following is a brief summary of our key areas of interest and engagement in the public policy arena. For more information, visit our Public Policy web site and our public policy blog.

Innovation and Competition

Intel seeks to promote innovation and competition by engaging in policy advocacy in the following areas:

Import/Customs. We support customs and trade facilitation policies that foster administrative ease, cost-effectiveness, speedy and barrier-free entry, predictability, fair enforcement, and transparency with respect to exporting and importing products.

Intellectual Property and Patent Reform. Intel respects the rights of copyright holders to protect their content. We depend on sound patent systems worldwide to protect intellectual property (IP) and enable the development and deployment of new technologies. We work to improve the quality and reliability of patents, help new World Trade Organization (WTO) members write their patent laws to conform with WTO requirements, develop procedures to lower the costs of resolving patent disputes, and ensure that the interests of patent holders and good-faith manufacturers are properly balanced through fair litigation rules.

Tax. An increasing share of Intel's revenue comes from outside the Americas (80% in 2009). In addition, our business is highly cost-conscious and capital-intensive, and the location of our facilities can be substantially affected by the tax and economic development policies of host countries. We advocate for tax measures that enhance the ability of innovative companies to compete in the global marketplace and, in turn, contribute to economic prosperity.

Trade. Intel supports trade agreements and rules that facilitate general commerce between countries and expand the high-tech industry's access to world markets. We work proactively to support the development of free trade agreements (FTAs) on a worldwide (via the WTO), regional (e.g., the Central American FTA), and bilateral (e.g., the pending U.S.-Korea FTA) basis. Such FTAs improve Intel's access to markets by eliminating tariffs on products, increasing IP protections that are critical to innovation and investment, and ensuring a more open and transparent regulatory and standards environment.

Workforce. To ensure that the U.S. has access to the highly skilled talent needed to remain competitive, we advocate for immigration reforms to enable businesses to recruit, hire, and retain highly skilled foreign nationals in job fields that have a shortage of qualified U.S. workers.

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Environment and Energy. We work with governments, environmental groups, and other high-tech companies to develop policies that encourage environmental protection and improved product energy efficiency. Intel reaches out to governments worldwide to help identify policies that address government and stakeholder concerns while also preserving our industry's ability to operate and market our products. In 2009, we actively worked with both the U.S. Congress and U.S. Senate as they crafted legislation, specifically seeking provisions to ensure that Intel receives credit for the voluntary steps we have taken to reduce our carbon footprint, and to ensure that legislation strikes the appropriate balance between environmental protection and economic interests. For more information on our environmental policy initiatives, see the Environment section of this report.

Education. We collaborate with international ministries of education, the U.S. Department of Education, states, local school districts, and other associations to help improve education—particularly in the areas of math, science, engineering, and technology. For more information, see the Education section of this report.

Technical Policy and Standards

To advance a forward-thinking technical policy and standards environment, we engage in the following policy areas:

Communications and Broadband. Intel promotes policies that encourage the deployment of wireless and wired broadband services to improve communications and technology access for customers and businesses. To help bridge the digital divide, we also promote policies that expand the allocation of universal service/access funds to include broadband access, especially in remote regions where it has previously been cost-prohibitive.

Personal Health and Health Information Technology. Intel helps drive public policies that improve healthcare and expand healthcare technology markets worldwide. We support policies that provide incentives to expand alternatives to traditional hospitals and other institutional care facilities. Through negotiations with the European Commission, we are working with other U.S. companies to establish standards that will enable the exchange of electronic medical records across international borders.

We are working to remove regulatory barriers that present challenges in the shift to home healthcare, such as practitioner licensure regulations restricting the use of telemedicine across state, national, and international borders.

Security and Privacy. Intel works to create user trust in information technology and a policy environment that fosters innovation and empowers users to protect the integrity of their systems and data. In 2009, Intel joined the International Association of Privacy Professionals (IAPP), and with additional organizations celebrated Data Privacy Day, aimed at promoting privacy awareness and education, particularly among teenagers. Intel volunteers in Argentina localized a presentation developed by Intel and IAPP to create a program for students, teachers, and parents called Tu Privacidad Online. Volunteers in Cordoba and Buenos Aires gave a total of 20 talks, which reached more than 2,000 students and received excellent feedback.

Standards. Intel advocates for information and communications technology standards that provide benefits to industry, consumers, and governments worldwide, including interoperability and consistency in quality.

Media and Content. We support media and content policies that expand markets for digital products while respecting IP rights and consumer interests. Such policies include support for design freedom and technical innovation, as well as content flexibility, portability, and choice for consumers.

> "Many times, I want to join sites, but I do not know how to do it and prevent disclosing personal information. Your talk was very helpful."
>
> Student participant, Tu Privacidad Online

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Political Accountability

In the past few years, stakeholders have requested greater disclosure regarding corporate political contributions.

Intel's Political Accountability Guidelines outline our approach to making political contributions, including details about accountability at the senior management and Board of Directors levels. In drafting the guidelines, we referred to the Center for Political Accountability's Model Code of Conduct for Corporate Political Spending.

On an annual basis, we report Intel's corporate political contributions for the previous year. In 2009, our corporate contributions to state and local candidates, campaigns, and ballot propositions totaled $306,800. We also contributed $160,870 to local chambers of commerce. For a list of our contributions, see Intel 2009 U.S. Corporate Contributions.

On a quarterly basis, Intel files reports with the Secretary of the U.S. Senate and the Clerk of the U.S. House of Representatives detailing our lobbying activities. These reports can be found on the Senate's Lobbying Disclosure Act Database. In 2009, our reported lobbying expenditures totaled $3.9 million.

Trade Association and Business Coalition Memberships

Our memberships in industry and trade associations help us work collaboratively with other companies and groups to address key public policy issues. The five organizations that received the largest contributions from Intel in 2009 were the Semiconductor Industry Association, the Information Technology Industry Council, the U.S. Chamber of Commerce, the Coalition for Patent Fairness, and the GSM Association. Information on trade association payments is included in Intel 2009 U.S. Corporate Contributions.

During 2009, significant controversy surrounded the U.S. Chamber of Commerce's public statements and actions on the topic of climate change, including opposition and lobbying against provisions in proposed climate legislation. Some stakeholders asked Intel and other companies to clarify their positions on climate change and/or pull out of the organization altogether. After weighing the issue, Intel decided to remain a member of the Chamber, because the organization provides a strong industry voice on a wide range of policies that affect our business, not only in the U.S., but around the globe through Chamber affiliates.

The Chamber has a diverse membership, and we are not aligned 100% with the group on all policy matters. Likewise, our positions do not always align with those of other industry and trade organizations to which we belong. To ensure that stakeholders understand our policies on various matters, including climate change, we post our positions on our Corporate Governance and Ethics and Public Policy web sites.

Intel Political Action Committee

The Intel Political Action Committee (IPAC) was created in 1980 as a way to enable 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 IPAC fund, and all employee contributions to it are voluntary. An IPAC Executive Committee made up of Intel employees reviews and evaluates candidate requests on a weekly basis, and each contribution must be approved by committee members.

U.S. congressional and some state legislative candidates are eligible to receive IPAC contributions and are evaluated on many factors, most importantly their support for Intel Values. Whenever possible, IPAC donations are made directly to candidates rather than through leadership PACs and 527 organizations. For the 2010 election cycle, the sum of political contributions from IPAC was $290,000 as of April 16, 2010. For a list of contributions, see Intel PAC Contributions to Federal Candidates—2010 Cycle or visit the Center for Responsive Politics web site for updates.

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Environment

We incorporate environmental performance goals throughout our operations, seeking continuous improvement in energy efficiency, emissions reductions, resource conservation, and other areas. Recognizing that consumer use of our products accounts for a larger portion of our overall environmental footprint, we focus on improving the energy-efficient performance of our products and collaborating with others to develop innovative ways that technology can help address long-term sustainability challenges across other industries.

Reclaimed water is treated to clean drinking water standards

▷ Watch Video

1

Intel is the largest voluntary purchaser of "green" power in the U.S., according to the U.S. EPA

80%

Percentage of our solid waste recycled in 2009

36 Billion

Gallons of water saved since 1998 as a result of our water conservation investments

Key Environment Links

Intel Environment Site

Product Energy Efficiency

Technology for Environment

Environmental, Health, and Safety Policy

Intel's Climate Change Policy

Intel's Water Policy

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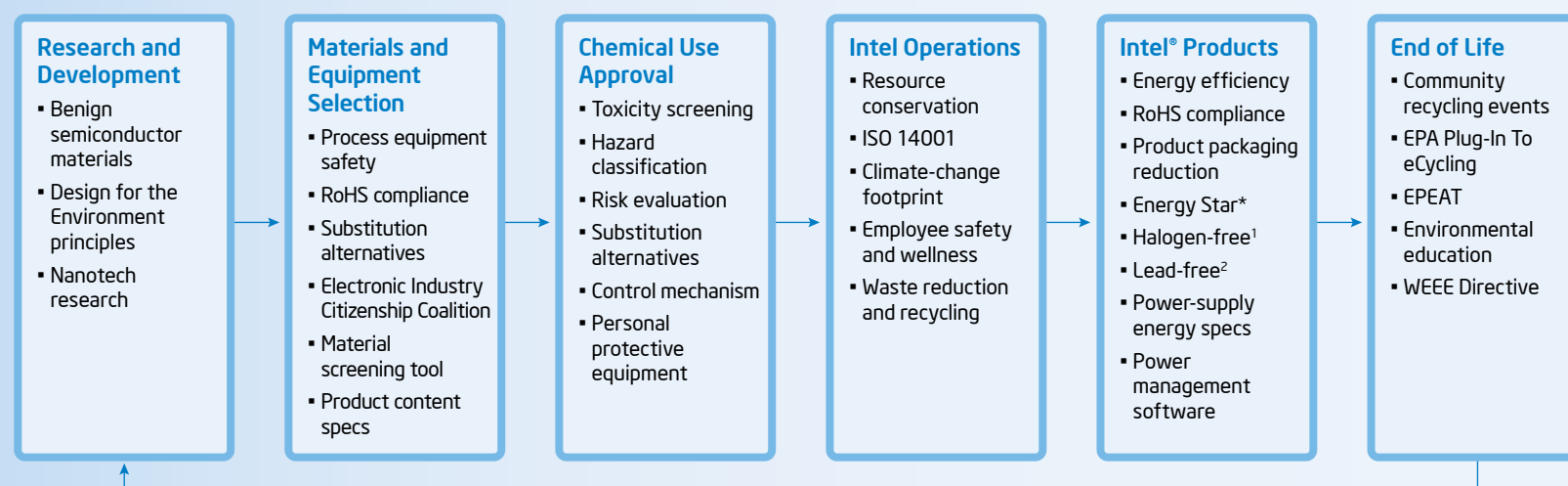# Our Approach to Environmental Sustainability

Building and designing the world's most sophisticated products in a sustainable manner requires careful management of energy consumption, air emissions, and resource conservation. We incorporate Design for the Environment principles throughout all phases of our product development process.

We address the environmental challenges of each new generation of technology long before manufacturing begins. Our teams consider environmental impact when we design Intel buildings, set performance levels for manufacturing tools, and establish goals for new production processes. Intel supports a precautionary approach to the materials we use in our products. We seek alternatives for hazardous materials, and when we must use them, we take rigorous steps to ensure that they are handled safely from the time they enter our operations until they are properly disposed of or recycled.

Product energy efficiency has become increasingly important in our industry, given the growing demand for more powerful electronics, the increasing cost of energy, and the corresponding impact on the environment. We are focused on reducing the environmental impact of our products, including efforts to drive new levels of energy-efficient performance. Although

Intel Environmental, Health, and Safety Product Life Cycle

Research and Development
- Benign semiconductor materials
- Design for the Environment principles
- Nanotech research

Materials and Equipment Selection
- Process equipment safety
- RoHS compliance
- Substitution alternatives
- Electronic Industry Citizenship Coalition
- Material screening tool
- Product content specs

Chemical Use Approval
- Toxicity screening
- Hazard classification
- Risk evaluation
- Substitution alternatives
- Control mechanism
- Personal protective equipment

Intel Operations
- Resource conservation
- ISO 14001
- Climate-change footprint
- Employee safety and wellness
- Waste reduction and recycling

Intel® Products
- Energy efficiency
- RoHS compliance
- Product packaging reduction
- Energy Star*
- Halogen-free[1]
- Lead-free[2]
- Power-supply energy specs
- Power management software

End of Life
- Community recycling events
- EPA Plug-In To eCycling
- EPEAT
- Environmental education
- WEEE Directive

[1] Applies only to halogenated flame retardants and polyvinyl chloride (PVC) in components. Halogens are below 900 parts per million (PPM) bromine and 900 PPM chlorine.

[2] Lead is below 1,000 PPM per European Union (EU) 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. 32nm products are manufactured on a lead-free process. Lead-free per EU RoHS Directive of July 2006 (2002/95/EC, Annex A).

About Performance Graphs: Throughout this section, we have included graphs for some of the key indicators that we use to manage our environmental, health, and safety performance. For close to 20 years, our senior managers have reviewed these indicators on a regular basis. We report our performance both in absolute terms and on the basis of a "per unit of production" or "per chip" normalized production index (NPI). The NPI is derived directly from our worldwide wafer production and is indexed to a baseline year of 1999 (NPI = 100 for baseline year 1999), with the exception of our greenhouse gas emissions and energy use indicators, which use a baseline year of 2000. With this direct correlation to Intel's global manufacturing levels, the NPI enables year-to-year comparisons and supports trending comparisons. References to "per chip" assume a typical chip size of 1 cm[2], but actual chips vary in size depending on the specific product. In 2009, manufacturing output was significantly reduced to match lower demand, a result of the worldwide economic downturn. Because of this, many of the normalized environmental indicators that we track saw steep increases in 2009, leading to atypical results. As manufacturing volumes rise, it is expected that these normalized indicators will return to their historical ranges. Underlying data for the performance graphs is available for download using the Report Builder on our Corporate Responsibility Report web site.

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our components generally make up only a small portion of an electronic device sold to a consumer, we believe that we can play a significant role in helping to minimize the environmental impact of electronic products by designing our products with higher energy efficiency, removing environmentally sensitive materials, and collaborating on industry initiatives.

We have joined forces with businesses and governments worldwide to find and promote additional ways that technology can be used to address environmental challenges across all sectors of the economy. We recognize that this represents a market opportunity for Intel and are helping to drive initiatives aimed at using technology for data collection, analysis, and modeling, to enable better energy management and actions to reduce environmental impact.

Managing Environmental Performance

Our commitment to environmental sustainability is embodied in the Intel Code of Conduct and Intel's Environmental, Health, and Safety Policy. For more detailed information about our commitments in the areas of climate change and water conservation, see Intel's Climate Change Policy and Water Policy. For more than a decade, we have set environmental goals and continue to work to make progress against the 2012 goals that we set at the beginning of 2008. We also establish clear environmental expectations for our suppliers and have initiated a number of sustainable purchasing projects. For more information, see the Supply Chain section of this report.

Multiple groups across Intel play critical roles in driving strategy, operational and product improvements, and policy initiatives related to environmental responsibility. Our Environmental Health and Safety (EHS) organization has primary responsibility for managing our environmental compliance and driving performance improvements in our operations. Product-related sustainability is managed by a number of groups across the company. The sustainable design of our products is driven by the Corporate Products Regulations and Standards Group, working with our EHS and Technology Development groups. Our Eco-Technology Program Office promotes the importance of energy-efficient performance in our products and identifies new opportunities for our technologies.

The Eco Management Review Committee, led by our senior vice president and general manager of manufacturing and supply chain, comprises senior leaders from across the company and meets monthly to review environmental sustainability performance and strategy. A broad cross-section of Intel organizations—including Corporate Services, Information Technology, Human Resources, Corporate Affairs, Global Public Policy, Intel Labs, and Supply Chain—meet regularly to coordinate business group strategies and employee engagement initiatives.

Environmental Certifications and Green Building Practices

For nearly a decade, Intel has maintained a multi-site ISO 14001 registration for its environmental management system (EMS). In 2009, the National Standards Authority of Ireland (NSAI), our independent third-party ISO 14001 registrar, conducted surveillance audits at several of our manufacturing facilities, as well as its annual audit of our Corporate EHS Group, which centrally manages key elements of our EMS. Our continuing ISO 14001 certification validates the world-class performance of our comprehensive EMS.

Our engineers have been incorporating green design standards and building concepts into the construction of our facilities for many years. Intel now has a policy of designing all new buildings to a minimum of the Leadership in Energy and Environmental Design (LEED) Silver level. A design center in Haifa, Israel—completed in early 2010—is our first LEED-certified building, and is the first building in Israel to receive LEED Gold certification. We also achieved basic LEED certification in early 2010 for an Intel factory and office building in Kulim, Malaysia for improvements made to the 14-year-old facility. We are working to obtain LEED for Existing Buildings certification for one of our wafer fabrication facilities (fabs) in Chandler, Arizona, and expect to receive it in 2010 or early 2011.

In 2010, as we complete facility redesigns at a number of our locations— including upgrades to office workspaces, restrooms, cafeterias, and fitness centers—we are incorporating sustainable design elements that are consistent with LEED criteria and our energy conservation goals.

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Engaging Employees

In 2009, we worked to further enable and encourage our employees to help reduce Intel's environmental footprint through a number of programs.

Linking Compensation with Environmental Performance. Since 2008, we have linked a portion of every employee's variable compensation—from front-line employees to our CEO—to the achievement of environmental sustainability metrics in three areas: energy efficiency of our products, reductions in our carbon footprint and energy use, and improvements in environmental leadership reputation metrics.

While the environmental component represents a relatively small portion of the overall Employee Bonus (EB) calculation, we believe that it helps focus employees on the importance of achieving our environmental objectives. Our discussions with external stakeholders and recent benchmarking reveal that it is still relatively rare for companies to link compensation to sustainability goals. Our EB calculation for 2010 will also incorporate environmental metrics, including energy-efficiency goals for both our operations and our products, as well as reputation metrics for our environmental and corporate responsibility leadership.

In 2009, we ran a year-long campaign in conjunction with the annual EB goal to encourage employees to take actions to reduce energy consumption, such as using the power management setting on their computers, and turning off lights and unplugging devices when not in use. As a result of these efforts, as well as others taken in our factories and information technology (IT) data centers, we reduced our carbon footprint by 16% and office energy use by an estimated additional 6% in 2009.

Employee Sustainability Groups. Intel encourages employee-initiated grassroots efforts on sustainability and supports a number of employee-led sustainability action teams that include members from the Americas, Asia, Europe, and the Middle East. The teams share information on projects and educate colleagues on sustainability topics, stay current on Intel's sustainability practices, and identify opportunities to support the company's goals. One of our chartered employee groups, the Intel Employee Sustainability Network (IESN), provides networking and volunteering opportunities, and facilitates a variety of educational forums. IESN activities align with our corporate environmental focus areas and include

hosting speakers and delivering Northwest Earth Institute discussion group courses at several Intel sites.

Intel Environmental Excellence Awards. Since 2000, Intel has presented these awards to employees who have helped to reduce Intel's environmental impact. In 2009, 67 individuals and teams from around the world were nominated for their work to promote recycling and waste reduction, lower the environmental impact of our products and processes, and educate others on sustainability topics.

Winning projects included redesigning electroplating processes to reduce copper waste, enabling sustainable purchasing in the distribution channel, and developing carbon footprint calculators for freight transportation. In addition to yielding environmental benefits, these projects frequently help Intel lower our costs. One team developed an application to accurately measure and track the utilization of networks of servers used for microprocessor design and development tasks. After collecting and analyzing the server use data, team members were able to reallocate resources and reduce the total number of servers in use from 14,000 to 11,700, saving an annualized equivalent of over 8 million kilowatt-hours (kWh) of energy—enough to power more than 600 U.S. homes for a year—and saving $645,000 in energy costs.

Online Communities. To increase awareness and engage employees in discussions about sustainability initiatives, in 2009 Intel launched a new environmental employee portal, as well as an interactive online employee community, "Green Intel." More than 2,000 employees joined Green Intel in the first six months, making it the fastest growing employee group on Planet Blue, our internal social networking platform.

Community and Biodiversity Impacts

We are committed to collecting input from local communities about our environmental performance. Transparency and open communication guide our approach. Regular reports from our Arizona and New Mexico community environmental groups, for example, are posted on our web site. In addition, through our Intel Involved and Sustainability in Action programs, our employees participate in environmentally focused projects in communities around the world. A number of our education programs and competitions,

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such as the Intel International Science and Engineering Fair and the Intel +
UC Berkeley Technology Entrepreneurship Challenge, encourage study and
innovation on environmental sustainability topics. For more information,
see the Community and Education sections of this report.

We also work to help preserve the rich biodiversity that exists in some
of the areas where our sites are located. In Ireland, for example, we have
partnered with the community to study the ecology and take action to
improve the quality of the River Rye, which flows behind our campus
in Leixlip and is a tributary to the River Liffey, an important salmon spawning ground. During the last decade,
studies have indicated improvements in water quality
and in salmon and brown trout density as a result of
restoration activities.

▶ Watch Video

Technology for Environment

Technology is an important part of the solution to many of today's environmental challenges. It can be used to empower people with the right
information to make better decisions about the environment, help reduce
the environmental footprint of cities and countries around the world, and
drive more sustainable business practices and innovation across entire
industries and sectors.

We are continuing to explore opportunities to design, develop, and deliver
new technologies to address sustainability challenges, including those
that support energy conservation and smart-grid development, home and
building energy management solutions, smart transportation systems, and
industry and supply chain management solutions.

Intel technology and expertise are already at work today in a variety
of sustainability applications, including innovative recycling solutions
and modeling applications to help better understand
sustainability issues such as climate change and
honeybee colony behavior. For more information and
to see videos on a number of our initiatives, visit our
Technology for Environment web site.
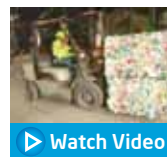
▶ Watch Video

Climate Change and Energy Efficiency

We consider climate change an important environmental
issue, and many years ago began taking steps to mitigate
our impact and publicly report on our carbon footprint.

Intel believes in a portfolio approach to emissions reduction and energy
management. Through a wide variety of efforts—including but not limited to conservation, energy efficiency, solar installations, green power
purchases, and efficient building designs—Intel has built a strong and
sustainable approach to buying and using energy in an economical and
environmentally conscious manner. As part of our commitment to transparency, we have been disclosing our greenhouse gas emissions through the
Carbon Disclosure Project (CDP) since 2003 and were included in the CDP's
Carbon Disclosure Leadership Index 2009. To view our public submissions,
visit the CDP web site. For our formal position on global climate change,
read our Climate Change Policy.

Reducing Greenhouse Gas Emissions

In 1996, Intel and other U.S. semiconductor manufacturers entered into
a voluntary agreement with the U.S. Environmental Protection Agency
(EPA) to reduce emissions of perfluorocompounds (PFCs), materials used in
semiconductor manufacturing that are known to have high global-warming
potential. The agreement later expanded into a worldwide industry agreement to reduce PFC emissions 10% below 1995 levels by 2010, representing what we believe to be the world's first voluntary industry greenhouse
gas reduction commitment. Intel remains on track to meet this goal; by
the end of 2009, we had reduced our PFC emissions by more than 50% in
absolute terms and 80% on a per chip basis from our 1995 baseline. Even
with the anticipated increases in manufacturing in 2010, we expect to
meet or exceed this reduction goal.

Since 2006, Intel has been a member of the EPA's Climate Leaders program, an industry-government partnership working to develop strategies
to reduce overall climate change. In conjunction with the program, Intel set
a goal to reduce our greenhouse gas emissions by 30% per unit of production from 2004 through 2010. As of the end of 2009, we had reduced

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Intel's Climate Awareness Timeline
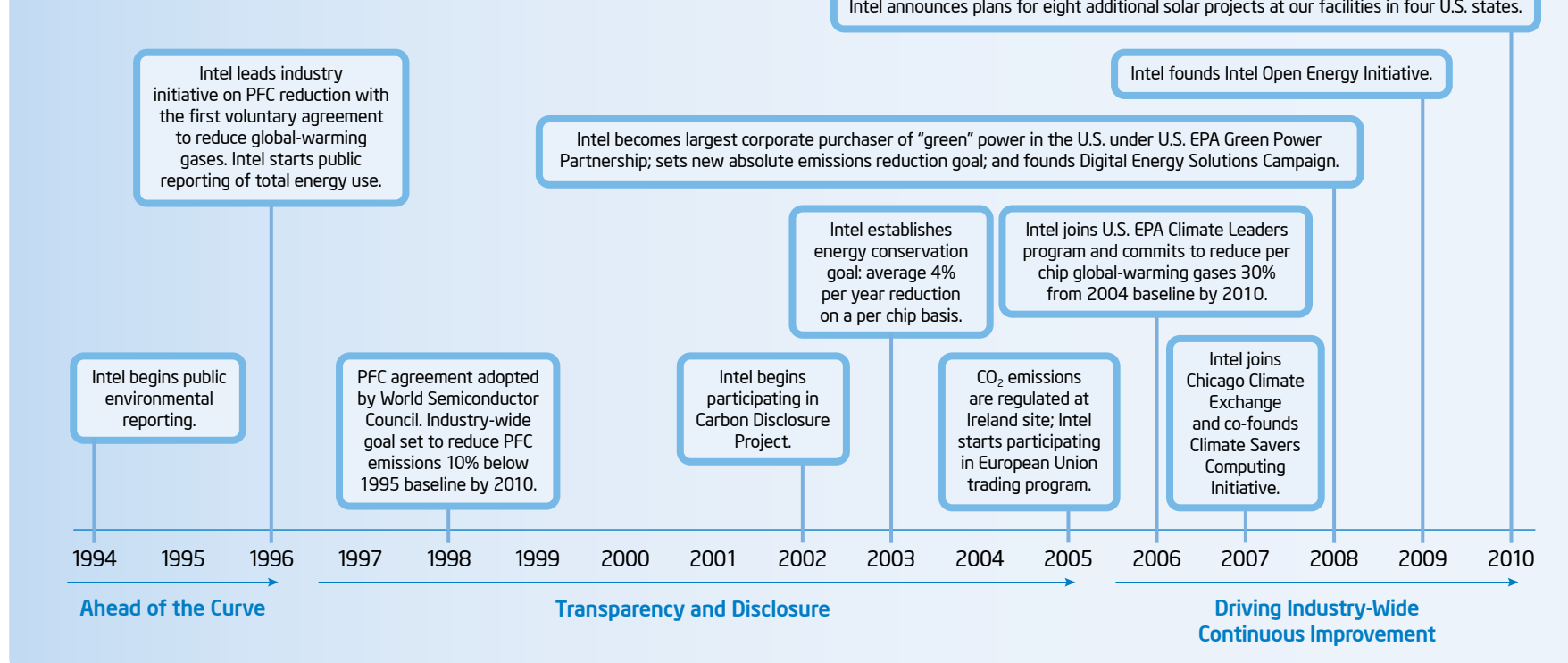
Since the mid-1990s, we have taken voluntary steps and set aggressive goals to reduce our greenhouse gas emissions.

emissions more than 40% below 2004 levels on a per chip basis. In 2008, we set an additional goal to reduce the absolute global-warming gas footprint from our operations 20% below 2007 levels by 2012. As of the end of 2009, we had reduced our absolute emissions more than 45% below 2007 levels.

Since 2007, Intel has been a member of the Chicago Climate Exchange, North America's only cap and trade system for six greenhouse gases. Members made a voluntary but legally binding commitment to reduce their aggregate emissions by 6% by 2010 compared to a baseline of average annual emissions from 1998 to 2001.

Intel has for many years reported its Scope 1 and 2 greenhouse gas emissions publicly, but like many companies had an incomplete understanding of Scope 3 emissions. Scope 1 and 2 emissions refer to direct emissions from facilities and purchased electricity, respectively. Scope 3 emissions, according to internationally accepted protocols, are from sources not directly attributable to a company's manufacturing operations, but are created indirectly as a result of its operations or the use of its products.

In 2009, we completed a research paper, "Developing an Overall CO_2 Footprint for Semiconductor Products,"[1] published by the IEEE, to gain a better understanding of the Scope 3 impacts from our industry, including embedded CO_2 in the supply chain. The calculation of an overall CO_2 footprint still contains many limitations and uncertainties. In this research, we primarily focused on activities that directly support manufacturing operations, and did not include potential impacts from other support operations or assess the embedded CO_2 impact from capital goods such as buildings or manufacturing equipment.

Our research confirmed previous findings that the largest CO_2 impact from semiconductors comes from consumer use. Excluding product consumer use, semiconductor manufacturing has the greatest impact, accounting for approximately 60% of the CO_2 impact, with the balance attributable to logistics, supply chain, and commute and business travel. For additional information about our ongoing work on understanding the carbon footprint of our supply chain, see the Supply Chain section of this report.

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Greenhouse Gas Emissions

Intel's absolute Scope 1 and Scope 2 emissions were down 20% in 2009 compared to 2008, while emissions on a per chip basis were up 13% due to lower manufacturing levels. The decrease in absolute emissions from 2008 to 2009 was due to reduced PFC emissions and energy-efficiency projects. Our purchase of renewable energy credits (RECs), now representing 51% of our U.S. energy use, contributed to the significant decrease in absolute emissions from 2007 to 2008. The RECs resulted in a reduction of approximately 1 million $MMtCO_2e$ in Scope 2 emissions in 2008 and 2009.

Intel's Carbon Footprint[1]

Breakdown of Intel Scope 1, 2, 3 Emissions:
42 $MMtCO_2e$

- Products
- Operations
- Business Air Travel
- Supply Chain
- Logistics
- Commute
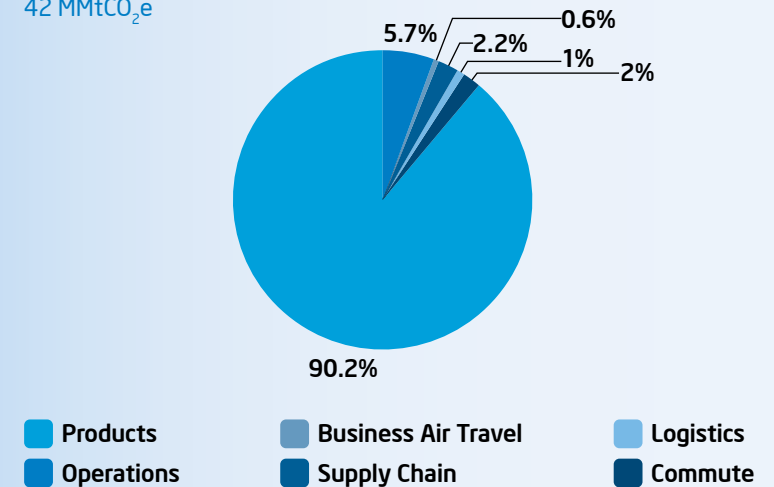
Breakdown of Intel Operations:
1.98 $MMtCO_2e$

- Electricity
- PFCs
- Natural Gas
- Diesel
- Other Chemicals
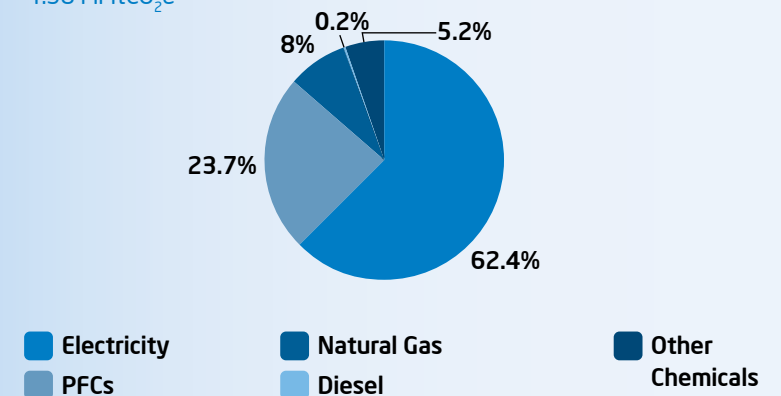
[1] Percentages were estimated based on 2008 data. Breakdowns did not change significantly for 2009.

Energy-Efficient Operations

Many of the major trends in semiconductor manufacturing inherently improve energy efficiency. For example, the industry's move from 200mm to 300mm wafers reduced manufacturing energy consumption by about 20%, primarily because more chips could be produced at a time. The trend toward smaller chips, such as the Intel® Atom™ processor, generates savings for similar reasons, as do advancements through Moore's Law, which help reduce energy per chip, because smaller feature sizes allow more chips per wafer.

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In 2009, we continued to allocate funds for resource conservation and efficiency projects aimed at reducing energy use in our operations. Projects included installation of more efficient lighting and smart system controls; boiler and chilled water system improvements; and cleanroom heating, ventilation, air-conditioning, and heat recovery improvements. Since 2001, Intel has invested more than $35 million and completed over 1,300 projects, saving more than 640 million kWh of energy, or enough to power more than 55,000 U.S. homes for one year. These investments have enabled Intel to reduce energy costs by approximately $18 million per year.
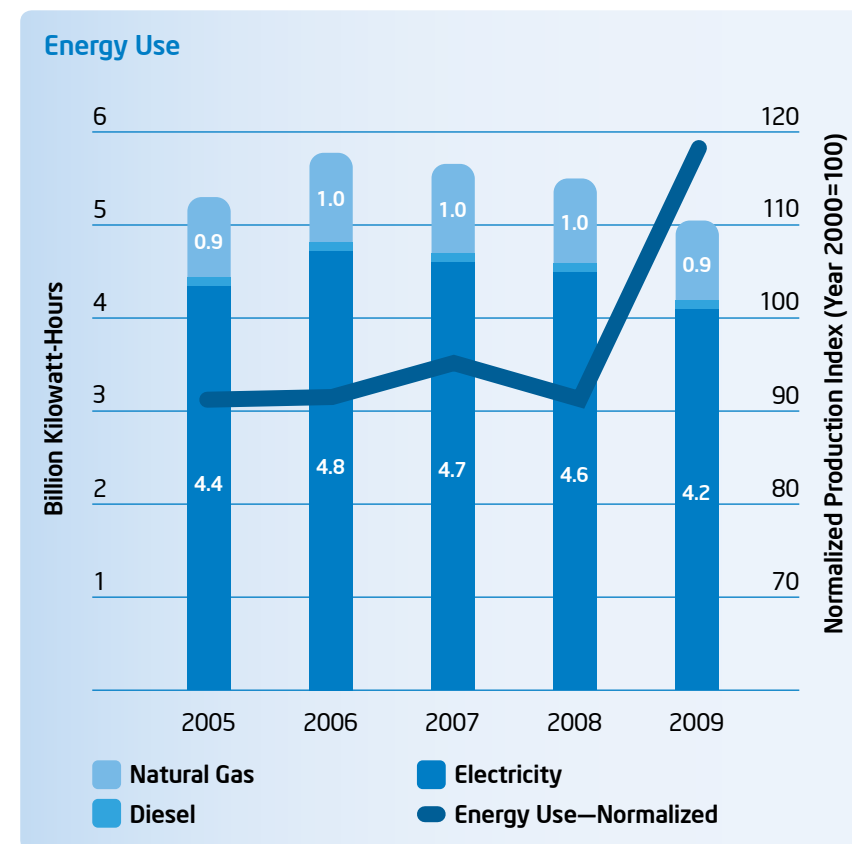
Energy Use

In 2009, energy use in our operations decreased 10% from 2008 on an absolute basis and increased 29% on a per chip basis. The significant increase in the per chip figure was due primarily to lower manufacturing levels.

We have also saved energy through projects initiated by employees. For example, over the past two years, engineers in Ireland have identified opportunities to reduce energy use in our factories during idle time. Traditionally, fab process tools not in use are placed in an idle state rather than being completely shut down so that they can be brought back up in a short amount of time (a few hours vs. a few weeks, in some cases). In idle state, these tools still consume more than 80% of the energy required for full use. The engineers developed a solution that saves up to 80% to 90% of the energy that would be achieved in the full shut-down state, while enabling tools to be returned to production in under a week. This solution has resulted in energy cost savings of over $6.5 million between 2007 and 2009.

Our IT organization has also undertaken projects to meet growing computing demands while reducing our consumption of IT-related and office energy—and cut power costs by $4 million in 2009 as a result. Intel IT's Sustainability Framework uses data centers, compute, and office infrastructure, as well as our client compute offerings, to collectively contribute to our corporate goal of reducing absolute greenhouse gas emissions 20% by 2012.

Finding efficient ways to support business growth and respond faster to business needs while enhancing services is critical for IT. Our long-term data center strategy focuses on delivering innovative solutions to optimize server, storage, network, and facilities infrastructure that we project will help us realize an estimated $650 million in savings by 2012.

We also extended our videoconferencing capabilities, enabling Intel to cut energy use and carbon emissions resulting from employee travel, saving an estimated $14 million and 43,156 travel hours in 2009. To read more about our IT group's efforts to reduce Intel's energy use, read the 2009 Intel IT Performance Report and see the videos and case studies.

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Investing in Renewable Power

In 2008, Intel became the largest voluntary purchaser of green power in the U.S., under the U.S. EPA's Green Power Partnership program. We committed to purchase renewable energy credits to support the generation of more than 1.3 billion kWh per year as part of a multi-year contract. The purchase placed Intel at the top of the Green Power Partnership's "National Top 25" and "Fortune 500 Challenge" lists. For our actions, education, and leadership, Intel received an EPA Green Power Partner of the Year Award in 2009, for the second year in a row. In January 2010, Intel increased our purchase by 10%, committing to over 1.43 billion kWh of renewable energy credits per year, equivalent to 51% of our projected U.S. electricity use.

According to the EPA, our purchase commitment—which includes a balanced portfolio of wind, solar, small hydroelectric, and biomass sources—has the equivalent environmental impact of taking more than 200,000 passenger vehicles off the road per year. We hope that Intel's sizable purchase will help stimulate the market for green power, leading to additional generating capacity and, ultimately, lower costs.

Solar Installations. In 2008, we piloted a program to install solar energy systems at Intel locations in New Mexico and Oregon. We also installed solar hot water systems in India, which now supply nearly 100% of the hot water used at our two largest campuses, saving approximately 70,000 kWh on an annual basis. In January 2010, Intel announced plans for eight additional solar projects at our facilities in four U.S. states. These projects will include both ground and roof-mounted solar electric facilities, and will produce almost 2.5 million watts of solar power by mid-2010.

> "We are committed to our renewable energy program, which continues to reduce Intel's carbon footprint, spur the market, and make renewables more economically feasible for individuals and businesses."
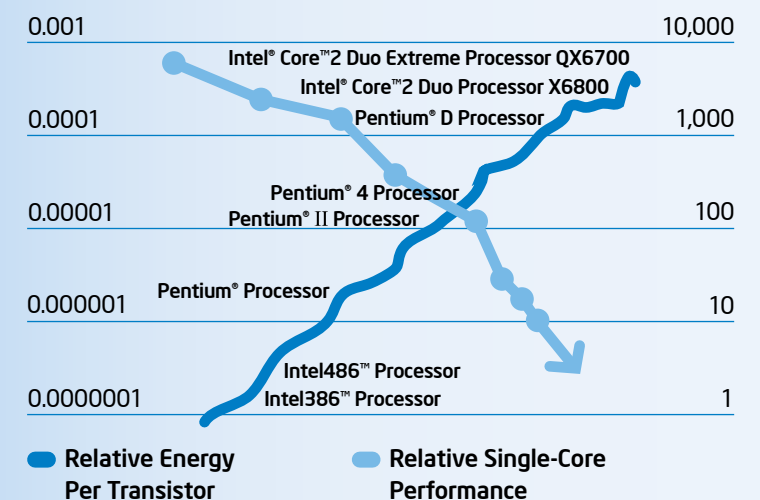>
> Brian Krzanich, Intel Senior Vice President and General Manager, Manufacturing and Supply Chain

Cleantech Investments. Intel Capital, Intel's global investment organization, has invested more than $125 million in the solar energy sector since 2008 to accelerate innovation in start-up companies that are developing alternative power sources. In July 2009, Intel Capital expanded its cleantech portfolio with new investments in smart grid and energy-efficient technologies.

Improving Product Energy Efficiency

Transistors are the building blocks of the electronics industry, and the creation of more energy-efficient computers depends on the energy efficiency of transistors. Shrinking process technology allows us to fit more transistors into Intel® processors, while also reducing the energy required to power them. This energy efficiency is driven by Moore's Law, which over the last 30 years, when combined with Intel® architecture and circuit design innovations, has reduced energy per transistor by a factor of approximately 1 million.

Power Reduction vs. Core Performance

Intel® Core™2 Duo Extreme Processor QX6700
Intel® Core™2 Duo Processor X6800
Pentium® D Processor
Pentium® 4 Processor
Pentium® II Processor
Pentium® Processor
Intel486™ Processor
Intel386™ Processor

● Relative Energy Per Transistor   ● Relative Single-Core Performance

Source: Intel estimates

Over the past 30 years, we have achieved power reductions while improving performance over time, resulting in increased compute energy efficiency.

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Each new generation of process technology enables us to build microprocessors that can have improved performance and energy efficiency, resulting in important benefits for consumers and the environment. We estimate, in fact, that the conversion to the energy-efficient Intel® Core™ microarchitecture saved up to 26 terawatt-hours of electricity between 2006 and 2009, compared to the technology it replaced. That is equivalent to eliminating the CO_2 emissions associated with the annual electricity use of more than 2 million U.S. homes.

Intel's 32nm silicon technology with second-generation Hi-k metal gate transistors delivers greater energy efficiency than previous generations. For example, the Intel® Xeon® processor L5640 (released in early 2010) provides significant improvements in energy efficiency by providing the same performance as the previous generation Intel® Xeon® processor X5570 with up to 30% lower system power usage[1].

The energy efficiency of PC networks can be significantly increased through power management technology combined with highly energy-efficient mobile computers in place of less efficient desktop computers. Intel has pioneered a diverse set of hardware and software technologies that help measure and optimize energy use in computers. In fact, the Intel® Advanced Power Management Interface—introduced in the 1990s— spawned an entirely new category of energy-efficient mobile computers and is still in use today. More recently, the Intel® Intelligent Power Node Manager has enabled data center operators to achieve more precise control over the energy used in their servers.

Additional power reductions can be achieved by employing remote management technology, such as Intel® vPro™ technology, which enables an IT department to turn networked PCs on and off remotely. An analysis conducted by Intel estimated that energy costs per PC could be reduced by up to 26 times by replacing unmanaged Intel® Pentium® D processor 9400-based desktop computers running CRT monitors with Intel® Core™2 Duo processor 9400-based notebooks equipped with power management software and Intel vPro technology.

Climate Leadership Activities

According to Gartner Research, about 2% of the world's emissions come from the information and communications technology (ICT) industry. We collaborate on initiatives with multiple stakeholders to reduce ICT-related emissions, and to identify ways that the ICT industry can help to reduce energy consumption and carbon emissions across other sectors of the global economy.

The "Smart 2020: Enabling the Low Carbon Economic in the Information Age" report published in 2008 by The Climate Group and the Global e-Sustainability Initiative estimated that the ICT sector could reduce up to 15% of business-as-usual emissions globally by 2020. A follow-up report put the potential reduction in the U.S. even higher—to as much as 22% by 2020. In 2009, Intel and Microsoft funded a series of peer-reviewed research papers that further address these topics.

Energy Star. Intel worked with the U.S. EPA to develop the latest Energy Star* computer specifications and author a design guide to help system manufacturers deliver Energy Star 4.0 compliant systems based on Intel® technologies. In 2009, Intel collaborated with the EPA on a white paper about implementation for the new Energy Star 5.0 standard, and we continued to work with industry stakeholders to develop an energy-efficient performance metric for servers that could be used in Energy Star and other programs.

Climate Savers Computing Initiative (CSCI). Intel, Google, and the World Wildlife Fund jointly launched CSCI in June 2007, with the goal of building awareness and encouraging the use of more efficient components and power management features to reduce computer-related CO_2 emissions. 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 consumers to purchase computers with better efficiencies.

[1] Source: Intel Press Release, March 16, 2010.

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Membership grew more than 60% in the program's third year to include over 550 companies in 53 countries. The members take a leadership role in deploying smarter computing practices, improving the energy efficiency of their computing fleets, and thereby eliminating significant energy waste and carbon emissions. Intel also helped launch CSCI in India, with a goal of cutting computer power consumption in half and avoiding 4 million metric tons of greenhouse gas emissions over the next three years.

Digital Energy Solutions Campaign (DESC). Intel founded and co-chairs DESC, a coalition of ICT companies, allied with non-governmental organizations (NGOs) and trade associations, dedicated to promoting adoption of public policies that will enable ICT to realize its full potential to improve societal energy efficiency and reduce carbon emissions. DESC advocates directly with government leaders and through public education, workshops, and targeted research. In 2009, Intel also helped launch DESC in India, where it now has 17 members.

Intel Open Energy Initiative. Founded in 2009, the Intel Open Energy Initiative aligns and mobilizes Intel and its partners around the application of technology and open standards to accelerate the global transition to smart energy. Specifically, Intel is working to accelerate the integration of and synergy between intelligent renewable energy sources, smart grids, smart buildings, and empowered energy consumers. Intel's actions include: policy influence; collaboration in relevant government programs, standards bodies, consortia, and coalitions; partnerships with utilities on energy efficiency and smart grid programs; and strategic investments via Intel Capital.

The Green Grid. Intel serves on the board of the Green Grid, a global consortium founded in 2007 made up of companies dedicated to energy efficiency in business computing ecosystems. The Green Grid provides industry-wide recommendations on best practices, metrics, and technologies to improve overall data center energy efficiency.

International Climate Change Partnership (ICCP). Intel chairs the ICCP, a progressive industry coalition committed to constructive and responsible participation in the policy process on global climate change.

Water Conservation

Sustainable water management continues to be a key focus at our sites worldwide, so we can meet our business needs as well as the needs of our communities.

We consider efficient and environmentally sound water management throughout all stages in our operations, including reviewing access to sustainable water sources as a criterion when selecting a site for an Intel facility. Water and energy experts at our locations around the world help us manage and research opportunities for reductions, such as incorporating water conservation elements into the design of our facilities and establishing specific water goals for new process technologies. We also work to understand the potential impact of our water use at the community level, and engage in discussions about responsible water use and the human right to water. For more information about our commitment to water conservation and responsible water management, read Intel's Water Policy.

Investing in Responsible Water Management

Since 1998, we have invested more than $100 million in water conservation programs at our global facilities. As a result, in 2009 we reclaimed approximately 2 billion gallons of water, instead of tapping into precious fresh-water sources. To date, our comprehensive and aggressive efforts have saved more than 36 billion gallons of water—enough for roughly 335,000 U.S. homes for an entire year. We estimate that it takes 12 gallons of water to produce a single chip[1]; by comparison, producing one pair of jeans takes 2,900 gallons, one hamburger 634 gallons, and one cup of tea 9 gallons.[2]

Cleaning silicon wafers during fabrication requires the use of ultra-pure water (UPW). Over time, we have improved the efficiency of the process to create UPW. It used to take almost 2 gallons of water to make 1 gallon of UPW. Today, it takes between 1.25 and 1.5 gallons of water to make 1 gallon of UPW. Historically, after we use UPW to clean wafers, the water is suitable for many other uses, including industrial purposes and irrigation. Our factories are equipped with complex rinse-water collection systems,

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[1] Based on our estimated Scope 1, 2, and 3 water use. References to "per chip" assume a typical chip size of 1 cm^2, but actual chips vary in size depending on the specific product.

[2] Source: Water Footprint Network.

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with separate drains for collecting lightly contaminated wastewater for reuse. With this reuse strategy, we harvest as much water from our manufacturing processes as possible and direct it to equipment such as cooling towers and scrubbers. In addition, at some of our locations, we have arrangements to take back gray water from local municipal water treatment operations for use at our campuses.

While our ultimate vision is to achieve the continuous reuse of water in semiconductor manufacturing, we currently discharge water from our operations in compliance with local permits. Discharge methods vary by site based on the needs of the community. We work with local water management agencies to determine solutions for each manufacturing location.

Water Footprint Analysis

Universally accepted step-by-step instructions on how to calculate a water footprint are not yet available, but in 2009 we drew on a number of emerging frameworks and research to complete a detailed water footprint assessment.[1] Similar to how we analyze CO_2 emissions, we categorized our water use according to activity: Scope 1 (used in our direct operations), Scope 2 (related to our energy use), and Scope 3 (used by our supply chain).

Water Use in Operations
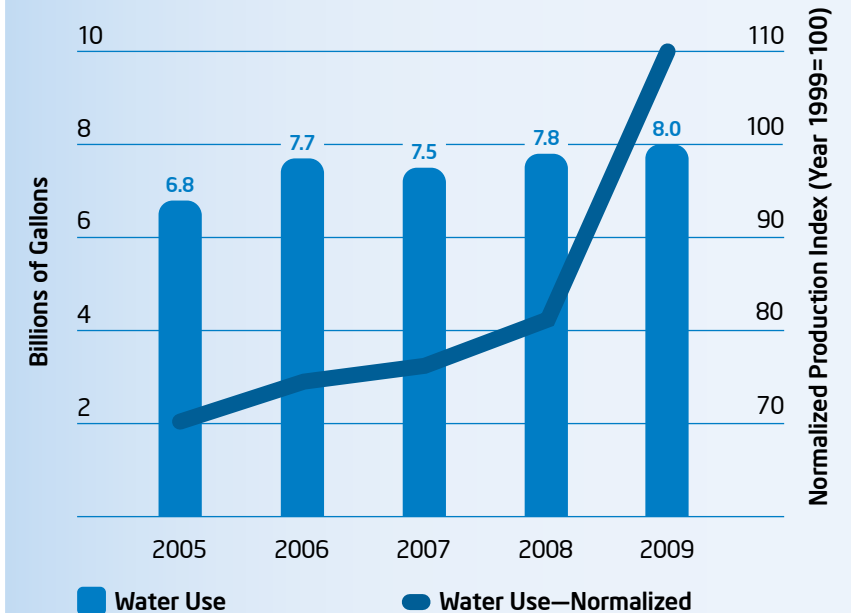
We have set a goal to reduce water use per chip below 2007 levels by 2012. Despite our continued efforts to reduce our water use, in 2009 it increased 3% from 2008 levels on an absolute basis, and 38% on a per chip basis (due to low manufacturing levels). The increase was expected and due in part to the increasing complexity of our manufacturing processes. Through investments in process optimization and additional recycling and reuse opportunities, we expect to meet our 2012 goals.

Intel's Water Footprint
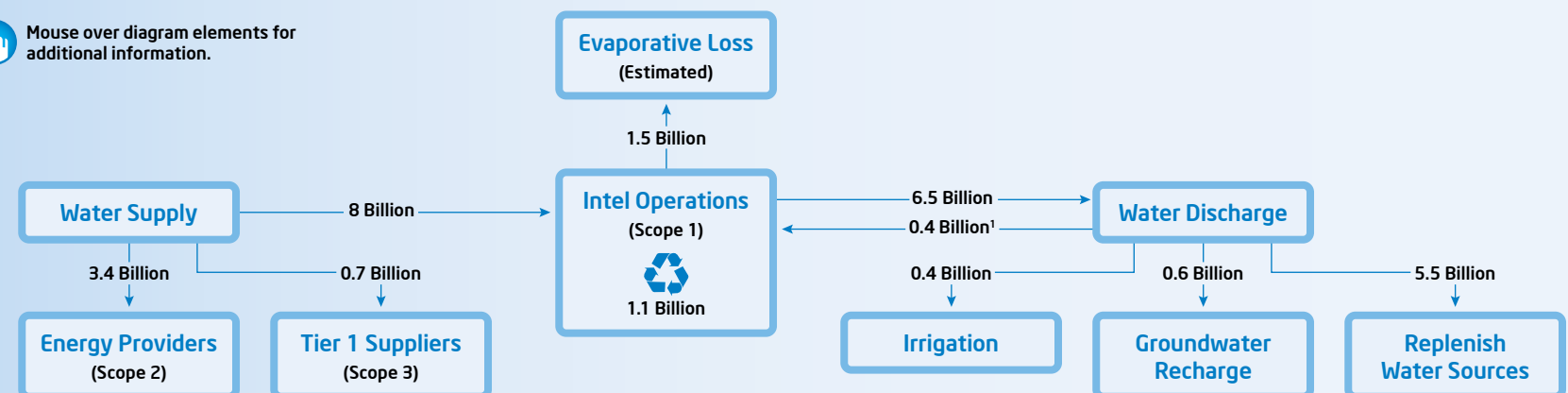
[1] Reclaimed water from the municipal water treatment operations in Chandler, Arizona and Santa Clara, California for use at our sites.

[2] Intel worked with the City of Chandler to fund construction of a reverse osmosis facility, which since 1996 has resulted in over 4 billion gallons of water being put back into the aquifer. This strategy supports a key Chandler effort to store water in the underground aquifer to assure that the needs of local citizens and businesses are met for many years to come.

[1] © 2010 IEEE. Reprinted, with permission, from "Performing a Water Footprint Assessment for a Semiconductor Industry."

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Our initial findings suggest that the largest impact on water use (66%) is from our direct operations, the area where we have historically focused our water conservation investments and where we have achieved significant savings to date.

Recent studies and publications have found a direct correlation between water consumption and the production of electricity. As a result, we included the water associated with our energy use and generation in our water footprint assessment. We found that our own energy use accounts for approximately 28% of our total water use, but that our renewable energy credit (REC) purchases have helped to significantly reduce that amount, given the lower water use associated with the energy sources in our REC portfolio. If not for these purchases, we estimate that water associated with our energy use would be greater than that of our direct operations.

Scope 3 water use activities potentially include those from logistics (such as trucks, planes, and trains used to move materials and products), employee travel and commuting, product use, and Intel's supply chain. We narrowed our analysis of the supply chain to "first tier" suppliers—companies that provide the raw materials (such as chemicals, wafers, and gases) that are directly used in our manufacturing process. We focused our analysis on 19 raw materials representing 99.5% of our manufacturing ingredients by volume. Realistically, it will take years to perfect water footprint assessments. However, we believe that this assessment has helped us better understand our total water use impact and identify future opportunities for water use reductions.

Since 1998, we have invested more than $100 million in water conservation programs at our global facilities.

Local Water Use and Impact

A number of our operations are located in arid regions, including our sites in China, Israel, and Arizona and New Mexico in the U.S. In addition to taking internal actions, we partner with others to address sustainable water issues at the local level. For example, in Arizona we partnered with the City of Chandler to implement a progressive water management system that has lowered Intel Arizona's daily water demand by up to 75%. In Israel, we partnered with Numonyx B.V. to install a $20 million advanced membrane bioreactor (MBR) to treat wastewater from our factory. MBR effluent is extremely clean and suitable for reuse, including in agricultural irrigation.

At our new wafer fabrication facility in Dalian, China, scheduled to open in late 2010, we have incorporated processes and systems that we estimate will save 68 million gallons of city water per year once the fab is up and running. At our sites in India, through our water treatment and reuse plan, we currently recapture and reuse 100% of the water that we use, and capture stormwater for use in our cooling towers.

In 2003, our Hudson, Massachussetts site established a $1.5 million Intel Assabet Groundwater Recharge Fund to support projects that help replenish the river and its tributaries. Projects directly recharge water to the aquifer that would otherwise be piped into a stormwater system or discharged straight into a stream or river to increase the amount of groundwater available during dry periods, and to maintain the base flow of the river and its tributaries. Grants are awarded each year to municipalities and nonprofit organizations up to a project maximum of $500,000. By the end of 2009, over $770,000 in grants had been established for projects that collectively redirect and recharge an estimated 43 million gallons of water per year.

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Local Water Use Data

The following table details the fresh-water supply for our larger sites around the world. However, most of the water that we use in our operations is returned to the local water system. On average, between 60% and 70% of the water used at our sites is sent back to municipal water treatment operations, where it is treated so that it can be reused for other purposes in the community, such as irrigation, or returned to the water source. See our water footprint diagram for additional details.

2009 Water Withdrawals by Manufacturing Location

Location	Water Use[1]	Primary Water Source[2]	Location	Water Use[1]	Primary Water Source[2]
China			**United States**		
Chengdu	125	Surface: Fuhe River	Chandler, Arizona	195	Surface and ground: Salt and Verde Rivers, local aquifer
Dalian[3]	< 20	Surface: Wolong River	Ocotillo, Arizona	1,192[5]	Surface and ground: Salt and Verde Rivers, local aquifer
Pudong	443	Surface: Yangtze and Huangpu Jiang Rivers	Folsom, California	139	Surface: American River
Costa Rica			Santa Clara, California	173	Surface: Tuolumne River
San Jose	152	Ground: Colima Superior Aquifer	Hudson, Massachusetts	225	Ground: Assabet River Basin Aquifer
India			Rio Rancho, New Mexico	1,293	Ground: Santa Fe Aquifer
Bangalore[4]	< 30	Surface: Kabini River	Aloha, Oregon	192	Surface: Tualatin River
Ireland			Ronler Acres, Oregon	1,451	Surface: Tualatin River
Leixlip	1,117	Surface: River Liffey	**Vietnam**		
Israel			Ho Chi Minh City[3]	< 10	Surface: Dong Nai River
Qiryat-Gat	678	Surface and ground: Lake Kinneret, Coastal Aquifer, Mountain Aquifer (Yarkon-Tininim), and local desalinization plant			
Malaysia					
Kulim	232	Surface: Muda River			
Penang	323	Surface: Muda River			
Philippines					
Cavite	74	Ground: local aquifer			

[1] In millions of gallons. Figures represent water use/withdrawals by site. However, our net water use by location is significantly lower than these figures.

[2] For each water source, our 2009 water use did not exceed 5% of that source.

[3] Under construction in 2009.

[4] Site captures and reuses all water (minus evaporative loss, assumed to be 20% due to arid location, fountains, ponds) and also captures rain water for use on-site.

[5] In addition to 1,192 million gallons of fresh water used at the site, we took back 436 million gallons of gray water from the local municipal water treatment facility, further reducing our use of fresh water at the site.

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Collaboration and Opportunity

We regularly benchmark our performance on water use and reuse with other semiconductor companies to identify and share best practices. We actively participate in environmental performance benchmarking activities with other members of the World Semiconductor Council (WSC), Semiconductor Industry Association (SIA), and the International Sematech Manufacturing Initiative (ISMI), which enables us to better understand how Intel compares to others in the semiconductor industry on total normalized water and UPW use.

In 2009, Intel became a founding member of the Washington, D.C.-based Water Innovations Alliance, an industry association that focuses on developing funding, reducing regulatory barriers, increasing collaboration, and raising awareness of cutting-edge water technologies and the problems they address. As water resources become more constrained, the need for technologies that promote water conservation is likely to grow and may present a business opportunity for Intel. In the coming years, we will continue to research and explore opportunities to apply Intel technology to address the global water challenge.

Waste: Reduce, Reuse, Recycle

Each year, we recycle a high percentage of the waste from our operations. In 2009, our employees continued to identify new opportunities to minimize waste and recycle or reuse materials, from large-scale process improvements to everyday actions.
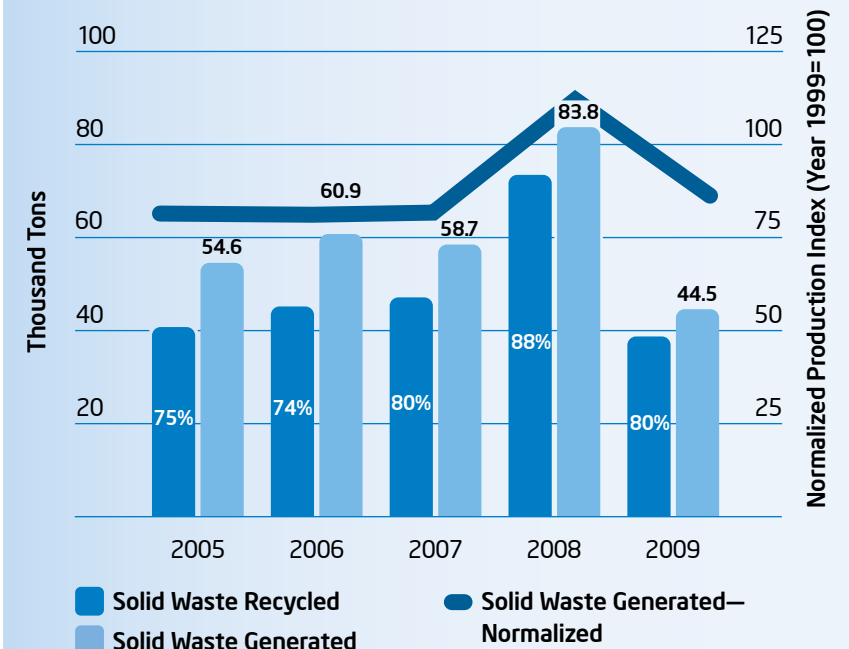
Solid Waste

Since 2007, we have recycled at least 80% of the solid waste generated in our operations each year. Waste generated during construction makes up a significant portion of our solid waste. We have implemented several programs that focus on solid waste reduction, reuse, and recycling in both construction activities and other areas, such as recycling office paper, metals, and other materials; composting cafeteria waste; and donating office

furniture. Over the past five years, these programs have enabled us to save more than $23 million. To remind employees about the value of recycling, we have applied funds saved through our recycling activities to provide rebates in our cafes, purchase new employee fitness center equipment, and make other site improvements.

▶ Watch Video

In 2009, we sold about 30 tons of silicon wafers that could not be used for production. This enabled the reuse of materials that would otherwise have become waste, and the wafers provided raw material for the solar industry—enough to manufacture solar cells that would add more than 3 megawatts of clean energy to the power grid every year.

Solid Waste Generated/Recycled

Solid waste generated was down 47% on an absolute basis and 25% on a per chip basis in 2009 compared to 2008, due to large construction projects winding down in 2009.

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Solid Waste Recycled

- Landscape and Food Waste
- Cardboard
- Metal
- Paper
- Plastic
- Wood

We recycled 80% of our solid waste in 2009 (with the balance disposed of in landfills), meeting our corporate-wide goal. Landscape and food waste are turned into mulch and composted, respectively.

Chemical Waste

In 2008, we announced a goal to reduce our generation of chemical waste per chip by 10% by 2012 compared to 2007 levels. Since 2007, our chemical waste has increased due to the growing complexity of our manufacturing processes, such as more layers per wafer and smaller feature sizes that require additional chemical rinsing.

We are working to reverse this trend and achieve our 2012 goal, including installing systems at two of our facilities to recycle dissolved metal waste. This on-site process will allow for the recovery of valuable dissolved metallic copper, eliminating off-site shipment of this chemical waste stream (and the associated transportation emissions). We have also established teams to identify ways to reduce two of our largest waste streams.

Chemical Waste Generated/Recycled

- Chemical Waste Recycled
- Chemical Waste Generated
- Chemical Waste Generated—Normalized
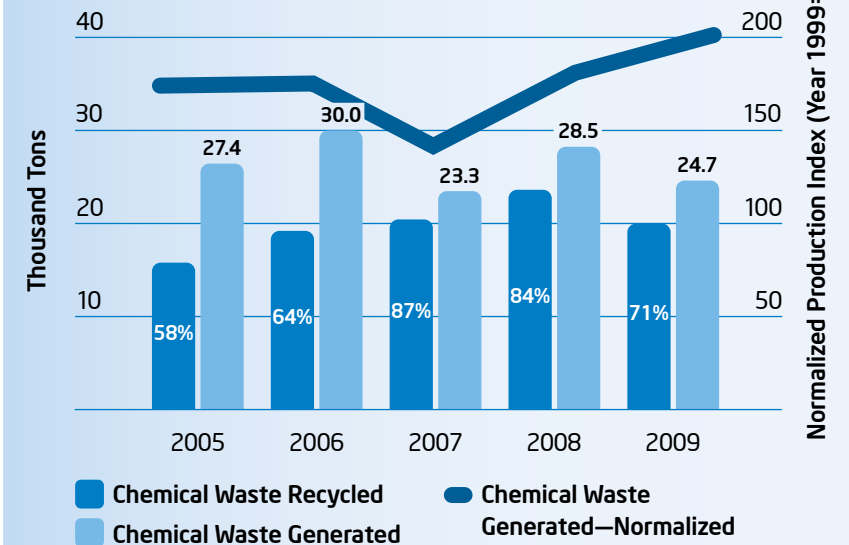
Chemical waste generated was down 13% on an absolute basis and up 23% on a per chip basis in 2009 compared to 2008. The per chip basis was up due to lower manufacturing volumes. Our recycling rate was 71%, which is below our goal to recycle at least 80% of our chemical waste. The drop was driven primarily by the closure of a U.S. recycling facility and reduced recycling opportunities in Israel.

Chemical Waste Management Methods

- Recycle
- Incinerate
- Landfill
- Neutralized/Filtered
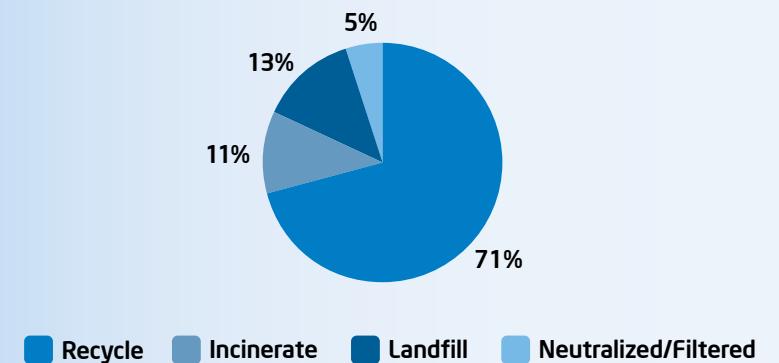
The recycled amount also includes chemicals directly reused, chemicals recycled, and fuel-blending activities.

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Reducing Air Emissions

Through careful design of our production processes, we have reduced our absolute air emissions since 2000, while growing our operations more than two-fold.

We work to minimize our emissions of both volatile organic compounds (VOCs) and hazardous air pollutants (HAPs). Where we cannot eliminate VOCs and HAPs entirely, we install thermal oxidizers and wet scrubbers to neutralize and absorb gases and vapors. Thermal oxidizers first concentrate VOCs and then oxidize them into carbon dioxide and water vapor. The heat used in this process is passed through a heat exchanger to pre-heat the incoming air and make the unit more efficient and use less fuel. Wet scrubbers re-circulate water that contains a neutralizing agent to remove acidic gases and other contaminants.

Intel eliminated the use of ozone-depleting substances (ODSs) from manufacturing in the 1990s. We have also eliminated the use of Class I ODSs from refrigerant systems. Although some of our refrigerant systems still use Class II ODSs, the units are managed in accordance with the U.S. EPA's refrigerant management standards and other local requirements to ensure that emissions are minimized.

NOx and CO Emissions
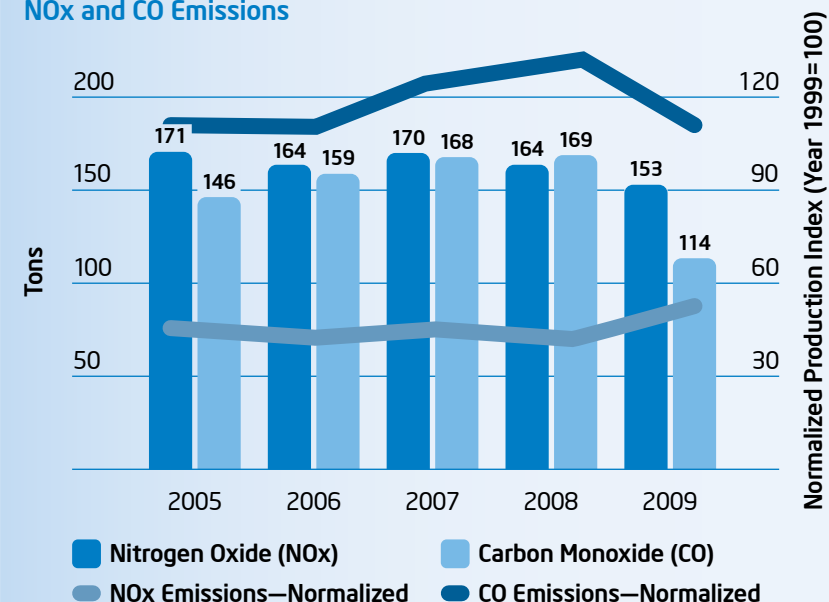
Absolute CO emissions were down 33% and per chip CO emissions were down 9% in 2009 compared to 2008. Absolute NOx emissions were down 7%, but per chip NOx emissions were up 25% due to lower manufacturing volumes.

VOC and HAP Emissions
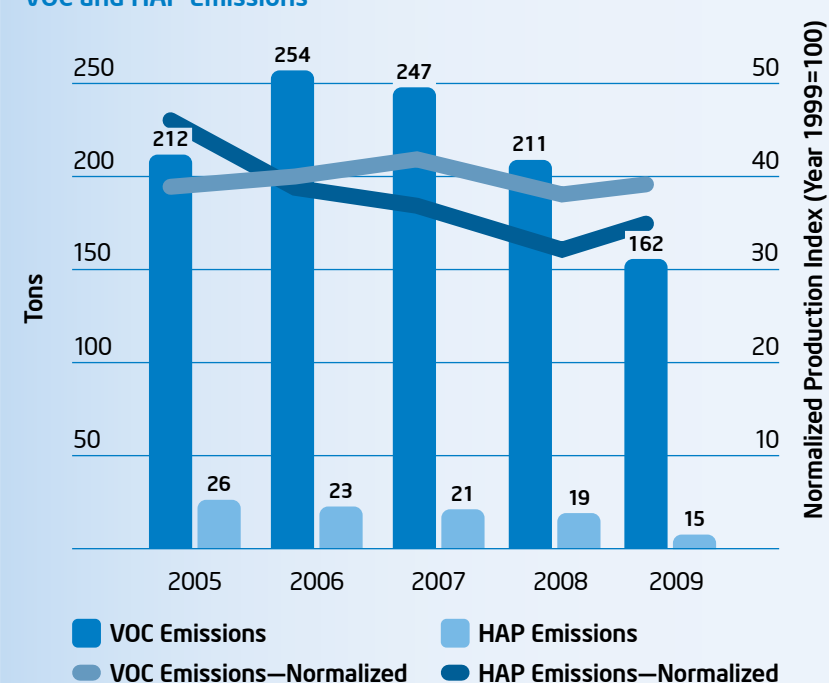
In 2009, absolute VOC emissions were down 23% and HAP emissions were down 21%. VOC emissions were up 8% and HAP emissions were up 14% on a per chip basis due to lower manufacturing volumes. We have achieved absolute reductions in both VOC and HAP emissions since 2000.

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Product Ecology

Through our Design for the Environment principles, we strive to minimize the environmental impact of our products at all phases in their life cycle: development, production, use, and ultimate disposal.

Lead-Free/RoHS

Due to its electrical and mechanical properties, lead has traditionally been used in electronic components and solders. Finding replacement materials that meet performance and reliability requirements has been difficult, but over the last decade we have developed technologies that have allowed us to reduce or eliminate lead across our product lines.

Intel is compliant with the European Union (EU) Restriction of Hazardous Substances (RoHS) Directive, which sets limitations on the use of six materials, including lead. We now ship millions of RoHS-compliant products every week and are taking a leadership role with industry, governments, and NGOs to balance environmental protection with workable technical solutions for the pending revision of the RoHS Directive. China is implementing a regulation restricting the use of the same materials as the EU's RoHS regulation of 2006, and Intel is actively engaged in the stakeholder process to develop the new regulation.

Our 45nm processors are manufactured using a lead-free[1] process, and our 65nm chipsets and new 32nm processors[2] are fully lead-free (RoHS compliant without current exemptions). We have also worked with our supply chain to develop standards for lead-free products. For more information, visit our RoHS/Lead (Pb) Free Solutions web site.

REACH

Registration, Evaluation, and Authorization of Chemicals (REACH) is an EU regulation that went into effect in 2007, affecting the use of approximately 30,000 existing chemical substances. As part of REACH, registration will be required for all existing chemical substances manufactured or imported into the EU in quantities greater than one ton per year. The process will require a "re-registration" by the manufacturer or importer for many substances that we use today. To prevent supply chain interruption, we are collaborating with suppliers to ensure that they meet REACH requirements.

Under certain conditions, REACH regulates chemical substances of very high concern (SVHC) within products. We have reviewed our products against the initial SVHC list, have met current obligations, and will continue to monitor the SVHC list as additional chemical substances are added.

Halogenated Flame Retardants

Most of our 45nm processors, and all of our 65nm chipsets and 32nm processors, use halogen-free[3] packaging technology. While legislation does not require the elimination of halogenated flame retardants, Intel has taken proactive steps over the past few years to eliminate the use of these materials, and has played a leadership role by facilitating industry consensus around halogen-free practices and chairing industry standards committees on materials selection and eco-design.

Electronic Waste

Intel's products 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 work with OEMs, retailers, and others to identify shared solutions for used electronics. We continue to support the EPA's Plug-In To eCycling campaign, which is designed to gather public and private support for proper recycling of used electronics.

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[1] Lead is below 1,000 parts per million (PPM) per EU RoHS Directive July 2006 (2002/95/EC, Annex A). Some EU RoHS exemptions may apply to other components used in the product packaging.

[2] 32nm is manufactured on a lead-free process. Lead is below 1,000 parts PPM per EU RoHS Directive July 2006 (2002/95/EC, Annex A). Some EU RoHS exemptions may apply to other components used in the product packaging.

[3] Applies only to halogenated flame retardants and polyvinyl chloride (PVC) in components. Halogens are below 900 PPM bromine and 900 PPM chlorine.

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Over the past five years, Intel has also collected more than 7.6 million pounds of e-waste at community collection events, helping communities recycle their used electronics responsibly. Collected materials—which include computers, printers, monitors, and TVs—are sent to approved recycling facilities for materials recovery. In 2009, we hosted or sponsored five community electronics recycling events in Costa Rica and in three states in the U.S., collecting over 95,000 pounds of used electronics (compared to 1.5 million pounds at nine events in 2008). Since many U.S. states now provide opportunities for e-waste recycling, we are shifting our focus and reducing the number of collection events held each year. In the next few years, we will support responsible recycling efforts instead through projects enabling recycling among our distribution channel customers and undertaking e-waste research.

In 2009, we implemented a free-of-charge, voluntary recycling program in the U.S. for the Intel® Reader, a device that takes a picture of text and reads it aloud. It was designed for people who cannot read printed text due to reading-based learning disabilities, or those with blindness or low vision.

Our PC Services department manages our internal assets. Products that can no longer be used within the company but are in working order may be sold or donated. Electronic equipment that is obsolete is processed by qualified recyclers.

> **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 responsible design of electronic products.**

WEEE Directive

The EU's Waste Electrical and Electronic Equipment (WEEE) Directive went into effect in 2005, requiring producers of certain electrical and electronic equipment to develop programs that allow consumers to return products for recycling. Each EU member country has implemented legislation detailing requirements for the WEEE Directive. Other non-EU countries have similar laws, but scope and producer responsibility requirements vary.

Most of our products—including motherboards, microprocessors, and other components—are generally not considered to be within the scope of the directive until they are incorporated into a final product. Although the final assembly and/or configuration of our chassis-level server products are commonly completed by commercial customers, Intel considers the products to be within the scope of the directive and provides ways to recycle them. In some countries, our distributors provide recycling options for products covered by the directive. Intel also facilitates recycling of our digital health products in the EU.

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 responsible design of electronic products. For additional information on our work on eco-label initiatives and other leadership efforts to help develop industry eco-design standards, see the Supply Chain section of this report.

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Performance Summary and Goals

In 2009, we continued to take steps to reduce our carbon footprint. We remained the largest purchaser of green power in the U.S., according to the U.S. EPA, made new investments in energy-saving projects in our operations, and linked variable compensation to energy reduction goals to further encourage our employees to take action. We continued to face challenges in achieving absolute reductions in both water use and chemical waste generated, and continued to work on new initiatives to reverse these trends. We achieved our product-related environmental goals, including energy-efficiency targets, and collaborated with others in our industry to develop a new energy-efficiency performance metric.

Environment Goals and Performance

2012 Goals	2009 Progress Against Goals	
Reduce water use per chip[1] below 2007 levels by 2012.	Tracking against our 2007 baseline, our water use was up 49% on a per chip basis due to lower manufacturing levels. We took steps in 2009, and will continue to work in 2010, to reverse this trend, and still expect to meet our 2012 goal.	Partially Achieved
Reduce absolute global-warming gas footprint by 20% by 2012 from 2007 levels.	Total emissions were down 48% on an absolute basis compared to our 2007 baseline.	Achieved
Reduce energy consumption per chip 5% per year from 2007 through 2012.	Per chip energy use was up 21% compared to our 2007 baseline due to lower manufacturing levels. We will continue to work to achieve an average annual reduction of 5% by 2012.	Partially Achieved
Reduce generation of chemical waste per chip by 10% by 2012 from 2007 levels.	Chemical waste generation on a per chip basis was up 47% over our 2007 baseline due to lower manufacturing levels. However, we are putting measures in place to change this trend, and we expect to meet our 2012 goal.	Partially Achieved
Recycle 80% of chemical and solid waste generated per year.	We recycled 80% of our solid waste, but our chemical waste recycling rate fell to 71% in 2009. We will work in 2010 to implement new processes to reverse this trend.	Partially Achieved
Achieve engineering and design milestones to ensure that Intel® products maintain the energy-efficiency lead in the market for our next two product generations.	We met our energy-efficiency and product ecology targets in 2009.	Achieved

● Achieved   ◑ Partially Achieved   ○ Not Met

[1] Assuming a typical chip size of approximately 1 cm^2 (chips vary in size depending on the specific product).

Subsequent to setting new 2012 environmental goals at the beginning of 2008, we completed the divestiture of our NOR flash memory business in exchange for an ownership interest in Numonyx B.V. To avoid the possibility of overstating reductions by including amounts that would be attributed to the sale of these operations, we created a revised 2007 baseline for the goals, with the Numonyx data removed. We believe that using this revised baseline allows us to better track results arising from the direct actions that we are taking in our operations to reduce our environmental footprint. Percentages in the table show our progress as of the end of 2009 against the revised 2007 baseline; tables, graphs, and data in the rest of the report use historical 2007 figures.

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Compliance Information and Reporting

On an annual basis, we report our releases to air, transfers off-site, and treatment of reportable chemicals in the U.S. in accordance with U.S. EPA regulations. For our most recent SARA Title III Reportable Chemicals by Site report, access the Report Builder on our Corporate Responsibility Report web site.

Collectively, Intel's facilities average more than 90 inspections per year by various environmental and safety regulatory agencies. The following table details non-compliance issues recorded in 2009 (includes environmental, health, and safety-related notices).

Inspections and Compliance				
Location	Type	Violation	Fine	Intel's Corrective Action
New Mexico	Environmental	The New Mexico Environment Department (NMED) conducted a hazardous waste inspection that included field audits of waste staging areas and a detailed review of applicable hazardous waste program documentation such as shipping manifests. NMED identified three universal waste storage violations applicable to lamps and five EPA identification number errors on shipping manifests prepared by the hazardous waste vendor.	No fines or penalties	During the inspection, Intel corrected the universal waste storage violations and the five EPA identification number errors on shipping manifests.
Israel	Environmental	Exceeded permit limit for fluoride discharge due to improper system design and installation.	No fines or penalties	The system was reengineered and leaking valves were replaced.
California	Environmental	Chilled water discharge to storm drain due to an open valve.	No fines or penalties	The valve was closed. Additional safety features were added to the valves, and contractor training was updated.
Texas	Safety	The U.S. Occupational Safety and Health Administration (OSHA) issued a citation at our Austin site for deficiencies associated with conducting annual energy control procedure inspections, the absence of a written site hazard communication program/chemical listing, and incomplete OSHA 301 incident report records for each OHSA 300 log recordable injury or illness.	$1,620 fine	A process for conducting annual energy control procedures has been established and linked to the annual Control of Hazardous Energy recertification process. The Material Data Safety Sheets database was updated to include all chemicals used on-site. A site-specific hazard communication program has been developed and communicated to site employees.
Texas	Safety	The Texas Department of State Health Services issued a notice of violation at our Austin site related to timely renewal of annual laser licensing.	No fines or penalties	The annual laser license was renewed.

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Inspections and Compliance (continued)

Arizona	Safety	The Arizona Radiation Regulatory Agency (ARRA) issued a notice of violation at our Chandler site related to registration, disposal, and removal of X-ray generating tools and for operational procedures related to the use of portable X-ray equipment.	No fines or penalties	Recordkeeping procedures for registration documentation and notifications made to ARRA have been revised to minimize potential for any recurrence. Portable X-ray equipment was removed from service.
China	Safety	The Shanghai Health Service Bureau (SHSB) issued a notice of violation at our Pudong site related to procurement of an occupational health evaluation permit prior to operations startup.	No fines or penalties	The necessary permit required by the SHSB was obtained.

In 2010, we will continue to work toward achieving the five-year goals that we set at the beginning of 2008, placing a strong emphasis on energy conservation and reducing our water use and chemical waste. We will also focus on identifying opportunities to increase our chemical waste recycling rate. We will continue our collaborations with external organizations on sustainability issues, particularly in identifying the role that ICT can play in addressing global environmental challenges. As 2012 draws nearer, we have begun looking beyond our 2012 goals as part of our strategic planning process, to identify environmental trends, threats, and opportunities, and to proactively address them as we plan our future technologies.

2012 Environmental Goals

Reduce water use per chip[1] below 2007 levels by 2012.

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 maintain the energy-efficiency lead in the market for our next two product generations.

[1] Assuming a typical chip size of approximately 1 cm^2 (chips vary in size depending on the specific product).

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Workplace

For over 40 years, Intel employees have been making history—collaborating to tackle some of the world's toughest challenges and developing technical innovations that have improved lives everywhere. Our success depends on recruiting and cultivating the best talent. Intel is known for its technology, but the people behind the technology are what make the company great.
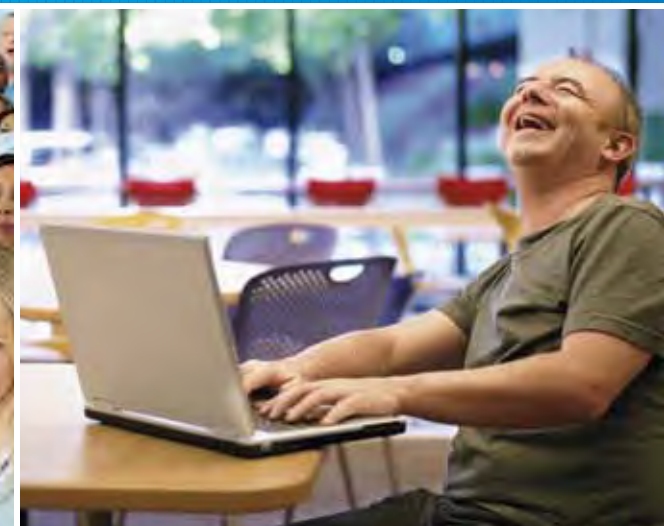
70%

Percentage of employees who provided feedback in 2009 through our Organizational Health Survey

27,205

Number of employees who participated in the Wellness Check through our Health for Life program in 2009

37.8

Average number of hours of training provided per employee in 2009

Key Workplace Links

Intel Values

Innnovation at Intel

Life at Intel

Diversity at Intel

Chartered Employee Groups

Compensation and Benefits

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Our Approach to Empowering Our Employees

Our goal is to cultivate a safe and respectful work environment where employees can thrive, create, and innovate. We offer competitive compensation packages, a broad range of benefits, and career development programs, and we pay particular attention to developing leaders who understand not only Intel's business and industry but also the people who bring it all together.

Our Global Workforce

As of December 26, 2009, Intel had approximately 79,800 employees worldwide, 55% of whom were located in the U.S. Our workforce is highly educated, with employees holding an estimated 42,000 technical degrees, as well as 12,000 master of science, 4,000 PhD or equivalent, and 3,800 master of business administration degrees.

Global Workforce at Year-End 2009

26%
55%
14%
5%

U.S.   Americas   EMEA   APAC

APAC = Asia-Pacific   EMEA = Europe, Middle East, Africa
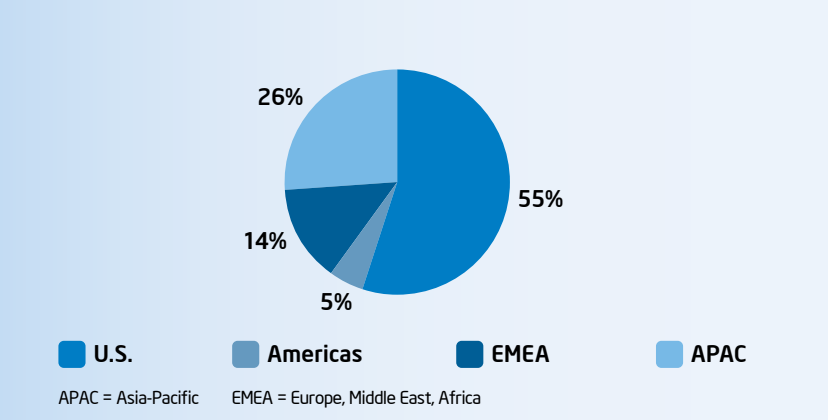
Our employees' faces reflect those of our customers, vendors, and colleagues in the global market. This worldwide perspective makes it possible for us to anticipate and provide for the growing needs of a changing marketplace.

Our Philosophy and Management Practices

One of the six Intel Values is "Great Place to Work," which reinforces the importance of positive employee relations as a key component of our success. We support this value by cultivating open and direct communications, rewarding and recognizing our people, and investing in career development and leadership.

Our "open door policy" has been a hallmark of Intel culture since the company's founding. Employees are free to speak directly with all levels of management about their ideas, concerns, or problems, and to collaborate with managers to address workplace issues. Quarterly Business Update Meetings provide two-way communication venues where employees can ask questions and share their views about our business directly with senior leaders. Feedback from regular employee surveys provides real-time information and data to drive continuous improvement over time.

People at Intel grow by continuously learning—on the job, in the classroom, and by connecting with others. Regular conversations between employees and their managers help identify new opportunities and development objectives. Through our Intel University program, employees connect with one another, acquire new skills, and also share their knowledge as volunteer instructors. Celebrating the accomplishments of our employees is a top priority, from everyday thank-yous to formal reward programs.

We have made significant investments in the development of strong leaders, recognizing that having skilled managers throughout the organization is critical to our success. We conduct succession planning, provide development opportunities, and set clear management and leadership expectations.

> "The ingredient we start with is sand. Everything else is value added by people."
>
> **Andy Bryant, Intel Executive Vice President, Technology, Manufacturing, and Enterprise Services, and Chief Administrative Officer**

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Promoting Innovation

In 2009, BusinessWeek and Fast Company magazines both named Intel on their lists of the 50 most innovative companies. Driven by our ongoing pursuit of Moore's Law, innovation has always been an integral part of Intel's culture, values, and success. At Intel, innovation isn't a task; it's who we are.

Throughout our history, we have learned that innovation depends on correctly defining challenges, setting aggressive goals, and putting the right people on the right problems. Innovation also means removing barriers— the ones between research and development and between development and manufacturing—and then giving employees the appropriate mix of autonomy and direction. Intel researchers today are working in the field—at universities and at our laboratories around the world—to create technology that improves every facet of life, from energy conservation and biotechnology advances to optical communication, and beyond. Our product development teams and manufacturing engineers innovate to turn these advancements into an array of products that serve the global marketplace.

We conduct an ongoing dialogue with employees about our innovation goals and investments, and provide resources for managers on innovation-related best practices, methods, and tools, including how to encourage creative behavior and foster innovation in their teams. We use recognition and reward programs, leadership resources, and interactive forums to create the cultural support for risk taking and the open exchange of ideas that are essential to sustained innovation. To enable both, we created the IdeaZone, an employee intranet portal that describes concrete methods to use at each stage of the innovation process, and the Innovation Engine, an online tool used to collect ideas from Intel employees on a range of topics, from product design enhancements to business process improvements.

Measuring Our Progress

Managing a complex, geographically dispersed workforce is extremely challenging, so we have instituted a number of ways to regularly assess the health of our overall organization and business groups, and obtain feedback so that adjustments can be made as needed.

Organizational Health Survey. Generally, each year Intel administers an online Organizational Health Survey (OHS) to learn what our employees

think about our workplace. This assessment provides insight into current business-specific issues, historical trending on a core set of questions, and comparisons to external benchmarks. It helps us identify strengths and areas for improvement in our business groups and geographies, and provides data for planning and improvement. Survey results (company-wide and business-unit level) are openly shared with employees, and our CEO uses the results to help determine variable compensation for his direct staff. Data is presented in nine broad categories: business process, teamwork, performance, climate, development, organizational direction, commitment, engagement, and environment.

In 2009, some 54,000 people—about 70% of our employees—responded to the 57-question OHS during late November and early December. OHS scores in 2009 held essentially steady compared to 2008, despite both difficult macroeconomic conditions and tight company budget constraints. While we had hoped to see improvements in our scores—as we did from 2007 to 2008—we are pleased with our continued strong performance during challenging economic times. Benchmarking against other technology companies indicated that we performed well over this time period.

Selected Organizational Health Survey Results			
	2009	2008	2007
I am proud to work for Intel.	82%	83%	75%
I would recommend Intel as a great place to work.	74%	73%	61%
I understand why a diverse workforce is important to Intel's success.	85%	85%	83%
My job makes good use of my skills/strengths.	74%	74%	70%
I have the flexibility to balance the needs of my work and personal life.	77%	77%	72%
I am satisfied with my opportunities to develop and grow.	59%	62%	55%
I hope to continue working at Intel for another five years or more.	77%	76%	67%

Percentages shown are for "favorable" responses to these statements.

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Workforce Data

Intel has a history of transparency in workforce data, having published comprehensive statistics in our Corporate Responsibility Report since 2002.

2009 Employee Data						
Type of Employee	**Employee Category**	**Americas**	**APAC**	**EMEA**	**U.S.**	**Total**
Regular						
	Exempt Full Time	2,118	13,140	8,425	32,086	55,769
	Exempt Part Time	5	9	101	97	212
	Total	**2,123**	**13,149**	**8,526**	**32,183**	**55,981**
	Non-Exempt Full Time	1,388	7,584	2,798	10,561	22,331
	Non-Exempt Part Time	—	—	33	11	44
	Total	**1,388**	**7,584**	**2,831**	**10,572**	**22,375**
	Regular Total	**3,511**	**20,733**	**11,357**	**42,755**	**78,356**
Intel Contract Employees and Interns						
	Exempt Full Time	119	489	34	141	783
	Exempt Part Time	29	4	1,186	27	1,246
	Total	**148**	**493**	**1,220**	**168**	**2,029**
	Non-Exempt Full Time	20	570	182	284	1,056
	Non-Exempt Part Time	2	—	87	32	121
	Total	**22**	**570**	**269**	**316**	**1,177**
	Contract/Intern Total	**170**	**1,063**	**1,489**	**484**	**3,206**
	Grand Total	**3,681**	**21,796**	**12,846**	**43,239**	**81,562**

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

At the end of 2009, the breakdown of total employees (including Intel contract employees and interns) was: 53% in the U.S., 27% in APAC, 16% in EMEA, and 5% in the Americas, which is consistent with the regional breakdown in 2008.

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Turnover by Region[1]

Region	Year-End Headcount 2009	Turnover 2009	Turnover (%) 2009	Turnover (%) 2008	Turnover (%) 2007
Greater Americas	3,511	260	6.9%	9.8%	11.1%
Greater Asia	20,733	1,053	4.8%	6.6%	10.5%
Greater Europe	11,357	311	2.7%	4.7%	8.2%
United States	42,755	916	2.1%	4.3%	6.8%
Total	78,356[2]	2,540	3.1%	5.3%	8.2%

[1] Regular employees only; does not include Intel contract employees and interns, or terminations due to divestiture, retirement, or redeployment.
[2] Slight discrepancies in totals are due to different data and accounting systems used to manage employee information by business groups across the company.

In 2009, our turnover rates continued to decline across all regions compared to 2008 and 2007, due in part to the global economic recession. Regular monitoring of turnover by performance rating (top, middle, and low) helps us spot and address issues and trends swiftly.

Other Turnover[1]

Reason for Termination	Count
Redeployment[2]	4,331
Divestiture	34
Retirement	360
Voluntary Separation	1,361

[1] 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.
[2] 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. Redeployment is generally not a layoff, as employees have the opportunity while in redeployment to look for other positions within the company at their regular pay and benefits, or they can choose a separation package.

This table provides a snapshot of turnover due to changes in Intel's business, such as divestitures or changes in our internal business priorities, as well as retirement figures.

Total Number of Regular Employees as of Year-end 2009[1]

Year	Thousands
2005	99.9
2006	94.1
2007	86.3
2008	83.9
2009	79.8
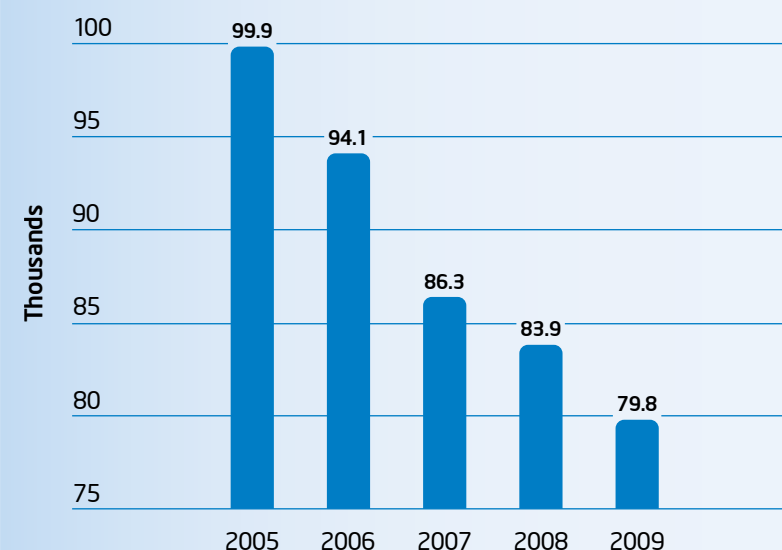
[1] Employee figures in this graph are from our 2009 Annual Report and Form 10-K, and are slightly different from the totals in other tables in this section.

We began restructuring efforts in 2006 aimed at creating a more efficient organization and reducing operating costs. Our efforts included a significant reduction in the size of our global workforce.

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Career Growth and Development

Our employees grow by continuously learning—on the job, in the classroom, and by connecting with others. We encourage employees to work with their managers to align their job assignments with their strengths and interests, as well as with the needs of the organization.

Recognizing that a strong development culture requires a mix of resources and learning methods, we have created a development model with three key focus areas:

- **Learn.** Provide employees with a robust set of training tools and resources, including Intel University courses, external training resources, tuition reimbursement, and manager/leader development courses.

- **Connect.** Encourage employees to connect with managers, senior leaders, and with one another through Open Forums, quarterly events, mentoring relationships, employee groups, and online and social media channels.

- **Experience.** Encourage employees to expand their skills through rotational and stretch assignments, as well as coverage assignments for other employees on sabbatical leave.

While every employee goes through an annual review process, performance management and career development at Intel is a continuing conversation between employees and their managers. Managers meet with each employee at least quarterly to review the prior quarter's goals, the employee's performance against expectations, employee development, and the upcoming quarter's priorities and goals. These meetings provide opportunities for recognition and discussion of performance issues, and contribute to overall improvement in a team's performance, execution, and business results.

When employees are ready to try new challenges, they can "test-drive" short-term assignments by providing coverage for employees on sabbatical leave or by taking advantage of one of our rotation programs. They can also use our internal global job-posting system to pursue new positions at Intel. Many employees pursue career growth by taking assignments in other countries, where they are exposed to unique cultural experiences while acquiring new business skills; approximately 800 employees were on global assignment at any given time in 2009. We expect that number to double in 2010. We also tailor development programs to promote career growth in particular markets.

In early 2008, we launched a career development workshop designed to help employees at all levels think strategically about their career development plans, and to facilitate discussions with their managers. Some 28,000 employees have participated in the workshop to date, and they have provided very positive and helpful feedback.

Management/Leadership Development

We set clear, consistent expectations for our managers and leaders, and then give them opportunities to gain critical skills and knowledge by attending both internal and external courses, connecting with other managers, and taking on new challenges. Many of our award-winning management and leadership development programs focus on supporting employees during transition periods, such as when they assume leadership roles for the first time or advance to more senior positions. We have seen continuous improvement in our manager and leader performance to expectations since first implementing these programs.

> **"Everyone has the right to have a good manager or leader."**
>
> **Paul Otellini, Intel President and Chief Executive Officer**

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New Managers. "New to Management" and "Leading for Extraordinary Results" are three- to six-month programs that expose new managers to challenging leadership scenarios, provide them with problem-solving skills, and encourage them to partner with other leaders on advanced solutions to problems.

Experienced Managers. To support the ongoing development of our seasoned managers and leaders, we offer 20 core instructor-led courses, as well as online performance training and support modules that provide "just-in-time" help. An online Manager Dashboard tool includes resources to help managers run the "people" side of their business.

Senior Leaders. Our senior leadership curriculum includes seven key courses that cover personal leadership, execution, strategy, and organizational leadership. The courses are offered globally, and Intel executives teach many of them. 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. In addition, we have an executive coaching program that links senior leaders with professional internal and external coaches.

Manager and Leader Feedback Survey. Through this survey, administered twice a year, employees evaluate how well their manager is communicating, motivating, and developing his or her team. Managers are strongly encouraged to discuss survey results—both strengths and areas for improvement—with their teams and develop action plans. We also factor the results of this survey into our annual manager performance reviews. In 2009, more than 95% of managers and leaders received constructive feedback through this process.

> **Most of Intel University's internal courses are led by employee volunteers, who leverage their skills and knowledge of a particular subject to teach other employees.**

Intel University

In 2009, Intel invested approximately $267 million in employee training and development, including instructor-led and e-learning courses. That amount translates to an investment of approximately $3,400 and an average of 37.8 hours of training per employee.

Intel University provides a comprehensive development curriculum, including new employee orientation, cultural integration, skills training, professional certification, and external education. Training programs cover a broad range of topics, including technical subjects, cross-cultural training, project management, problem-solving, and effective decision-making. Training magazine again recognized our strong focus on employee development by naming Intel to its list of the top 125 global training organizations, ranking Intel at 37, which is an increase of 50 places over our previous year's standing.

2009 Intel University Statistics	
Hours of classroom sessions delivered	1,969,202
Total number of training attendees (classroom and online sessions)	1,118,983
Number of employee volunteer instructors	4,858

Most of Intel University's internal courses are led by employee volunteers, who leverage their skills and knowledge of a particular subject to teach other employees.

Tuition Assistance

Our Tuition Assistance Program provides financial assistance to eligible U.S. employees who are completing job-related degree programs or coursework. In 2009, we invested $10.9 million in employees who participated in the program. In the U.S., 3.2% of eligible employees participated in 2009, resulting in more than 1,400 employees being able to pursue higher education with Intel's help.

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Communication and Recognition

Open and direct communication has been a hallmark of Intel culture since the company's founding. Employees report that they value getting the straight scoop from their leaders and managers, and appreciate being able to speak freely about issues that concern them.

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

In planning our corporate communications, we work to incorporate our philosophy of openness and two-way give and take. Because Intel's success depends on all employees understanding how their work contributes to the company's overall business strategy, we use a broad range of electronic and interpersonal channels to keep employees informed. Those channels include intranet news articles, Open Forums, webcasts, collaborative webjams, cyber-chats, quarterly Business Update Meetings, small-group executive roundtables, and informal brown-bag lunches. Our overall goal is to ensure that employees receive timely information and candid answers to their questions.

Circuit, our employee intranet portal, provides corporate and local Intel news, and information about workplace services and benefits. Approximately 90% of our employees use Circuit as their web browser's home page. In 2009, we reached more employees through a growing network of large-format plasma screens that broadcast news and other messages in our factories and cafeterias.

Employees increasingly participate in Intel's social media channels, such as blogs, wikis, vlogs (video blogs), and online forums. Senior leaders and other employees publish provocative personal essays to open dialogue about business issues, challenges, and opportunities. All employees are encouraged to post their responses to news articles and features—and their comments at times number in the hundreds. According to industry benchmarks, few other major companies publish employee commentary as openly as we do.

We also seek to broadly communicate appreciation to our employees. From simple and sincere thank-yous to banquets, several forms of recognition reward employees for their accomplishments. Recognition includes corporate-wide programs as well as local programs created by individual business groups to address specific goals.

Formal programs recognize employees for their performance to Intel Values, years of service, volunteerism, contributions as instructors for Intel University, and environmental achievements, including efforts to conserve energy and prevent pollution.

Corporate-wide Recognition Programs	
Intel Quality Award (IQA)	IQAs are given annually to a few Intel organizations that have made long-term commitments to operational excellence and have demonstrated performance to Intel Values. Organizations complete applications that are presented to a panel of executive judges, who select the winners. Winning organizations are expected to act as role models and mentors for groups that subsequently enter the IQA application process.
Intel Achievement Award (IAA)	The IAA is the company's highest honor for personal and small-team accomplishments. Less than one-half of 1% of all employees receive an IAA each year. Winners are rewarded with company stock and an invitation to a banquet hosted by Intel President and CEO Paul Otellini.
Division Recognition Award (DRA)	DRAs recognize employees for reaching critical milestones or completing projects that demonstrate a strong commitment to Intel Values. DRAs are presented to employees in front of their peers at quarterly Business Update Meetings.
Spontaneous Recognition Award (SRA)	Spontaneous recognition can be given at any time to show appreciation to a peer, subordinate, or manager, and may include cash, a gift card, or other reward.

We celebrate the accomplishments of business organizations, teams, and individuals through company-wide recognition programs.

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Workforce Diversity

Our ability to innovate depends on ideas, and great ideas come from great people. The wide range of perspectives that we gain by hiring and developing talent from a diverse, global labor pool gives us a better understanding of the needs of our customers, suppliers, and communities, and helps us advance our leadership position in both technology and corporate responsibility.

Studies show that employees working in a diverse environment tend to feel more fulfilled, creative, and productive on the job, resulting in increased productivity, efficiency, and innovation. We strive to continuously advance a work environment that honors, values, and respects all of our employees.

Intel promotes equal employment opportunity for all job 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. We also make reasonable accommodations for employees with disabilities. Our policies apply to all aspects and stages of employment—from recruiting through retirement—and prohibit harassment of any individual or group.

Our goal is to be world-class in diversity, and we develop annual diversity action plans that are monitored quarterly with rigorous indicators related to recruitment and performance management. We have been recognized for our diversity practices, including being named to Working Mother magazine's Best Places to Work List, and have earned a perfect score on the

> **Our goal is to be world-class in diversity. We develop annual diversity action plans that are monitored quarterly with rigorous indicators related to recruitment and performance management.**

Human Rights Campaign's Corporate Equality Index for eight years in a row for our policies and practices that support our lesbian, gay, bisexual, and transgender employees.

Increasing Leadership Diversity. While we have made significant improvements in recent years in key categories, we continue to work on increasing the number of under-represented minorities and technical females in managerial and senior leadership positions. As such, we have key initiatives designed to improve recruitment, retention, and development of African Americans, Hispanics, Native Americans, and technical women in leadership positions. We have three leadership councils made up of the most senior African American, Hispanic, and female leaders, who serve as role models, mentors, and advisors for career development. The Intel Women's Leadership Council comprises 29 female vice presidents and 3 female Intel Fellows, who serve as visible role models and passionate voices for women at Intel.

Managers regularly hold in-depth career discussions with employees, challenging them to take on assignments that increase their capabilities and opportunities for growth. In addition to internal career development and training, we offer employees external leadership training opportunities at places such as the African American Leadership Institute and the Latino Leadership Institute at the University of California at Los Angeles.

A Supportive Network. From recent college graduates to veterans, new Intel employees can join one of 20 chartered employee affinity groups. These groups—such as Women at Intel Network, Network of Intel African American Employees, and Intel Native American Network—help recruit, integrate, provide support, and promote personal and career development for our diverse workforce. Intel provides funding for group activities; dedicated support staff; space for meetings, study, or prayer; and communications vehicles. We also provide managers with tools and resources, documents and options for rewarding and recognizing diversity efforts within their groups.

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Building Multicultural Awareness. Several Intel programs are designed to promote cultural awareness among employees. For example, frequent company events give employees opportunities to share their heritages and connect with others. We provide intercultural training, such as "Microinequities" and "Gender Differences in Communication," as well as numerous discussion forums within our employee communications portal, that foster respectful dialogue between and among employees.

Building External Alliances. Intel is active on the corporate boards and industry committees of national diversity organizations, such as the Anita Borg Institute, Society of Hispanic Professional Engineers, Society of Women Engineers, National Society of Black Engineers, American Indian Society of Engineers and Scientists, Out & Equal Workplace Advocates, National Urban League, and National Action Council for Minorities in Engineering. By establishing Intel as a trusted advisor and building strong relationships with external organizations, we continue to enhance our own learning, help to achieve our diversity goals, share our best practices with others, and advance diversity beyond our own organization.

We are continuing to evolve our diversity practices to ensure a genuine focus on global diversity and inclusion, and will implement new programs based on a global assessment—not one developed primarily from a U.S. point of view. While we are committed to doing a better job of articulating how our diversity strategy connects to all stakeholders, we will also identify areas of global opportunity and linkage.

"The breakout session I attended was full of great women, all willing to share ideas. Thank your for pulling this together and providing guidance for our growth."

Employee participant in 2009 Women's Leadership Exchange Forum

Investing in Women

A number of Intel programs are designed to support the development and retention of female employees, especially in technical and leadership areas. The following are a few examples.

- **Women Principal Engineers (PEs) and Fellows Forum.** This 100% technology-focused forum is designed to offer women PEs, Fellows, and those likely to be promoted to PE opportunities to present their work in front of a highly technical audience.

- **Women's Leadership Exchange.** Site-based luncheon forums presented by the Women's Leadership Council provide opportunities for female employees to connect and receive high-level coaching and mentoring. Over the past three years, the council has held a total of 25 events at five U.S. Intel sites and three Intel international sites, reaching more than 800 of our senior female leaders.

- **Women at Intel Network.** This employee group has 16 chapters worldwide and hosts six development conferences a year.

- **Intel Global Women's Initiative Portal.** In 2010, we are launching a new interactive portal for all employees where they can connect with women around the world and interact with female leaders at Intel through blogs and discussion forums.

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Diversity Data

We continue to focus on efforts to increase our representation of women in our global workforce, including investments in the talent pipeline for women in engineering and technical disciplines.

2009 Worldwide Workforce by Gender

	Female	Male	Total
U.S. Workforce	10,404	32,312	42,716
	24.4%	75.6%	100.0%
Non-U.S. Workforce	11,524	24,116	35,640
	32.3%	67.7%	100.0%
Worldwide Total	21,928	56,428	78,356[1]
Average % Worldwide	28%	72%	

[1] Regular employees only.

This table shows our worldwide workforce by gender. Despite our continued investments and improvements in recruiting and retention programs, the overall percentage of women has remained relatively flat around 30% since 2005.

2009 U.S. Workforce by Reporting Category

	African American	Asian/Pacific Islander	Caucasian	Hispanic	Native American	Other[1]	Total
Workforce							
Female	357	3,062	5,071	856	72	45	9,463
	3.8%	32.4%	53.6%	9.0%	0.8%	0.5%	100.0%
Male	1,041	7,467	16,811	2,319	191	216	28,045
	3.7%	26.6%	59.9%	8.3%	0.7%	0.8%	100.0%
Total	1,398	10,529	21,882	3,175	263	261	37,508
Officials and Managers							
Female	20	207	644	61	4	5	941
	2.1%	22.0%	68.4%	6.5%	0.4%	0.5%	100.0%
Male	80	974	2,964	205	14	30	4,267
	1.9%	22.8%	69.5%	4.8%	0.3%	0.7%	100.0%
Total	100	1,181	3,608	266	18	35	5,208

[1] "Other" includes employees who reported as multi-racial and employees who did not report race.

This table provides a high-level summary of our U.S. workforce by reporting category. To access detailed U.S. demographic statistics, use the interactive U.S. Employment Demographics (EEO-1) tool on our Diversity web site, where you can sort data by position type.

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2009 U.S. Hiring Data

Year	Total Number of Employees Hired	Minorities as Percentage of U.S. Hires	Females as Percentage of U.S. Hires
2009	1,676	42% (701 of 1,676 hires)	24% (396 of 1,676 hires)
2008	4,060	56% (2,275 of 4,060 hires)	31% (1,246 of 4,060 hires)
2007	3,045	52% (1,587 of 3,045 hires)	26% (787 of 3,045 hires)

After making solid progress toward our 2008 goal of hiring more under-represented minorities and women, momentum slowed in 2009 due to the business downturn and Intel's limited external hiring. Despite current business conditions, increasing the representation of women and minorities remains an important goal.

2009 Worldwide Senior Management and Governance Bodies

		Board of Directors		Corporate Officers		Top 50 in Total Compensation	
Male							
	African American	–	–	–	–	–	–
	Asian/Pacific Islander	–	–	5	18.5%	7	14%
	Caucasian	8	73%	17	63%	30	60%
	Hispanic	–	–	–	–	–	–
	Native American	–	–	–	–	–	–
	Unidentified	–	–	–	–	4	8%
Female							
	African American	–	–	–	–	–	–
	Asian/Pacific Islander	–	–	–	–	–	–
	Caucasian	3	27%	5	18.5%	8	16%
	Hispanic	–	–	–	–	–	–
	Native American	–	–	–	–	–	–
	Unidentified	–	–	–	–	1	2%
Total		**11**	**100%**	**27**	**100%**	**50**	**100%**

This table provides 2009 year-end diversity information for Intel's Board of Directors, corporate officers, and top 50 executives in terms of compensation worldwide. The position of Chairman has been held by a woman since May 2009. Over the past five years, the representation of women on the Board increased by 9%, among corporate officers by 8%, and among the top 50 in total compensation by 4%. At our May 2010 Annual Stockholders' Meeting, if all of the director nominees are elected, the percentage of women on the Board will increase to 30%.

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Compensation, Benefits, and Work/Life Effectiveness

Intel's comprehensive compensation and benefits program is designed to attract, retain, and reward the people responsible for the company's long-term growth. Our worldwide approach to work/life effectiveness includes providing tools and creating an environment that supports the needs of different employees—from working parents and those with elder-care responsibilities to those pursuing educational goals.

Compensation

Intel's Total Compensation, or "T-Comp," approach aligns company, employee, and stockholder interests, and provides employees with incentives to focus on meeting or exceeding business objectives. T-Comp is based on five guiding principles that support our philosophy of rewarding both individual performance and corporate success: meritocracy, market competitiveness, alignment with business performance, promotion of health and welfare, and balance between employee and stockholder needs. Intel targets employee cash compensation (base pay plus bonuses) at above-market averages, as long as the company's performance is comparable to or better than the performance of our peer companies.

For more information on compensation and benefits at Intel locations worldwide, visit our Compensation and Benefits web site or read our most recent annual report and proxy statement.

Our bonus and profit sharing programs are cornerstones of the T-Comp philosophy, linking employees' compensation directly to Intel's financial and operational performance metrics. Higher level employees, who have a wider job scope and greater ability to affect the company's performance, receive a higher percentage of their compensation at risk, including our bonus and profit sharing programs.

The Employee Cash Bonus Program (ECBP) pays cash awards to employees twice a year, allowing them to share in Intel's success. On top of their ECBP payouts, employees may receive an additional two days of pay each year based on the results in our Customer Excellence Program (CEP), which is explained in the Intel Quality System Handbook. CEP measures overall customer satisfaction and drives corporate or business unit improvement actions. In 2009, employees received the additional two days of pay under the program as a result of the company receiving an outstanding 86% "Delighted" score from customers. Intel has exceeded the 75% "Delighted" score goal since 2006, enabling employees to receive two extra days of pay for four years in a row.

In addition to ECBP, Intel shares profits with employees worldwide by paying annual incentive cash payments through our Employee Bonus (EB) plan. The formula for determining EB payouts is based on three equally weighted components: relative financial performance, absolute financial performance, and operational performance. In 2008, we added criteria related to environmental sustainability metrics, and continued this practice in 2009. For more information, see the Environment section of this report. In 2010, in addition to continuing to cover environmental metrics, we will include other metrics related to corporate responsibility, such as performance on the OHS and external reputation measures related to our corporate responsibility initiatives. Instead of the EB program, eligible sales and marketing employees participate in our Commission program, which provides incentives linked to sales performance.

Since 2008, a portion of each employee's variable compensation has been dependent upon Intel achieving environmental sustainability goals.

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Year	Employee Cash Bonus Program (ECBP)		Employee Bonus (EB) Plan
	Annual Payout in Days of Pay	% of Pay	EB Multiplier
2005	17.8	6.8%	3.76
2006	15.1	5.8%	2.33
2007	17.3	6.7%	3.49
2008	15.2	5.9%	2.66
2009	16.7	6.4%	3.92

This table illustrates our historical ECBP payout and EB multipliers. The EB multiplier is applied to each individual employee's target amount, meaning that if an employee's target in 2009 was $1,000, the employee's payout would have been 3.92 x $1,000, or $3,920.

Equity Programs

To enable employees to share in Intel's success and align employee interests with those of our stockholders, we grant equity to more than 90% of our employees annually, including restricted stock units (RSUs) and stock options. Share-based compensation totaled $889 million in 2009.

Through stock options and RSUs, employees have the right to receive an equity interest in the company, acquire a stake in Intel's long-term growth, and potentially benefit from capital appreciation. Although all employees who receive stock grants receive RSUs, our more senior-level employees have a larger percentage of their grants in the form of stock options. Regular full-time and part-time employees are eligible to receive stock option grants at the time of hire, and may be recommended for additional grants during annual or mid-year performance reviews.

Under the Stock Purchase Plan, eligible employees can purchase stock through payroll deductions at 85% of Intel's stock price at the lower of the beginning or the end of a subscription period. All regular full-time and part-time employees and interns are eligible to participate.

Health Benefits

Intel is 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. Approximately 58% of our employees now participate in consumer-driven plans in which they spend on average about 35% less than employees enrolled in traditional plans while receiving the same level of coverage and quality of services. We also extend medical and dental benefit coverage to same-sex domestic partners.

Our total spending on healthcare benefits in 2009 was $379.4 million, including medical coverage for active employees and retirees, prescription drug coverage, and dental insurance. Intel's health premium spending averages approximately $737 per month per employee, boosting each employee's compensation package by approximately $8,841 annually (individual amounts vary depending on the plan and usage). We also offer an Employee Assistance Program that provides free short-term professional counseling services to help employees and their dependents through difficult times. See Wellness Programs in this report for information on our award-winning Health for Life wellness program.

Retirement Benefits

Planning for retirement is a shared responsibility between Intel and each employee. 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 benefits include post-retirement medical benefits as well as the following plans: 401(k) savings, profit sharing, tax-qualified, defined benefit, and pension. Eligibility for these plans varies by employee role and tenure. We fund our 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 liabilities of a plan exceed qualified plan assets.

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Special Leave Programs

In addition to Intel's standard paid time-off and leave benefits, we offer employees other leave programs, including:

Sabbatical Program. Employees in the U.S. and Canada receive an 8-week paid sabbatical upon completion of each seven years of service. Annual vacation time can be added to sabbaticals, resulting in up to 12 weeks of paid time off. Employees can apply to extend their sabbatical up to six months to teach, volunteer, or complete educational opportunities that significantly enhance our business or benefit the community. In 2009, 4,781 employees took sabbaticals, returning refreshed and revitalized.

Pregnancy Leave. In addition to the normal Family and Medical Leave Act leave time offered to employees, female employees can take advantage of Intel's Pregnancy Leave benefit. Although unpaid, it allows employees to take time off when their doctors say they are unable to work. Employees often supplement their income during Pregnancy Leave with short-term disability benefits. In 2009, 660 female employees used our Pregnancy Leave benefit. We also offer "bonding leave," an approved, unpaid leave for either parent to care for a newborn or adopted child, or a child placed with them through foster care.

Personal Leave. U.S. employees experiencing personal situations that require additional leave time can use Intel's unpaid Personal Leave program for up to 12 weeks. Employees can apply for Personal Leave to handle family crises or emergencies, provide care for an ill family member (i.e., when such leave is not otherwise covered by the Family Medical Leave Act), or address situations not covered under Intel's other leave programs. In 2009, 155 employees used the Personal Leave program.

Military Leave of Absence and Pay Adjustment. Intel supports employees who serve in the U.S. National Guard or military reserves. Military Adjustment Pay compensates for the difference between an employee's base pay and military pay. Intel has expanded Military Adjustment Pay for events related to 9/11, service in Iraq and Afghanistan, and other emergencies, including extending the duration of this benefit to up to two years per deployment. The U.S. government has publicly recognized Intel for its commitment and continuing efforts in this area. Since 9/11, more than 500 employees have used this benefit.

Intel Benefits and Work/Life Programs at a Glance

- Paid sabbatical benefit for U.S. and Canadian employees
- Multiple leave programs, including personal, pregnancy, bonding, and military
- Childcare, elder care, and adoption assistance programs
- Access to voluntary benefits, including long-term care insurance, critical illness insurance, and group legal insurance
- Comprehensive health benefits, including medical, dental, vision, and employee assistance programs
- Multiple retirement plan options, including 401(k), profit sharing, defined-benefit, and post-retirement medical benefits
- Employee discount program for online shopping, local discounts, and discounts on Intel products
- On-site fitness and recreation facilities
- Free fresh fruit and beverages at multiple locations
- Access to commute reduction options
- "Live Homework Help" for employees' families, reaching more than 20,000 students in 2009
- Scholarships for dependents of Intel employees
- Family fun events (over 34,000 employees and their families participated in 2009)
- Employee use of Intel facilities for book clubs, music events, birthday parties, baby showers, etc.
- Employee Marketplace: An online forum for Intel employees where they can exchange items with their colleagues (about 400 items are sold or traded every month)

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Work/Life Effectiveness

Intel is committed to fostering a culture that reduces barriers to work/life effectiveness. Our commitment to flexibility is driven by the demands of our global business environment, which require ongoing collaboration across multiple locations and time zones. We look for ways to provide flexible work schedules and locations, and provide supportive care resources. Program options may vary by business unit and job type, and are tailored for each country based on market needs and statutory requirements. 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 schedules, job sharing, flex time, compensatory time off, and telecommuting. Corporate guidelines govern each of these options, and managers and employees have discretion in developing solutions that meet both business and employee needs.

Because most of these arrangements are negotiated directly between employees and their managers, Intel does not track usage centrally. However, surveys indicate that about 25% of our employees work a compressed work-week schedule, and more than 78% telecommute on a regular or temporary basis using company-provided laptops and remote access to the corporate network.

Child and Elder Care. Our childcare programs are customized to meet the specific needs and market conditions at each site. Intel sponsors 15 near-site childcare centers in the U.S. that offer priority enrollment, back-up childcare, and holiday care. We also provide up to $50 a day (five days a year) for back-up childcare reimbursement to all U.S. employees. In addition, we sponsor family childcare networks at our Arizona, New Mexico, and Oregon sites. To meet the scheduling needs of our manufacturing workforce, many of our family childcare network providers offer extended-hours care.

Through our Dependent Care Assistance Program, employees can set aside up to $5,000 in pre-tax funds each year to pay for dependent care expenses. Employees can be reimbursed up to $5,000 per adoption, with a lifetime maximum of $15,000 (three adoptions). Intel is committed to supporting employees who have children or other dependents with special needs, and we provide a comprehensive intranet site with resources for employees and their families. We also provide on-site caregiver training for employees who are caring for an elder relative, and we maintain an elder-care intranet site with easy access to resources such as a nationwide elder-care support and referral service.

Services and Conveniences. Several discount programs offer employees reduced pricing on products and services, such as computers, cars, cell phones, home mortgages, and banking. We also have on-site cafeterias, fitness centers, ATMs, dry-cleaning services, and private rooms for nursing mothers. More than 90% of our employees in the U.S. have access to commute reduction options, such as vanpool and transit subsidies and carpool matching services, as well as air shuttles between major sites.

Resources. Our intranet site includes a wide variety of work/life resources, and our Global Work/Life team sponsors ongoing seminars on topics such as weight management, coping with depression, identity theft, managing stress, caring for elder relatives, and working parent strategies. Our Employee Assistance Program provides employees with online resources and articles on a variety of work/life topics, as well as 24/7 access to consultants.

For firsthand accounts of the Intel workplace, visit the Life at Intel web site, where employees share their experiences of working at Intel, including our work/life programs.

> **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 schedules, job sharing, flex time, compensatory time off, and telecommuting.**

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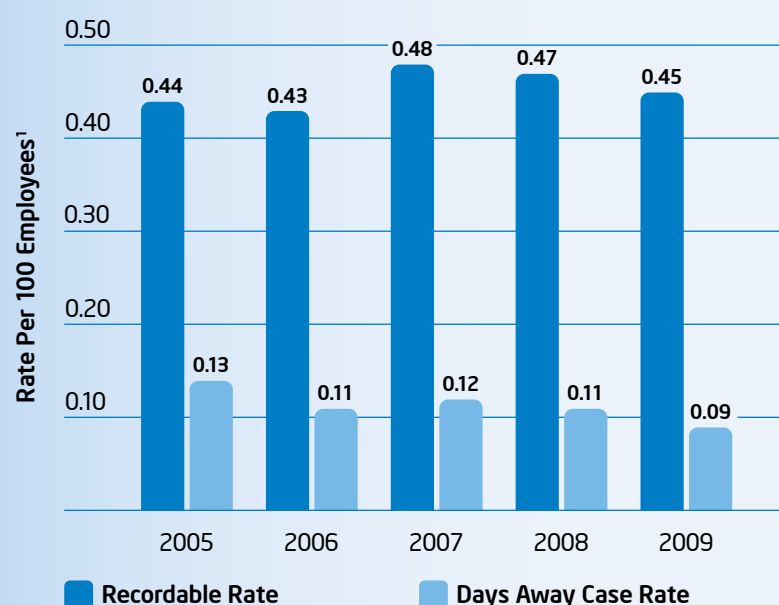2009 Corporate Responsibility Report
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Health and Safety, and Employee Wellness

Our safety and wellness programs help employees enjoy a better quality of life. They also contribute to Intel's success, since employees who are physically and mentally fit can be more productive.

2009 Safety Update

Our safety performance continued to be world-class in 2009. We saw an 18% reduction in our lost-day case rate compared with 2008, and our recordable injury rate improved slightly. Cumulative trauma disorders (CTDs), sprains, and strains remained the top three injuries in our workforce.

Recordable and Days Away Case Rates

Rate Per 100 Employees[1]

Year	Recordable Rate	Days Away Case Rate
2005	0.44	0.13
2006	0.43	0.11
2007	0.48	0.12
2008	0.47	0.11
2009	0.45	0.09

[1] Rate based on 100 employees working full time for one year

Intel's recordable rate for injury and illness decreased 4% in 2009. Our days away case rate decreased 18%. We believe that all workplace injuries are preventable, and we will continue to focus our efforts in 2010 on reinforcing a strong safety culture at Intel. Note that the 2008 figures were restated due to new cases that were reported after the close of the reporting period (the recordable rate was 0.44 and the days away case rate was 0.10 in our 2008 report).

Health and Safety Benchmarks

Rate Per 100 Employees[1]

	Recordable Rate	Days Away Case Rate
2008 OSHA[2]	5.6	1.2
2008 OSHA[3]	2.1	0.5
2009 Intel	0.45	0.09
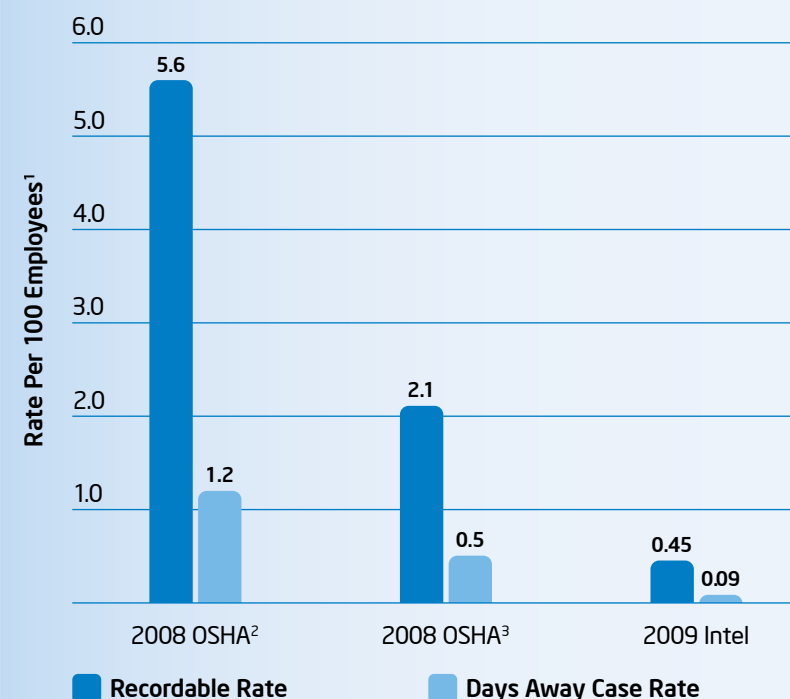
[1] Rate based on 100 employees working full time for one year
[2] Occupational Safety and Health Administration (OSHA) rate for U.S. manufacturers
[3] OSHA rate for U.S. semiconductor manufacturers

Each year, Intel compares its 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.

In 2009, ergonomics injuries accounted for 51% of all recordable injuries. Although ergonomics safety performance improved compared with 2008, it remains a major focus area. In 2009, we continued to leverage learning from site self-audits and developed new tools and materials directed at decreasing the severity of ergonomics injuries while increasing the efficiency of ergonomics programs. We maintained our focus on employees reporting CTDs early and seeking treatment before symptoms become serious. We saw continued improvements in 2009, as CTD recordable injuries decreased by 8% over 2008. Our ratio for individuals seeking first aid to recordable injuries improved 16%, from 6.9:1 in 2008 to 8:1 in 2009.

In 2009, we reached 105,000 people with environmental, health, and safety (EHS) training, including over 2,200 online, instructor-led, and on-the-job EHS classes held during the year.

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Compliance Assurance and Safety Self-Assessments

In 2009, we continued to maximize EHS performance through our comprehensive compliance assurance program. We conducted EHS self-audits at all manufacturing sites in 2009. Independent corporate-led EHS audits were also completed at various sites, with a focus on regulatory compliance, management systems, and proactive identification of potential EHS issues that could impact site business operations.

Through our signature Safety Self-Assessment (SSA) program, an Intel vice president joins a global EHS leader to meet with employees and management at various sites to discuss safety, obtain feedback for continuous improvement, and validate safety action plans. In 2010, our compliance assurance and SSA programs will focus on delivering ongoing improvements through continued regulatory compliance and improved EHS performance and efficiency, while serving to strengthen our worldwide management commitment to EHS.

During 2009, we developed the Everybody, Everywhere, Everyday (E3) Safety Culture Strategy to reinforce our expectations about maintaining a strong safety culture. The strategy brings together our learnings on safety culture and best practices over the last 20 years into one intranet site. Our E3 Assessment Tool is based on eight core expectations for a positive safety culture, and describes the common behaviors of the various stages of safety culture maturity. We used the tool to prepare for the SSA program in 2009, and a number of Intel business groups also used it to develop their individual 2010 safety plans.

Safety Focus Areas for 2010

- Drive further injury and illness reduction through analysis of organization-specific trends and implementation of recommendations.
- Lead Intel's safety culture revitalization through proliferation of our E3 Safety Culture Strategy across Intel.
- Strengthen compliance by delivering effective EHS programs, systems, and tools.

Health and Safety Management System

In addition to maintaining our ISO 14001 certification for environmental management systems, our ongoing commitment to continuous improvement across EHS topics was acknowledged through our Corporate EHS Group's initial certification to OHSAS 18001, the internationally recognized standard for occupational health and safety management systems. In 2010, we will continue to build on our history of EHS excellence by incorporating OHSAS 18001 into our ISO 14001 multi-site certification model and expanding our registration to include new manufacturing operations.

Each year, Intel facilities are inspected by a number of safety regulatory agencies. In 2009, we received four notices of violation, one of which resulted in a fine of $1,620 for insufficient OSHA documentation. For information on these cases and the corrective actions put in place to address these concerns, see the Environment section of this report.

Wellness Programs

Intel is committed to providing a portfolio of wellness programs that help our employees evaluate, maintain, and improve their own health and that of their families. Our Health for Life 3-Step Wellness Check is based on the concept that the more employees know about their health risks, the better they can manage them. Now in its fourth year, the program provides a gateway for employees to access resources that focus on positive health and wellness lifestyle choices. The program features a baseline health evaluation, an online Health Risk Assessment, and confidential meetings with an on-site personal wellness coach to develop an individual health action plan. The program started in the U.S., and in 2008 expanded to sites in Costa Rica, Israel, and Malaysia. In 2009, another Israel site was added, along with a location in Chengdu, China.

In 2009, 27,205 Intel employees participated in the Wellness Check. Through effective disease management strategies for medications, diet, and exercise, blood pressure risk has dropped 27% for U.S. participants. More than 96% of respondents to monthly surveys reported being very satisfied or satisfied with the Wellness Check program and plan to make changes to improve their health.

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The Health for Life wellness program received several internal and external awards in 2009, including the prestigious Institute for Health and Productivity Management Level II award, which recognized Intel's excellence in integrating health program and corporate productivity. And the National Business Group on Health presented Intel with its Best Employers for Healthy Lifestyles Gold award for the third consecutive year.

As a natural expansion of the program, we piloted an on-site Health for Life Center for employees at our Arizona site. The center features primary-care physicians and medical staff, treatment/exam rooms, physical therapy, lab capabilities, and wellness coaching rooms. We believe that such centers meet employees' needs for convenient, cost-effective medical care. The pilot was deemed a success, and we plan to expand the program to Intel Oregon. The on-site centers are open to only employees at this time.

Other Health Initiatives

We collaborate regularly on research and leadership initiatives as well as other health-related issues that may impact our industry or our workforce.

SIA Health Study. We continue to work with the Semiconductor Industry Association (SIA) and a research team from Vanderbilt University on a multi-company study of the potential health effects associated with working in wafer fabrication facilities. 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 research team is completing the final phase of the study. We expect the study to be released publicly in 2010 and to be published in a scientific journal soon thereafter.

Nanoelectronics Safety. Intel is 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 in developing EHS standards on the use of nanomaterials in several external organizations, including the International Organization for Standardization Technical Committee on Nanotechnology and the U.S. National Nanotechnology Initiative. We

continue to support the International Council on Nanotechnology, a multi-stakeholder group of industry, academic, and government institutions dedicated to promoting the sound use of nanomaterials in future applications.

HIV/AIDS. We believe that employees affected by Acquired Immune Deficiency Syndrome (AIDS) or the Human Immunodeficiency Virus (HIV) do not present a health risk to other employees under normal working conditions. We strive to ensure that affected employees have the same working conditions and performance requirements as other Intel employees. We have also developed employee education programs, and our employees have initiated community outreach efforts related to HIV/AIDS, with particular emphasis in areas of the world where we operate that have limited access to information on this topic.

Business Continuity Practices

As a corporation with locations and suppliers around 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, and to ensure the safety of our employees, all of our organizations embed business continuity as a core business practice. If our operations are disrupted, our business continuity plans are designed to enable us to continue critical functions, such as handling customer orders, overseeing production and deliveries, and managing our supply chain.

As part of our business continuity practices, we have integrated pandemic preparedness into our emergency management and occupational health processes and systems. Our cross-functional Pandemic Leadership Team has developed preparedness plans that include more than 800 drills and exercises throughout the company. We share our response strategy with other companies, local governments, and professional organizations at several forums each year. We also host a comprehensive pandemic intranet site for employees, with links to our Pandemic Response Plan, as well as information about travel and home preparedness. In 2009, we used these plans and resources to effectively manage our response to the H1N1 virus and keep our employees informed. For more information, visit our Business Continuity web site.

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Performance Summary and Goals

In 2009, we continued to invest in our employees and new programs in support of our "Great Place to Work" value, including additional benefits to support work/life effectiveness and career development workshops. Our Organizational Health Survey (OHS) results remained strong and provided valuable feedback in the areas where we have made significant improvements over the past few years, as well as the areas where we still can improve. We were recognized by a number of external groups for our diversity programs and investments aimed at increasing the pipeline of women and minorities in the technology industry. We still faced challenges in increasing the overall percentage of women and under-represented minorities in our global workforce but increased the representation of women in our leadership team. In the area of health and safety, we made good progress on improving early reporting of injuries and continued to expand our Health for Life wellness program to reach more employees at our sites around the world.

Workplace Goals and Performance		
2009 Goals	**2009 Performance**	
Drive key improvements in the hiring and retention of under-represented minorities and women to reach full parity in workforce representation.	While the overall percentage of females in our global workforce declined slightly, we saw an increase in the representation of women in senior leadership positions. We will continue to invest in both internal and external initiatives to strengthen the pipeline of talent and advance our diversity objectives.	◔
Achieve organization-specific recordable rate goals for targeted groups. Improve early reporting of ergonomic-related injuries, specifically cumulative trauma disorders, with a targeted First Aid to Recordable Ratio goal of 9:1.	We had a 16% improvement in our early reporting metric, but achieved a ratio of 8:1 compared to our target of 9:1.	◔

● Achieved   ◑ Partially Achieved   ○ Not Met

In 2010, we will focus on making improvements in key areas identified in the 2009 OHS, including career development, decision-making, and manager effectiveness; drive continuous improvement in workforce diversity; and build on the solid foundation that we have established in health and safety performance. We will also complete workplace redesigns at a number of our sites, based on successful pilots in 2008, to create more open and flexible workspaces that facilitate employee collaboration and create a more aesthetically pleasing work environment.

Workplace Goals for 2010
Drive key improvements and hire at full availability for technical under-represented minorities and women.
Improve the organizational health of the company, as measured by improvements in the company-wide OHS.
Maintain our world-class safety performance, achieving a target safety recordable rate of 0.36.
Improve early reporting of ergonomic-related injuries, specifically cumulative trauma disorders, with a targeted First Aid to Recordable Ratio goal of 9:1.

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Supply Chain

Respect for people and our planet. This principle underlies our business practices, and we expect the companies we do business with to apply the same principle. Because the most reliable, sustainable companies are those that honor their employees and care about the environment, Intel is working to continuously improve transparency and promote corporate responsibility throughout the global electronics supply chain.
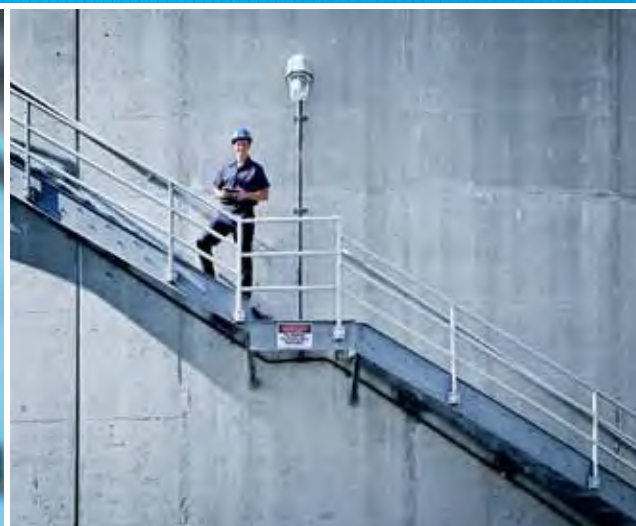
> **9,000**

Number of
Intel suppliers, in over
100 countries

500

Number of supplier
facilities that we completed
a risk assessment
for during 2009

100%

Eligible bid opportunities
that included
at least one historically
under-represented
business

Key Supply Chain Links

Intel Supplier Site

Intel Code of Conduct

Intel Human Rights Principles

Electronic Industry Citizenship Coalition

Supplier Ethics Expectations

Supplier Environmental Health and Safety Requirements

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Our Approach to Supply Chain Responsibility

To bring about lasting social and environmental improvements in the global electronics supply chain, we collaborate with other companies in our industry to develop processes, standards, and tools.

Our Global Supply Chain

Intel depends on a complex, multi-tiered global supply chain that comprises more than 9,000 suppliers in over 100 countries. Our suppliers provide a myriad of parts, equipment, materials, and services for our factories and offices worldwide. To improve transparency, in our report this year we have included a list of our top 50 suppliers.

Supplier Spends by Region

- Americas 60%
- APAC 28%
- EMEA 12%

APAC = Asia-Pacific EMEA = Europe, Middle East, Africa
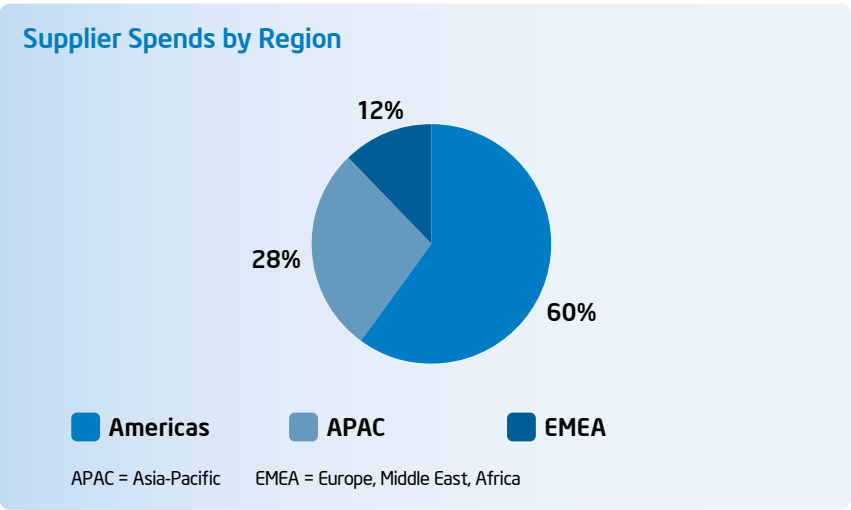
Our Expectations

Intel first codified supplier expectations regarding human resources, environmental management, worker safety, and ethics in 1998. In 2004, we adopted the Electronic Industry Code of Conduct (EICC Code), which is consistent with Intel's own Code of Conduct and Human Rights Principles. Our Electronic Industry Citizenship Coalition (EICC) Commitment Letter, Code of Conduct, and Human Rights Principles, as well as other corporate governance and business ethics documents, are available on our Governance and Ethics web site.

Top 50 Production and Capital Suppliers[1]

Advantest Corp.	MEMC Electronic Materials, Inc.
Air Products and Chemicals, Inc.	Micron Technology, Inc.
Amkor Technology, Inc.	Mitsubishi Gas Chemical Co., Inc.
Applied Materials Inc.	NAN YA Printed Circuit Board Corp.
ASE	Nidec Corp.
ASM International N.V.	Nikon Corp.
ASML	Nordson Asymtek
Daifuku Co., Ltd.	Novellus Systems, Inc.
Dainippon Screen Mfg Co. Ltd.	Pegatron
Delta Design Inc.	Quanta Computer Inc.
Ebara Corp.	Samsung Electro-Mechanics Co., Ltd.
Edwards Ltd.	SEH America Inc.
Flextronics International Ltd.	Shinko Electric Industries Co Ltd.
Fujifilm Electronics Materials USA, Inc.	Siliconware Precision Industries Co., Ltd.
Gemtek Technology Co., Ltd.	Siltronic AG
Grohmann Engineering GMBH	Stats ChipPac Ltd.
Harbor Electronics	SUMCO Corp.
Hitachi High Technologies America, Inc.	Tokyo Electron Ltd.
Hitachi Kokusai Electric, Inc.	Tokyo Ohka Kogyo Co., Ltd.
Hon Hai Precision Industry Co., Ltd.	TSMC
Ibiden Co. Ltd.	Ultratech, Inc.
Inventec Corp.	Universal Scientific Industrial Co., Ltd.
KLA-TENCOR Corp.	UTi Inventory Management Solutions Inc.
KMG Chemicals, Inc.	Varian Semiconductor Equipment Associates, Inc.
Mallinckrodt Baker, Inc.	VWR International, LLC

[1] As of December 31, 2009

The 50 production and capital suppliers in this list represent more than 80% of Intel's total purchasing spends in 2009. A number of these suppliers were recipients of Intel's 2009 Supplier Continuous Quality Improvement and Preferred Quality Supplier awards.

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We expect our employees and suppliers to comply with the EICC Code, which describes best practices adopted and implemented by major electronics companies, our customers, and their supply chains. We also expect our suppliers to ensure that their suppliers abide by the EICC Code.

The EICC Code sets forth performance, compliance, management system, and reporting guidelines, as well as assessment and audit procedures across key areas of social responsibility and environmental stewardship. It covers human rights issues and labor standards related to: child and forced labor, freedom of association and collective bargaining, diversity and nondiscrimination, working hours and minimum wages, ethical practices, and worker health and safety.

The EICC Code embodies principles from external standards, such as pertinent International Labor Organization conventions, the United Nations Global Compact, the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, and the Universal Declaration of Human Rights. We also include language in our contracts about our expectations for suppliers on corporate responsibility issues.

Governance and Management

An internal organization at Intel is dedicated to managing our supply chain, and we have chartered specific leadership teams to focus on integrating corporate responsibility into our management practices, including responding to requests from our customers on corporate responsibility topics.

The primary leadership team chartered with setting the direction and strategy for all supply chain corporate responsibility issues is our Supply Chain Environmental, Social, and Governance (ESG) Management Review Committee (MRC). This team is made up of representatives from relevant business units across Intel, such as Materials, Technology Manufacturing Engineering, Customer Fulfillment, Planning and Logistics, Corporate Responsibility, Environmental Health and Safety, Human Resources, and Legal. The MRC is supported by project work groups focused on EICC Code implementation, environmental sustainability, supply chain ethics, and global supplier diversity. The MRC also provides regular updates to Intel's Eco MRC and senior vice president and general manager of manufacturing and supply chain.

In 2009, we developed a framework to consistently assess and prioritize new ESG topics and opportunities across our supply chain, as well as issues managed by different internal work teams. Issues and opportunities are scored against a set of criteria that incorporates external stakeholder priorities and impacts, and Intel business priorities, helping to give us a balanced view and improve decision-making on investments and actions.

Supplier Selection and Assessment

Intel commodity managers and buyers who manage our top-tier suppliers (representing approximately 80% of our supply chain spends) are required to attend a supplier corporate responsibility internal training course that covers corporate responsibility and environmental sustainability. Commodity managers and buyers communicate our corporate responsibility expectations to our suppliers. Suppliers implement actions to meet or exceed these expectations, and provide Intel with proof that any gaps or issues have been addressed. Our discussions and collaborations with suppliers on these matters happen on a continuous basis.

We use an industry-accepted, risk-based approach to prioritize our supplier social responsibility activities. Our commodity managers are responsible for working with our suppliers to assess potential risks, using the following three-tiered framework:

- **Risk Assessment 1 (RA1)** is a high-level (one-page) analysis used to determine whether a specific supplier facility is a potential high-risk facility. Key components cover a number of risk factors, plus geographic location, product(s) or service(s) provided, and corporate responsibility concerns.

- **Risk Assessment 2 (RA2)** requires a supplier to respond to an online self-assessment questionnaire to determine a facility's potential high-risk areas. RA2 goes into greater depth relative to RA1 and covers all sections of the EICC Code.

- **Risk Assessment 3 (RA3)** consists of a shared third-party audit conducted for EICC members. The audit covers all sections of the EICC Code and evaluates risk according to the percentage of compliance concerns and/or critical areas.

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Supplier Continuous Quality Improvement Program

Started in 1987, Intel's corporate-wide Supplier Continuous Quality Improvement (SCQI) Program utilizes Intel's supplier management tools and processes to drive continuous improvements in our suppliers' performance. Our suppliers receive regular feedback through the supplier assessment process and supplier site visits.

On an annual basis, we publicly recognize suppliers who have shown outstanding performance. Suppliers are awarded either SCQI or Preferred Quality Supplier (PQS) status based on Supplier Report Card (SRC) results, performance against a challenging annual improvement plan, and validated quality and business systems. In 2008, we began requiring potential SCQI and PQS award nominees to include documented improvement plans for any identified EICC high-risk areas and to publicly disclose details of their "green" programs and policies. For a list of recent SCQI winners, visit our Supplier Quality Portal.

In 2009, we continued to improve our internal processes for integrating environmental considerations into the SRC and into the processes that we use to request bids and proposals, select new suppliers, and manage supplier performance. Beginning in 2010, suppliers will be evaluated on sustainability, as well as metrics in the areas of availability, cost, and quality. Within the sustainability category, suppliers will be assessed on Code of Conduct risk assessment, presence of an environmental management program with set goals and performance improvements over time, and financial sustainability measures. Throughout 2009, we trained suppliers on the new ESG requirements and metrics that they will be evaluated on in 2010.

Supplier Tools and Education

To ensure that our suppliers are well-informed and compliant with our expectations, we offer training and a number of tools.

Supplier Web Site. Our Supplier Site contains detailed information about our human rights, ethics, and environmental health and safety 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 designed to promote effective communications and help suppliers follow proper data collection procedures. The Environmental Health and Safety section of the site includes Intel's safety expectations, online safety training tools and manuals, as well as information about recent supplier safety awards. It also includes our Environmental Product Content Specification, and provides tools for tasks such as screening products for restricted chemicals.

Intel Supplier Day. At our Intel Supplier Day conference, hundreds of individuals come together to receive education, share information, discuss our supplier expectations, and learn about our corporate responsibility objectives for the coming year. In 2009, cognizant of the reduced travel budgets for many of our suppliers during the economic recession, we did not hold a full Intel Supplier Day, but instead hosted a smaller recognition event for our SCQI/PQS award-winning suppliers, and co-led a supplier training event in Shenzhen, China. We continued to provide suppliers with information on corporate responsibility throughout the year, both online and through conference calls. We held a full Intel Supplier Day in March 2010, and one of the main themes was sustainability, along with innovation and operational excellence. Half of the 20 interactive booths at the event focused on corporate responsibility and sustainability topics.

Ethics Training. We communicate our ethics expectations with suppliers throughout the year in meetings and training events, as well as on our Supplier Site. We expect our suppliers to report any ethical concerns to Intel so we can investigate and take appropriate action. To encourage this, we offer multiple methods for reporting, including options to report anonymously. Annual letters are sent to suppliers to remind them of the importance of complying with our policies. In addition to the English-language version, we provide localized ethics training in the appropriate languages for suppliers in China, Japan, Latin America, Russia, and Vietnam. For more information on our ethics expectations and to report issues, visit the Intel Supplier Ethics Expectations section of our Supplier Site.

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2009 Assessment and Audit Summary

We believe that the most effective way to improve ESG performance across our supply chain is to direct our audit and performance improvement activities primarily toward suppliers with the highest risk profiles.

In 2009, Intel's commodity teams completed RA1 analyses for more than 500 supplier facilities. Seventy-four sites were identified as "high risk" and were required to complete RA2 analyses. The RA2 analyses subsequently identified 15 supplier facilities as "medium risk," and the balance as "low risk." Some of the 15 medium-risk supplier facilities were found to have areas that were classified as "high risk." Primary areas of concern included working hours, age verification processes designed to prevent child labor, and labor/ethics management system problems. Continuous improvement plans have been drafted by the suppliers to address these issues.

Suppliers identified as high risk under an RA2 are normally required to go through a third-party validated audit. Over the past three years, piloting of the shared RA3 process revealed the need for additional improvements in the audit process. As a result, no RA3 audits were performed in 2009.

For facilities where we were not able to complete RA3s, Intel's commodity teams worked with Intel's risk assessment experts and suppliers to review and verify the accuracy of information in areas that might require improvement. If additional actions were deemed necessary, continuous improvement plans were put in place. Intel will continue to review these cases and ensure that changes are documented. Depending on progress made in the targeted improvement areas, suppliers may be asked to participate in a third-party audit.

> **Intel collaborates with a number of diversity organizations to help promote supplier diversity awareness, set global diversity certification standards, and establish cross-industry diversity auditing policies and practices.**

We recognize the significant challenges posed by implementing and refining the shared third-party audit process across the EICC membership, but we believe that continued delays in audits may result in a loss of the momentum achieved in recent years with regard to the industry's adoption of the EICC Code of Conduct. Moving forward, we will work with internal and external experts, as well as the EICC, to assess and execute third-party audits as needed.

Supplier Diversity

As part of our commitment to deliver world-class products and services, Intel has maintained a Corporate Supplier Diversity Program for more than a decade.

We understand the importance of working with a diverse supply chain that represents our local markets and contributes innovative ideas to our business, helping us to better understand and serve the needs of varying markets and customers. We estimate that in the past three years, Intel derived more than $24 billion in revenue from customers that require us to demonstrate supply chain diversity. We recognize diverse suppliers as businesses that are 51% owned and operated by at least one of the following: minorities as defined by the country where the business was established; women; veterans; service-disabled veterans; persons who are lesbian, gay, bisexual, or transgender; or persons with a disability. Within the U.S., we also recognize suppliers that are in Small Disadvantaged Enterprise, HUB Zone, and 8A categories, as defined by the U.S. Small Business Administration.

Intel collaborates with a number of diversity organizations to help promote supplier diversity awareness, set global diversity certification standards, and establish cross-industry diversity auditing policies and practices. Those organizations include the National Minority Supplier Development Council (NMSDC), the National Gay and Lesbian Chamber of Commerce (NGLCC), WEConnect International (WCI), and Minority Supplier Development China (MSD China). We also participate in events sponsored by local organizations dedicated to supplier diversity.

SOCIAL FACTORS

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Intel is a member of the Information Systems Technology Group, a consortium that defines guidelines, innovative supplier development solutions, and best-known methods to proliferate global supplier diversity for the high-tech industry and its supply chain.

Through classroom and web-based training, we educate our worldwide procurement employees about global supplier diversity practices, policies, and inclusion. In 2009, we also shared our best-known supplier diversity practices with other corporations through a broadly attended webinar.

Intel's Second Tier Program supports our efforts to advance the development of a healthy supplier diversity initiative by requiring our strategic suppliers to report their spending with diverse suppliers. Our strategic suppliers that use diverse suppliers reported spending more than $71 million in 2009. We achieved our 2009 goals of including historically under-represented businesses in 100% of all eligible bidding opportunities, and participating in international supplier diversity standards adoption and community awareness campaigns. In 2010, we will continue to include under-represented businesses in all eligible bidding opportunities, and will collaborate further on the establishment of cross-industry global supplier diversity policies and practices. We will also work to build greater awareness of the value of supplier diversity throughout the global supply chain. For more information on our supplier diversity initiatives, visit our Supplier Development and Diversity web site.

In 2009, we worked with logistics suppliers to decrease packaging size, eliminate packaging components, and incorporate more recyclable materials, enabling us to reduce by 368 metric tons the amount of paper and plastic used to ship multiple Intel product lines.

Sustainable Purchasing

Recognizing that reducing our impact on the environment is one of the most important challenges we face, Intel's sustainable purchasing philosophy focuses on lowering our consumption of energy and natural resources.

We aim to use products in our operations that have been designed and produced to minimize environmental impact. To achieve this goal, we must rely on our suppliers to collaborate on environmental management issues. Accomplishing this goal in key manufacturing areas allows us to design environmental stewardship into our technologies and our products.

EICC and the Sustainability Consortium. In 2009, we continued to participate in EICC Sustainability Work Group activities geared toward decreasing the carbon footprint across the electronics industry supply chain, including piloting of a new EICC carbon reporting system. As a result of the pilot, the EICC team simplified the process to allow members to submit data using a "smart" spreadsheet instead of the proposed online tool (which some users found confusing) and added the option of submitting data in 2010 through the Carbon Disclosure Project. In 2010, we will work to ensure that our key suppliers understand the carbon disclosure data that they must report starting in 2011.

In addition, Intel joined the new Sustainability Consortium administered by Arizona State University and the University of Arkansas. In 2010, Intel will participate as a member of the consortium's electronics working group, along with Dell, Toshiba, Hewlett-Packard, Walmart, and Best Buy, supporting research and findings on the life-cycle environmental and social impacts of electronic products.

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Product Packaging and Logistics Supply Chain. GREENit, a group in Intel's Logistics Supply Chain organization, focuses on projects and initiatives designed to improve environmental performance in Intel's logistics activities. In 2009, we worked with logistics suppliers to decrease packaging size, eliminate packaging components, and incorporate more recyclable materials, enabling us to reduce by 368 metric tons the amount of paper and plastic used to ship multiple Intel product lines. The packaging redesigns also increased shipping density—reducing the number of shipments required, and therefore the amount of fuel consumed and resultant emissions per unit shipped.

Non-Production Purchasing. We also launched an initiative to better integrate sustainability considerations into all of our non-production purchasing decisions, including creating an ESG purchasing specification that will be implemented in 2010. All of our sourcing professionals will be required to consider sustainability when they are making purchasing decisions, helping us to standardize best practices across our different purchasing groups.

In late 2009, we launched a project with our office supplies vendor to identify opportunities for increasing our purchasing of more sustainable office products. As part of this effort, we analyzed all of our office supply purchasing spends and products, and in some cases, identified more sustainable substitutes. In 2010, we will run a pilot with a group of employees to test the products, and then explore the development of purchasing specifications for specific items. We will also highlight environmentally friendly products in our online purchasing catalog. Based on our initial analysis, we believe that we may be able to make significant improvements in reducing our environmental impact in this area while decreasing costs on some items. (We identified a number of more sustainable options that cost less than the products we had purchased previously.)

In the past few years, eco-labeling has rapidly proliferated on consumer products, including electronics and computing equipment. In 2009, an Intel team worked to evaluate eco-labels that have strong credibility and applicability to our business. In 2010, we will work to educate our staff

and suppliers about the labels and other best-known sustainability methods through a new ESG-focused purchasing specification document to be used by sourcing professionals.

We have also taken multiple steps to drive sustainability at Intel-sponsored events. For the 2009 Intel Developer Forum (IDF) in San Francisco, California, for example, our Corporate Event Marketing group contracted with 16 properties. Hotels selected for the 4,000 attendees were all within walking distance of the Moscone Center, where the event was held, eliminating the need for ground shuttles. In addition, 71% of the hotels practiced energy efficiency and water conservation measures, and 31% of the food and beverage served at the event was grown within a 100-mile radius. Energy-saving LED lighting was integrated into staging, and carpet used at the event was made of recycled materials and saved for reuse.

These and other sustainability strategies used at IDF in the U.S. are being included in Intel's global meetings, such as IDF in Beijing, China in 2010. Environmental requirements are now included in all of our Corporate Event Marketing group's requests for proposals, and Intel asks contracted vendors to comply with practices that minimize environmental impacts and to develop their own strategies for supporting sustainability. Starting in 2010, our contracts with event vendors incorporate language related to specific environmental practices.

Capital Expenditures. We have organized teams that are exploring additional ways to integrate ESG and sustainability considerations into our capital expenditure decisions. In early 2010, we ran a pilot for lithography equipment and other fabrication tools to help drive significant improvements in production processes and energy conservation. This effort utilizes the SEMI S23 standard and the industry-standard ISMI energy calculator for its basis. If the pilot is successful and the return on investment is validated, we expect to phase in the methodology for use on other capital expenditures.

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Extractives and Conflict-Free Metals

Intel takes seriously the allegations that metals (cobalt, gold, tantalum, tin, and tungsten) mined in the Democratic Republic of the Congo (DRC) might be used in the electronics supply chain, and that profits from the sale of these metals may be fueling human rights atrocities in the eastern region of the DRC.

The issue of extractives from the DRC used in the electronics and other industries is extremely complex, and resolution will require the commitment and cooperation of businesses, governments, development agencies, and non-governmental organizations (NGOs). We expect our suppliers to source only materials from environmentally and socially responsible suppliers. However, due to the complexities of the metals supply chain, we are currently unable to verify the origin of all of the metals used in our products.

We are working diligently with our suppliers, customers, NGOs, and other stakeholders to establish systems and processes that will enable us to declare with confidence that our products do not contain materials from conflict sources. Our efforts on extractives are focused in three main areas: (1) driving accountability and ownership within our own supply chain; (2) partnering with key industry associations, including the EICC, Business for Social Responsibility, and the ITRI international tin industry association, to drive industry-wide action; and (3) working with both governmental and non-governmental agencies to drive solutions to this complex issue.

Intel currently co-chairs the EICC's extractives working group and was the first company in the electronics supply chain to conduct on-site smelter reviews. Through these reviews, which take place at locations around the globe, Intel is determining if smelters can verify the mines of origin for the ores they process. Recently, other electronics companies have joined us in these visits.

Intel has also taken the following actions:

- Posted our Conflict-Free Statement about metals on our Supplier Site.

- Requested that our suppliers verify the sources of metals used in the products they sell us.

- Increased the level of internal management review and oversight, as well as our transparency and disclosure on this topic in this report.

- Engaged with leading NGOs and other stakeholders to seek their input and recommendations.

- Hosted an industry working session at our offices in Chandler, Arizona in September 2009 with more than 30 representatives from mining companies, traders, smelters, purchasers, and users of tantalum to address the issue of conflict minerals from the DRC.

- Co-sponsored a multi-industry "call to action" meeting on extractives in San Francisco, California, with industry partners and Business for Social Responsibility in October 2009.

- Funded a study with EICC members on defining metals used in the supply chain, and are working on a similar project to increase supply chain transparency for cobalt, tantalum, and tin.

We are working diligently with our suppliers, customers, NGOs, and other stakeholders to establish systems and processes that will enable us to declare with confidence that our products do not contain materials from conflict sources.

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Performance Summary and Goals

In 2009, we made progress in implementing risk assessment processes and continuous improvement plans with our supply base, covering 80% of our spends. We continued to provide dedicated resources to help improve industry codes, tools, processes, and training, and we integrated environmental sustainability requirements into our highest supplier quality awards. We also proactively engaged with multiple organizations to address the issue of conflict metals in the electronics industry.

Supply Chain Goals and Performance

2009 Goals	2009 Performance	
Work with our commodity teams and managers to ensure that they continue to integrate EICC Code processes and criteria into their supplier management practices.	Commodity managers successfully applied EICC risk assessment processes in their supplier practices.	●
Continue to complete risk assessments and implement continuous improvement plans where required for our top-tier suppliers, in pace with the EICC's shared audit process timing.	We increased the number of risk assessments by 66% (from 300 to 500). However, we did not complete any RA3 audits through the EICC shared audit process.	◐
Continue to participate in EICC work groups and task forces. Co-lead supplier training event in Shenzhen, China.	We led the EICC extractives work group and actively participated in other work groups. Supplier training event completed.	●
Require top-tier suppliers in our corporate SCQI Program to publish "green" metrics, and encourage all suppliers to put transparent green initiatives in place.	We successfully integrated green metrics into our SCQI Program award requirements and our standard Supplier Report Card.	●
Participate in the pilot of the EICC's carbon footprint tool and publish the results.	We participated in the successful pilot of the new tool. As a result of the pilot, the process was simplified and additional reporting options were added for 2010.	●
Include historically under-represented businesses in 100% of all eligible bidding opportunities and participate in international supplier diversity standards adoption and community awareness campaigns.	We achieved our 100% inclusion target and participated in a number of international supplier diversity forums.	●

● Achieved   ◐ Partially Achieved   ○ Not Met

In 2010, we will continue to implement ESG tools and processes, and to assess and audit our supply base using a systematic process. We will also take further action to advance our supplier diversity and environmental sustainability supply chain efforts.

Supply Chain Goals for 2010

Include historically under-represented businesses in 100% of all eligible bidding opportunities, and participate in international supplier diversity standards adoption and community awareness campaigns.

Continue to integrate ESG factors into supplier awards, Supplier Report Card, contracts, purchasing specifications, and training.

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Community

Through capacity building, creative application of technology, and strategic giving, we strive to make the communities where Intel operates better places to live and work. Our employees generously donate their energy, money, and professional skills to tackle environmental, educational, and other important issues—helping to maximize the impact of Intel's community involvement. The trust, credibility, and goodwill that we have built with governments, neighbors, and other stakeholders over the years have helped create a positive business environment for Intel.

▷ Watch Video

989,681

Number of hours that Intel employees volunteered in 2009

$22.7 Million

Amount raised through our U.S. Community Giving campaign in 2009

190

Number of e-classrooms built in China by the end of 2009 in support of earthquake recovery efforts

Key Community Links

Intel in Your Community

Intel Foundation

Intel Community Giving

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Our Approach to Community Engagement

Community involvement is part of every Intel employee's job, worldwide. Each member of our workforce receives regular training on the Intel Code of Conduct, which, among other things, asks all employees to consider short- and long-term social and environmental impacts when they make business decisions.

Our vice president of Corporate Affairs has overall responsibility for our community engagement programs and strategy, while Corporate Affairs professionals at our locations around the world give Intel an "on-the-ground" presence that helps us understand and respond to local needs and concerns. These employees work closely with nonprofit organizations, schools, regional leaders, and policy makers—as well as other Intel organizations—to identify needs and develop comprehensive programs and initiatives that will have the greatest impact while aligning with our own expertise and values.

The constructive relationships developed with community members result in real business benefits for Intel. They yield valuable feedback that helps us improve our performance, and when we want to expand an existing Intel campus or build in a new location, we are generally welcomed and supported. In addition, we believe that engaging our employees in meaningful volunteer experiences has a positive impact on their satisfaction and pride, and helps us attract and retain talented people.

We recognize that Intel's presence—particularly where we have large manufacturing facilities—has the potential to adversely impact communities, due to traffic, air quality, water usage, noise, lighting, or other issues. Our aim is to work continuously to mitigate any negative impacts, collaborating with local stakeholders in an effort to effectively resolve concerns—whether we

are starting operations in a new location, managing an ongoing facility, or exiting a community due to changes in our business plans.

We continue to face challenges in measuring and quantifying the impact of our community programs, primarily because of the lack of consistent external standard metrics and the complexity of the issues we are trying to measure. We have invested in new systems for tracking and measuring our performance and activities, including an updated employee volunteer database. Over the past two years, we have provided funding and staff time for projects related to community impact measurement and reporting sponsored by the Global Reporting Initiative and Boston College Center for Corporate Citizenship. Whenever possible, we have included measures of impact throughout this section of our Corporate Responsibility Report.

For more information on our broader economic impact and how we work to mitigate environmental impacts on local communities, see the Financial Performance and Economic Impact and Environment sections of this report.

> "We are committed not just to being a good and responsible neighbor, but also to sharing the innovative ideas and professional skills of our employees with our communities around the world."
>
> **Shelly Esque, Intel Vice President and Director, Corporate Affairs Group; President, Intel Foundation**

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Identifying and Managing Community Impacts

Action	Our Approach	Examples
Entering	We have worked with third parties to conduct needs assessment studies to prioritize our community engagement activities. We also begin working with community organizations to develop programs and initiatives prior to commencing operations.	When Intel decided to build an assembly and test facility in Vietnam, our needs assessment resulted in the creation of local programs focused on construction and road safety, education, and community recycling. In Dalian, China, we established multiple community programs and partnerships with organizations during the construction process, including technical college capacity-building investments and employee volunteer programs in education and environmental projects. In 2009, a year before operations were set to begin, Intel Dalian employees logged more than 5,000 volunteer hours, and the company received a 2009 CSR Award from the Dalian government.
Operating	We build relationships with local stakeholders through informal meetings, community advisory panels (CAPs), working groups, and community perception surveys (usually completed by third parties). CAP members generally provide constructive input on a broad range of issues, such as education, environmental impact, health and safety, and emergency response and management.	The Intel New Mexico Community Environmental Working Group (CEWG) meets monthly to discuss concerns about Intel's environmental impact on the local community, with a focus on air emissions. The CEWG is chaired by John Bartlit, who is also the chairman of New Mexico Citizens for Clean Air and Water, and is facilitated by a third party. In 2009, the Department of Health and Human Services Agency for Toxic Substances and Disease Registry published a Public Health Consultation in response to a petition from a community group also concerned with air emissions. Intel continued to engage with community members throughout the year to address concerns related to the report. CEWG meeting minutes and agendas for the last six years are posted on the CEWG web site. In July 2008, a task force was formed to address concerns about odors coming from brine evaporation pools that are part of the water conservation management system at an Intel Arizona manufacturing facility. The group—consisting of neighbors and representatives from the City of Chandler, Intel Environmental Health and Safety, and Intel Corporate Affairs—collaborated to come up with an immediate fix to reduce the odors as much as possible. Following additional research, a permanent odor elimination solution was installed, and an air-monitoring system and equipment maintenance plan were put in place to ensure ongoing success. After going through the heat of summer with an absence of odor in 2009, the team reported to the Chandler City Council that the issue had been resolved.
Exiting	When making the difficult decision to close a facility, we try to minimize the impacts on employees and the local community by collaborating with local officials and providing severance packages and job search support for employees.	Intel announced in January 2009 that it would restructure some of the company's manufacturing operations by taking older capacity off-line and closing five factories during 2009. This included the closing of our assembly and test operations in the Philippines after 35 years of operations in the country. The difficult decision to close the Intel Philippines site was the result of the severe global economic downturn. Given our long presence at the site and our close ties with the community, we took careful steps to minimize the negative impacts as much as possible. We developed a comprehensive exit strategy and plan, which included advance notice for stakeholders, separation packages and career transition workshops for employees, and continuation of key education programs in the country. The Asian Institute of Management (AIM) published a case study presenting Intel as a model of what companies can do proactively when faced with the closure of a facility. AIM will use the case study for its classes in management and business education.

We work with community stakeholders to consider the impact of our operations at all phases. For more information on our overall approach to stakeholder engagement, see "Stakeholder Engagement" in the Our Approach to Corporate Responsibility section of this report.

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Intel Involved and Skills-Based Volunteering

Since 1995, the Intel Involved program has matched the skills and passion of our employees with volunteer opportunities. Every year, employees donate hundreds of thousands of hours mentoring young people, restoring parks, lending their technical expertise, serving on nonprofit boards, and performing other vital tasks.

In celebration of the company's 40th anniversary in 2008, Intel President and CEO Paul Otellini challenged employees to donate 1 million hours of service to thank the communities that support Intel. Employees surpassed the goal, contributing over 1.3 million hours of service in 2008. As a result, under the terms of the Intel Involved Matching Grant Program (IIMGP), the Intel Foundation donated $6.8 million in 2009 to more than 5,000 schools and nonprofits in 40 countries where employees volunteered in 2008.

Although we did not set a million-hour goal in 2009, our employees continued to be generous with their time, logging 989,681 volunteer hours during the year, an average of more than 12 hours per employee. The high number of volunteer hours was due in part to the fact that we continued the expanded version of the IIMGP that we had implemented in 2008. The Intel Foundation had previously paid matching grants only to schools and Intel Computer Clubhouses where employees volunteered, but starting in 2008 also began contributing funds to qualified nonprofits. In addition to encouraging employees to volunteer more, the expanded IIMGP provides greater incentive for them to record their hours.

Benchmarking and analysis of corporate volunteering best practices indicate a growing trend toward capacity-building activities with local organizations through the application of employees' professional skills. In recent years, our employees have increasingly found opportunities for donating the skills that they have honed at Intel—providing legal, human resources, marketing, finance, and information technology (IT) expertise to schools, nonprofits, and non-governmental organizations (NGOs). In 2009, we began focusing more on the development of skills-based volunteering opportunities and improving ways to track those activities. During the year,

employees logged hours providing their unique skills to schools and non-profit organizations; examples of their skills-based volunteer activities are featured throughout this section. We believe that the impact of skills-based hours tends to be greater, in part because the services provided are those for which schools and nonprofits would have to pay significantly more in the marketplace.

We set a goal of having 40% of our employees donate service in 2009. We achieved a 38% volunteer rate, down from the unusually high 54% rate that we achieved during the anniversary challenge in 2008, but in line with our historical trends and strong compared to our peer companies.

In 2009, we also worked to mitigate some of the negative aspects of the economic recession by piloting the Intel Community Service Corps, a program for Intel employees whose positions were eliminated during the year. Employees could opt-in to work at a nonprofit organization for a period of up to 12 months. During that time, they remain Intel employees: have their current medical benefits, receive one-third of their current salary pay, and are matched with a nonprofit organization that can utilize their skills. At the conclusion of the assignment, employees can return to Intel to search for internal job opportunities, or decide to leave Intel. Eight employees elected this option and are currently assigned to four nonprofit organizations in Silicon Valley, California.

To recognize the achievements of our volunteers, we instituted the Intel Involved Hero Award program in 2009. The overall winner earns a $6,000 Intel Foundation grant for their favorite school or nonprofit, and a trip for the employee and a guest to Intel's highest level recognition dinner, an Intel Achievement Award event in San Francisco, California.

> In recent years, our employees have increasingly found opportunities for donating the skills that they have honed at Intel—providing legal, human resources, marketing, finance, and information technology expertise to schools, nonprofits, and NGOs.

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Employee Volunteer Rate

Legend: Volunteer Goal ■ / Volunteer Rate ■

Chart data (Percent):
- 2005: Goal 33, Rate 35
- 2006: Goal 36, Rate 38
- 2007: Goal 36, Rate 38
- 2008: Goal 40, Rate 54
- 2009: Goal 40, Rate 38

The percentage of Intel employees who volunteered dropped following the end of our 2008 million-hour anniversary challenge. However, our 2009 volunteerism rate of 38% remained in line with our historical trends and strong compared to our peer companies.

2009 Volunteerism by the Numbers

Highlights

Number of hours	989,681
Number of countries	~ 40
Percentage of employees who volunteered	38%
Schools/nonprofits benefitting from the program	~ 4,500
Total dollar match under IIMGP[1]	$6.8 million
Estimated in-kind value of volunteer hours	$20,041,040[2]

[1] Represents IIMGP payments made by the Intel Foundation in 2009 for 2008 employee volunteer hours.
[2] Calculation based on the 2008 Value of Volunteer Time rate of $20.25 per hour published by Independent Sector.

We estimate that approximately 38% of employee volunteer hours in 2009 were related to education activities, 60% to community and civic organizations, and 2% to environmental organizations. Actual environment-related hours may be higher, since this estimate did not include additional environment-related volunteer activities at schools and civic organizations. Approximately 17% of employee volunteer hours in 2009 were related to skills-based volunteering activities. For example, our legal team volunteered 2,990 pro bono hours in 2009, which equates to an estimated $750,000 in donated services.

Intel Involved Hero Award Semifinalists

Mouse over countries for more details.

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We continue to focus most of our volunteer efforts in three main areas: education, the environment, and community-related needs.

Volunteering for Education

Building on our long history of volunteering to improve education around the world, in 2009 we piloted a new program, the Intel Education Service Corps (IESC). IESC harnesses employees' enthusiasm for volunteerism while advancing Intel's commitment to improving the quality of education through technology. IESC volunteers receive 30 hours of training, and then travel to schools, orphanages, and other locations in developing countries to facilitate installation of Intel-powered classmate PCs, and teach students, teachers, and parents how to use them.

In 2009, the program's first four groups of volunteers traveled to Bangladesh, Egypt, Kenya, and Vietnam—including a stint at a solar-powered mobile PC lab on an island in Africa's Lake Victoria. In 2010, we expect to deploy 10 more teams of IESC volunteers, potentially impacting the lives of thousands more people in developing countries. Despite the program's high time commitment, hundreds of Intel employees applied for IESC's initial projects. To read about the experiences of the first groups of IESC volunteers, read the blog post.

During the past decade, Intel employees have volunteered more than 3 million hours for education-related activities. The following are a few examples from 2009:

Improving Productivity. An Arizona employee is using his technical skills to create an online assessment tool to save time and improve productivity at a nonprofit that provides services to children with autism spectrum disorders. Employees from Intel Arizona's quality organization are applying their expertise in defining processes and systems to help schools and other groups improve efficiency. Projects include streamlining communications among teachers, students, and families in the local school district, and improving the training and admissions processes at a community college.

> "It's nice to see [Intel], because I dream of being an engineer at a place like this."
>
> Student participating in Intel Israel's "Think Positive" program

Teaching Math and Science. For several years, dozens of Intel employees have volunteered for Intel Israel's "Think Positive" program—teaching algebra, geometry, physics, and other challenging subjects to K–12 students who come to Intel every week for tutoring. The volunteers encourage students to reach for high-level goals, including enrollment in science and engineering fields at Israel's universities and, ultimately, careers in knowledge-intensive industries. In 2009, employees at 10 other high-tech companies also began volunteering for the program, extending its impact to many more students.

Mentoring Tomorrow's Innovators. Volunteers from the New Mexico chapter of the Network of Intel African Americans (NIA) employee group provided academic and social mentoring for high school students through a number of nonprofit organizations. They also led events at a local academic resource center summer camp that emphasized self-confidence, career options, and community. For their efforts, the NIA members earned an Outstanding Achievement Award for Human Rights Services from the New Mexico Office of African American Affairs.

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

Volunteering for the Environment

Intel volunteer activities reflect strong employee interest in protecting the environment, promoting sustainability, and raising awareness of environmental concerns. During the month of Global Earth Day, in April 2009, thousands of employees volunteered for close to 50 Intel-sponsored environmental projects. Also in 2009, to further encourage innovation in environmental community service, we expanded our Sustainability in Action Program—formerly implemented only within our Environmental Health and Safety organization—to provide funding and support for multidisciplinary employee teams throughout the company that are working on environmental projects. Teams are encouraged to include external stakeholders in their projects. In 2009, we funded 9 of the 44 projects submitted, including a community recycling project in Russia, environmental education sessions in schools in Ireland, forest cleanup and conservation activities in Oregon, and a city air-quality monitoring project in Arizona.

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The following are a few examples of the many environmental projects that Intel volunteers contributed to in 2009:

Planting. Volunteers from Intel New Mexico helped plant organic crops at an organization that teaches vocational horticulture skills to adults with developmental disabilities. Produce from the project is sold to local businesses, including the employee cafeteria at Intel New Mexico. In addition, in the Ukraine, volunteers helped students plant seedlings at a nature and ecology center; and in Mexico, 30 employees planted 400 trees in a park.

Restoring and Conserving. At a Global Earth Day event in 2009, 60 Intel volunteers cleared more than 1,700 pounds of trash from beaches along Taiwan's northern coast. In Russia, Intel volunteers in several communities picked up garbage in parks and city squares, and in Germany, employees did much-needed repairs in a nature preserve. More than 100 Intel volunteers donated over 3,500 hours to a marine conservation education program in Malaysia, delivering lessons at 14 schools and a conservation camp, and reaching thousands of students. Camp highlights included the launch of a new turtle hatchery sponsored by Intel employees and the release of 272 baby turtles.

> "[Intel volunteers] have been able to combine their technical skills…with their love of the outdoors to help us design and develop a system that will work in our dynamic outdoor, all-season environment. Whether brainstorming how to 'chicken-proof' a night-vision camera or working with our IT professionals to overcome infrastructure limitations in a forest setting, it has been a pleasure to see their expertise and enthusiasm at work."
>
> **Renata Pomponi, Manager, Massachusetts Audubon's Drumlin Farm**

Building Awareness. An Intel Computer Clubhouse in Chandler, Arizona is housed in a newly rebuilt Boys and Girls Club facility that has Leadership in Energy and Environmental Design (LEED) certification. Intel volunteers are using the building's LEED features to help the 500-plus members of the club learn how to be "greener." In Massachusetts, a team of Intel IT volunteers helped Massachusetts Audubon develop a technology solution that includes night-vision web cameras to engage visitors at the Drumlin Farm nature sanctuary.

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

Many Intel employees volunteer their time and skills in response to specific needs in their local communities. To encourage employees to take long-term responsibility for volunteer projects, Intel India launched a Social Initiatives Contest in 2009. Volunteers teamed up with NGOs of their choice to develop project proposals and apply for funding from Intel. Employees submitted almost 50 applications, proposing a wide range of projects—including creating a technology solution to increase the accuracy of a tiger census, working to prevent drug abuse among youth, setting up technology clubs for slum children, and helping to rehabilitate jail inmates. Intel awarded cash grants to enable volunteers to implement 22 projects.

The following are examples of the many other community projects that Intel volunteers contributed to in 2009:

"Leaning" a Food Bank. At a local food bank in New Mexico, employee volunteers got a unique opportunity to practice the "lean" manufacturing skills that they had learned at Intel. After analyzing food-packing operations, they recommended measures to improve efficiencies in processes and safety, and reduce waste. Over the course of the four working sessions, output went from 198 boxes an hour to 300 boxes an hour.

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Sharing Knowledge. A team of Intel Russia employees in Moscow helped teach English to students at a local school, while Intel Japan employees were among volunteers from many Intel sites who provided computer-skills training sessions for seniors. In Costa Rica, an Intel software design team invested more than 200 hours creating tools and web applications for Junior Achievement, a children's cancer association, and other groups.

Promoting Health and Safety. Over 90% of Intel's employees in Korea participated in volunteer projects in 2009, including the distribution of H1N1 flu prevention kits in underserved communities. In Vietnam, employees taught thousands of primary school students about road safety and the importance of wearing bike helmets. And in Israel, Intel environmental, health, and safety experts taught Palestinian industrialists about workplace safety in one of a series of workshops conducted in partnership with a peace center.

Collaborating to Solve Community Challenges with Technology

Intel develops alliances and partnerships with governments, leading NGOs, and other companies to develop technology solutions designed to address some of the world's biggest challenges. We believe that public-private partnerships are crucial to achieving scalable impact.

Grameen-Intel Social Business. In 2008, Intel Capital, Intel's global investment organization, formed a business venture with Grameen Trust aimed at applying self-sustaining information and communications technology (ICT) solutions to address issues related to poverty, healthcare, and education in developing countries. The business venture combines Intel's technology innovation and Grameen's extensive experience in creating opportunities for economic development and income generation at the village level. In 2009, the venture launched a pilot program in Bangladesh aimed at improving maternal health and decreasing maternal mortality. A pilot in India focused on farmers used ICT solutions to help increase the availability of quality seeds and fertilizers, and to provide advisory services, market price information, and a supply channel for selling produce. These pilots have provided valuable information and have identified a number of challenges that we are in the process of analyzing to help determine the next steps for the venture in 2010.

Leveraging the Power of Social Media. Intel joined forces with Kiva.org, Save the Children, and GlobalGiving for the "Small Things Challenge." This project was aimed at raising awareness and funds to address the lack of access to quality education and the need for economic opportunities in developing countries. Visitors to the Small Things Challenge web site were encouraged to donate funds or make micro-loans for the causes, and to click a button to trigger additional donations from Intel. This effort generated over 1 million views, raising awareness for the three groups as well as donations totaling $476,000.

In 2009, Intel also launched Progress Thru Processors, a Facebook application that allows participants to donate their PC's spare processing power to drive life-changing research projects. Supported projects focus on finding cures and treatments for cancer, HIV, malaria, and Alzheimer's disease, as well as combating global warming. By the end of 2009, Progress Thru Processors had attracted more than 125,000 Facebook fans, and participants had contributed close to 17,000 gigaflop years' worth of computing power to humanitarian research.

NetHope Collaboration. NetHope is a consortium of chief information officers, senior program managers, and technical experts from some of the largest international NGOs. Intel started collaborating with NetHope in 2008 to help develop ICT solutions in support of member NGOs' healthcare, economic development, and disaster relief programs. Projects to date include applications of technology to help coordinate post-earthquake relief efforts in Haiti; the use of rugged, Intel-powered classmate PCs to help track and eradicate a disease that is attacking the cassava crop in Africa; and technology access programs for schools in Brazil and Tanzania.

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High-Tech Hajj. More than 2 million Muslim pilgrims travel to Mecca in Saudi Arabia every year for the week of Hajj to perform a series of religious rituals. In 2009, Intel collaborated with the Middle East Wireless Center of Excellence and the Saudi Arabia government on a pilot demonstration of how services could be provided via a WiMAX network and tablet PCs equipped with global positioning system (GPS) and radio frequency identification (RFID) technology. The system enabled pilgrims to easily acquire information about the location of their groups and tents, the nearest medical center, and more.

U.S. Palestine Partnership. The public-private U.S. Palestine Partnership, launched in late 2007, focuses on creating economic opportunity for Palestinian people and inspiring and educating their youth. Intel has made several commitments as a partner in the initiative, including sponsoring an investment conference, funding entrepreneurship training, helping to establish computer clubs at youth centers, creating a new multi-core lab at Birzeit University, donating PCs and providing Internet access, and training thousands of Palestinian teachers through the Intel® Teach Program.

Partnership for Lebanon. As a continuing partner in an initiative launched after the July 2006 war in Lebanon, in 2009 Intel donated telemedicine equipment to hospitals to be used for training medical students and doctors, and to enable patients in distant parts of the country to be treated remotely via computers and the Internet.

"In the past, we used to crowd [medical students] into one operating room to see what was happening….With the development of this [telemedicine] system, it is much easier to observe and learn the different techniques in surgical procedures, thanks to Intel's vision and commitment to developing communities."

Dr. Imad Hajj, Chairperson, Surgery Department, Saint George University Hospital, Beirut, Lebanon

The Intel Foundation and Community Giving

Each year, Intel and its employees, supported by the Intel Foundation, contribute millions of dollars to education, community programs, and disaster relief efforts.

The Intel Foundation. Founded in 1989, the Intel Foundation provides funding for national and local grants to promote innovation in classrooms and empower women and underserved youth to reach their potential. The foundation also inspires and enables Intel employees to meet the needs of their communities by providing matching grants for both volunteer hours and employee charitable donations. The Intel Foundation is funded solely by donations from Intel Corporation. For more information on the Intel Foundation's support of key education programs and initiatives, see the Education section of this report and the Intel Foundation web site.

Employee Giving. Every year, we are inspired by the generosity of our employees, who, in addition to volunteering their time, donate millions of dollars to their communities worldwide. In the U.S., for example, through the annual Intel Community Giving Campaign, employees make contributions to nonprofit organizations that are matched with Intel Foundation funds to the United Way. Despite continued economic uncertainty, employee and retiree contributions to the Community Giving Campaign for 2009 increased 3% over 2008 to a record $12 million. With the Intel Foundation match, the total contribution amounted to more than $22.7 million. In 2009, for the second year in a row, Intel placed in the top 10 United Way corporate campaigns in the U.S., and we received numerous recognitions from local United Way organizations for our commitment.

Beyond cash contributions, employees are generous with other types of donations; for instance, in 2009 Intel Germany employees donated more than 500 boxes of clothes, food, toys, and other items to children living in poverty in Romania. In Costa Rica, employees participated in a book donation drive and donated "green" products to local NGOs.

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Disaster Relief. When disasters occur around the world, Intel and its employees are quick to respond with generous donations of service, cash, and technology. We also invest in long-term recovery efforts. Recent examples include:

- **Haiti.** Immediately following the catastrophic earthquake in Haiti in January 2010, the Intel Foundation contributed $250,000 to relief efforts and agreed to match employee donations up to $2,000 per employee. One month after the quake, Intel giving for Haitian relief had reached $3 million, including Intel Foundation and Intel corporate donations, and $1 million from employees. To help address the technology needs of disaster relief efforts, Intel mobilized quickly to deliver hundreds of laptops into the hands of aid workers. Intel and the Intel Foundation are continuing to support long-term recovery needs in the country, particularly in the area of rebuilding schools.

- **China.** Ten days after the devastating earthquake that rocked China's Sichuan Province in May 2008, Intel launched the iWorld initiative, aimed at establishing 200 state-of-the-art e-classrooms equipped with computers, software, and Internet access, to link teachers and students to the outside world. By the end of 2009, 190 e-classrooms had been established, benefitting more than 150,000 students. We also built a Web 2.0 platform (created by employee volunteers in Intel's Software and Services Group) to connect students with Intel employee volunteers. Critical to the success of the initiative were more than 2,000 Intel volunteers who contributed over 26,000 hours of service to the project in 2009, bringing the total number of hours to more than 66,000. The success of the iWorld initiative inspired several other companies and foundations to get involved in 2008 and 2009 to help expand the project beyond the 200 schools that Intel had originally targeted.

We hope that the investments of Intel and the Intel Foundation, combined with the commitment of other organizations, will allow us to scale the project's impact and reach more students and teachers in the region. Intel was named as a finalist for the 2009 International Community Service Award by the U.S. Chamber of Commerce for our disaster relief work in China.
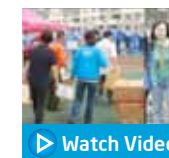
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- **India.** Following November 2008 floods that destroyed the livelihoods of millions of people in Bihar, India, Intel employees, Intel, and the Intel Foundation—in partnership with ActionAid India—provided relief funding and reached out to support longer term recovery efforts. By the end of March 2009, over 600 families had received grants to help them set up income-generating activities, including poultry production operations, dairies, shops, rickshaw services, and other small businesses. Intel volunteers also worked to develop a technology solution based on the only communications devices working in the disaster-hit areas—cell phones—to help the United Nations Educational, Scientific, and Cultural Organization (UNESCO) coordinate relief work.

- **Italy.** An April 2009 earthquake in central Italy killed hundreds of people and left tens of thousands homeless. As part of Intel's relief efforts in the region, the company worked with NGOs and other business partners to supply computing and communications equipment, including laptops for students whose schools were destroyed. The Internet access that Intel helped provide enabled isolated villages to communicate with the rest of the world and to better coordinate aid efforts.

- **Taiwan.** In the wake of a devastating typhoon in August 2009, Intel Taiwan partnered with industry leaders, the Ministry of Education, and others to supply 4,500 PCs for schools and community centers.

> **To help address the technology needs of disaster relief efforts in Haiti, Intel mobilized quickly to deliver hundreds of laptops into the hands of aid workers.**

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Matching Volunteer Hours with Grants. Through the Intel Involved Matching Grant Program (IIMGP), the Intel Foundation makes cash donations to qualified nonprofits and schools where Intel employees and retirees volunteer 20 hours or more in a year. Since the original version of the program was launched in 1995, Intel employees have earned more than $26 million for schools and nonprofits through volunteerism.

Although Intel Involved and IIMGP are global programs, their impact is felt directly at the community level. For example, the 56,000 hours that Intel Ireland employees volunteered through IIMGP during our 40th-anniversary volunteer challenge in 2008 were equivalent to about 30 people working full time in the community for a year, and resulted in the distribution of close to $429,000 to 80 schools, cancer societies, animal sanctuaries, youth sports groups, and more in 2009. Similarly, nonprofits and schools received $600,000 in Arizona and $1 million in Oregon through IIMGP in 2009. The payments were particularly needed, because the effects of the economic recession continued to strain community resources.

Strategic Giving Summary

	2009	2008	2007	2006	2005
U.S.					
Intel Foundation cash gifts	$31,748,951	$29,249,452	$30,432,692	$33,113,168	$34,270,461
Intel Corporation cash gifts	$18,052,440	$24,533,853	$24,496,057	$25,625,670	$30,361,975
Intel Corporation in-kind giving (products and services)	$9,921,427	$8,218,957	$11,072,514	$4,514,761	$16,444,195
Total	$59,722,818	$62,002,262	$66,001,263	$63,253,599	$81,076,631
Outside the U.S.					
Intel Foundation cash gifts	$5,073,277	$6,601,840	$8,860,188	$7,954,777	$19,483,527
Intel Corporation cash gifts	$25, 233,768	$23,000,523	$24,674,666	$23,319,929	$8,579,830
Intel Corporation in-kind giving (products and services)	$10,035,657	$10,869,375	$9,678,212	$1,882,192	$1,572,139
Total	$40,347,702	$40,471,738	$43,213,066	$33,156,898	$29,635,496
Grand Total	**$100,065,520**	**$102,474,000**	**$109,214,329**	**$96,410,497**	**$110,712,127**
Total giving as percentage of pre-tax net income	1.8%	1.3%	1.2%	1.4%	0.9%

During the past five years, total giving amounts for communities and education initiatives from Intel Corporation and the Intel Foundation exceeded $616 million.

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Performance Summary and Goals

Although our 38% volunteer rate in 2009 missed our goal of 40%, high-impact skills-based volunteerism increased. Employees donated close to 1 million volunteer hours, benefitting some 4,500 schools with much needed time, expertise, and matching grants from the Intel Foundation. We worked proactively to minimize the impact on the local community of the closure of our operations in the Philippines. We continued to work throughout the year with governments, nonprofits, and other companies to develop technology solutions for community challenges and to provide multiple types of support following several natural disasters.

Community Goals and Performance		
2009 Goals	**2009 Performance**	
Maintain at least a 40% employee volunteerism rate.	Our volunteer rate for 2009 was 38%, just short of our 40% goal. We recorded a total of 989,681 employee volunteer hours in 2009.	◖
Develop an enhanced skills-based volunteer program and increase the number of skills-based volunteer opportunities.	We alerted employees about skills-based volunteering opportunities through regular employee communications channels, and effectively matched employees with opportunities at schools and nonprofits. An estimated 17% of our employee volunteer hours in 2009 were related to skills-based volunteering.	◖

● Achieved   ◖ Partially Achieved   ○ Not Met

Intel and the Intel Foundation will continue to encourage a high proportion of employees to donate service in their communities, and in the U.S. will place particular emphasis on volunteerism to support science, technology, engineering, and math (STEM)-based education. We also plan to expand our skills-based volunteering focus, and will continue to collaborate with governments, nonprofits, and other companies to address long-term recovery needs in Haiti. We will look for additional opportunities where we can apply technology to address multiple societal needs, including working on a project in China to rally the ICT industry to help nonprofits build capacity through greater use of technology.

Community Goals for 2010
Maintain at least a 40% employee volunteerism rate globally.
Continue to engage employees in high-impact, skills-based volunteering opportunities: launch one business group pilot project and integrate skills-based volunteering information into our career development course.

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Education

Intel works with governments, education leaders, non-governmental organizations, and other technology companies to bring about a transformation in education through technology, Internet connectivity, digital content, and improved teaching methods. Over the last decade, Intel has invested more than $1 billion, and our employees have volunteered over 3 million hours, toward improving education in over 60 countries.
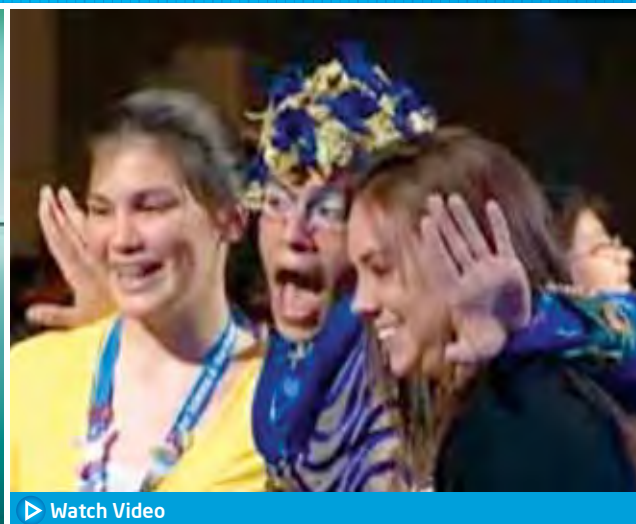
▷ Watch Video

7 Million

Teachers trained through Intel® Teach Program

1 Million

Learners reached through Intel® Learn Program

1,700

Universities using Intel's parallel programming curriculum

Key Education Links

Intel's Education Strategy

Intel® Teach Program

Intel International Science and Engineering Fair

Intel World Ahead Program

Intel® Learning Series

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Our Approach to Improving Education Worldwide

The United Nations (UN) Millennium Development Goals call for a full course of primary schooling for children everywhere. At Intel, we support this goal and believe that to succeed in today's global economy, children need a solid math and science foundation coupled with 21st century skills, such as digital literacy, problem-solving, critical thinking, and collaboration.

As a leading technology company, Intel is well-positioned to enable meaningful, lasting improvements in education, since we believe that these 21st century skills are best developed in powerful learning environments supported with technology. Our approach is multifaceted: Intel and the Intel Foundation invest in programs to improve teaching and learning; develop and promote access to technology solutions for education; and collaborate on education initiatives with governments, ministries of education, universities, and nonprofit organizations. In addition, our employee volunteer program, Intel Involved, includes a strategic focus on education.

The Intel World Ahead Program delivers education resources in the forms of technology, Internet access, and digital content, and works to implement effective e-learning environments.

> "Education is one of the best ways to change the future of individuals, regions, or even countries. There are 1.3 billion school-age children around the world, and of those, only 5% have access to a PC or the Internet."
>
> **Lila Ibrahim, General Manager, Intel Emerging Markets Platform Group**

Education Transformation
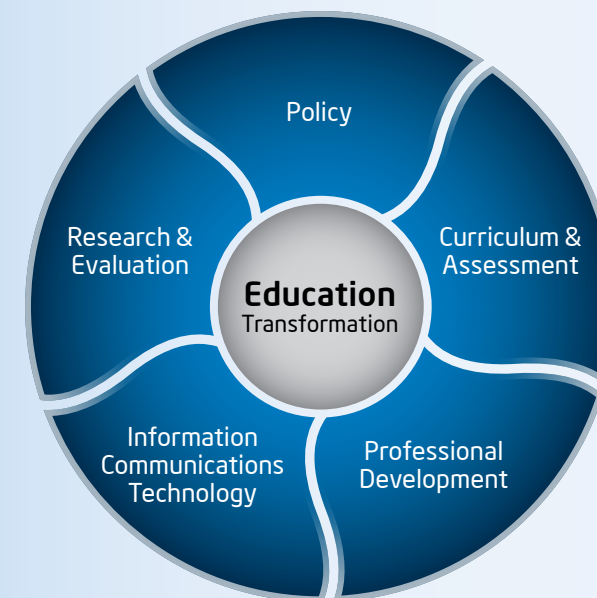
Governments are finding that no single technology, teaching method, or policy guarantees educational improvement—instead, a systemic approach is needed. Intel helps governments around the world determine the right mix of resources and infrastructure needed to transform teaching and learning to achieve their individual education and economic development goals.

As discussed earlier in this report, our commitment to improving education is integrated into Intel's overall global strategy. We recognize that in addition to providing opportunities for young people, our investments in education result in significant benefits to Intel. Education is the foundation of innovation, and our success rests on the availability of skilled workers, a healthy technology ecosystem, and knowledgeable customers. The health of local economies—including those where our employees live and work—depends on access to technology and quality education. International comparisons show that education plays a pivotal role in fostering labor productivity and economic growth. Our education programs support our long-term corporate diversity objectives by encouraging women, girls, and students in under-represented communities to pursue careers in technology, math, science, and engineering. Innovative products and technologies used to advance education also represent market opportunities for Intel.

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Our Focus Areas. We work to improve the quality of education around the world by: (1) getting young learners excited about science and math, encouraging them to innovate, and celebrating their achievements; (2) helping teachers to effectively prepare students with 21st century skills; (3) investing in higher education, research, and entrepreneurship; and (4) increasing access to technology. Because quality math and science education—particularly for women and girls—plays a critical role in economic development, many of our education programs and investments support improvements in this area. We are especially pleased that all three winners of the Intel Foundation Young Scientist Award at the 2009 Intel International Science and Engineering Fair (Intel ISEF), a program of Society for Science & the Public, were young women.

Emphasis on Collaboration. Systemic improvements in education require collaboration with others who share the same goals. By combining expertise, experience, and resources, we can provide greater benefits for students and educators worldwide than we can by working alone. As a result, we engage with a number of development agencies, multilateral organizations, and nonprofits to advocate for educational excellence and access, including the Clinton Global Initiative, the Partnership for 21st Century Skills, the United Nations Educational, Scientific, and Cultural Organization (UNESCO), and the United States Agency for International Development (USAID). For more information on our public-private partnerships and strategic alliances in education, visit the Intel Education web site.

In 2009, we announced our support of U.S. President Barack Obama's Change the Equation campaign, which focuses on the urgent need to improve science, technology, engineering, and math (STEM) education in the U.S. We also signed memorandums of understanding (MOUs) aimed at improving education in a number of other countries. For example, we signed an MOU with UNESCO Bangkok to use Intel® Teach Program resources to advance teacher education in nine countries across the Asia-Pacific region.

Intel also collaborated with the World Bank, the Korean government, and the Korea Education and Research Information Service (KERIS) to host the Global Symposium on ICT in Education in Seoul, Korea. More than 100 global education leaders from governments, multilateral organizations, and academia in 31 countries participated in this knowledge-sharing event. In addition, we partnered with a broad coalition to support the 1Goal project, which focuses on jump-starting progress on the UN Millennium Development Goal of enabling children everywhere to receive primary education.

Over the past two years, we have increased our collaboration on education initiatives with other companies in the technology industry. In 2009, Intel, Cisco, and Microsoft announced a research initiative—the Assessment and Teaching of 21st Century Skills (ATC21S)—and formed five working groups with more than 60 leading scholars focused on how to best define, measure, and teach the skills needed to compete in today's global knowledge economy. White papers are available for download, and six countries—Australia, Finland, Portugal, Singapore, the United Kingdom, and the U.S.—have committed to run ATC21S pilots of the assessment methods in 2010.

> By combining expertise, experience, and resources, we can provide greater benefits for students and educators worldwide than we can by working alone.

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Understanding Performance and Impact. Along with academics and other companies, we continue to find it challenging to quantify the effects of community and education programs, particularly when looking at long-term impacts and change. Intel partners with and supports the research of other organizations that are developing metrics in this area.

Areas of Education Impact

Through our programs and investments, we work to engage students, prepare teachers for success, and drive system-level improvements and impacts.

Students
- Encourage interest in math and science among young learners
- Celebrate achievement and provide funding

Teachers
- Improve teachers' effectiveness in integrating technology into the classroom and teaching 21st century skills
- Provide tools and learning models to ensure their success and share knowledge with each other

Ecosystem
- Invest in research and higher education institutions and partnerships
- Support entrepreneurship programs and competitions
- Develop partnerships with governments and educators to jointly address needs
- Support initiatives to promote technology access and develop new products that support effective learning

Education Programs and Activities by the Numbers	
Teachers trained through the Intel® Teach Program since 1999	7 million in > 50 countries
Young people reached through the Intel® Learn Program since 2003	> 1 million in 13 countries
Youths served annually at Intel Computer Clubhouses	25,000 at 100 Computer Clubhouses in 20 countries
Students reached through Intel International Science and Engineering Fair (Intel ISEF) in 2009	> 1,500 students at Intel ISEF; > 6 million students took part in local and regional science fairs that are affiliated with and send students to Intel ISEF
Intel® Higher Education Program research grants in 2009	$9 million
Universities using our parallel programming curriculum at the end of 2009	> 1,700 universities, reaching > 285,000 students
Donations of PCs at the end of 2009 under ICT for Education program	78,000 in 40 countries at 600 schools

Through our sustained commitment to our key programs and initiatives, Intel and the Intel Foundation continue to work toward our goals of improving the quality of education and technology access worldwide.

A dedicated Intel team works to assess the impact and drive continuous improvement of our education programs. This team works with independent research organizations, such as SRI International and the Education Development Center's Center for Children and Technology, to prepare evaluations of our education initiatives and activities. Evaluations contain descriptions of successes as well as areas that need improvement. A white paper published in June 2009, for example, presents findings from studies of the impact of the Intel Teach® Essentials course in six schools in Chile, India, and Turkey. Intel also completed a report summarizing the social and economic impacts of effective e-learning. To access other reports and case studies, visit our Evidence of Impact web site.

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Inspiring Young Innovators

To help inspire the next generation of scientists and engineers, and shine a spotlight on excellence, Intel encourages student interest in science and math by sponsoring science competitions and promoting innovative school science and math programs. We also collaborate on initiatives that help young people develop teamwork and technology skills in fun, engaging environments.

Science Competitions

The Intel Foundation is the lead sponsor of two premier science competitions, the Intel International Science and Engineering Fair (Intel ISEF) and the Intel Science Talent Search (Intel STS), which are both programs of Society for Science & the Public. The competitions encourage students to solve problems and tackle challenging scientific questions through authentic research. In 2008, Intel committed to invest $120 million to extend our support of Intel ISEF, Intel STS, and related initiatives for 10 years. By celebrating their achievements and promoting, open-minded student science research and learning, we hope to encourage young people to pursue advanced education and careers in math, science, and engineering.

Intel STS. Intel STS, the oldest and most prestigious pre-college science competition in the U.S., provides an opportunity for high school seniors to complete an original research project and have it judged by highly regarded professional scientists. In 2009, close to 1,600 students competed and were judged for their individual research ability, scientific originality, and creative thinking. Intel awards more than $1.25 million to students and their schools during the annual week-long competition. Each of the 300 semifinalists in 2009 received $1,000, as did their schools. Forty finalists traveled to Washington, D.C., where they competed for scholarships ranging from $20,000 to $100,000, and enjoyed a visit with President Barack Obama at the White House.

Intel ISEF. Intel ISEF is the world's largest pre-college science competition and the only global science competition for students in grades 9–12. Each year, more than 6 million students who take part in local and regional science fairs within an Intel ISEF-affiliated network vie for the opportunity to attend Intel ISEF. In 2009, 1,500 young scientists from over 50 countries, regions, and territories were finalists at the event, where they shared ideas, showcased cutting-edge projects, and competed for more than $4 million in awards and scholarships. In conjunction with Intel ISEF, we also sponsor the Intel ISEF Educator Academy, which brings together educators and government officials from around the world to explore innovative methods for engaging students in the study of science and math, and to share best practices in organizing and managing high-quality science fairs.

In 2009, we increased our focus on Intel ISEF alumni, in an effort to better understand the long-term impact of student participation in the program. Intel Russia invited former Intel ISEF participants to join a Russian Intel ISEF Alumni Club, enabling them to reconnect with each other, in some cases a decade after they had competed. A number of Russian alumni—many of whom had gone on to earn accolades for educational and professional achievements—attended the 2009 Intel ISEF event, where they inspired, assisted, and shared their experiences with current competitors. In addition, at a celebration marking 10 years of Intel education initiatives in India, a participant from the 1999 Intel ISEF spoke about how the competition put her on the path to becoming a research scientist.

> **"Participating in Intel ISEF was my dream. Meeting the President of Brazil was something I never thought about. I am only 17!"**
> **Ana Clara Cassanti, Intel ISEF participant, São Paulo, Brazil**

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Throughout the world, Intel ISEF helps focus attention on the importance of STEM education. In Brazil, for example, a meeting with President Luiz Inácio Lula da Silva, the 2009 Intel ISEF winners, and Intel representatives spurred commitments from both Intel and the Brazilian government to collaborate and invest further to improve STEM education across the country.

Regional Fairs. Intel also partners with governments to support individual countries' efforts to increase student interest in STEM subjects. For example, Intel is a supporter of a national science fair in the United Kingdom called the "Big Bang," which is part of an effort to encourage young people to prepare for 324,000 science and technology positions that the government estimates must be filled by 2014 to enable the UK to remain technologically competitive. A slight increase in students enrolling in STEM subjects at the Advanced Level (A Level) has been reported in the UK over the last year. We know from research that greater exposure to and celebration of students' STEM achievements through initiatives such as the Big Bang can result in increased student interest in these subjects.

In Ireland, Intel partnered with the organization Discover Science and Engineering to produce SciFest, a national fair that attracted 1,980 students from 162 schools—a participant increase of almost 25% compared to 2008. The sharp increase in SciFest participation is an indication of the interest and enthusiasm among students and teachers for the investigative approach to teaching and learning science.

Intel® Learn Program

Designed for children aged 8–18 in underserved communities, and supported by both Intel and the Intel Foundation, the Intel® Learn Program extends learning beyond classrooms to informal environments in local community centers. It incorporates more than 90 hours of engaging curriculum that taps the interest of children in their own communities while nourishing their curiosity with creative, technology-driven projects. Since the program's inception in 2003, more than 1 million learners have participated, and it is now available in 13 countries, including 3 that were added in 2009.

Evaluation has revealed that a majority of students who start the program complete it, and participants become more proficient with technology and gain skills in planning, designing, problem-solving, and collaborating.

In Israel, more than 250,000 children have participated since 2004. The program has been implemented in more than 250 schools and community centers representing multiple sectors of Israeli society—both secular and religious—including Jews, Muslim and Christian Arabs, and new immigrants.

In 2009, Intel Learn was implemented in 10 orphanages in Siberia, in an effort to improve children's computer literacy and social skills. In addition, Intel and USAID signed a letter of intent to partner with UNESCO in the expansion of the Intel Learn Program in Brazil. Under the terms of the agreement, the Intel Foundation and USAID will co-fund the program, while UNESCO will implement it in 180 schools or community centers, reaching up to 10,000 children.

Intel Learn participants are encouraged to identify problems in their own communities and use technology to seek solutions. Participation has not only increased students' skills, but also measurably impacted their communities. In a remote village in India, for example, five girls working on a project on hygiene and sanitation inspired local residents to take steps to help prevent outbreaks of malaria, typhoid, cholera, and other infectious diseases. And in Nanjing, China, the streets are cleaner because the local sanitation department altered its fleet of garbage trucks to prevent spills, using a design engineered by young Intel Learn participants. Visit the Intel Education web site to read more stories about Intel Learn project impacts.

> **Intel Learn participants are encouraged to identify problems in their own communities and use technology to seek solutions.**

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Intel Computer Clubhouse Network

The Intel Computer Clubhouse Network is a community-based education program operated by the Boston Museum of Science in collaboration with the MIT Media Lab. Clubhouses are hosted by community organizations and are funded by the Intel Foundation and other partners. They offer an environment of trust and respect where young people can develop technological fluency and collaborative work skills. The Network serves more than 25,000 youths annually at over 100 locations in 20 countries.

Robotics Competitions and Engineering Programs

Intel and the Intel Foundation sponsor several other programs designed to promote students' interest in STEM subjects. Intel is a sponsor of Project Lead the Way, a nonprofit organization that supports and promotes engineering and pre-engineering courses for elementary through high school students. The courses include the Engineering Is Elementary project from the Boston Museum of Science, and High Tech U, a program of the Semiconductor Equipment and Materials International (SEMI) Foundation. Intel is also the lead sponsor of the Oregon Robotics Tournament and Outreach Program, which attracts some 3,000 young participants each year. Intel employees serve as coaches and mentors to participants.

> "With Intel, there really is an interest in trying to add value to the educational experience, and to provide resources where there is need. For us, Intel has been a great partner and has helped us focus our efforts and train our teachers for the 21st century."
>
> **Doug Price, Superintendent, Tanque Verde School District, Arizona**

Empowering Teachers

Because a single teacher can reach generations of students, we believe that supporting teachers is the most effective way to improve education. Intel's professional development initiative aims to better equip teachers so they can help students worldwide develop the technology literacy and critical-thinking, problem-solving, and collaboration skills needed for success.

Intel® Teach Program

Since 1999, the Intel® Teach Program has helped teachers integrate technology and create active learning environments in their classrooms. Intel Teach offers in-depth professional development for K–12 teachers, helping them implement real-life projects and make concrete changes in their teaching through the effective integration of technology.

By the end of 2009, the program had provided professional development for over 7 million teachers worldwide. Intel is on target to train 10 million teachers by 2011.

Intel Teach is highly scalable, ensuring systemic change. The program includes face-to-face and online instruction, and comprises a suite of courses and materials that have been translated into 26 languages. In each country where Intel Teach is implemented, the program is aligned to the current reality of the local infrastructure, with basic courses for developing countries and advanced courses for highly developed countries. In many countries, Intel Teach is the primary information and communications technology (ICT) training program for educators, with ministries of education awarding certification, promotions, and salary increases based on course completion. In 2009, we expanded Intel Teach to 16 additional territories and countries.

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Working with governments, non-governmental organizations (NGOs), universities, and multilaterals, Intel selects locations for Intel Teach based on the strength of local commitment to the program. Governments align Intel Teach to their professional development offerings, build support into their staffing and budgets, and agree to support localization. In each region, Intel builds capacity and ensures sustainability by training Intel Teach trainers, who, in turn, share their new skills with other teachers in the region. Nonprofit organizations provide logistical support, and multilaterals (such as USAID and UNESCO) and other for-profit companies help provide funding, staffing, and policy support. The program has influenced thinking on policies related to ICT and teachers. For example, Intel worked with UNESCO on a teacher policy toolkit, and with the International Society for Technology in Education on teacher and administrator technology literacy standards.

Independent evaluation is integral to the Intel Teach Program. Evaluations revealed that six months after training, teachers: (1) use technology much more for their own productivity and professional development; (2) use technology in more varied ways with their students; and (3) use different approaches (for example, project-based learning and formative assessment) than they did before the training. Systemic changes include broader support of content localization, increased capacity for scale within existing professional development systems, and improvements in ICT standards.

The program encourages teachers and students to apply their learning to real-life situations. For example, participating in the Intel Teach Program enabled a teacher on Australia's Kangaroo Island to deepen students' knowledge of complex environmental issues and their island's ecosystem.

> "[Intel Teach] marks the beginning of [a] new era of...modern technology in Pakistan."
>
> **Tahir Mahmood, Director Group Captain, Fazaia School System, Pakistan**

Intel® Teach Program: Examples of Impact

- About 80% of all teachers in Jordan and Germany have completed Intel® Teach training.
- An Intel Teach Program in Taiwan, Thinking with Technology, has been adopted as compulsory training for all K–12 teachers in the country.
- The Intel® Teach Advanced Online course has been implemented in more than 10 European countries, Israel, and Jordan. In Germany, the course has become the standard for helping teachers integrate technology in the classroom.
- In Italy, Intel Teach has been adapted for teachers working with children who have learning disorders, such as dyslexia. More than 250 teachers applied for the 16 slots in the initial course.
- Over 10,000 Romanians have received Intel Teach training to date, resulting in a critical mass of innovative teachers who are raising the quality of education across the country.
- Intel Teach has reached 885,000 teachers in the Middle East, Turkey, and Africa.

Intel® Teach Program—Teachers Trained

Year	Million
2005	0.8
2006	0.9
2007	1.1
2008	1.1
2009	1.2
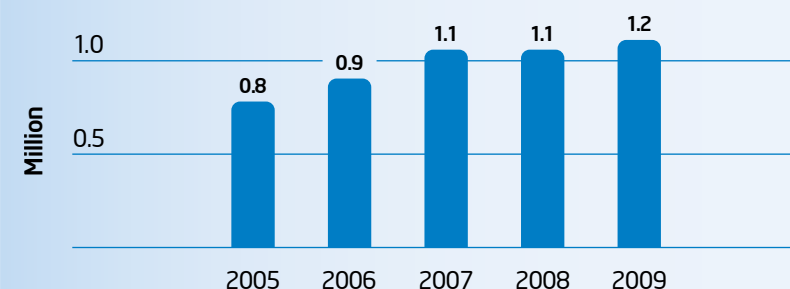
As of year-end 2009, we had trained 7 million teachers through the Intel® Teach Program since 1999.

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Intel® Math Program

The Intel® Math Program is an 80-hour professional development course designed to help K–8 teachers improve students' understanding of math. The course is co-facilitated by a practicing mathematician and a math educator, and participants learn by solving math problems. Results for the second year of the program indicate that it has had a measurable impact on teacher competence and confidence where it has been implemented: in California, Massachusetts, and New Jersey in the U.S. In particular, evaluation of teacher participants in Massachusetts indicated improved knowledge in all content areas assessed, as well as growth in both conceptual understanding and computational skills. Intel Math is being used to support U.S. President Barack Obama's STEM initiative, and in 2010 we plan to make the program more widely available in the U.S.

skoool™ Learning and Teaching Technology

The skoool™ Learning and Teaching Technology program supports math and science learning for students 13 to 15 years old—the age when many young people progress from concrete learning to more abstract thinking. Skoool.com is a web-based e-learning portal made up of learning modules for students working alone or in a classroom setting. Individual modules can be incorporated into teachers' lesson plans. The program is now available in 23 countries and 7 languages, and has reached over 3 million students. Intel develops and deploys the program in conjunction with education ministries and public and private-sector organizations.

Intel Schools of Distinction

Intel Schools of Distinction exemplify 21st century teaching and learning environments, and offer innovative programs that inspire students in the U.S. to excel in math and science. 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 an 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 math teaching.

In 2009, we recognized six U.S. schools through the program, including one chosen as "Star Innovator." The Star Innovator received a $25,000 cash award from the Intel Foundation, and each of the other five schools earned $12,500. Other sponsors also awarded each school more than $150,000 in products and services. At one of the winning schools, the ethnically diverse Urban Assembly School for Applied Math and Science in South Bronx, New York, unique courses connect math to science, architecture, history, medicine, sports, music, and art. Students at the school have achieved higher math scores than students from many schools in more affluent areas. For more information, visit the Intel Schools of Distinction web site.

Investing in Higher Education, Research, and Entrepreneurship

Intel and the Intel Foundation support university programs for faculty and students to advance research and education in computer science and engineering—as well as initiatives aimed at increasing the number of women and under-represented minorities in these fields.

We also support initiatives that connect Intel and university researchers through focused grants or funding of larger scale research labs. Intel's technology entrepreneurship program helps advance technology adoption by combining true business acumen with innovation to create new business startups worldwide.

The Intel® Higher Education program is active in more than 80 countries, interacts with more than 1,700 universities through curriculum programs, and is engaged in over 250 research projects worldwide. More than 285,000 students now have the skills to develop software with the latest technology when they graduate. For more information, visit the Intel Higher Education Program web site.

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Research Fellowships

Intel funds research related to microprocessor technology, high-volume manufacturing, computer science, and a variety of other disciplines critical to our industry. In 2009, we awarded grants totaling over $9 million to support research at leading universities around the world. We also provided graduate fellowship support and undergraduate student funding for hundreds of students in 2009.

In 2009, in conjunction with the opening of an Intel nanomanufacturing research center in the King Abdulaziz City for Science and Technology (KACST), Saudi Arabia, we announced plans to grant scholarships to 60 graduate students from 24 universities in the Middle East, Turkey, and Africa. Intel experts at the center will guide graduate student research on nanomanufacturing applications. In addition, Intel and KACST launched the first Middle East research center on energy-efficient hardware and software solutions. Universities in Lebanon and Egypt will work jointly with KACST and Intel to conduct the research.

To address a shortage of engineers in Vietnam, in 2009 we provided 28 scholarships to Vietnamese engineering students so they could complete mechanical and electrical engineering degrees in the U.S. In Taiwan, Intel awarded research grants to students from National Taiwan University that resulted in multiple publications and research on the topic of digital health.

> "Our publication results have shown that the generous grants from Intel Education Taiwan have contributed in raising the research quality standard at NTU as well as influencing the Taiwan computer science research community."
>
> **Professor Hao Chu, National Taiwan University**

Curricula

To accelerate the adoption of cutting-edge technology in engineering education and prepare students for careers in critical technologies, Intel works with leading universities worldwide to identify and disseminate advanced curricula. The focus in recent years has been on teaching parallel programming models needed to support multi-core architecture. Program resources include in-person workshops, as well as free online curricula and software to support classroom implementation.

The Universiti Teknologi Malaysia Faculty of Science has established a multi-core lab to support programming for students and faculty members. In addition, in collaboration with the Indian Institute of Science, Intel has developed a framework for a multi-core curriculum at the undergraduate level that will be used in more than 150 higher education institutions and is expected to reach more than 50,000 students in India.

Entrepreneurship Programs

Our entrepreneurship programs are designed to eliminate the barriers between technical engineering educators and their business school counterparts by promoting communications and serving as catalysts for new business development in local economies. Through workshops and colloquia, we seek to improve the entrepreneurship education skills of university faculty. Professors in more than 25 countries combined new entrepreneurial skills with technical expertise to help foster innovation and new business startups in 2009.

IBTEC. In 2009, Intel and the Haas School of Business at the University of California at Berkeley hosted the fifth annual Intel + UC Berkeley Technology Entrepreneurship Challenge (IBTEC) for 28 teams of student entrepreneurs from 18 countries. The competition is designed to showcase global business opportunities that have the greatest potential for positive impact on society. Competitors from China's Tsinghua University took first place in the competition, earning a $25,000 award from the Intel Foundation for the development of a biodegradable bone screw. Other innovative business plans included groundbreaking solutions for cleaning water and soils affected by oil pollution, methods for addressing pesticide concerns in Chinese agriculture, diapers that diagnose urinary tract infections, and a social learning platform for math and science education.

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Participants interacted with and were judged by representatives of more than 20 leading venture capital firms from the San Francisco Bay Area, and several may go on to create successful businesses that encourage commerce and prosperity in underserved communities. Two years after garnering second prize for its development of a plan to market hygroscopic paper (it can absorb moisture from the atmosphere), Richcore, an Indian biotech application research company, is now a viable company that employs more than 500 low-income women who were referred to them by various NGOs working on sustainable development.

In conjunction with this year's competition, Intel and the UC Berkeley Lester Center for Entrepreneurship and Innovation hosted the first Global Entrepreneurship Leadership Symposium, which trained expert mentors to support local entrepreneurs in their regions. Attendees included investors, university faculty, business executives, entrepreneurs, and government leaders, who will each take what they learned back to their countries to support entrepreneurism, innovation, and economic development.

Arab Workshops. Intel worked with the Arab Science and Technology Foundation to deliver entrepreneurship workshops for Arab universities based on the IBTEC model. Participants received intensive two-day instruction that included ways to teach and support entrepreneurs at academic institutions. The training took place at 15 universities in Egypt, Jordan, Saudia Arabia, and Tunisia.

Competitors from China's Tsinghua University took first place in the IBTEC competition, earning a $25,000 award from the Intel Foundation for the development of a biodegradeable bone screw.

Desafio Intel® (Intel Challenge). Through a regional business plan competition launched in 2009, Intel helped prepare students from universities in Argentina, Chile, Colombia, Costa Rica, and Mexico to become tomorrow's technology entrepreneurs. During the three-month Desafio Intel® competition, teams of 659 students created 211 business plans and presentations. Judges evaluated the plans, and finalists received more than 300 hours of constructive advice from experienced mentors to help them further develop their ideas.

Innovation in Russia. In 2009, Intel Russia began partnering with government to help academic institutions and federal agencies develop entrepreneurship and innovation programs. The result was a short-term, intensive Technology Entrepreneurship School, where participants from local universities and industry learned about business planning and strategies, project management tools, and new product development. Participants worked on their own projects and had opportunities to consult with experts from Intel and Russian nanotechnology corporations.

Technology and Access

Innovation and education are fundamental to healthy economies. In addition to our core focus on improving the quality of education, we work to improve technology access that will help fuel long-term economic development.

Through the Intel World Ahead Program, Intel has worked with more than 60 countries on over 200 projects aimed at making technology more available, affordable, and understood to first-time users. A recent Intel World Ahead white paper discusses the ways in which Intel is collaborating to promote affordable access to broadband Internet, including descriptions of how broadband connectivity can help address education, and social and economic challenges, in developed and developing regions of the world.

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Other key Intel initiatives aimed at promoting technology access include:

- Teacher, student, and citizen PC purchase programs that enable new users to acquire technology affordably.

- Intel® PC Basics, free courseware that makes it easier for new users to take advantage of PCs and Internet access.

- The Intel® Reader, a mobile text-to-speech learning tool that can give children and adults with dyslexia, impaired vision, or other reading difficulties access to printed text anytime, anywhere.

- The Intel ICT for Education program, through which Intel is donating 100,000 PCs to jump-start education initiatives in emerging markets. To date, this program has reached 600 schools in over 40 countries with 78,000 donated PCs.

Intel® Learning Series

At the heart of the Intel® Learning Series is the Intel-powered classmate PC, a low-cost, rugged, mobile learning device platform designed to meet the needs of students around the world. In 2009, Intel launched a new design that enables classmate PCs to convert from a traditional clamshell form factor to a tablet PC with a touchscreen, enabling improved classroom interaction and collaboration.

The convertible and clamshell classmate PC designs are based on ethnographic studies and feedback from pilots conducted in both mature and emerging markets. Local PC manufacturers offer classmate PCs designed for specific markets. As part of the Intel Learning Series, the PCs are integrated with hardware, software, and services designed by companies that develop and validate educational products to meet local needs in different countries. For a selection of case studies on classmate PC projects around the world, visit the Intel Learning Series web site.

1:1 and e-Learning Case Studies

Intel supports the use of technology in developing countries to create one-to-one (1:1) e-learning environments comprising a dedicated laptop computer for each student and teacher. The following are examples of e-learning environments using Intel-powered classmate PCs.

Portugal. In one of the most comprehensive educational technology programs in the world, the Portuguese government is working to provide all primary schoolchildren nationwide with Magalhães laptops—customized versions of the Intel-powered classmate PC loaded with educational and entertainment software. To date, 450,000 students have received their PCs, and in 2009 Intel trained approximately 2,500 teachers on how to effectively integrate the Magalhães laptops into their classrooms. Intel and the Portuguese government also hosted an education summit in 2009, bringing together attendees from 41 countries. Key education decision makers shared best e-learning practices from their countries, and Intel representatives spoke about the role of technology in education.

▷ Watch Video

Kenya. At the Clinton Global Initiative annual meeting in September 2009, Intel, Cisco, Microsoft, the government of Kenya, and USAID announced a joint project aimed at improving education in Kenya. The $9 million Accelerating 21st Century Education project focuses on creating 1:1 e-learning classrooms in 60 schools across Kenya. The project includes deployment of more than 6,000 computers for student and teacher use; technology training for 7,000 teachers; training for technical support staff at each school; access to digital educational content; and development of the local IT industry to promote economic development and sustainability.

Russia. Intel has partnered with charitable foundation Volnoe Delo on the Computers for Schools project, which is developing e-learning environments in primary schools across Russia. The initiative is the country's largest private charitable project in the field of education.

Uganda. The Maendeleo Foundation has designed a mobile solar computer classroom that is giving hundreds of Ugandan children their first experience with computers and the Internet. A specially equipped vehicle provides solar power to run 10 Intel-powered classmate PCs featuring a training application and Internet content. Over the long term, the foundation plans to visit schools regularly with additional mobile classrooms, enabling students to advance their technology skills.

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Performance Summary and Goals

In 2009, we surpassed the milestones of 7 million teachers trained through the Intel Teach Program and 1 million learners reached through the Intel Learn Program. We broadened the reach of our learning and teacher development programs through new partnerships with NGOs and collaborations with governments; expanded our role as an advocate for improved science, technology, engineering, and math education, including working with the U.S. White House to improve teacher training in the U.S.; and helped thousands of students gain access to technology for the first time.

Education Goals and Performance		
2009 Goals	**2009 Performance**	
Expand the Intel® Teach Program to reach 1 million more teachers.	We reached an additional 1.2 million teachers in 2009.	●
Work to ensure that at least 500 universities offer two or more undergraduate courses on parallel programming concepts.	We reached a total of 1,700 universities by the end of 2009, including over 1,000 universities with two or more courses.	●

● **Achieved**   ◐ **Partially Achieved**   ○ **Not Met**

In 2010 and beyond, we will continue to expand and support the development of our education programs, reaching more teachers and young people around the world. For example, in 2010 we plan to launch a new curriculum unit, Intel® Learn Technology and Entrepreneurship, through which learners will discover how computers are used in a variety of jobs and careers. We will also continue to place a high importance on collaboration with governments to advance the quality of education and support systemic change in education.

Education Goals for 2010 and Beyond
Enable teachers to prepare students with 21st century skills by training 10 million teachers by 2011 through the Intel® Teach Program and expanding our portfolio of program options to meet local needs.
Reach an additional 250,000 learners in 2010 through the Intel® Learn Program. Extend the program by adding a new curriculum unit, Intel® Learn Technology and Entrepreneurship.
By 2011, reach the goal of 100,000 PC donations to schools in emerging markets to improve teaching and learning through ICT use.

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Appendix

About This Report

Report Scope and Profile

With the Intel 2009 Corporate Responsibility Report, we aim to provide stakeholders with a balanced view of our corporate responsibility strategy and performance for Intel's worldwide operations during fiscal year 2009 (ended December 26, 2009). Our previous report was published in May 2009.

We prepared this report using the Global Reporting Initiative* (GRI) G3 Sustainability Reporting Guidelines, and self-declare the report to the GRI Application Level A. A GRI Content Index is provided in this appendix. Additional information about Intel's operations and financial statements is available in our 2009 Annual Report and Form 10-K.

We produce our Corporate Responsibility Report in Portable Document Format (PDF). A printed executive summary of the report is available by request. Our sites around the world translate and customize the content of the executive summary for local stakeholders. For a high-level overview of corporate responsibility, supporting documents, past reports, and our new customized Report Builder tool, visit our Corporate Responsibility Report web site.

Our Corporate Responsibility Report does not include performance information for Intel's joint ventures or firms included in Intel Capital's investment portfolio, unless specified. This year's report does not reflect any significant changes in reporting scope compared to our previous report. Principles and policies apply to all officers and employees of Intel and its subsidiaries, unless otherwise noted. Environmental, health, and safety data includes widely accepted parameters and units. Financial data is presented in U.S. dollars.

Corporate-wide emissions are calculated using the Climate Leaders Greenhouse Gas (GHG) Inventory Guidance, which defines how U.S. Environmental Protection Agency (EPA) Climate Leader partner companies account for and report their GHG emissions. This Guidance is based on the existing GHG Protocol Corporate Accounting and Reporting Standard developed by the World Resources Institute and the World Business Council for Sustainable Development.

Send questions, comments, or feedback to Suzanne Fallender, Director of CSR Strategy and Communications, or Michael M. Jacobson, Director of Corporate Responsibility, Intel Corporation, 5000 W. Chandler Blvd., CH7-301, Chandler, AZ 85226 USA. You can also use our web-based feedback form or the CSR@Intel blog to contact our Corporate Responsibility team.

Approach to Report Assurance

The information in our Corporate Responsibility Report is subject to internal reviews and, for selected content, external reviews. On a regular basis, we validate the management systems and processes used to collect the data. We have maintained a multi-site ISO 14001 certification for our manufacturing locations since 2001, which requires independent third-party audits at many of our sites each year. Intel Ireland is also accredited to the IS 393 Energy Management Standard certification.

As a member of the EPA Climate Leaders program, our GHG emissions data is reviewed against the Climate Leaders GHG Inventory Guidance, which includes reviews of our emissions inventory data and our progress in reaching our GHG emissions goal. As part of our membership in the Chicago Climate Exchange, our annual emissions reports are verified by the Financial Industry Regulatory Authority. Finally, our operations in Ireland are covered by the European Union Emissions Trading Scheme.

For our 2004–2007 reports, we worked with a team of MBA students, under the guidance of a professor, to procure external assurance, using the AA1000 Materiality standard. Based on stakeholder feedback received during our outreach efforts and our analysis of the costs and benefits of available external assurance options, we have not undertaken separate assurance for our 2008 or 2009 reports beyond the data verification and external review measures outlined above. We will evaluate trends in assurance and other external verification measures, as well as input from our stakeholders, on an annual basis to ensure that our approach continues to meet the needs of our stakeholders. We invite readers to provide feedback on this topic to inform our assurance strategy for the 2010 report.

GRI Content Index

This GRI Content Index is provided to assist readers in understanding how our report aligns with the Global Reporting Initiative* (GRI) G3 Sustainability Guidelines. This index includes all "Core" indicators as well as a number of "Additional" indicators that we have determined are relevant to our business. We self-declare this report at the "A" level. For more information about the GRI guidelines and application levels, visit the GRI web site.

GRI Content Index

Indicator Numbers and Description	Status	Report Section(s)	Page(s)	Explanatory Notes
1. Strategy and Analysis				
1.1–1.2 Statement from the most senior decision maker; Description of key impacts, risks, and opportunities.	●	Letter From Our CEO; Our Approach to CR	3, 8	
2. Organization Profile				
2.1–2.9 Name of the organization; Primary brands, products, and/or services; Operational structure of the organization; Location of headquarters; Nature of ownership; Markets served; Scale of reporting organization; Significant changes during the reporting period.	●	Corporate Profile	5	Additional detail available in 2009 Annual Report and Form 10-K.
2.10 Awards received in the reporting period.	●	Our Approach to CR	18	
3. Report Parameters				
3.1–3.4 Reporting period; Date of most recent previous report; Reporting cycle; Contact point for questions regarding the report or its contents.	●	About This Report	108	
3.5 Process for defining report content.	●	Our Approach to CR	8	
3.6–3.8 Boundary of the report; Limitations on scope and/or report boundary; Basis for reporting on joint ventures, subsidiaries, etc.	●	About This Report	108	
3.9 Data measurement techniques and the bases of calculations.	◐	About This Report; Environment	32, 108	Additional information provided in discussion of indicators throughout the report.
3.10–3.11 Explanation of the effect of any restatements of information provided in earlier reports; Significant changes from previous reporting periods.	●	About This Report and individual indicator descriptions	108	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.
3.12 Table identifying the location of standard disclosures in the report.	●	GRI Index	109	
3.13 Policy and current practice with regard to seeking external assurance for the report.	●	About This Report	108	

● Covered in the Report   ◐ Partially Covered in the Report   ○ Not Covered in the Report

GRI Content Index (continued)

Indicator Numbers and Description	Status	Report Section(s)	Page(s)	Explanatory Notes
4. Governance, Commitments, and Engagement				
4.1–4.4 Governance structure of the organization, including committees under the highest governance body; Indication of whether the chair of the highest governance body is also an executive officer; Number of members of the highest governance body that are independent and/or non-executive members.	●	Governance, Ethics, and Public Policy (GE&PP); Workplace	25, 60	Additional information on Board committees and composition available in 2010 Proxy Statement (p 8).
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	●	Environment; Workplace	34, 65	For additional details on our approach to linking pay and performance, see 2010 Proxy Statement (p 14).
4.6 Processes in place for the highest governance body to ensure that conflicts of interest are avoided.	●	GE&PP	25	Additional information provided in 2010 Proxy Statement (p 13).
4.7 Process for determining the qualifications and expertise of the members of the highest governance body on economic, environmental, and social (EE&S) topics.	◑	GE&PP	25	Information on process for selecting new directors included in our Corporate Governance Guidelines. A number of directors have expertise in strategic CSR areas of education (Yeary), environment (Hundt), and corporate governance (Yoffie).
4.8 Internally developed statements of mission or values, codes of conduct, and principles.	●	Our Approach to CR; GE&PP; Environment; Supply Chain	9, 26, 33, 74	See Governance and Ethics web site.
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of EE&S performance.	●	Our Approach to CR; GE&PP	10, 25	
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to EE&S performance.	●	GE&PP	25	
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	Environment	32	Reference also included in Intel Code of Conduct.
4.12. Externally developed EE&S charters, principles subscribed to.	●	Our Approach to CR; Supply Chain	9, 24	Specific charters/principles covered in specific sections of the report by topic.
4.13 Memberships in associations and/or advocacy organizations.	●	Our Approach to CR; GE&PP; Environment; Education	8, 28, 40, 96	
4.14–4.17 List of stakeholder groups engaged by the organization; Basis for identification and selection of stakeholders; Approaches to stakeholder engagement; 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.	●	Our Approach to CR	11	

● Covered in the Report   ◑ Partially Covered in the Report   ○ Not Covered in the Report

GRI Content Index (continued)

Indicator Numbers and Description	Status	Report Section(s)	Page(s)	Explanatory Notes
5a. Economic Performance Indicators				
Management Approach Disclosures: Economic	●	Letter from our CEO; Our Approach to CR; Financial Performance & Economic Impact (FP&EE)	3, 10, 19	Additional information included in 2009 Annual Report and Form 10-K.
EC1 Direct economic value generated and distributed. (Core)	●	FP&EE; GE&PP; Community	20	Additional information in 2009 Annual Report and Form 10-K (p 24).
EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)	●	Our Approach to CR; Environment	10, 35	Climate change risk also covered in 2009 Annual Report and Form 10-K (p 13).
EC3 Coverage of the organization's defined benefit plan obligations. (Core)	●	Workplace	66	Additional information available in 2009 Annual Report and Form 10-K (p 86).
EC4 Significant financial assistance received from government. (Core)	◑	FP&EE	21	The company's primary use of incentives and grants is for construction of new facilities. These activities are managed on a local level in the location where they are built, and information is usually disclosed by the government/municipality. Additional details on our tax rate and credits are available in 2009 Annual Report and Form 10-K (p 100).
EC6 Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. (Core)	●	Supply Chain; FP&EE	22, 74, 77	Breakdown of spends by region, information on supplier diversity programs provided. Also economic impact case study on local supplier impact.
EC7 Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)	●	Workplace	61	Our recruiting practices are designed to be inclusive, and we hire from the diverse populations and communities where we operate. A majority of senior management at our global sites are local hires.
EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. (Core)	●	Community; Education	82, 94	
EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)	●	FP&EE	22	
5b. Environmental Performance Indicators				
Management Approach Disclosures: Environment	●	Our Approach to CR; Environment	8, 32	
EN1 Materials used by weight or volume. (Core)	◑	Environment; Supply Chain	31, 73	Our systems are not designed to calculate in totality materials in this way. See "Sand to Circuits" publication for a detailed description of the manufacturing process and materials used.

● Covered in the Report　◑ Partially Covered in the Report　○ Not Covered in the Report

GRI Content Index (continued)

Indicator Numbers and Description	Status	Report Section(s)	Page(s)	Explanatory Notes
EN2 Percentage of materials used that are recycled input materials. (Core)	◑	Environment	48, 79	Given the complexity and size of our products, calculation of percentage of recycled content is not applicable; more significant are our efforts to design out materials such as lead and halogens.
EN3 Direct energy consumption by primary energy source. (Core)	●	Environment	38	
EN4 Indirect energy consumption by primary source. (Core)	◑	Environment	39	Our purchased energy is from public utilities.
EN5–EN7 Energy saved due to conservation and efficiency improvements. (Additional); Initiatives to provide energy-efficient or renewable energy-based products and services. (Additional); Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)	●	Environment	37	
EN8–EN10 Total water withdrawal by source. (Core); Water sources significantly affected by withdrawal of water. (Additional); Percentage and total volume of water recycled and reused. (Additional)	●	Environment	41	
EN11–EN12 Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value. (Core); Description of significant impacts on activities, products, and services on biodiversity in protected areas and areas of high biodiversity value. (Core)	◑	Environment	34	Not reported in this manner. We cover biodiversity in the Environment section of the report; facilities owned are reported in 2009 Annual Report and Form 10-K (p 110).
EN16–EN18 Total direct and indirect greenhouse gas emissions by weight. (Core); Other relevant indirect greenhouse gas emissions by weight (Core); Initiatives to reduce greenhouse gas emissions, and reductions achieved. (Additional)	●	Environment	37	
EN19 Emissions of ozone-depleting substances by weight. (Core)	◑	Environment	47	
EN20 NOx, SOx, and other significant air emissions by type and weight. (Core)	●	Environment	47	
EN21 Total water discharge by quality and destination. (Core)	◑	Environment	42, 44	Aggregate information provided on discharge by total quantity.
EN22 Total weight of waste by type and disposal method. (Core)	●	Environment	45	
EN23 Total number and volume of significant spills. (Core)	●	Environment	51	No major spills reported in 2009. Other non-compliance issues 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)	◑	Environment	46	Hazardous waste reported. Transport, import, and export information not reported.
EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. (Core)	●	Environment	48	
EN27 Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	◑	Environment; Supply Chain	79	Intel does not have data collection processes to track, record, and report this information. However, 75% of our packaging material is reusable/recyclable.

● Covered in the Report   ◑ Partially Covered in the Report   ○ Not Covered in the Report

GRI Content Index (continued)

Indicator Numbers and Description	Status	Report Section(s)	Page(s)	Explanatory Notes
EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)	●	Environment	51	
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)	●	Environment; Supply Chain	36	CO_2 emissions of logistics and supply chain and percentage of total CO_2 emissions are estimated, and we are developing tools to help improve measurement and tracking of our impact in this area.
5c. Social Performance Indicators: Labor Practices				
Management Approach Disclosures: Labor Practices	●	Our Approach to CR; Workplace; Supply Chain	8, 54, 74	
LA1–LA2 Total workforce by employment type, employment contract, and region. (Core); Total number and rate of employee turnover. (Core)	●	Workplace	56	Information provided on turnover by region.
LA3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)	●	Workplace	65	Part-time and contract employees have similar access to health and retirement benefits as full-time employees. Benefits related to life insurance, vacation, and tuition reimbursement are prorated for part-time employees. Contract employees are not eligible for a number of benefits, including long-term disability, equity incentive plan, and tuition reimbursement. Part-time and contract employees are not eligible for sabbatical benefit.
LA4 Percentage of employees covered by collective bargaining agreements. (Core)	●			The percentage is zero.
LA5 Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)	◓	Workplace	57, 84	We provide advance notice in accordance with local requirements in the different locations where we operate.
LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)	●	Workplace	69	
LA8 Education, training, counseling, prevention, and risk control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)	●	Workplace	70	
LA10–LA11 Average hours of training per year per employee, by employee category. (Core); Programs for skills management and lifelong learning that support continued employability. (Additional)	●	Workplace	59, 69	
LA12 Percentage of employees receiving regular performance and career development reviews. (Additional)	●	Workplace	58	

● Covered in the Report　　◓ Partially Covered in the Report　　○ Not Covered in the Report

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GRI Content Index (continued)

Indicator Numbers and Description	Status	Report Section(s)	Page(s)	Explanatory Notes
LA13 Composition of governance bodies and breakdown of employees by category according to gender, age group, minority group membership, and other indicators of diversity. (Core)	●	Workplace	63	
LA14 Ratio of basic salary of men to women by employee category. (Core)	◑	Workplace	64	Overall ratio not reported, but breakdown of top 50 in senior management reported in terms of compensation.
5d. Social Performance Indicators: Human Rights				
Management Approach Disclosures: Human Rights	●	Our Approach to CR; GE&PP; Supply Chain	9, 26, 74	
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)	◑	Supply Chain	75, 77	
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)	●	GE&PP; Supply Chain	26, 75	Training on Intel Code of Conduct and other policies and procedures is mandatory for every Intel employee and includes content on human rights.
HR4 Total number of incidents of discrimination and actions taken. (Core)	○			Results, while compiled for internal review and action, are not currently publicly reported. Information on approach to diversity and ethics and compliance reported.
HR5–HR7 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); Operations identified as having significant risk for incidents of child labor, or forced or compulsory labor, and measures taken to contribute to the elimination of child labor. (Core)	●	GE&PP; Supply Chain	26	We operate in a number of countries identified by stakeholders as being at higher risk for labor concerns. We conduct regular Intel Code of Conduct training, and adopted new Intel Human Rights Principles in 2009. We have not identified any operations with significant risk for child labor or forced or compulsory labor.
5e. Social Performance Indicators: Society				
Management Approach Disclosures: Society	●	Community; Education	83, 95	
SO1 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)	●	Community	83	
SO2–SO3 Percentage and total number of business units analyzed for risks related to corruption. (Core); Percentage of employees trained in organization's anti-corruption policies and procedures. (Core)	●	GE&PP	26	

● Covered in the Report   ◑ Partially Covered in the Report   ○ Not Covered in the Report

GRI Content Index (continued)

Indicator Numbers and Description	Status	Report Section(s)	Page(s)	Explanatory Notes
SO4 Actions taken in response to incidents of corruption. (Core)	◒	GE&PP	26	Data reported on anti-corruption training and assessment processes.
SO5–SO6 Public policy positions and participation in public policy development and lobbying. (Core); Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	●	GE&PP	28	
SO7–SO8 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional); Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)	●	GE&PP	28	See also Competition in the Innovation Economy web site and 2009 Annual Report and Form 10-K (p 103).
5f. Social Performance Indicators: Product Responsibility				
Management Approach Disclosures: Product Responsibility	●	Environment	32, 48	Product responsibility topics span multiple sections of the report, from environment to health and safety.
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)	●	Environment	32	For more information, refer to Intel Quality System Handbook.
PR3 Type of product and service information required by procedure, and percentage of significant products and services subject to such information requirements. (Core)	◒	Environment	48	We also provide our customers with information on the energy efficiency of our products through our web site and publications on our web site.
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)	●			Zero incidents in 2009.
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)	●	Our Approach to CR; Workplace	12, 65	For more information, refer to Intel Quality System Handbook.
PR6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. (Core)	◒	GE&PP	26	Covered in Intel 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 available on our Security and Privacy web site.
PR9 Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. (Core)	●			Information on legal proceedings included in 2009 Annual Report and Form 10-K (p 103).

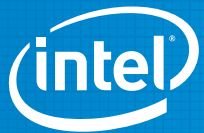● Covered in the Report   ◒ Partially Covered in the Report   ○ Not Covered in the Report

United Nations Global Compact—Communication on Progress 2009

In June 2009, Intel became a member of the United Nations Global Compact (UNGC), a platform for encouraging and promoting good corporate principles and learning experiences in the areas of human rights, labor, environment, and anti-corruption. The UNGC principles have been engrained in our approach to corporate responsibility and business practices for many years. As noted by our President and CEO, Paul Otellini, in his opening letter to this report, our ongoing support of the UNGC reinforces our commitment to corporate responsibility leadership.

As part of our commitment to the UNGC, we have mapped the principles with the relevant discussions in the report, which detail our actions and progress made against the principles during 2009, including our work with other organizations in these areas. In addition to our commitment to promote the UNGC principles in our operations, Intel will continue to support the UNGC in its work to expand country networks.

UNGC Communication on Progress		
Human Rights		
Principle 1	Support and respect the protection of internationally proclaimed human rights.	Intel's commitment to respect human rights is embodied in the Intel Code of Conduct, Intel Human Rights Principles, and Intel Water Policy, the latter of which covers our respect for the human right to water. In addition, the topic of human rights is covered in the Electronic Industry Code of Conduct, adopted by Intel in 2004. For a discussion of our approach to respecting human rights and the steps we have taken during 2009, see the Governance, Ethics, and Public Policy and Supply Chain sections of this report.
Principle 2	Make sure that business is not complicit in human rights abuses.	
Labor		
Principle 3	Uphold freedom of association and the effective recognition of the right to collective bargaining.	Intel's Human Rights Principles incorporate references to the key labor issues identified in the UNGC, including prohibition of child labor (Intel has established a minimum age of 16), forced labor, and discrimination. Intel recognizes that in many locations where we operate, employees have the right to freely associate or not associate with third-party labor organizations, along with the right to bargain or not bargain collectively in accordance with local laws. Intel respects those rights and is committed to creating an environment of open communication where employees can speak with their managers about their ideas, concerns, or problems, and team together to address workplace issues. For more information, see the Governance, Ethics, and Public Policy, Workplace, and Supply Chain sections of this report.
Principle 4	Support elimination of all forms of forced and compulsory labor.	
Principle 5	Support effective abolition of child labor.	
Principle 6	Elimination of discrimination in respect of employment and occupation.	
Environment		
Principle 7	Businesses are asked to support a precautionary approach to environmental challenges.	Intel co-founder Gordon Moore, a longtime champion of the environment, instilled a legacy of environmental consciousness at Intel that continues today. We incorporate environmental performance goals throughout our operations and regularly report on our progress, seeking continuous improvement in energy efficiency, emissions reductions, resource conservation, and waste reduction. We strive to minimize the environmental impact of our products—from design through disposal—and we collaborate with others to develop innovative ways that technology can help address long-term sustainability challenges. For more information, see the Environment section of this report.
Principle 8	Undertake initiatives to promote greater environmental responsibility.	
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Intel has set clear standards and policies and has put in place training to ensure employee compliance on these topics, including a reference in the Intel Code of Conduct. We have a comprehensive Ethics and Compliance program, which is described in detail in the Governance, Ethics, and Public Policy section of this report. In 2009, 98% of our employees were trained on our Code of Conduct. Depending on their role and geographical location, certain employees are assigned more in-depth ethics and compliance training courses, including those covering anti-corruption. Approximately 13,000 employees were trained on our anti-corruption policies and procedures in 2009.

For more information, visit www.intel.com/go/responsibility

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