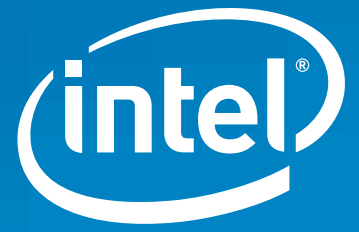
2008 Corporate Responsibility Report



What can we make possible?

A world of possibilities.

Throughout our 40-year history, Intel has pushed the boundaries of innovation, creating products that have fundamentally changed the way people live and work. But what we make possible goes well beyond our product roadmap. By working with others, we are finding opportunities to apply our technology and expertise to help tackle some of the world's greatest challenges—from climate change and water conservation to education quality and the digital divide.

Our commitment to corporate responsibility is unwavering, even during economic downturns. Taking a proactive, integrated approach to managing our impact on local communities and the environment not only benefits people and our planet, but is good for our business. Making corporate responsibility an integral part of Intel's strategy helps us mitigate risk, build strong relationships with our stakeholders, and expand our market opportunities.

While I am proud of the many recognitions that we have received—including our number one spot on *Corporate Responsibility Officer* magazine's 100 Best Corporate Citizens list for 2008—we continue to push ourselves to do more. For over a decade, we have set formal goals in our primary corporate responsibility focus areas, helping to drive accountability and continuous improvement. In 2008, we set new five-year environmental goals in key areas such as emissions reduction and water conservation. And to help focus all of our employees on environmental sustainability, we aligned a portion of our employees' compensation with environmental criteria for the first time.

In 2008, we became the largest purchaser of green power in the U.S., according to the U.S. EPA. We also built the first solar installations at Intel facilities, and our venture capital arm, Intel Capital, invested $100 million to support firms that are developing solar technologies. With the 2008 release of the Intel® Core™ i7 processor, we continued to demonstrate leadership in driving both high levels of performance and energy efficiency in our products. In addition, working diligently on water management, we reduced our fresh-water needs by 3 billion gallons per year. We are making progress, but we continue to face longer term challenges in reducing our absolute environmental footprint due to our growth and the increasing complexity of our manufacturing processes. Addressing these challenges will be a strategic priority in the coming years.

In education, we surpassed the milestone of training 6 million teachers worldwide through the Intel® Teach Program. In addition, we partnered with governments to support the advancement of their education programs, and helped put affordable, portable, Intel-powered classmate PCs into the hands of students in close to 40 countries. We announced a joint business venture with Grameen Trust, using a "social business" model aimed at applying technology to address issues related to education, poverty, and healthcare in developing countries.

At the heart of our commitment to corporate responsibility are Intel's more than 80,000 employees. Early in 2008, I challenged them to give 1 million hours of volunteer service to local communities in celebration of our 40th anniversary. In true Intel style, our employees didn't just meet the goal, they surpassed it in early December, and by the end of the year they had donated 1,346,471 hours to more than 5,000 schools and nonprofit organizations around the world.

I believe this achievement—over 1 million hours of service in a single year—captures the essence of corporate responsibility at Intel. It's an example of the commitment, energy, and innovative spirit that are synonymous with the Intel name. Quite simply, we do what we say and help make the impossible possible.

Paul S. Otellini
President and Chief Executive Officer

Intel has provided public reports on our environmental, health, and safety (EHS) performance since 1994, and we have produced a Corporate Responsibility Report annually since 2001.

Report Scope and Profile

With the Intel 2008 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 2008 (ended December 27, 2008). Our previous report was published in May 2008.

We prepared this report using the Global Reporting Initiative* (GRI) G3 Sustainability Reporting Guidelines and self-declare the report to GRI Application Level B. A GRI Content Index is provided at the end of the report. Additional information about Intel's operations and financial statements is available in our 2008 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 also translate and customize the content of the executive summary for local stakeholders. For a high-level overview of corporate responsibility, supporting documents, and past reports, visit our Corporate Responsibility Report web site.

The 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, with the exception of two divestitures in early 2008 and a change in our reporting method for our greenhouse gas emissions (see the Environment section of this report).

Principles and policies apply to all officers and employees of Intel and its subsidiaries, unless otherwise noted. EHS data includes widely accepted parameters and units. We use the Greenhouse Gas (GHG) Protocol to calculate our GHG emissions. Financial data is presented in U.S. dollars.

Send questions, comments, or feedback to Suzanne Fallender, Manager, Corporate Responsibility, Intel Corporation, 5000 W. Chandler Blvd., CH7-301, Chandler, AZ 85226 USA. You can also use our web-based feedback form to contact Intel's Corporate Responsibility team.

Approach to Report Assurance

The information in our Corporate Responsibility Report is subject to internal reviews and, for some 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 U.S. Environmental Protection Agency (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.

Each year, we assess our approach to report assurance, examining current views on methods and types of assurance available. For our 2004–2007 reports, we worked with a team of MBA students, under the guidance of a professor, to provide external assurance, using the AA1000 Materiality standard. This model created a unique educational experience for students interested in careers in corporate responsibility, while providing valuable feedback to improve our reporting. For example, as a result of recommendations from the 2007 assurance statement, we have added goals and performance discussion to each section of the report and added a new section on green purchasing. For the 2008 report, based on discussions with stakeholders and the fact that we did not make significant changes in report content or scope compared to 2007, we opted not to have an assurance statement prepared. Rather, we decided to conduct a review of external assurance options to determine the assurance method and schedule that will yield the most value for our stakeholders for our 2009 Corporate Responsibility Report.

Report Data and Archives

2008 Corporate Responsibility Report
www.intel.com/go/responsibility

A culture of responsibility.

Our focus on corporate responsibility helps us mitigate risks, reduce costs, protect brand value, and identify market opportunities. By incorporating corporate responsibility into our strategy and objectives, we manage our business more effectively and understand our impact on the world more clearly. At Intel, we never view corporate responsibility as "finished"; we maintain a focus on continuous improvement.

Key Management Strategy and Analysis Links

Corporate Responsibility at Intel

Intel Values

Awards and Recognitions

United Nations Millennium Development Goals

Report Data and Archives

Strategy and Corporate Responsibility

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 toward common goals—in business and in corporate responsibility.

Our long-term strategic focus on corporate responsibility has contributed to our reputation as a valued corporate partner, protected our ability to operate in local communities, and enabled us to attract and retain the talented workforce we need to drive product innovation and expand into new markets. Our efforts to reduce our environmental footprint have also resulted in business benefits by enabling us to reduce energy costs and manage risk.

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 major role in improving education, and that we can combine information and communication technology (ICT) with our experience in environmental management to help improve energy efficiency and address critical challenges such as climate change.

Our corporate strategy for the next five years includes specific goals related to building new businesses while tackling global issues—such as helping to bridge the digital divide, providing technology training to teachers, and putting digital learning devices into the hands of students around the world. We have also set goals related to applying our architectures and technologies to make a difference in the areas of energy and the environment, and connecting people and information to improve the quality and reduce the costs of healthcare.

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 13 million teachers and get 500 million devices into students' hands by 2012.

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, in 2008 Intel leaders created a one-page corporate strategy document with these objectives and distributed it to Intel's more than 80,000 employees.

Sustainability Trends: Challenges and Opportunities

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

Climate Change

Proposed increased regulation places pressure on 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 a goal of a 20% reduction in absolute emissions by 2012 from 2007 levels. In 2008, based on stakeholder input, we increased our disclosure on climate change risk in our SEC filings.

Worldwide efforts to reduce emissions and address climate change also present potential market opportunities for Intel technologies. We recently helped sponsor the Smart2020.org study, which estimates that the application of ICT across multiple sectors of the economy could potentially reduce global emissions by up to 15% by 2020.

Water Use

Sustainable water management continues to increase in importance for our external stakeholders and remains a key component of our overall business strategy. 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. An internal team is currently reviewing a number of newly identified reduction opportunities. Acting on stakeholder requests, we have expanded our disclosure in this report on our water use and conservation efforts, and we continue to engage with external organizations to understand changing expectations and emerging best practices in this area.

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 global technology leader, Intel can contribute unique competencies in these areas, helping all children to take advantage of the expanded educational opportunities that technology makes available.

Labor Standards and Supply Chain Responsibility

In our industry and others, there is a growing expectation that companies take an active role to promote improvements in labor and safety practices among their suppliers. As a member of the electronics industry—both as a supplier and as a company with thousands of suppliers—Intel views supply chain responsibility as a critical issue. Through our active involvement with the Electronic Industry Citizenship Coalition, we collaborate with others in our industry to develop effective supplier monitoring and assessment tools.

As a global technology leader, Intel can contribute unique competencies to help improve education and bridge the digital divide.

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
- Emerging issue alerts process
- 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
- Globalization
- 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
- Gay marriage ballot proposition
- Extractives sourcing concerns
- Underwater stock options

Prioritize

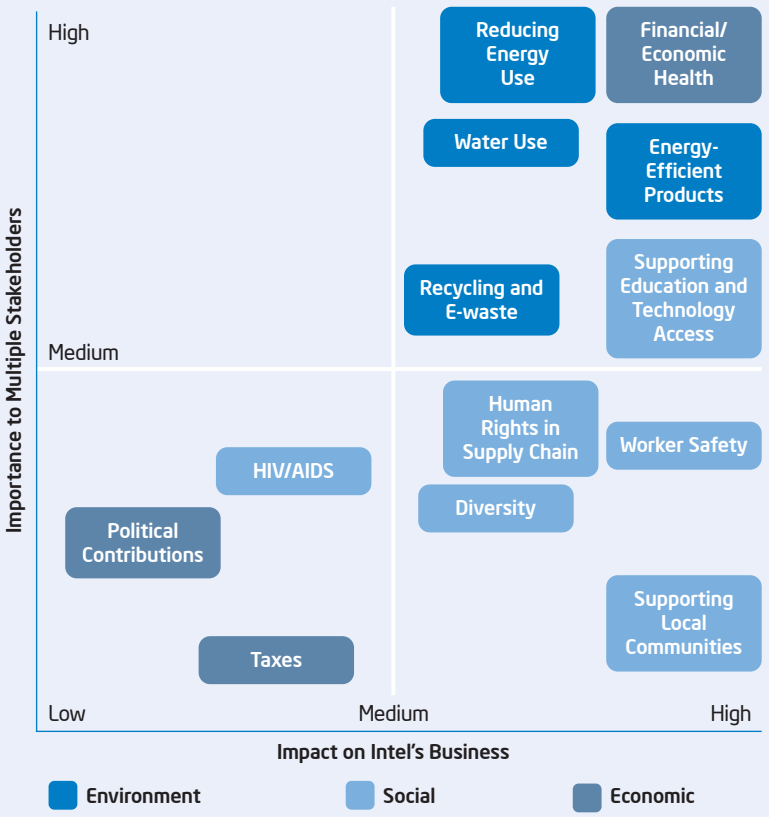
Use a consistent set of filters to determine the significance of each issue and develop a list of the most material issues.

Criteria

- Business continuity
- Impact to brand/ reputation
- Applicability to multiple regions
- Alignment with Intel's business strategies
- Impact 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

In the Governance, Ethics, and Engagement section of this report, we describe the role of our stakeholders in Intel's overall operations, and the processes and tools we use to promote two-way discussions. Stakeholders affect the content of this report; they help us identify our most relevant sustainability issues and help us prioritize our challenges and opportunities. 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.)

Report Data and Archives

2008 Corporate Responsibility Report
www.intel.com/go/responsibility

Report Data and Archives

Corporate Responsibility Management

We rely on a number of cross-functional groups to effectively manage corporate responsibility activities across the organization.

In 2008, to further embed corporate responsibility into our business, we took steps to engage all of our employees in helping to manage our environmental impact, contributing to making our communities better places to live and work, and applying our technologies to improving the quality of education and healthcare. We trained business groups on corporate responsibility, with the goal of helping employees integrate our expectations into to their day-to-day activities to a greater degree. At an annual global training event, the executive vice president and head of our Sales and Marketing Group summed up our expectations for the many Sales and Marketing employees in attendance with this statement: "Corporate responsibility is your day job."

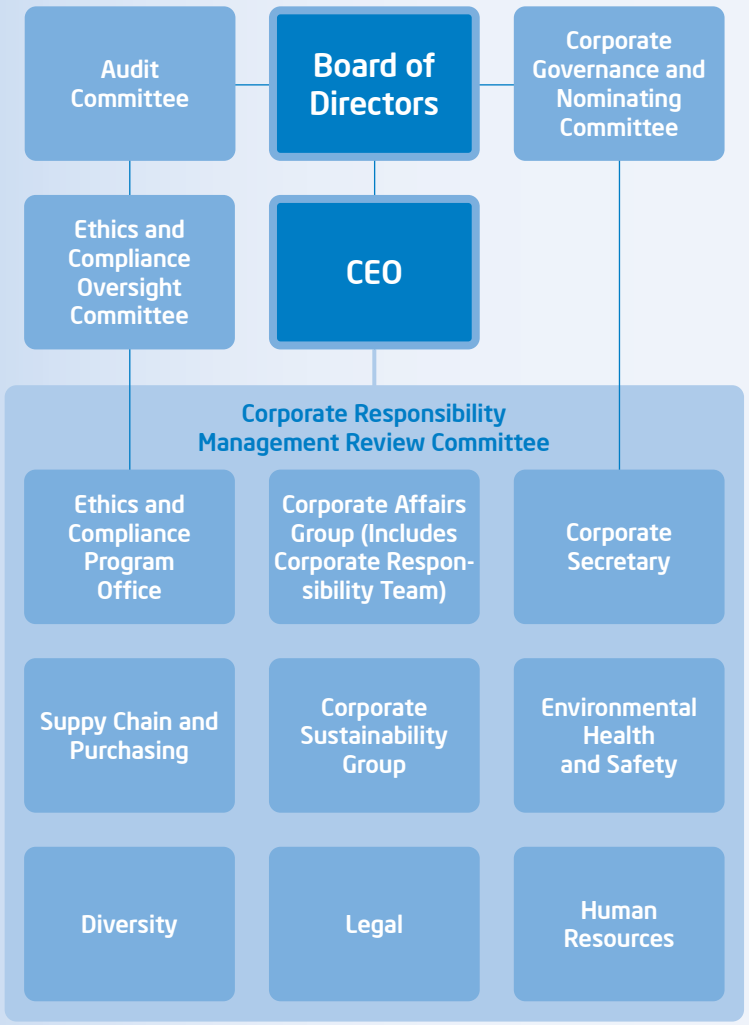
To more effectively manage environmental and sustainability issues across the organization, in 2008 we created a Corporate Sustainability Group led by an Intel corporate vice president. The group brings together representatives from key groups across Intel—including Environmental Health and Safety, Corporate Responsibility, Eco-Tech Program Office, and Information Technology—to develop clear and consistent strategies for improving our environmental performance.

Throughout 2008, we continued to share best practices in corporate responsibility management externally through participation in local and regional groups. In Asia, for example, Intel partnered with the Asian Institute of Management (AIM) to develop the book *Corporate Social Responsibility in Asia: Getting It Done The Intel Way*, which includes case studies written by AIM faculty on Intel's operations in the region.

Over the next five years, we will place increasing emphasis on engaging all of our employees in understanding the importance of corporate responsibility and environmental performance. Our key objectives include focusing more on 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.

Although we have made significant progress, we still have many opportunities to further integrate corporate responsibility into our decision-making frameworks. We plan to partner with our business units to more tightly integrate corporate responsibility into their planning and objectives, and to increase internal training for business groups across Intel.

Corporate Responsibility Management Structure



As set by a formal charter, the Corporate Governance and Nominating Committee of our Board of Directors has ultimate oversight of Intel's corporate responsibility performance, and our CEO sets "tone at the top" and strategy. A Corporate Responsibility Management Review Committee, led by our Corporate Responsibility Group, manages efforts across the company. Other organizations, including those represented in this graphic, own specific areas of our performance.

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		**2008**	**2007**	**2006**	**2005**	**2004**
Net revenue (dollars in billions)		$37.6	$38.3	$35.4	$38.8	$34.2
Net income (dollars in billions)		$5.3	$7.0	$5.0	$8.7	$7.5
Provision for taxes (dollars in billions)		$2.4	$2.2	$2.0	$3.9	$2.9
Research and development spending (dollars in billions)		$5.7	$5.8	$5.9	$5.1	$4.8
Capital investments (dollars in billions)		$5.2	$5.0	$5.9	$5.9	$3.8
Environmental						
Global-warming emissions (million metric tons of CO_2)		2.85	3.85	4.02	3.78	3.81
Energy use (million kWh—includes electricity, gas, and diesel)		5,643	5,757	5,793	5,292	5,015
Water use (millions of gallons)		7,792	7,517	7,651	6,756	6,123
Chemical waste generated (tons)		28,486	23,260	29,951	27,357	20,258
Chemical waste recycled/reused		84%	87%	64%	58%	63%
Solid waste generated (tons)		83,822	58,746	60,917	54,634	47,828
Solid waste recycled/reused		88%	80%	74%	75%	74%
Social						
Workplace	Employees at year end	83,900	86,300	94,100	99,900	85,000
	Women in global workforce	29%	29%	30%	30%	30%
	Investments in training (dollars in millions)	$314	$249	$380	$377	$329
	Safety—recordable rate[1]	0.44	0.48	0.43	0.44	0.34
	Safety—days away case rate[1]	0.10	0.12	0.11	0.13	0.10
Community	Employee volunteerism rate	54%	38%	38%	35%	30%
	Worldwide charitable giving (dollars in millions)[2]	$102	$109	$96	$111	$98
	Charitable giving as percentage of pre-tax net income	1.20%	1.19%	1.36%	0.88%	0.94%
Education	Teachers trained through Intel® Teach Program (millions)	1.1	1.1	0.9	0.8	0.85

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

Report Data and Archives

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	**2008 Performance to Goals**	**Goals for 2009 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 2009, we will continue to work toward achieving our 2012 environmental goals, with a targeted focus on reducing water consumption and identifying new ways to reduce the generation of chemical waste.
Workplace	We partially achieved our 2008 diversity goal. While the overall percentage of women in our global workforce remained flat, we saw gains in the number of women (worldwide) and minorities (in the U.S.) as a percentage of new hires.	We will continue to work toward achieving workforce parity, and have added a goal to improve early reporting of ergonomic injuries in the workplace.
Supply Chain	We successfully met our goals in the areas of "green" purchasing, corporate responsibility training for suppliers, diverse bidding opportunities, and more. We did not fully achieve our targets for completion of supplier assessments and audits, due in part to a delay in the roll-out of a new industry-wide audit process.	We set a number of goals to continue to advance the integration of Electronic Industry Citizenship Coalition tools and processes into our management processes. Additional goals focus on encouraging environmental responsibility among suppliers and improving supplier diversity.
Community	We exceeded our goal of donating 1 million volunteer hours in celebration of our 40th anniversary, and recorded employee volunteerism in 40 countries, compared to 14 in 2007. We did not fully meet our goal of conducting country-level assessments of community needs and opportunities.	We will work to maintain at least a 40% employee volunteerism rate and develop an enhanced skills-based volunteer program.
Education	We met most of our goals, including training more than 1.1 million teachers through our Intel® Teach Program, expanding access to technology in schools, and accelerating the adoption of technology curriculum in universities.	For 2009, we have streamlined our education goals to focus on the Intel Teach Program and the Intel® Higher Education Program.

Selected Awards and Recognitions

Below are a few of the more than 80 corporate responsibility awards and recognitions that Intel received in 2008. For more information, visit our Awards and Recognitions web site.

Overall Corporate Responsibility

- **Dow Jones Sustainability Index:** Included for the tenth consecutive year (since the list's inception) and named Technology Supersector Leader for the eighth consecutive year.
- **Global 100 Most Sustainable Corporations in the World:** Included for the fourth consecutive year by Corporate Knights and Innovest.
- **Corporate Responsibility Officer magazine—100 Best Corporate Citizens 2008:** Named the number one company on the list.
- **Fortune's Most Admired Companies:** Featured in "America's Most Admired Companies" and "World's Most Admired Companies" lists for 2008.
- **Covalence Ethical Ranking 2008:** Included for the fourth consecutive year in the top 10, and rated number one in our industry.
- **MAALA Corporate Responsibility Index:** Intel Israel was again included in ranking of top companies in the country, and received a platinum rating.
- **Overall Outstanding Achievement in Corporate Social Responsibility:** Awarded at Chambers Ireland President's Awards for CSR.
- **CSR Excellence in China Award:** Recognized by the American Chamber of Commerce in Shanghai.
- **2008 William O. Douglas Corporate Achievement Award:** Recognized by Public Counsel for exemplary corporate citizenship.

Environment

- **EPA Green Power Partner of the Year:** Awarded by the U.S. EPA for our voluntary efforts to address climate change.
- **New Mexico Recycling Achievement Award:** Intel New Mexico was recognized by the New Mexico Recycling Coalition.
- **Outstanding Award for Energy Efficiency:** Intel recognized by Philippines Department of Energy for performance in energy efficiency and conservation.
- **California Clean Air Award:** Awarded by Breathe California for leadership in reducing our global climate change impact.

Workplace

- **2008 Level II International Corporate Health and Productivity Management Award:** Recognized by the Institute for Health and Productivity Management.
- **100 Best Companies for Working Mothers:** Named again to *Working Mother* magazine's annual list.
- **50 Best Companies to Work For—First Place:** Intel Israel topped *TheMarker* magazine's annual ranking.
- **Top 25 Best Workplaces 2008:** Intel India was named to the list, prepared by Great Place to Work Institute and *Economic Times*, and received a special award for excellence in CSR.

Community and Education

- **President's Volunteer Service Award:** Intel was one of two U.S. companies presented with the award at the White House in April 2008.
- **2008 Spotlight on Success Award:** Presented by the Arizona Department of Education for leadership in developing the Adjunct Teacher Program.
- **2008 IT Ethics and Values Award:** Bitacora Group recognized the Intel® Education Initiative as the best CSR program in Peru.
- **National Volunteerism Award:** Presented to Intel Russia by the State Duma/Russian Center for Volunteerism Development.
- **Heart of the Community Awards—Corporate Volunteer Award:** Hands On Greater Portland recognized Intel Oregon for excellence in volunteerism.
- **Responsible Entrepreneurship Award:** Intel Malaysia was recognized at the Asia Pacific Entrepreneurship Awards for its CSR programs and initiatives.

Groundbreaking innovation.

At Intel, we never stop looking for bold ideas—in technology, business, manufacturing, and corporate responsibility. We strive to ignite imaginations and enable positive change, making people's lives better and more interesting. As the world leader in silicon innovation, we create products and technologies that have become essential parts of businesses, schools, and homes everywhere.

Key Corporate Profile and Economic Impact Links

Intel 2008 Annual Report and Form 10-K

Intel Products

Technology Leadership

"Tick-Tock" Strategy

Intel Investor Relations

Report Data and Archives

2008 Corporate Responsibility Report
www.intel.com/go/responsibility

Products

We are 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.

Our products include microprocessors, chipsets, motherboards, and other semiconductor products that are the building blocks integral to computers, servers, consumer electronics and handheld devices, and networking and communications products. To give our customers flexibility, we offer products at various levels of integration.

We also develop platforms—integrated suites of digital computing technologies that are designed and configured to work together. A platform typically includes a microprocessor, chipset, and enabling software, and may include additional hardware, services, and support.

We have established a roadmap for sustained technology leadership through our "tick-tock" strategy of introducing a new silicon process technology approximately every two years and ramping the next generation of microarchitecture in the intervening years. During 2008, we introduced a new microarchitecture based on our 45-nanometer (nm) Hi-k metal gate silicon process technology (next-generation Intel® Core™ microarchitecture) that incorporates features designed to increase performance and energy efficiency. Our new Intel® Core™ i7 processors—designed for high-performance, power-efficient computing—are based on this new microarchitecture.

We also introduced the Intel® Atom™ family of processors in 2008. These low-power processors are specifically designed for embedded solutions, mobile Internet devices (MIDs), consumer electronics, and two new classes of simple and affordable Internet-focused computers called netbooks (for mobile computing) and nettops (for homes, offices, and classrooms). Although the Intel Atom processor is our smallest processor, it incorporates 47 million transistors and delivers the performance needed for full Internet capabilities.

Customers

We sell our products primarily to original equipment manufacturers (OEMs), original design manufacturers (ODMs), and 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 our products through distributor, reseller, retail, and OEM channels. In 2008, Hewlett-Packard Company accounted for 20% of our net revenue (17% in 2007) and Dell Inc. accounted for 18% of our net revenue (18% in 2007). No other customer accounted for more than 10% of our net revenue.

Operating Segments

Intel is organized into the following operating segments, which focus on developing platforms and microprocessors for market segments where we believe large growth opportunities exist.

Digital Enterprise Group. Offers products that are incorporated into desktop and nettop computers, enterprise computing servers and workstations, a broad range of embedded applications, and other products that help make up the infrastructure for the Internet.

Mobility Group. Offers products including microprocessors and related chipsets designed for the notebook and netbook market segments, wireless connectivity products, and energy-efficient products designed for the MID and ultra-mobile PC market segments.

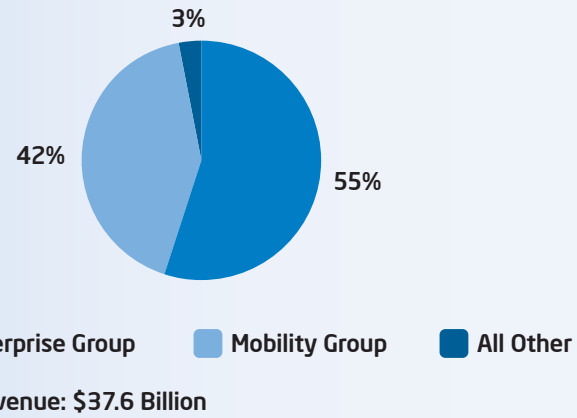
NAND Solutions Group. Offers NAND flash memory products primarily used in memory cards and system-level applications, such as solid-state drives.

Report Data and Archives

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

Digital Health Group. Offers technology-enabled products for health-care providers as well as for use in personal healthcare.

Percentage of Revenue by Operating Segment



2008 Total Revenue: $37.6 Billion

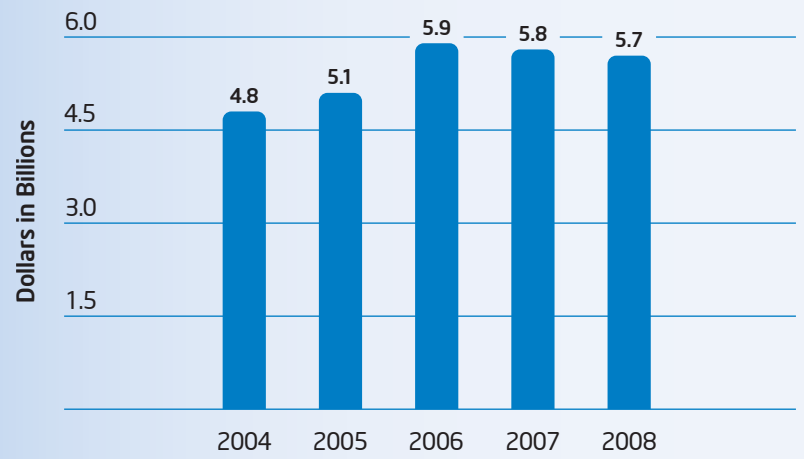
During the second quarter of 2008, we completed the divestiture of our NOR flash memory business in exchange for an ownership interest in Numonyx B.V. We entered into supply and services agreements that involved the manufacture and the assembly and test of NOR flash memory products for Numonyx through 2008. In the fourth quarter of 2008, we agreed with Numonyx to extend certain supply and service agreements through the end of 2009.

Research and Development

We are committed to investing in world-class technology development, particularly in the design and manufacture of integrated circuits.

Our current product portfolio and our roadmap of future products and technologies are perhaps the strongest in Intel's 40-year history—the result of our strategy to continually invest in innovation, even during economic downturns. Our research and development (R&D) activities range from design and development of products, to developing and refining manufacturing processes, to researching future technologies and products.

Research and Development[1]



[1] Excluding purchased in-process research and development.

Our current product portfolio and our roadmap of future products and technologies are perhaps the strongest in Intel's 40-year history.

Global Locations

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

Sites with More Than 50 Intel Employees as of December 31, 2008

Locations	Activities	Employees
Argentina	SD, SM	119
Brazil	OS, SM	142
China		
Beijing	R, SD, SM	553
Chengdu	A	2,102
Dalian[1]	F	326
Hong Kong	OS, SM	185
Pudong/ Shanghai	A, C, R, SD, SM	3,600
Shenzhen	SM	217
Costa Rica	A, OS	2,859
France	C, OS, SM	107
Germany		
Braunschweig	C, R	100
Munich	SD, SM	213
India	OS, R, SD, SM	2,349
Ireland		
Leixlip	F, OS, SD, SM	3,272
Shannon	SD	194
Israel		
Haifa	C, OS, R, SD, SM	2,101
Jerusalem	F, SD	468
Lachish	F	2,163
Petach-Tikva	C	355
Italy	SM	55
Japan		
Tokyo	OS, SD, SM	278
Tsukuba	OS, R, SM	256
Malaysia		
Kulim	A, L, SM, SY	3,403
Penang	A, L, R	6,213
Mexico	C, OS, SM	396
Netherlands	L	199
Philippines	A, C, L, R, SM	2,709
Poland	OS, R, SM	357
Russia		
Moscow	R, SD, SM	237
Nizhny Novgorod	R, SD	374
Novosibirsk	SD	159
Sarov	SD	90
St. Petersburg	SD	64
Singapore	OS, SM	181
South Korea	SD, SM	124
Spain	SM	70
Taiwan	OS, SM	465
United Kingdom	C, OS, SM	810
United States		
Arizona	A, F, L, OS, R, SD, SM	9,975
California		
Folsom	C, OS, R, SD, SM	5,834
Irvine	C, R	81
Sacramento	SM	168
Santa Clara	C, F, OS, R, SD, SM	5,243
Colorado	R	414
Massachusetts	C, F, R, SD	1,906
New Hampshire	SD	51
New Mexico	F, L, OS, R, SD	3,211
Oregon	C, F, L, OS, R, SD, SM	15,034
South Carolina	C, R	200
Texas	C, R	865
Utah	OS	141
Washington	L, OS, R, SY	1,003
Vietnam[1]	A	143

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] Under construction in 2008.

Report Data and Archives

Manufacturing and Assembly and Test

Intel remains one of the few companies in our industry that offers the full range of research, product design, development, and manufacturing functions.

We believe that our network of manufacturing facilities and assembly and test facilities gives us a competitive advantage. While this network requires significant up-front capital spending, it gives us more control over our processes, quality, costs, volume, production timing, and other factors.

As of year-end 2008, 70% of our wafer fabrication, including microprocessors and chipsets, was conducted within the U.S. at our facilities in Arizona, Oregon, Massachusetts, New Mexico, and California. The remaining 30% of our wafer fabrication was conducted outside the U.S. at our facilities in Ireland and Israel.

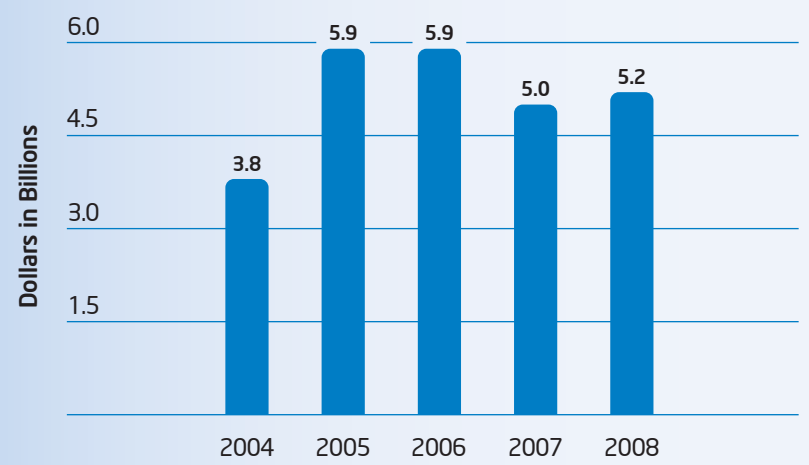
Intel Wafer Fabrication Facilities

Products	Wafer Size	Process Technology	Locations
Microprocessors	300mm	45nm	Arizona, New Mexico, Israel
Chipsets and microprocessors	300mm	65nm	Ireland, Arizona, Oregon
Chipsets, microprocessors, and other products	300mm	90nm	Ireland
Chipsets	200mm	130nm	Oregon, Massachusetts, Arizona, California
NOR flash memory	200mm	65nm–130nm	Ireland
Chipsets	200mm	180nm and above	Ireland

We expect to increase the capacity of certain facilities through additional investments in capital equipment. We are also building a 300mm wafer fabrication facility in China. In January 2009, management approved plans to restructure some of our manufacturing and assembly and test operations, and align our manufacturing and assembly and test capacity to current market conditions. These actions, which are expected to take place beginning in 2009, include stopping production at a 200mm wafer fabrication facility in Oregon and a 200mm wafer fabrication facility in California.

As of year-end 2008, the substantial majority of our microprocessors were manufactured on 300mm wafers using our 45nm process technology. In the second half of 2009, we expect to begin manufacturing microprocessors using our 32nm process technology. Over the next two years, we plan to invest approximately $7 billion to upgrade our U.S. factory network with our next-generation 32nm process technology.

Capital Additions to Property, Plant and Equipment



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

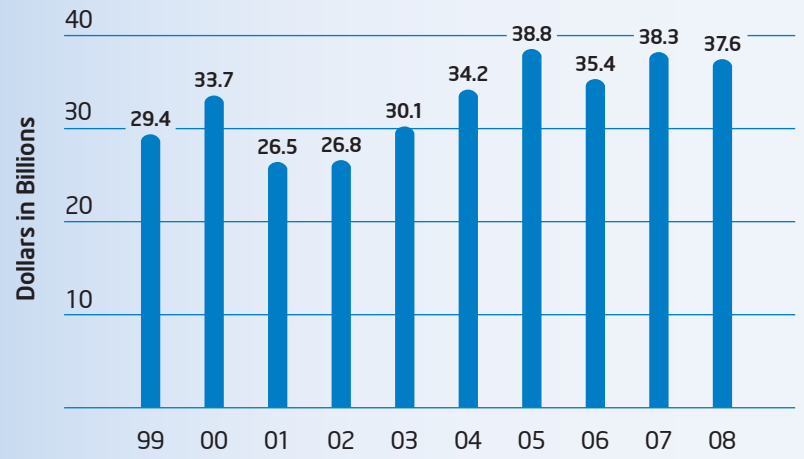
Following the manufacturing process, the majority of our components are assembled and tested at facilities in Malaysia, China, Costa Rica, and the Philippines. We are building a new assembly and test facility in Vietnam that is expected to begin production in 2010. Our restructuring plans (described on the previous page) include closing two assembly and test facilities in Malaysia, one facility in the Philippines, and one facility in China.

2008 Economic Performance

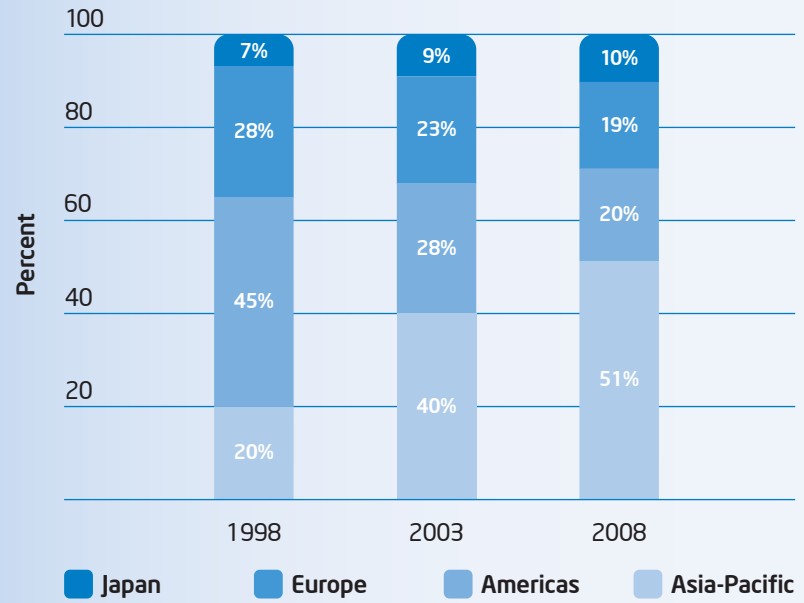
The global economic climate significantly impacted our fourth-quarter 2008 financial results. For only the second time in 20 years, our fourth-quarter revenue was below that of the third quarter. We reported revenue for the year of $37.6 billion, down 2% from 2007. While our operating income for 2008 was $9.0 billion, up 9% over 2007, our 2008 net income was $5.3 billion, down 24% from the prior year. We generated $10.9 billion in cash from operations, paid cash dividends of $3.1 billion, and used $7.2 billion to repurchase 328 million shares of common stock.

Our industry is in the process of resetting to a new baseline from which we expect growth to resume. While the environment is uncertain, several key strengths are helping us weather the economic downturn. We ended the year with $11.5 billion in cash, short-term investments, and marketable debt instruments included in trading assets, enabling us to continue investing in new technologies and products for market segments that we believe offer significant growth opportunities. In 2006, we began a comprehensive restructuring effort that had resulted in cumulative savings in excess of $3 billion by the end of 2008. With our ongoing focus on efficiency, Intel continues to become leaner, more nimble, and better able to respond to changes in the economic environment.

Net Revenue



Geographic Breakdown of Revenue



In 2008, 80% of our revenue was from outside the Americas, compared to 55% in 1998.

Financial results for 2006 and thereafter include the effects of share-based compensation. Past performance does not guarantee future results.

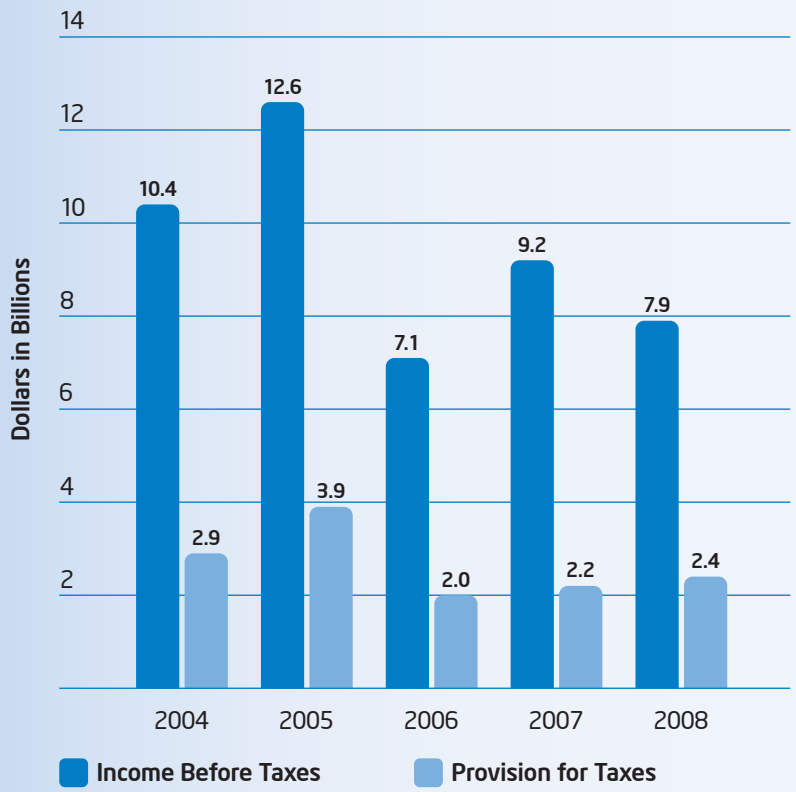
Report Data and Archives

2008 Corporate Responsibility Report
www.intel.com/go/responsibility

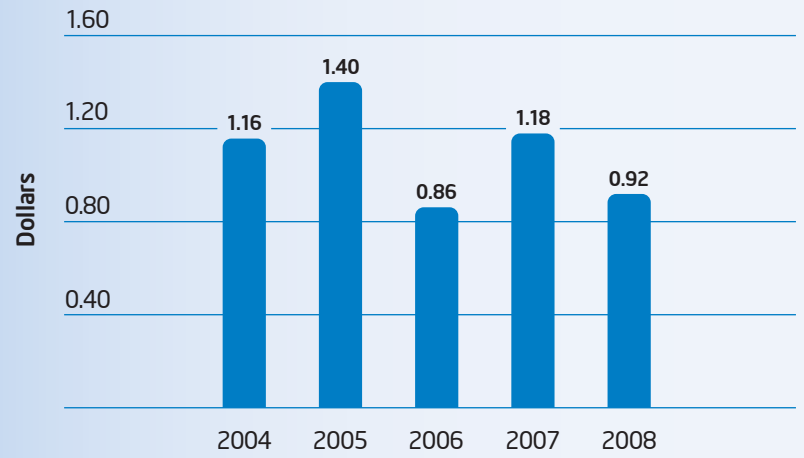
Report Data and Archives

2008 Corporate Responsibility Report
www.intel.com/go/responsibility

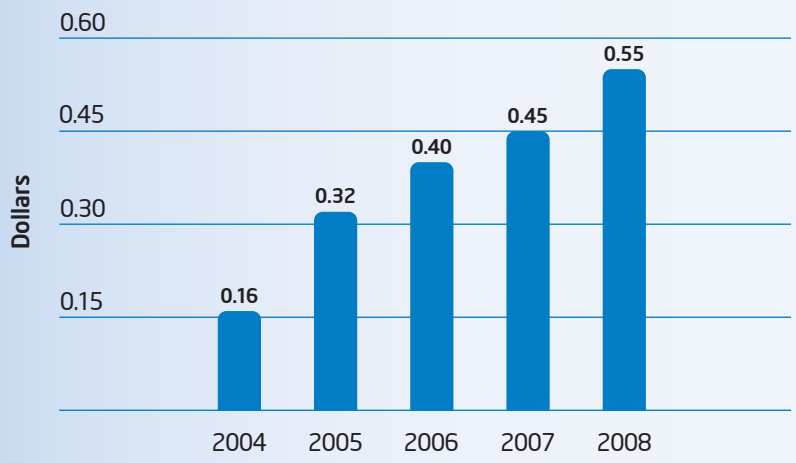
Income Before Taxes and Provision for Taxes



Diluted Earnings Per Share



Dividends Per Share Paid



For more information on our financial performance, products, customers, technologies, opportunities, and key challenges, refer to the Intel 2008 Annual Report and Form 10-K.

"Our fundamental business strategies are more focused than ever. Intel has weathered difficult times in the past, and we know what needs to be done to drive our success moving forward. Our new technologies and products will help us ignite market growth and thrive when the economy recovers."

Paul S. Otellini, Intel President and Chief Executive Officer

Report Data and Archives

Economic Impact

Our operations, employees, customers, and suppliers have significant impacts—both direct and indirect—on economic systems at local, regional, and global levels.

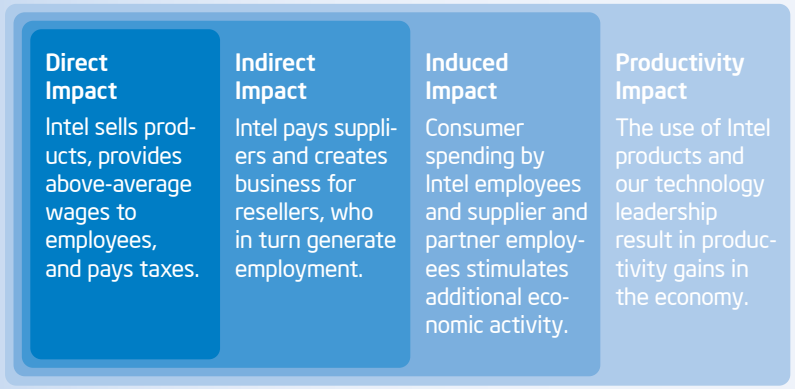
We provide higher-than-average-wage jobs at our sites, and create additional indirect investments in the form of non-Intel jobs and tax revenue.

Throughout the years, 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. In Oregon, for example, a study by ECONorthwest estimated that each year Intel and its employees pay $90 million more to government and $51.9 million more to public schools than it costs to provide the services required to support Intel and its employees.

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 takes into account productivity gains throughout the economy that stem from the use of Intel's 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. Intel's presence resulted in more than 823,000 U.S. jobs in 2007, including 45,600 direct jobs, 151,000 workers employed by Intel business partners, and 627,000 indirect jobs resulting from consumer spending by Intel employees and Intel's business partners. Intel also contributes to the U.S. economy through significant investments

Four Layers of Economic Impact



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 R&D and in buildings, machinery, and equipment that increase manufacturing capacity and efficiency. Among U.S. companies, Intel is the fifth largest spender on R&D and capital investments.

The study also revealed that Intel contributed $247 billion (€177 billion) to the European Union (EU) GDP over the 2001–2007 period. Of this total, $28 billion (€20 billion) came from operations of Intel and its extended ecosystem and $219 billion (€157 billion) from productivity-based gains.

Intel is the largest employer in Ireland, and more than 800 R&D professionals work in 18 labs across Europe, as part of Intel's worldwide R&D network. 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.

We provide higher-than-average-wage jobs at our sites, and create additional indirect investments in the form of non-Intel jobs and tax revenue.

GOVERNANCE, ETHICS, AND ENGAGEMENT

Transparency and accountability.

"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 continuously work to develop a strong culture of trust through open and direct communication, and are committed to accountability and transparency in our work on public policy issues.

Key Governance, Ethics, and Engagement Links

Intel Governance and Ethics
Intel Code of Conduct
Human Rights Principles
Intel Public Policy
Competition in the Innovation Economy
Political Accountability Guidelines
Intel 2008 Corporate Political Contributions

Report Data and Archives

Governance and Ethics

Our formal Code of Conduct, corporate governance structure, 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 membership, Board committee charters, Human Rights Principles, and executive compensation data are available on our Corporate Governance and Ethics web site.

Intel Code of Conduct

The Intel Code of Conduct guides the behavior of our employees, officers, non-employee directors, and suppliers, and serves as the 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, bribery and anti-corruption, privacy, health and safety, and protecting our company 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 has been translated into six languages, and training sessions incorporate real case scenarios. In 2008, 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. Adherence to the Code is verified through an annual disclosure process for targeted populations across the company.

All employees are also required to complete annual training on privacy and information security. Depending on their role and geographical location, employees are also required to take additional ethics and compliance training courses, including those covering anti-corruption, import-export compliance, insider trading, and antitrust.

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.

Corporate Governance

As of the end of 2008, Intel's Board of Directors included President and CEO Paul Otellini, Chairman Craig Barrett—both officers of Intel—and nine independent directors. In early 2009, Dr. Barrett announced his intention to retire in May 2009. Jane Shaw, an independent director on Intel's Board since 1993, will assume the role of independent Chairman. The Chairman manages the Board's process for annual director self-assessment and evaluation of the Board.

The independent directors have no significant business or consulting engagements with the company, except for their service on the Board. 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.

In addition, our independent directors regularly meet as a group, led by an elected Lead Independent Director who conducts and reports on the meetings. The Lead Independent Director also chairs the Board's Executive Committee and the Corporate Governance and Nominating Committee. The Board's Audit, Compensation, Corporate Governance and Nominating, and Finance committees consist solely of independent directors who provide objective oversight of the company's management.

The Corporate Governance and Nominating Committee is responsible for reviewing and reporting to the Board regarding our corporate responsibility performance, including environmental topics such as climate change, and the company's public reporting on these topics. The committee receives regular updates on our corporate responsibility performance and emerging issues.

During 2008, we engaged in discussions with investors on the issue of "say on pay." In January 2009, in response to a request from a stockholder, the Board approved a plan to adopt an advisory vote on executive compensation, giving Intel stockholders a further opportunity to give feedback on our compensation practices.

Ethics and Compliance Program

Our Ethics and Compliance Program is chartered by the Board to advance a culture of the highest levels of business ethics and legal compliance. Intel's CEO drives our ethical culture, including making decisions that set an appropriate "tone at the top" and holding the senior management team responsible for recognizing and addressing risk; role modeling accountability; visibly and proactively demonstrating a commitment to ethics and compliance; holding managers accountable; and overseeing effective business group ethics and compliance systems, work environments, and communications.

Ethics and Compliance Oversight Committee (ECOC). The ECOC is chartered on behalf of the Audit Committee of the Board to oversee and verify an effective Ethics and Compliance Program. The ECOC includes senior representatives from Internal Audit; Legal and Corporate Affairs; Human Resources; Sales and Marketing; Supplier Management; Environmental Health and Safety; and other Intel organizations. The ECOC is responsible for:

- Ensuring that Intel's Code of Conduct is current, accurate, and easy to apply.
- Reviewing and evaluating existing compliance information and reporting systems, and auditing procedures.
- Reporting on company-wide and business unit program status and making recommendations to the Audit Committee of the Board.
- Staying abreast of legal developments such as the Federal Sentencing Guidelines and emerging best practices.
- Assisting in compliance issues resolution.

Each quarter, the ECOC invites various organizations within Intel to assess and report on ethics and compliance in their respective businesses. Each organization completes an ethics and compliance self-assessment that covers four major areas: legal and regulatory risks and supporting compliance programs; ethics and Code of Conduct activities and tone; internal control environment and activities; and business continuity planning and preparedness. Legal and regulatory risk areas are also reviewed against the Federal Sentencing Guidelines. The ECOC reviews the self-assessment reports, and provides feedback and recommendations that are tracked to closure.

Ethics and Compliance Program Office. Responsible for the day-to-day operations of Intel's Ethics and Compliance Program, this group ensures systemic implementation of oversight and operational execution. The Program Office provides tools to help Intel employees act with uncompromising integrity, and to help managers lead the ethics and compliance performance of their organizations. The Program Office monitors Intel's ethics and compliance performance, enables transparency, and ensures the continuous assessment and mitigation of ethics and compliance risk across the company.

Ethics and Compliance Business Champions. These individuals reside in business groups worldwide and advocate ethics and compliance within their groups and management in assessing and addressing risk as well as reinforcing an ethical and legal environment. Champions work closely with the risk, controls, and operations infrastructure in each business group, and chair or support a business group's risk and controls Management Review Committee to ensure the monitoring of performance and to actively enable and support leadership forums with general managers within their regions or business groups.

"We are pleased that a leader in corporate governance like Intel has stepped forward and endorsed the advisory vote, putting it in place for this proxy season. Obtaining an advisory vote establishes a solid foundation for constructive dialogue with shareholders."

Timothy Smith, Senior Vice President, Walden Asset Management

Ethics and Compliance Team. This team includes the Ethics and Compliance Program Office as well as the Internal Audit, Legal, Human Resources, Security, IT Security, and Corporate Affairs functional groups. These groups are accountable for ethics and compliance content and best practices in their areas of expertise and are responsible for collaborating with the Ethics and Compliance Program Office to ensure effective ethics and compliance risk identification and program delivery across Intel's business organizations.

Our 2009 focus areas include reinforcing a culture in which issues are raised and addressed effectively, promoting ethics and compliance leadership, tracking emerging regulations, and addressing conflicts of interest. To continue to raise awareness and recognize ethics and compliance leadership within the company, in 2009 we will launch the Intel Ethics and Compliance Excellence Award program. The awards will recognize individual employees, managers, or teams who have demonstrated excellence in cultivating an ethical and legally compliant culture in their organizations.

Antitrust Issues

Intel is engaged in a series of private litigations and regulatory investigations prompted by complaints from its primary competitor. Our position on these matters is simple: We believe that the worldwide microprocessor market is functioning normally and is highly competitive, and that our conduct has always been lawful, pro-competitive, and beneficial to consumers. Antitrust decisions do not have formal deadlines, and we are aware that these ongoing inquiries can affect our reputation. In the spirit of transparency, we created the Competition in the Innovation Economy web site, which includes information and updates on these matters.

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. For example, 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. 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.

To raise awareness and recognize ethics and compliance leadership within the company, in 2009 we will launch the Intel Ethics and Compliance Excellence Award program.

Stakeholder Engagement

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 mechanisms.	
	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 2008, 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, that discuss information 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 with other companies in the EICC, we have provided additional detail in the Supply Chain section.
	Intel Supplier Day conference and country-specific supplier days, which bring together hundreds of our top suppliers for training.	
	Active 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.	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.
	Community perception surveys and needs assessments.	
	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.	

(continues on next page)

Stakeholder Engagement (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 2008, we developed a set of Human Rights Principles, expanded our disclosure on water conservation and usage in this year's Corporate Responsibility Report, incorporated information on climate change risk into our SEC filings, and adopted an advisory vote for our stockholders on executive compensation.
	Timely interaction with investors and research firms through e-mail exchanges, conference calls, and detailed investor surveys.	
	Online stockholder forum, launched in early 2009, featuring investor surveys on a range of issues, including questions on corporate responsibility.	
	Intel Corporate Responsibility 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.	Our 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.

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

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 detail, visit our Public Policy web site, created in 2008.

Innovation and Competition

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

Trade. Intel supports trade agreements and rules that facilitate general commerce between countries and expand the high-tech industry's access to growing world markets.

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.

Tax. 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.

Workforce. During 2008, Intel was an active member of a broad-based consortium designed to ensure that the U.S. has access to the highly skilled talent needed to keep the country competitive in the 21st century. We advocate for immigration reforms to enable U.S. businesses to recruit, hire, and retain highly skilled foreign nationals in job fields that have a shortage of qualified U.S. workers.

Technical Policy and Standards

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

Security and Privacy. Intel works to create user trust in information technology and helps to create a policy environment that fosters innovation and empowers users to protect the integrity of their systems and data. In 2008, Intel joined the International Association of Privacy Professionals and other organizations to celebrate Data Privacy Day, aimed at promoting privacy awareness and education, particularly among teenagers.

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

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

Intellectual Property and Patent Reform Policy

Intel respects the rights of copyright holders to protect their content. We depend on sound patent systems worldwide to protect intellectual property 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 conform their patent laws to 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.

Communications and Broadband

Intel promotes communications 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.

Environment and Energy

We work with governments, environmental groups, and other high-tech companies to craft policies that encourage environmental innovation and energy-efficient performance.

Climate Change and 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 its products. In 2008, we worked to help shape government policies that recognize the role that semiconductors and other high-tech devices can play in improving energy efficiency throughout all industry segments. In 2008, we continued to work with the U.S. Environmental Protection Agency (EPA) and the European Commission to shape Energy Star* and Energy-Using Products Directive specifications that save significant energy without constraining innovation or device functionality.

Chemical Legislation and Regulation. We promote responsible chemicals management in the semiconductor industry, supporting regulation that focuses on the actual risks posed by chemicals in specific applications rather than the theoretical hazards of the chemicals themselves.

End-of-Life Electronics. Intel supports public policies related to end-of-life management of electronics equipment that are based on a model of shared responsibility among manufacturers, retailers, consumers, governments, and recyclers.

Health and Information Technology Policy

Intel works to drive public policies that improve healthcare and expand healthcare technology markets worldwide.

Reimbursement for Home Health Technologies. We support policies that provide incentives to expand alternatives to traditional hospitals and other institutional care facilities.

Health Information Technology. 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.

Regulatory Barriers. We are working to remove regulatory barriers—such as practitioner licensure regulations restricting the use of telemedicine across state, national, and international borders—that present challenges in the shift to home healthcare. In the U.S., Intel recommends increased appropriations to the Office for the Advancement of Telemedicine to support efforts by the Nurse Licensure Compact and the Federation of State Medical Boards to decrease regulatory barriers.

Education

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

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 director 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 contributions for the previous year. In 2008, our corporate contributions to state and local candidates, campaigns, and ballot propositions totaled $153,650. In 2008, Intel contributed $189,705 to local chambers of commerce. For a list of our contributions, view or download Intel 2008 U.S. Corporate Contributions.

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. Most of these organizations receive annual membership fees from participating companies, including Intel. The five organizations that received the largest amounts of membership dues from Intel in 2008 were the World Economic Forum, Semiconductor Industry Association, U.S. Chamber of Commerce, Information Technology Industry Council, and Technology CEO Council. For a list of our contributions, view or download Intel 2008 U.S. Corporate Contributions.

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 fund, and all employee contributions are voluntary. An IPAC Steering Committee made up of Intel employees reviews and evaluates candidate requests on a weekly basis, and each contribution must be approved by a majority of the members of the committee.

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

For the 2008 election cycle, the sum of political contributions disbursed from IPAC was $303,400. For a list of contributions, view or download Intel PAC Contributions to Federal Candidates—2008 Cycle.

Our memberships in industry and trade associations help us work collaboratively with other companies and groups to address key public policy issues.

ENVIRONMENT

A more sustainable future.

We incorporate environmental performance goals throughout our operations, seeking continuous improvement in energy efficiency, emissions reductions, resource conservation, and other areas. 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.

Key Environment Links

Intel Environment Site
Environmental, Health, and Safety Policy
Intel's Climate Change Policy
Energy-Efficient Performance
Green Power Purchase
Recycling at Intel Video
SARA Title III Report (Toxic Releases Inventory Filing)
Environmental Data

Report Data and Archives

2008 Corporate Responsibility Report
www.intel.com/go/responsibility

Managing Environmental Performance

Multiple groups across Intel play a critical role in driving strategy, operational and product improvements, and policy initiatives related to environmental responsibility.

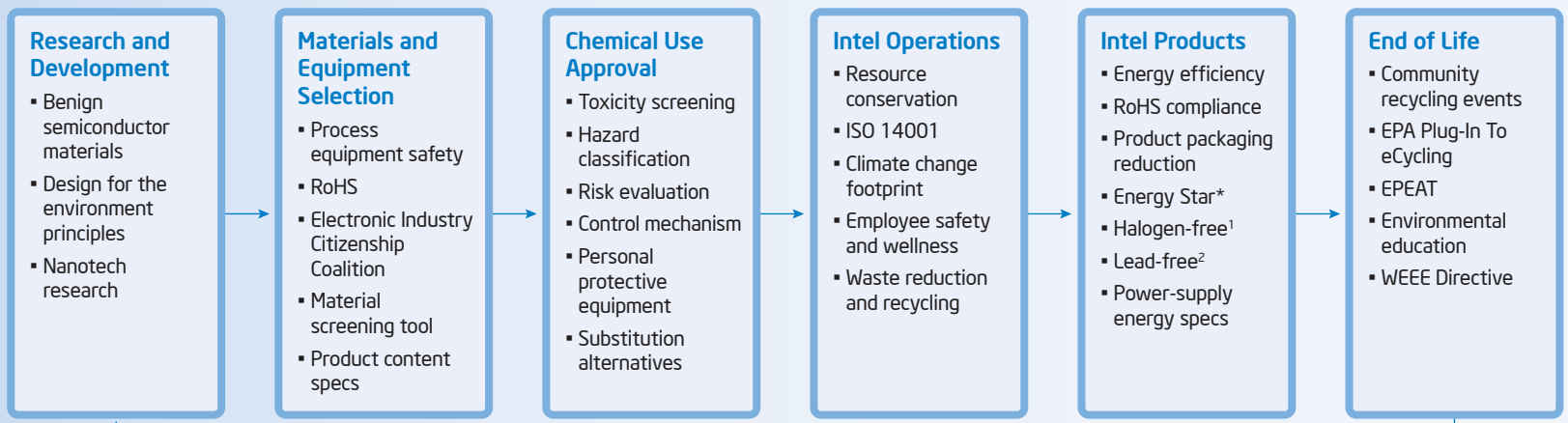
Our Environmental Health and Safety (EHS) organization has primary responsibility for managing our environmental compliance and driving performance improvements in our operations. Our environmental commitment is integrated into all phases of Intel's product design and development, and we focus on addressing the environmental challenges of each new generation of technology before manufacturing begins. We consider environmental impact in the design of Intel buildings, and set environmental performance levels for tools, and goals for production processes. Intel works continuously to achieve both absolute and normalized reductions per chip produced for air emissions, water use, and waste generation.

In the past few years, we've increasingly focused on reducing the environmental impact of our products, by driving new levels of energy efficiency and taking steps to eliminate materials such as lead and halogenated flame retardants from our products. Our Eco-Technology Program Office drives market engagement on the topic of sustainability for our products.

We believe that technology can be a fundamental part of the solutions to the world's environmental challenges, presenting a strategic market opportunity for Intel. We are helping to drive broad initiatives aimed at identifying ways that technology can address global environmental issues.

For more about our commitment to integrating design for the environment and safety principles into our operations and products, read our Environmental, Health, and Safety Policy.

Intel Environmental, Health, and Safety Product Life Cycle



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

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

Intel integrates design for the environment principles at each stage in the product life cycle—from selection of materials and chemicals through end-of-life management.

Note About the Performance Graphs: Throughout this section, we have included graphs for some of the key indicators that we use to manage our EHS performance. For close to 20 years, we have reviewed these indicators with senior management on a quarterly 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 global-warming 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.

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Climate Change

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

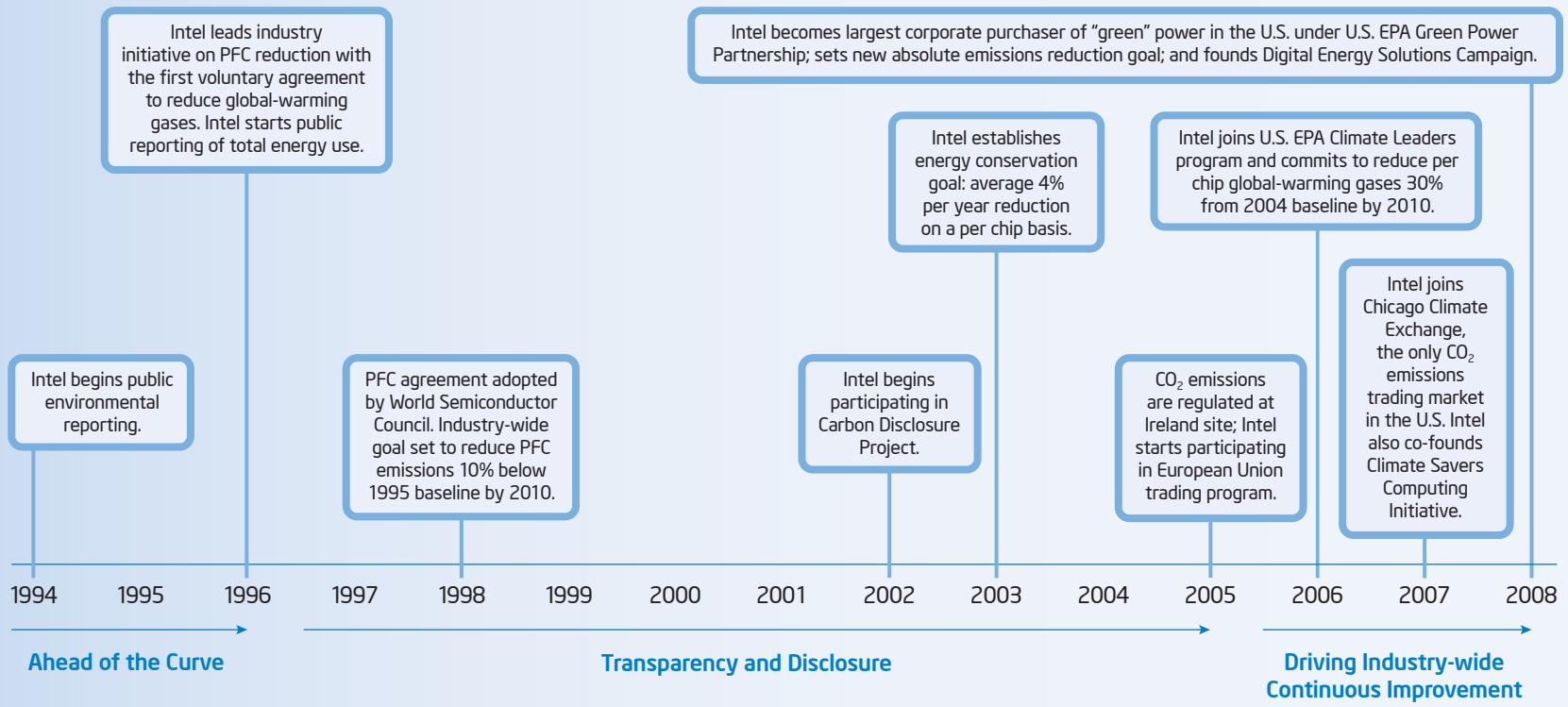
In 2008, we received a number of recognitions from third-party organizations for our continuing leadership in addressing climate change. Intel was ranked first in our sector and fourth overall in a report published by Ceres entitled "Corporate Governance and Climate Change: Consumer and Technology Companies." Intel was also named a Green Power Partner of the Year by the U.S. Environmental Protection Agency (EPA) and was included in the Carbon Disclosure Project's Carbon Disclosure Leadership Index 2008. For our formal position on global climate change, read our Climate Change Policy.

Reducing Greenhouse Gas Emissions

In the mid-1990s, we led a global semiconductor industry drive to reduce perfluorinated compound (PFC) emissions, chemicals with a potentially high global-warming impact that are used in semiconductor manufacturing. We set a goal to reduce our emissions 10% below 1995 levels by 2010. Intel remains on track to meet this goal; we have reduced our PFC emissions by 59% in absolute terms and 80% on a per chip basis from our 1995 baseline.

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 total worldwide greenhouse gas emissions by 30% per unit of production from 2004 through 2010. As of the end of 2008, we were on track to meet this goal, having reduced emissions 40% below 2004 levels on a per chip basis. In 2008, we set an additional goal to reduce the absolute carbon dioxide (CO_2) impact of our operations 20% below 2007 levels by 2012; we are currently on track to meet this goal as well.

Intel's Climate Awareness Timeline



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

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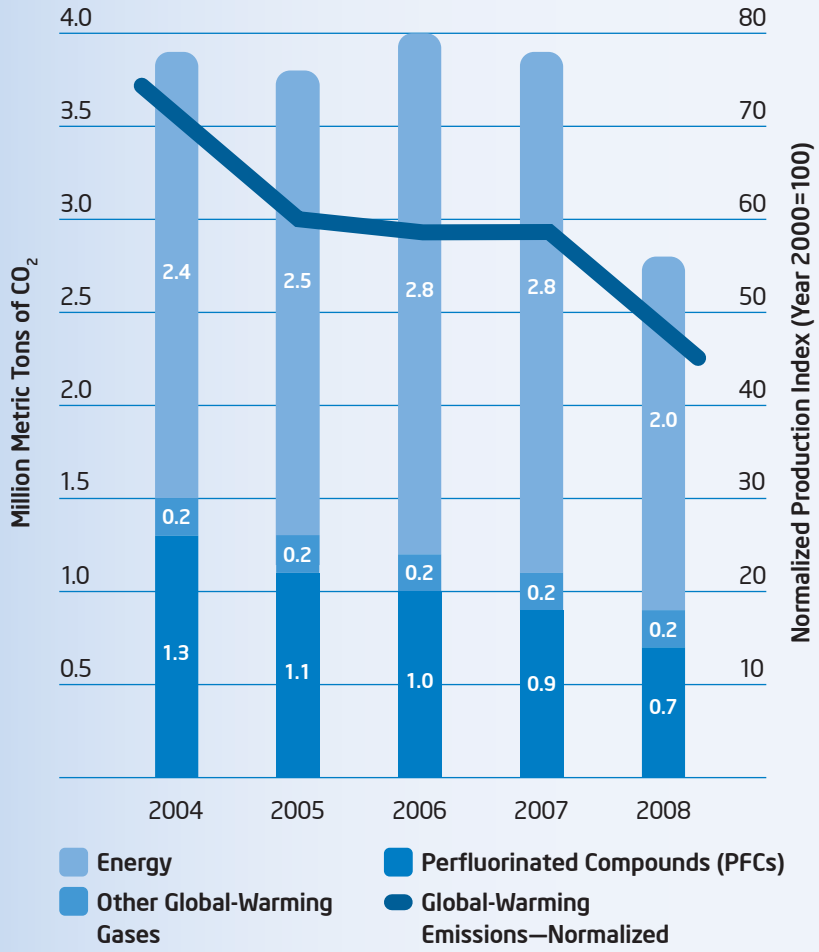
Since 2007, Intel has been a member of the Chicago Climate Exchange, North America's only cap and trade system for six greenhouse gases. Members make a voluntary but legally binding commitment to reduce their aggregate emissions by 6% by 2010 compared to a baseline of average annual emissions from 1998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

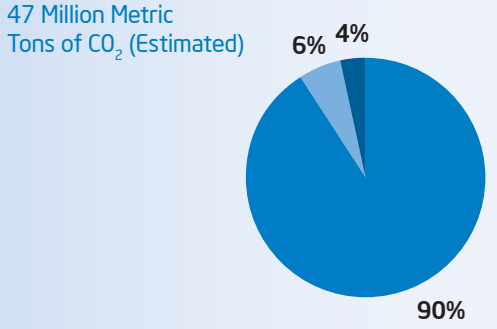
Global-Warming Emissions



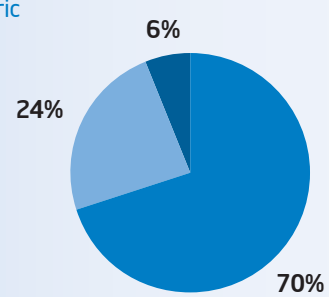
Absolute emissions were down 26% in 2008 compared to 2007, while emissions on a per chip basis were down 23%. For this year's report, we changed the reporting method for our greenhouse gas emissions from million metric tons of carbon equivalent to the more commonly used million metric tons of CO_2. Historical figures have been converted. Approximately two-thirds of the decrease that we achieved in 2008 compared to 2007 was the result of our purchase of renewable energy credits.

Intel's 2008 Carbon Footprint

Intel's Products and Operations:
47 Million Metric Tons of CO_2 (Estimated)



Intel Operations:
2.85 Million Metric Tons of CO_2



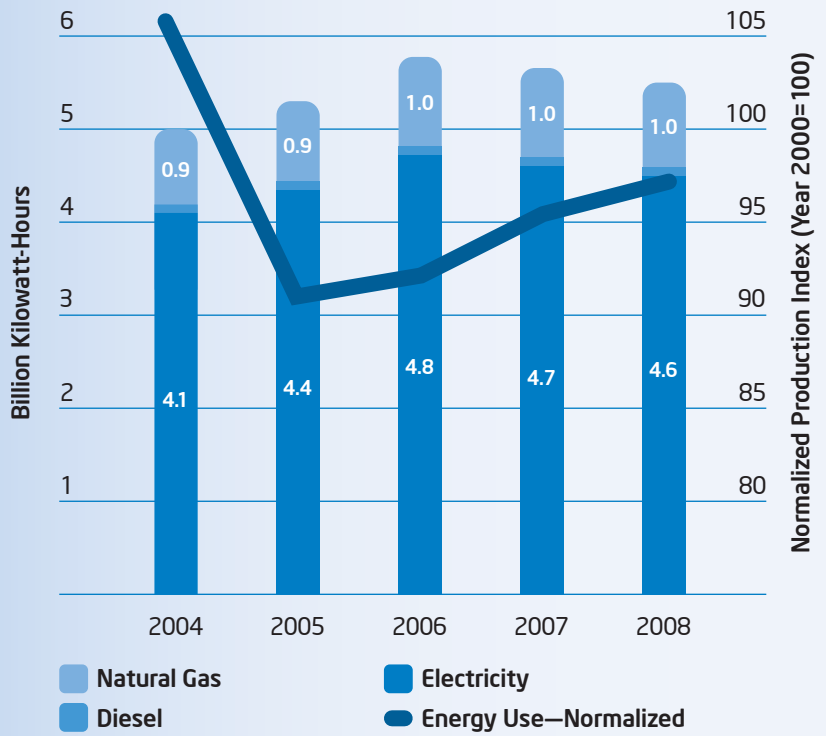
Since 2007, Intel has been a member of the Chicago Climate Exchange, North America's only cap and trade system for six greenhouse gases.

Energy-Efficiency Initiatives

In 2008, we continued to allocate funds for resource conservation and efficiency projects aimed at reducing energy use in our operations. We also began developing a demand-side utility management application that will allow us to monitor the energy efficiency of our operations in real time.

Our energy-efficiency and conservation improvements to date have included installation of more efficient lighting and "smart" system controls; boiler and chilled water system improvements; and cleanroom heating, ventilation, air-conditioning, and heat recovery improvements. Since 2001, Intel has invested more than $23 million and recovered more than $50 million from resource conservation and efficiency initiatives, saving in excess of 500 million kilowatt-hours (kWh)—enough energy to power more than 50,000 U.S. homes.

Energy Use



In 2008, energy use in our operations decreased 2% from 2007 on an absolute basis and increased 1% on a per chip basis.

In 2009, we will invest over $5 million on more than 30 projects that are projected to save at least 30 million kWh of electricity and 750 therms of fossil fuel each year. Projects will include placing a control system in one of our office buildings to provide real-time energy-consumption feedback to occupants in an effort to encourage behaviors that reduce energy use.

Several Intel sites and business groups have initiated innovative energy-efficiency programs. For example, Sustainable Energy Ireland recognized Intel Ireland for manufacturing energy-efficiency initiatives that yielded savings of more than 27,000 tons of CO_2 over the last three years. In 2008, Intel Ireland also became the first Intel site to be accredited to an independently certified energy management standard, the IS 393 Energy Management Standard developed by the National Standards Authority of Ireland.

Intel's Information Technology (IT) department operates highly energy-efficient data centers and shares best practices with the IT industry through IT@Intel online publications and blogs. In 2008, the department established an IT Sustainability Program Office to identify opportunities for further reducing our energy consumption. Projects in 2008 included the development of an innovative way to cool data centers with air economizers, resulting in significant reductions in energy use and potential savings of close to $3 million per year for a 10-megawatt data center. Intel IT also installed video collaboration solutions throughout the company, allowing employees at different locations to work together more efficiently while saving energy by avoiding travel.

Investing in Renewable Power

Extending our long-standing commitment to cleaner sources of energy, in 2008 Intel became the largest corporate purchaser of "green" power in the U.S., under the U.S. EPA's Green Power Partnership program. We committed to purchase renewable energy certificates to support the generation of more than 1.3 billion kWh a 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.

According to the EPA, our purchase—which includes a balanced portfolio of wind, solar, small hydroelectric, and biomass sources—has the equivalent environmental impact of taking more than 185,000 passenger vehicles

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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 initiated a pilot program to install solar energy systems at three Intel sites. Solar hot water systems at our two largest campuses in India now supply nearly 100% of the sites' hot water requirements, saving approximately 70,000 kWh on an annual basis. We have also completed our first solar electric facility at our Jones Farm Campus in Oregon, as well as a small project at our New Mexico site designed to highlight the benefits of solar energy use in data centers. We view these projects as first steps in identifying and implementing cost-effective renewable energy projects at our other facilities.

Technology Investments. Intel Capital, Intel's global investment organization, invested more than $100 million in solar energy in 2008 to accelerate innovation in start-up companies developing alternative power sources, including the following investments:

- $20 million in Trony Solar in China to enable local green innovation, help expand production capacity to 105 megawatts, and increase research and development.
- $50 million from Intel Capital and other investors in a spin-off company, SpectraWatt, that will manufacture photovoltaic cells for solar panels.
- $35 million to enable Sulfurcell, a German thin-film solar company, to expand production capacity.
- $12.5 million in Voltaix, a maker of materials for semiconductor and solar cell manufacturing.

In 2008, we initiated a pilot program to install solar energy systems at three Intel sites. We view these projects as first steps in identifying and implementing cost-effective renewable energy projects at our other facilities.

Improving the Energy Efficiency of Our Products

Product energy efficiency has become increasingly important in our industry, given the growing demand for more powerful electronics, the increasing cost of energy consumed by information technology, and the corresponding impact on the environment.

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 that between 2006 and 2008, products based on the Intel® Core™ microarchitecture—including desktop, notebook, and server computers—used 20 terawatt hours less electricity than products powered by our previous-generation architecture would have. That electricity savings averted 15 million tons of energy-related CO_2 emissions, equivalent to removing 3 million cars from the road.

Products based on our 45-nanometer (nm) Hi-k metal gate silicon technology have set a number of records on key industry performance benchmarks while consuming less power compared to chips built using our earlier 65nm technology. For example, the 45nm Intel® Xeon® processor 5400 series uses up to 68% less power in an idle state than the prior generation.

In 2008, we introduced the low-power Intel® Atom™ family of processors, specifically designed for embedded solutions and small form factors. And in 2009, we expect to begin manufacturing products based on 32nm technology, which will enable even greater energy efficiency. Our new Intel® Core™ i7 processor family launched in November 2008 and is built using a new microarchitecture that is designed for high-performance, power-efficient computing.

The energy efficiency of PC networks can be significantly increased through power management technology, and by using 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, Intel's 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 remotely turn networked PCs on and off. An analysis done 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.

Driving Climate Leadership Initiatives

According to Gartner Research, about 2% of the world's emissions come from information and communication technology (ICT) activities. Recognizing that meeting the challenge of reducing the climate change impact of our industry requires a cooperative approach, we collaborate on initiatives with multiple stakeholders.

Energy Star. Intel worked with the U.S. EPA to help develop the latest Energy Star* computer specifications and also helped author a new design guide to help system manufacturers deliver Energy Star 4.0 compliant systems based on Intel® technologies.

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 by 54 million tons per year—equal to the output of 11 million cars or 10 to 20 coal-fired power plants. 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 higher efficiency components. In 2008, we also helped launch CSCI in China, India, and Australia. CSCI is well on its way to achieving its goals, having secured over 400 corporate commitments by the end of 2008.

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

Copenhagen Climate Council. Intel is a participant in the Copenhagen Climate Council, which was founded by business leaders and scientists to ensure development of an effective international climate treaty post-Kyoto.

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.

EICC Sustainability Work Group. Intel co-chairs the Electronic Industry Citizenship Coalition (EICC) Environmental Sustainability Work Group. In 2008, the group developed a common format for emissions reporting and a tool with an embedded carbon calculator. The group also made progress in developing an online system for measuring and reporting carbon emissions in a supply chain. This system, to be piloted with up to 10 EICC members in 2009, will enable factory-level input and company-level reporting of carbon emissions. For more information on our work with the EICC, see the Supply Chain section of this report.

CTO Sustainability Forum. Intel organized and Intel Chief Technology Officer Justin Rattner hosted this February 2008 forum of 150 top-level business leaders from the high-tech industry. The group explored topics such as climate change, materials science, biotechnology, and resource conservation.

Energy-Efficiency Award Program. Intel and German IT publications *Computerwoche* and *CIO-Magazin* jointly launched the award program "Best of IT-Solutions—Energy efficiency in the IT industry." The competition seeks to reward enterprises across Germany that have implemented innovative solutions to measurably increase energy efficiency of the IT infrastructure or used IT to increase energy efficiency in their core business.

Using ICT to Address Climate Change

Intel is joining 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.

Smart 2020. Intel co-sponsored the Global e-Sustainability Initiative study "Smart 2020: Enabling the Low Carbon Economy in the Information Age," released in 2008. The goal of the study was to find additional opportunities where IT can be used throughout the economy to drive greater energy efficiency and reduce global-warming emissions. According to the study, the ICT sector could enable the reduction of up to 15% of business-as-usual emissions by 2020. A follow-up report put the potential reduction in the U.S. even higher—as much as 22% by 2020.

Digital Energy Solutions Campaign (DESC). Intel founded and co-chairs DESC, a consortium of ICT companies and environmental non-governmental organizations (NGOs), to expand policy makers' understanding of the role that ICT can play in improving the energy efficiency of the broader economy. DESC will advocate directly with government leaders and through public education, workshops, and targeted research.

Intel is joining forces with businesses and governments to find and promote ways that technology can be used to address environmental challenges.

Driving Sustainability in Our Operations

Building and designing the world's most sophisticated products in a sustainable manner requires careful management of energy consumption, air emissions, resource conservation, and recycling.

For nearly a decade, Intel has maintained a multi-site ISO 14001 registration for our environmental management system (EMS). In 2008, the National Standards Authority of Ireland (NSAI), our independent third-party ISO 14001 registrar, conducted surveillance audits of our EMS at our manufacturing facilities. NSAI also conducted its annual audit of Intel's corporate EHS group, which centrally manages key elements of our EMS. Our continuing ISO 14001 certification inspires confidence among our customers, suppliers, peer companies, and other stakeholders, and validates the world-class performance of our comprehensive EMS. In the next few years, we expect to certify new manufacturing facilities in China and Vietnam.

Greener Buildings

Intel engineers have been evaluating and incorporating green design standards and building concepts into the construction of our facilities for many years. Over the past two years, we have pursued certification of recently constructed facilities to Leadership in Energy and Environmental Design (LEED) standards. In 2008, Intel developed a green building policy for new facilities, which includes designing them to a minimum of the LEED Silver level.

IDC9, our new design center in Haifa, Israel—expected to open in early 2010—is Intel's first LEED-registered building. The facility includes an internal patio that infuses natural light into all levels, air-conditioning and electrical systems that save and recycle energy, and an irrigation system that uses recycled water. Soil, rock, and asphalt on the building site were recycled and reused as raw materials for adjacent road construction.

We are also working to obtain LEED certification for Fab 32, one of our wafer fabrication facilities in Chandler, Arizona. The process is expected to take up to four years. In addition, we are building our first fab in China, incorporating the same world-class environmental design and construction standards that we use at other facilities around the globe.

Water Conservation

Sustainable water management continues to be a key focus at our sites worldwide—particularly those in arid locations—so we can meet our business needs as well as those of our communities. We consider efficient and environmentally sound water management in everything we do, including reviewing access to sustainable water sources as a criterion when selecting a site for an Intel facility.

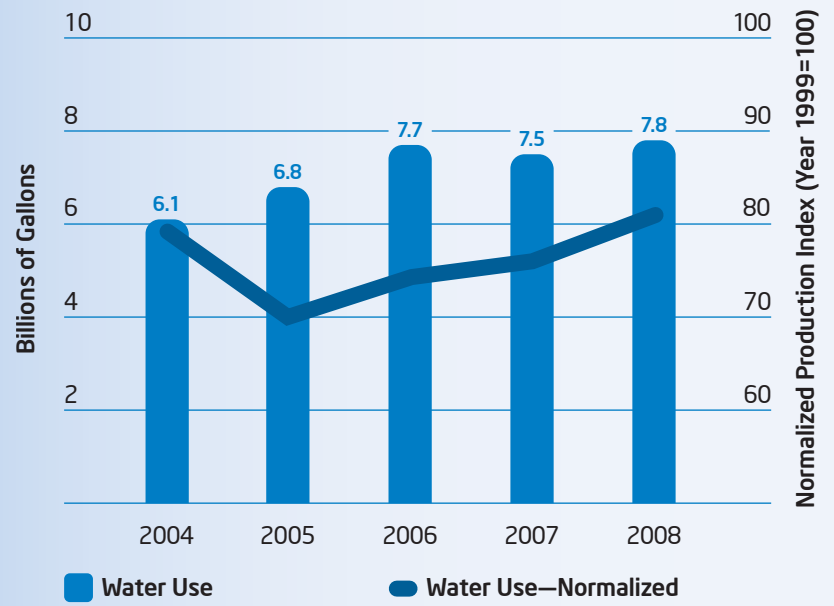
Over the past decade, we have invested more than $100 million in water conservation programs at our global facilities. As a result of those efforts, each year we reclaim more than 3 billion gallons of water, instead of tapping into precious fresh-water sources. To date, our comprehensive and aggressive efforts have saved more than 34 billion gallons of water—enough for 320,000 U.S. homes for an entire year.

Cleaning silicon wafers during fabrication requires large amounts of ultra-pure water (UPW). Although we have improved the efficiency of the process over the years, making one gallon of UPW still requires almost two gallons of water. Historically, UPW is clean enough that after we have used it to clean wafers, it is suitable for many other uses, including industrial purposes and irrigation.

Improvements in the design of our manufacturing facilities enable us to reclaim more water for reuse. Our new factories are equipped with complex wastewater collection systems, 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. Despite our achievements and significant investments in water conservation, we continue to face challenges in achieving reductions in water use. To help us meet this challenge, we have set a goal to reduce water use per chip below 2007 levels by 2012. Over the past year, a team of experts from around the world worked diligently to reduce water use, and we are currently reviewing a number of new reduction opportunities.

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

Water Use



In 2008, our water use was up 4% from 2007 on an absolute basis and up 5% on a per chip basis. The increase was due in part to continued growth in production and to the increasing complexity of our manufacturing processes; some of our newer process technologies require more water instead of less.

In addition to our internal actions, we partner with others to address sustainable water issues at the local level. For example, in 2001 our Hudson, Massachusetts site established a $1.5 million Intel Assabet Groundwater Recharge Fund for projects that help replenish the river and its tributaries. To date, the fund has awarded more than $710,000 in grants, including $68,000 in 2008. In Israel, we partnered with Numonyx B.V. in 2008 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 use in agricultural irrigation. In India, through our water treatment and reuse plan, wastewater from cafes and restrooms is fully treated and reused to meet 60% of our irrigation needs at the site.

Water Withdrawals by Manufacturing Location in 2008

Locations	Water Use[1]	Primary Water Source[2]
China		
Chengdu	129	Surface: Fuhe River
Dalian[3]	—	Surface: Wolong River
Pudong	206	Surface: Yangtze and Huangpu Jiang rivers
Costa Rica		
San Jose	151	Ground: Colima Superior Aquifer
Ireland		
Leixlip	1,096	Surface: River Liffey
Israel		
Qiryat-Gat	305	Surface and ground: Lake Kinneret, Coastal Aquifer, Mountain Aquifer (Yarkon-Tininim), and local desalination plant
Malaysia		
Kulim	123	Surface: Muda River
Penang	340	Surface: Muda River
Philippines		
Cavite	187	Ground: local aquifer
United States		
Ocotillo, Arizona	1,456	Surface and ground: Salt and Verde rivers, local aquifer
Santa Clara, California	422	Surface: Tuolumne River
Hudson, Massachusetts	243	Ground: Assabet River Basin Aquifer
Rio Rancho, New Mexico	1,243	Ground: Santa Fe Aquifer
Ronler Acres, Oregon	1,247	Surface: Tualatin River
Vietnam		
Ho Chi Minh City[3]	—	Surface: Dong Nai River

[1] Millions of gallons. [2] For each water source, our 2008 water use did not exceed 5% of that source. [3] Under construction in 2008.

In response to stakeholder feedback and to bring our reporting on our water use more in line with best practices outlined in the Global Reporting Initiative's EN8 and EN9 indicators, we added this table to provide more detail on our water use by site.

Case Study: Progressive Water Management in Arizona

Over the past decade, Intel has worked with the City of Chandler, Arizona to implement a progressive water management system that reduces the use of water by millions of gallons each day—and has lowered Intel Arizona's daily water demand by up to 75%. We have been recognized by the U.S. EPA for our efforts, receiving the Water Efficiency Leader Award in 2007. In 2008, our water use was less than 5% of Chandler's total non-residential and residential water use. We achieve water conservation through the following:

- **Aquifer Recharge:** Using reverse osmosis (RO) technologies, the wastewater from our fabs in Chandler is treated to drinking water standards and then recharged to the underground aquifer to replenish the groundwater supply. Since 1996, this water conservation strategy has put over 3.5 billion gallons of water back into the aquifer. The 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, even if dry weather patterns worsen.
- **Reclaim:** Over the past decade, we have used more than 4.5 billion gallons of treated wastewater from Chandler's Ocotillo Water Reclamation Facility instead of tapping into potable water supplies. Every day, millions of gallons of processed wastewater are used to run cooling towers and air-abatement equipment, support landscaping, and irrigate farms near our site.
- **Recycle:** Using advanced technologies such as RO and a brine evaporation system, Fab 22 in Chandler operates one of Intel's most efficient UPW treatment facilities, producing roughly 0.85 gallons of UPW per gallon of city water—saving millions of gallons of water each year compared to other purification processes.

Reduction in Air Emissions

Through careful design of our production processes, we minimize our emissions of both volatile organic compounds (VOCs) and hazardous air pollutants (HAPs). Where we cannot eliminate VOCs and HAPs entirely, we install wet scrubbers to neutralize and absorb gases and vapors, or thermal oxidizers to destroy them. Both of these air-pollution abatement technologies are monitored and designed with maximum efficiencies in mind. Wet scrubbers re-circulate water that contains a neutralizing agent to remove acidic gases and other contaminants. Thermal oxidizers first concentrate VOCs and then oxidize them into carbon dioxide and water vapor. The heat used in this process passes to a regeneration wheel, where it can be reused again and again.

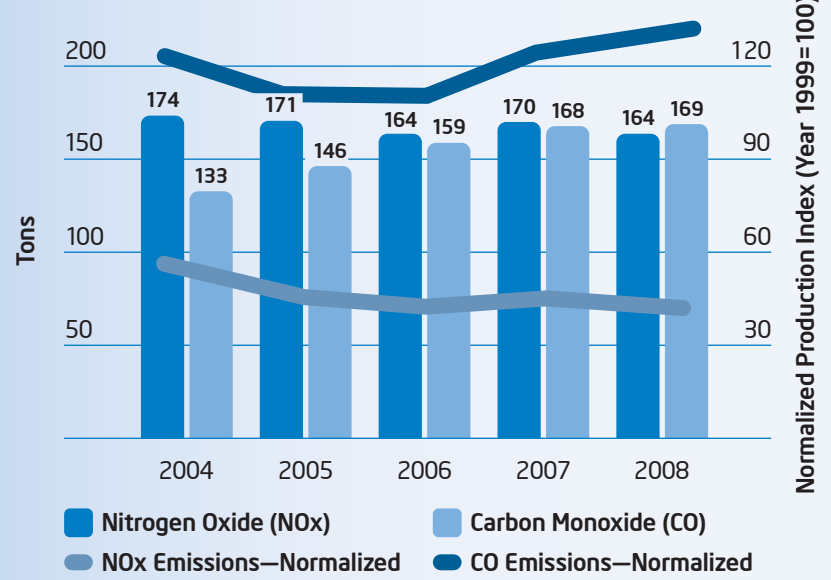
Because of these strategies, each of our U.S. sites has been defined as a "minor source" by the EPA. On many of our campuses, our actual air emissions are well below our permit levels, but we continue working to further improve the air quality at all of our sites.

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 EPA's refrigerant management standards and other local requirements to ensure that emissions are minimized.

Chemical Review, Selection, and Use

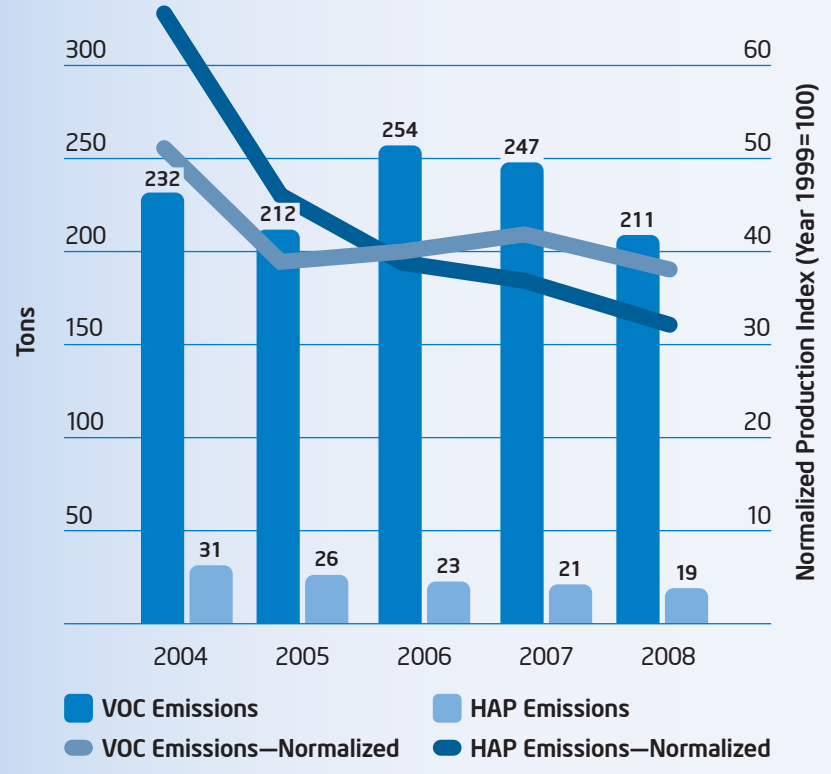
Before using any chemical, Intel carefully reviews its impact on human health and the environment. We support a precautionary approach to the materials we use in our products. We seek alternatives for materials that are considered hazardous, and when we must use hazardous materials, we specify rigorous controls to ensure that they are handled safely from the time they enter our operations until they are properly disposed of or recycled. Our review includes a search of Intel's own chemical requirements (which may be more stringent than local regulatory requirements), local site-specific regulations, as well as global and country-specific regulations. Once a chemical is selected, we identify the controls necessary to protect personnel and the environment during its intended use.

NOx and CO Emissions



Absolute and per chip CO emissions were relatively flat in 2008 compared to 2007, while both absolute and per chip NOx emissions were down slightly.

VOC and HAP Emissions



In 2008, VOCs were down 14% on an absolute basis and 17% per chip from 2007 levels, and HAPs were down 11% on an absolute basis and 8% per chip. For both indicators, we have achieved absolute reductions from 2000 levels despite increasing production levels.

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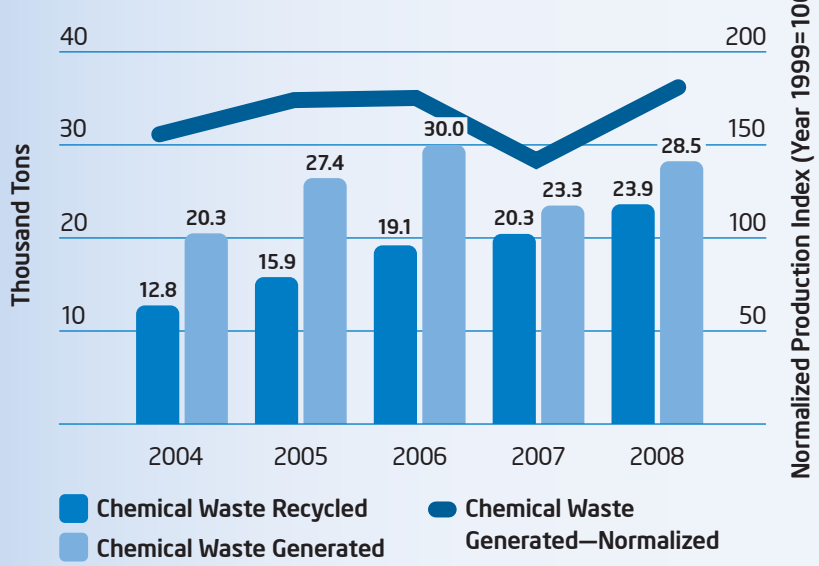
2008 Corporate Responsibility Report
www.intel.com/go/responsibility

Waste: Reduce, Reuse, Recycle

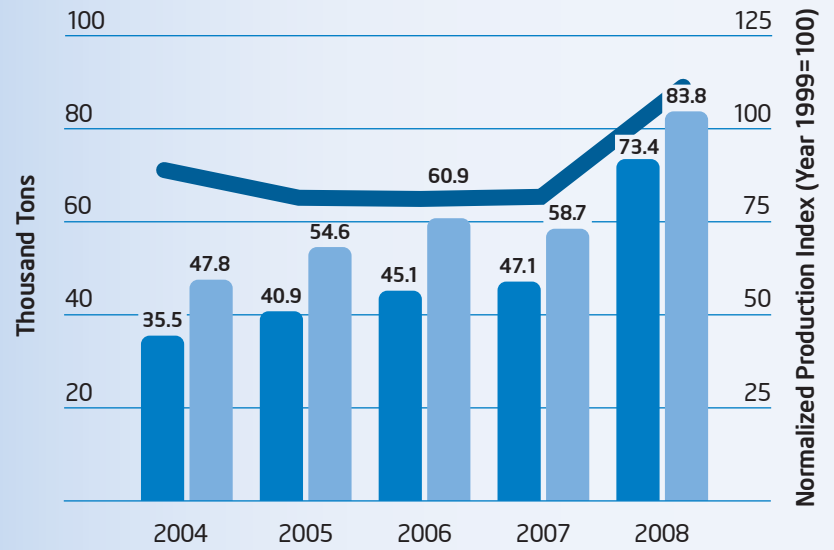
In 2008, although we announced a goal to reduce our generation of chemical waste per chip by 10% by 2012 compared to 2007 levels, our chemical waste increased significantly. The increase in chemical waste generation was due to factory start-up operations in Arizona and Israel. To help us get back on track to achieve our goal, we identified several projects. For example, our metal waste is shipped off-site for recycling. As Intel has transitioned to lead-free[1] processes, metal waste can be treated in existing on-site copper waste treatment systems. We are currently conducting pilot studies to ensure that our existing systems have the capability and capacity to accept lead-free metal waste, and we intend to make any needed system modifications. On-site metal waste treatment will allow the recovery of valuable metallic copper and eliminate its off-site shipment. In another initiative at one of our sites in Oregon, we piloted a process that facilitates the removal of silica from wastewater, enabling the reuse of both the silica and the water.

Chemical Waste Generated/Recycled



Chemical waste generated was up 22% on an absolute basis and up 18% on a per chip basis in 2008 compared to 2007. Despite this increase, our recycling rate remained strong: In 2008, we recycled or reused 84% of our chemical waste, down from 87% in 2007 but exceeding our 2008 goal of 80%.

Solid Waste Generated/Recycled



Solid waste generated was up 43% on an absolute basis and up 37% on a per chip basis in 2008 compared to 2007. We recycled 88% of our solid waste in 2008, exceeding our corporate-wide goal of 80%.

The significant increase in solid waste generated was due in part to a change in the classification of certain tools used in our factories as waste and the retooling of one of our factories in New Mexico. While our recycling rate of these tools was high, including the tools in our calculation resulted in a steep increase in the total amount generated.

We have implemented several programs focused on solid waste reduction, such as composting cafeteria waste, donating office furniture, and recycling metals and other materials. Of particular note, in 2008 we recycled 96% of the solid waste at our New Mexico site. In Arizona, we continued to donate copper from our processes to the Herberger College of the Arts at Arizona State University, to be used as a raw material for copper sculptures. To learn more about recycling at our facilities, watch the video.

Each year, we sell about 60 tons of silicon wafers that cannot be used to produce chips. The wafers provide raw material for the solar industry—enough to manufacture solar cells that add more than 6 megawatts of clean energy to the power grid every year.

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

Report Data and Archives

Preserving Biodiversity on Our Campuses

A number of Intel sites, including those in Ireland, and Oregon, are located in areas considered by some to be rich in biodiversity. In Ireland 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. In May 2008, Intel and a community organization co-hosted a biodiversity seminar, attended by 14 major companies, that featured a case study on the River Rye and guest speakers from several biodiversity organizations. For more information, watch the video.

Our 446-acre Ronler Acres campus in Oregon includes 22 acres of wetlands that provide wildlife habitat and storm-water retention. We monitor non-native species in the wetlands and have taken action to control invasive plant growth. For example, over the past decade, we have worked with a wetlands specialist and successfully used bio-control methods to stop the growth of the purple loosestrife, an invasive species that replaces native grasses and other plants, including some endangered orchids.

Employee Action for the Environment

Intel employees are engaged in environmentally focused volunteer efforts in communities around the world. For more information on these activities, see the Community section of this report. In 2008, we worked to further enable and encourage our employees to help reduce Intel's environmental footprint and also be greener at home.

Employee Bonus (EB). For the first time, in 2008 we linked a portion of the annual bonus—for front-line employees up through the CEO—to the achievement of criteria in three environmental areas: energy efficiency of our products, improvements in reputation metrics with customers and other external audiences on environmental leadership, and completion of renewable energy projects and purchases. While the "Eco-EB" represented a relatively small portion of the overall bonus calculation, we view it as an important first step in aligning the compensation of our employees and our executives with the achievement of our environmental objectives. Discussions with external stakeholders and recent benchmarking reveal that it is still relatively rare for companies to link compensation to sustainability goals. Our 2009 EB calculation will continue to include environmental metrics.

Employee Groups. The Intel Employee Sustainability Network (IESN) is a chartered Intel employee group that provides networking and volunteering opportunities, and facilitates a variety of educational forums. IESN activities complement Intel's corporate environmental focus areas and include participating in commute impact reduction programs, hosting speakers, and delivering Northwest Earth Institute discussion group courses at several Intel sites. In 2008, we also formed an Environmental Culture Team, bringing green teams together from business units across the company to share best practices and collaborate on new projects and programs. Projects have included partnering with our food service vendor to raise awareness about the environmental impact of disposable cups, and providing reusable shopping bags at sites around the globe. In 2009, the team will continue to roll out new initiatives, including the launch of an interactive employee intranet site on the environment.

Intel Environmental Excellence Awards. Now in their ninth year, these awards recognize employees who have helped to reduce Intel's environmental impact by promoting recycling and waste reduction, lowering the environmental impact of our products and processes, or creating sustainability education programs. In 2008, 53 groups from around the world applied for awards, with nine groups winning. Gold Award winners included a team of employees at Intel Ireland who developed a comprehensive water and energy conservation program that reduced annual electricity use at our Ireland site by 15%, and water use by 27%.

Global Earth Day. Our sites and business groups developed Global Earth Day-related campaigns and projects to engage Intel employees at work, at home, and in their communities. Thousands of employees volunteered for close to 50 Intel-sponsored environmental projects during the month surrounding Global Earth Day.

Responsible Product Design

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 a significant challenge, 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.

Our new 45nm processors and 65nm chipsets are manufactured using a lead-free process, and our 32nm processors, scheduled to go into production in 2009, will also be fully lead-free (RoHS compliant without current exemptions). We have also worked with our supply chain to develop standards for lead-free products.

China is implementing a new regulation restricting the use of the same materials as the EU's RoHS regulation of 2006. Intel has been an industry leader in working with Chinese officials to ensure that environmental protection goals are met, while helping to alleviate unnecessary administrative burdens for electronics companies. This involvement of stakeholders in regulatory development represents a groundbreaking process in China.

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 June 2007, affecting the use of approximately 30,000 existing chemical substances. While the REACH regulation was being adopted, Intel formed a cross-functional team to determine its impact on our products and manufacturing processes. 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. Manufacturers and importers of the substances into the EU had until December 1, 2008 to pre-register, and the final registration of each impacted substance will take place over the next 11 years.

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

Removing Halogens

Legislation does not require the elimination of halogenated flame retardants (HFRs) and polyvinyl chloride (PVC) from our products, but Intel has taken proactive steps over the past few years to eliminate the use of these materials, including changing the packaging materials that connect our microprocessors to motherboards. Most of our 45nm processors and all of our 65nm chipsets use halogen-free[1] packaging technology, and our upcoming 32nm processors will also be halogen-free.

Our new 45nm processors and 65nm chipsets are manufactured using a lead-free process, and our 32nm processors, scheduled to go into production in 2009, will also be fully lead-free.

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

Innovations in Product Packaging and the Logistics Supply Chain

In 2008, we decreased packaging size, eliminated packaging components, and incorporated more recyclable materials, resulting in significant reductions in the amounts of paper and plastic materials used for multiple Intel product lines. Our new designs also increased shipping density—reducing the number of shipments required, and therefore the amount of fuel consumed and resultant emissions per unit shipped.

GREEN-it, a new group in Intel's Logistics Supply Chain organization, focuses on projects and initiatives designed to improve the environmental performance of Intel's logistics activities. In 2008, the group developed an automated carbon footprint emissions calculator based on the Greenhouse Gas Protocol to help our freight forwarders quantify and manage their greenhouse gas emissions.

2008 highlights in packaging and logistics included:

- Eliminating "overpacks" for the shipping of boxed processor and motherboard products, saving over 303 tons of paper packaging materials annually.
- Increasing shipping densities and reducing the size and costs of packages for single and bulk boxed desktop motherboards.
- Reducing the size of boxed CPU packaging by 40%, saving 700,000 pounds of paper and 100,000 pounds of plastic annually.
- Removing excess material on transport media, saving $38 million over four years and reducing plastic waste by 300 tons per year.

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.

Working in conjunction with industry, retailers, and government, we hosted or sponsored nine community electronics recycling events in 2008. Over 1.5 million pounds of used electronics were collected—computers, printers, monitors, VCRs, TVs, and more—and sent to approved recycling facilities for materials recovery. Over the past five years, Intel has collected more than 6.7 million pounds of electronic waste, helping community members to recycle responsibly.

Our PC Services department manages the recycling or reuse of electronics equipment used at Intel. Products that can no longer be used within the company are sold, donated, or processed by qualified recyclers.

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 has implemented legislation detailing requirements for the WEEE Directive. Other non-EU countries have similar laws, but scope and producer responsibility requirements may vary.

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

EPEAT

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

Inspections, Compliance, and Reportable Chemicals

Collectively, Intel's facilities average more than 90 inspections a year by various environmental and safety regulatory agencies. The following is a list of non-compliance issues recorded in 2008. Four additional items are under review by regulatory agencies.

Inspections and Compliance

Location	Type	Violation	Fine	Intel's Corrective Action
Arizona	Environmental	Maricopa County issued the Ocotillo campus an Administrative Notice of Violation for not completing the Fab 12/22 Air Abatement Performance Testing 60 days after a new air permit was issued. The new permit also included a stipulation for written notification for testing extensions.	$1,794	Notification was provided and testing was completed.
Oregon	Environmental	Notice of Non-compliance was issued by the Department of Environmental Quality during an inspection at our Ronler Acres campus. The findings: A cabinet managed as a "satellite" accumulation for hazardous waste should be regulated as a "90-day" accumulation area. One solvent waste tank did not have a "hazardous waste" label. A sump in a containment area contained water due to a faulty check valve system.	No fines or penalties	The area is now regulated as a "90-day" accumulation area. The tank was labeled. The system was repaired.
Ireland	Environmental	Notice of Non-compliance from the Ireland EPA cited CO emissions above license limits.	No fines or penalties	A report was submitted to the EPA. Corrective actions were identified and implemented.
Ireland	Environmental	Results from an external laboratory indicated elevated Biological Oxygen Demand, Chemical Oxygen Demand, and suspended solids above license limits.	No fines or penalties	The cause was identified, and corrective actions were taken.

On an annual basis, Intel reports our releases to air, transfers off-site, and treatment on-site 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, visit the Report Data and Archives.

2008 Performance Summary

In 2008, we extended our climate change strategy by becoming the largest purchaser of green power in the U.S., according to the U.S. EPA, and installing solar systems at three Intel sites. To help focus all of our employees on environmental sustainability, we aligned a portion of their variable compensation with environmental criteria. We continued to face challenges in achieving absolute reductions in our environmental impact due in part to the increasing complexity of our manufacturing processes, recording increases in both water use and chemical waste generated.

Subsequent to setting new 2012 environmental goals at the beginning of 2008, we sold our NOR flash business to 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 we are taking in our operations to reduce our environmental footprint. Percentages in the following table show our progress to date against the revised 2007 baseline; tables, graphs, and data featured throughout the rest of the report feature the historical 2007 figures.

Environment Goals and Performance

2012 Goals	2008 Progress Against Goals	
Reduce water use per chip[1] below 2007 levels by 2012.	Tracking against our 2007 baseline, our water use was up 2% on a per chip basis. We are taking steps in 2009 to correct this trend and expect to meet our 2012 goal.	◒
Reduce absolute global-warming gas footprint by 20% by 2012 from 2007 levels.	Total emissions were down 27% on an absolute basis compared to our 2007 baseline, keeping us on track for our goal, even with expected growth during the next five years.	●
Reduce energy consumption per chip 5% per year from 2007 through 2012.	Per chip energy use was down just 1% compared to our 2007 baseline, but we still expect to achieve an average annual reduction of 5% by 2012.	◒
Reduce generation of chemical waste per chip by 10% by 2012 from 2007 levels.	Chemical waste generated per chip was up 20% over our 2007 baseline, putting us at risk of not meeting our 2012 goal. To drive reductions going forward, we have set additional internal waste goals for processes that we are bringing online in the next two years, and we set up a team to study ways to reduce the use of certain chemicals.	◒
Recycle 80% of chemical and solid waste generated per year.	We recycled 84% of our chemical waste and 88% of our solid waste in 2008.	●
Achieve engineering and design milestones to ensure that Intel products keep the energy-efficiency lead in the market for our next two product generations.	We met our energy-efficiency product targets in 2008.	●

● **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).

Report Data and Archives

Looking Ahead: Our 2012 Environmental Goals

In 2009, we will continue to work toward achieving the five-year goals that we set at the beginning of 2008, placing a strong emphasis on our water and chemical waste generation goals. We will continue our collaborations with external organizations on sustainability issues, particularly in the area of the role that ICT can play in addressing the issue of climate change. We will also drive increased employee engagement on environmental sustainability issues through challenges, recognitions, and the creation of a new employee intranet site focused on the environment.

Environment Goals for 2009 and Beyond
Reduce water use per chip[1] below 2007 levels by 2012.
Reduce our absolute global-warming gas footprint by 20% by 2012 from 2007 levels.
Reduce energy consumption per chip 5% per year from 2007 through 2012.
Reduce generation of chemical waste per chip by 10% by 2012 from 2007 levels.
Recycle 80% of chemical and solid waste generated per year.
Achieve engineering and design milestones to ensure that Intel products keep the energy-efficiency lead in the market for our next two product generations.

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

Report Data and Archives

Report Data and Archives

WORKPLACE

Rewarding careers.

To attract and retain the talented workforce we need to maintain our leadership in innovation, we must continue to effectively empower, motivate, and reward our employees for their achievements. We encourage them to pursue challenges and take well-informed risks, and we provide resources to help them manage their lives—both on and off the job.

Key Workplace Links

Intel Values
Life at Intel
Diversity at Intel
Chartered Employee Groups
Compensation and Benefits

Workforce Data by Region

As of December 27, 2008, we had approximately 84,000 full-time employees worldwide, more than half of whom were located in the U.S. We had approximately 86,300 full-time employees worldwide as of December 29, 2007, and 94,100 as of December 30, 2006.

2008 Employee Data

Type of Employee	Employee Category	Americas	APAC[1]	EMEA[2]	U.S.	Total
Contract/Intern						
	Exempt Full Time	109	635	140	191	1,075
	Exempt Part Time	35	5	1,160	35	1,235
	Total	**144**	**640**	**1,300**	**226**	**2,310**
	Non-Exempt Full Time	34	661	285	279	1,259
	Non-Exempt Part Time	1	–	89	18	108
	Total	**35**	**661**	**374**	**297**	**1,367**
	Contract/Intern Total	**179**	**1,301**	**1,674**	**523**	**3,677**
Regular						
	Exempt Full Time	2,091	13,829	8,545	32,839	57,304
	Exempt Part Time	1	5	107	131	244
	Total	**2,092**	**13,834**	**8,652**	**32,970**	**57,548**
	Non-Exempt Full Time	1,502	9,442	3,257	11,768	25,969
	Non-Exempt Part Time	–	–	46	17	63
	Total	**1,502**	**9,442**	**3,303**	**11,785**	**26,032**
	Regular Total	**3,594**	**23,276**	**11,955**	**44,755**	**83,580**
	Grand Total	**3,773**	**24,577**	**13,629**	**45,278**	**87,257[3]**

[1] APAC = Asia-Pacific
[2] EMEA = Europe, Middle East, and Africa
[3] Number of employees at year-end 2008, including interns and contractors. Any slight discrepancies in totals are due to different data and accounting systems used to manage employee information by business groups across the company.

At the end of 2008, the breakdown of total employees (including contract and intern) was as follows: 52% in the U.S., 28% in APAC, 16% in EMEA, and 4% in the Americas.

Turnover by Region[1]

Region	Year-End Headcount 2008	Turnover 2008	Turnover (%) 2008	Turnover (%) 2007
Greater Americas	3,594	390	9.8%	11.1%
Greater Asia	23,276	1,656	6.6%	10.5%
Greater Europe	11,955	584	4.7%	8.2%
United States	44,755	2,018	4.3%	6.8%
Total	**83,580**	**4,648**	**5.3%**	**8.2%**

[1] Regular employees only; does not include terminations due to divestiture, retirement, or redeployment.

In 2008, our turnover rates declined across all regions compared to 2007.

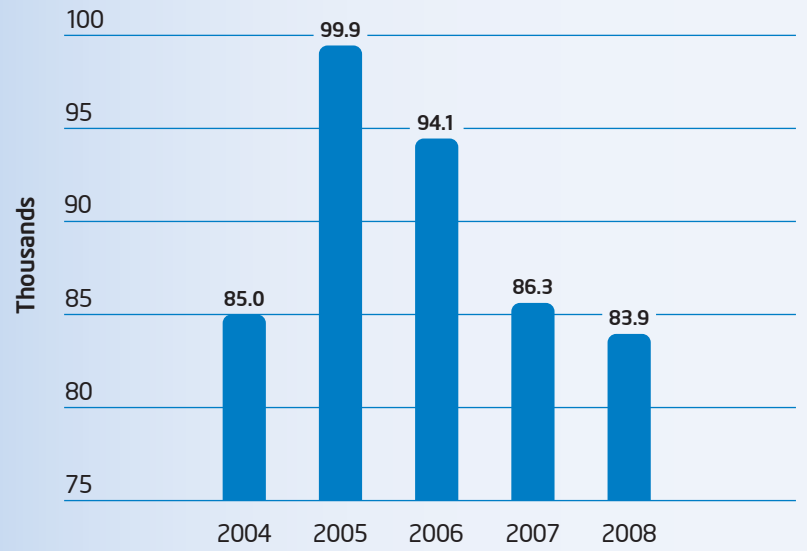
Other Turnover[1]

Reason for Termination	Count
Redeployment[2]	1,622
Divesture	2,612[3]
Retirement	365

[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.
[3] 2,455 of this total was due to the divestiture of our NOR flash memory business.

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



Since 2006, we have undertaken actions to create a more efficient organization and reduce operating costs. Our efforts included a significant reduction in the overall size of our global workforce.

Report Data and Archives

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.

In our experience, 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 continually advance a work environment that honors, values, and respects all of our employees.

Intel promotes equal employment opportunity for all applicants and employees, regardless of non-job-related factors, including but not limited to race, color, religion, gender, national origin, ancestry, age, marital status, sexual orientation, gender identity, veteran status, and disability. 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.

Increasing Leadership Diversity. Intel offers all employees extensive intercultural training and mentoring programs. We have also tailored several initiatives to meet the needs of targeted employee populations. For example, we have retention and development efforts focused on increasing representation of under-represented minorities (African Americans, Hispanics, and Native Americans in the U.S.) and women in senior levels and technical jobs, with comprehensive programs designed to improve work/life balance and flexibility, career options, and cultural awareness. Managers regularly hold in-depth mentoring sessions with employees, challenging them to take on "stretch assignments" to increase their capabilities and opportunities for growth. In addition to internal career development mentoring and training, we offer our 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.

Providing Ongoing Support. Members of about 20 chartered employee affinity groups, such as the Women at Intel Network, Network of Intel African American Employees, and Arab Intel Community, 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 provide managers with tools and resources such as legal reference documents and options for rewarding and recognizing diversity efforts within their groups.

Building Multicultural Awareness. Several Intel programs are designed to promote cultural awareness among employees. For example, events honoring the many heritages of Intel employees are frequently held at the company's sites. These events give employees an opportunity to share their cultural heritage and connect with other employees.

Building External Alliances. Intel is active on 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 advance our own learning, help achieve our diversity goals, share our best practices with others, and advance diversity beyond our own organization.

Intel offers all employees extensive intercultural training and mentoring programs.

2008 Worldwide Workforce by Gender

	Female	Male	Total
U.S. Workforce	11,035	34,200	45,236[1]
	24.4%	75.6%	
Non-U.S. Workforce	14,571	27,446	42,021[1]
	34.7%	65.3%	
Worldwide Total	**25,606**	**61,646**	**87,257[1]**
Average % Worldwide	**29.3%**	**70.6%**	

[1] The slight discrepancy in totals with the 2008 Employee Data table is due to the use of different methods of accounting in the U.S. and other countries. In addition, a small number of employees did not report gender information.

This table shows our worldwide workforce by gender. Despite our continued investments and improvements in recruiting and retention programs, the overall percentage of women in our workforce remained unchanged from 2007.

2008 U.S. Workforce by Reporting Category

	African American	Asian/Pacific Islander	Caucasian	Hispanic	Native American	Other[1]	Total
Workforce							
Female	408	3,355	6,119	996	87	70	11,035
	3.7%	30.4%	55.5%	9.0%	0.8%	0.6%	100.0%
Male	1,210	8,749	20,935	2,722	220	364	34,200
	3.5%	25.6%	61.2%	8.0%	0.6%	1.1%	100.0%
Total	**1,618**	**12,104**	**27,055**	**3,718**	**307**	**434**	**45,236**
Officials and Managers							
Female	15	196	660	67	4	3	945
	1.6%	20.7%	69.8%	7.1%	0.4%	0.3%	100.0%
Male	82	959	3,093	220	16	39	4,409
	1.9%	21.8%	70.2%	5.0%	0.4%	0.9%	100.0%
Total	**97**	**1,155**	**3,753**	**287**	**20**	**42**	**5,354**

[1] "Other" includes 23 employees who reported as multi-racial and 411 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 at Intel web site. There, you can sort data by position type.

2008 U.S. Hiring Data

Year	Total Number of Employees Hired	Minorities as Percentage of U.S. Hires[1]	Females as Percentage of U.S. 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)
2006	3,056	50% (1,530 of 3,056 hires)	29% (882 of 3,056 hires)

[1] "Minorities" includes Asian/Pacific Islanders.

The number of minorities and females as a percentage of total hires improved in 2008 compared to 2007.

2008 Worldwide Senior Management and Governance Bodies

		Board of Directors		Corporate Officers		Top 50 in Total Compensation	
Male							
	African American	–	–	–	–	–	–
	Asian/Pacific Islander	–	–	5	15%	6	12%
	Caucasian	7	64%	22	65%	25	50%
	Hispanic	–	–	–	–	–	–
	Native American	–	–	–	–	–	–
	Unidentified	–	–	2	6%	12	24%
Female							
	African American	–	–	–	–	–	–
	Asian/Pacific Islander	–	–	–	–	–	–
	Caucasian	4	36%	5	15%	7	14%
	Hispanic	–	–	–	–	–	–
	Native American	–	–	–	–	–	–
Total		**11**	**100%**	**34**	**100%**	**50**	**100%**

This table provides diversity information as of the end of 2008 for Intel's Board of Directors, corporate officers, and top 50 employees by compensation worldwide. Due to Board changes in the first quarter of 2009 and if all directors are elected at our annual stockholders' meeting in May 2009, women will make up 25% of the Board. For more information, see Intel's 2009 Proxy Statement.

Career Growth and Development

BusinessWeek voted Intel one of the best places to launch a career in 2008. While a number of criteria factored into selection for the list, prospects for advancement weighed heavily in the rankings. Central to our goal of making Intel a great place to start and advance a career is our belief that career development is a partnership between our employees, their managers, and the company.

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. 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; in fact, about 1,400 employees are on global assignments at any given time. We also tailor development programs to promote career growth in particular markets. For example, our China Accelerated Leadership Program focuses on the development of business acumen and personal leadership of high-potential employees working on projects that are key to our growth in China.

Our employees grow by continuously learning—on the job, in the classroom, and by connecting with others.

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 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.

New Managers. In 2008, Intel launched "New to Manager" and "Leading for Extraordinary Results," 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. A Manager Dashboard web 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.

Report Data and Archives

Intel University

In 2008, Intel invested approximately $314 million in employee training and development, including instructor-led and e-learning courses. Based on our average headcount of 85,100 for the year, that translates to an investment of almost $3,700 and an average of 37.3 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. In 2008, *Training* magazine recognized our strong focus on employee development by naming Intel to its list of top 125 global training organizations.

2008 Intel University Statistics	
Sessions delivered	22,470
Total number of training attendees	397,771
Number of employee volunteer instructors	5,091

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 2008, we invested $14.8 million in employees who participated in the program. In the U.S., 4% of eligible employees participated in 2008.

Dawn Jones, an Intel Media and Community Relations Manager, described how the program helped her: "Being a single parent and working full time was difficult enough without worrying about the cost of obtaining a higher education. Intel's Tuition Reimbursement Program allowed me to complete two degrees [an undergraduate degree and a master's degree], helping me achieve my professional goals and personal dreams."

Employee Recognition

From everyday "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.

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.

Intel also recognizes employees for their years of service, volunteer efforts, contributions as instructors for Intel University, and environmental achievements, including efforts to conserve energy and prevent pollution.

Open and Honest Communication

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 demonstrate this philosophy of openness and two-way give and take.

Intel's success depends on all employees understanding how their work contributes to the company's overall business strategy. As such, we have a wide mix of electronic and interpersonal channels to keep employees informed. Through news articles, open forums, webcasts, cyber-chats, quarterly Business Update Meetings, and informal brown-bag lunches, employees receive information, ask questions, and get candid answers from executives.

Circuit, our intranet employee portal, provides corporate and local Intel news along with information about workplace services and benefits. Nearly 90% of employees use Circuit as their web browser's home page. In 2008, we reached even more of our employees through a growing network of large-format plasma screens to broadcast news and other messages in our factories and cafeterias.

Employees increasingly participate in Intel's social media channels, such as blogs, 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 unvarnished 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.

In 2008, we boosted two-way interaction in other new ways, including:

- A 40th anniversary intranet site where employees shared their personal stories of Intel and photos of volunteer events, and played a trivia game based on Intel's history.
- Dozens of small group sessions that brought employees and senior leaders together to talk about pressing issues.

Regular employee surveys ensure that Intel's managers and leaders obtain feedback and track the health of organizations so that adjustments can be made as needed. Employee surveys include:

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 the survey results—both strengths and areas for improvement—with their teams and develop action plans. We also factor performance on this survey into annual performance reviews.

Organizational Health Survey. About every other year, we conduct our worldwide Organizational Health Survey (OHS) to learn what employees think about our workplace. The OHS helps 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.

In 2008, we took specific actions to address issues that the 2007 OHS identified in the areas of innovation, manager/leader effectiveness, career development, decision-making, and work/life effectiveness. For example, we created new-manager training programs and added new scholarships and online homework help services for employees' children.

In 2008, OHS scores improved significantly across nearly all categories compared to those of the 2007 OHS. For example, 83% of employees reported being "proud to work for Intel," up from 75% in 2007, and 73% of employees reported that they would "recommend Intel as a great place to work," up from 61% in 2007.

Compensation and Benefits

Intel's Total Compensation, or "T-Comp," approach aligns company, employee, and stockholder interests, and provides employees with incentives to focus on 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. For more information on compensation and benefits packages at Intel locations worldwide, visit our Compensation and Benefits web site.

Compensation

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

Managers meet with each employee at least quarterly to review the prior quarter's goals, the employee's performance against expectations, employee development, and the following 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.

Variable-Pay Programs

In addition to receiving base pay, all employees participate in bonus or commission programs that include Intel's financial and operational performance metrics. By linking a portion of each employee's total cash compensation to Intel's performance, these variable-pay programs recognize that each employee contributes to the company's overall success. 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 through variable-pay programs.

Employee Cash Bonus Program (ECBP). This profit sharing plan allows employees to share in Intel's success by paying cash rewards to all employees twice a year.

Employee Cash Bonus Program

Year	Annual Payout in Days of Pay	Annual Payout as Percentage of Eligible Earnings
2004	16.9	6.5%
2005	17.8	6.8%
2006	15.1	5.8%
2007	17.3	6.7%
2008	15.2	5.9%

This table illustrates the historical ECBP payout, which is in addition to employees' base pay.

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). CEP measures overall customer satisfaction and drives corporate or business unit improvement actions. In 2008, employees received the additional two days of pay under the program.

Employee Bonus (EB). Through this plan, Intel shares profits with employees worldwide by paying annual incentive cash payments. The formula for determining EB payouts is based on three equally weighted components:

- **Absolute financial performance:** Intel's current-year adjusted net income compared to the last three years of adjusted net income.
- **Relative financial performance:** Intel's annual adjusted net income growth compared to the annual adjusted net income growth of the S&P 100 and leading high-tech companies.
- **Operational performance:** How well employees perform to corporate-wide achievements that are critical to Intel's success. In 2008, we added criteria related to environmental sustainability metrics. For more information, see the Environment section of this report.

Employee Bonus Program	
Year	**EB Multiplier**
2004	2.88
2005	3.76
2006	2.33
2007	3.49
2008	2.66

This table shows historical payouts for the EB program. The second column shows the multiplier applied to an individual employee's target amount. This means that if an employee's target in 2008 was $1,000, the employee's payout would have been 2.66 x $1,000, or $2,660.

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

Equity Programs

We believe that employee interests should align with those of our stockholders, and that employees who contribute to our success should benefit from it. As such, we grant equity to more than 90% of our employees annually through two programs:

Stock Option/Restricted Stock Plan. Through our broad-based stock program, employees obtain 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. In 2006, we expanded our program to include restricted stock units (RSUs), delivering more predictable value to employees while meeting our commitments to stockholders. Although all employees who receive stock grants receive RSUs, our more senior-level employees have a larger percentage of their stock grant in the form of stock options. Regular full-time and part-time employees are eligible to receive stock option grants at the time of hire and may be recommended for additional stock option grants during annual or mid-year performance reviews.

Stock Purchase Plan. By enrolling in the employee stock purchase plan, eligible employees can purchase shares of Intel stock at a discounted rate through payroll deductions. All regular full-time and part-time employees and interns are eligible to participate.

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. We also extend medical and dental benefit coverage to same-sex domestic partners.

Intel's health premium spending averages approximately $850 per month per employee, boosting each employee's compensation package by approximately $10,203 annually (individual amounts vary depending on the plan and usage). Our total spending on healthcare benefits in 2008 was $460 million, including (but not limited to) medical coverage for active employees and retirees, prescription drugs, dental insurance (where available), and disability insurance.

We also offer an Employee Assistance Program that provides free short-term professional counseling services to help employees and their dependents through difficult times.

Retirement Benefits

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

401(k) Savings Plan. Through this long-term savings vehicle, eligible U.S. employees can put aside a portion of eligible pay on a tax-deferred basis. The plan includes a Roth 401(k) option.

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

Pension Benefits. Our tax-qualified, defined-benefit pension plan for eligible employees and retirees in the U.S. provides for a minimum pension benefit determined by a participant's years of service and final average compensation. Intel also provides defined-benefit pension plans in certain other countries. Consistent with the requirements of local law, Intel deposits funds for these plans with insurance companies, third-party trustees, and governments (in managed accounts).

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

Funding Policy. Our practice is to fund 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.

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. They can add their annual vacation time to their sabbatical, resulting in up to 12 weeks of paid time off. In 2008, 6,501 employees took sabbaticals, returning refreshed and revitalized. 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.

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 2008, 658 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, or take care of situations not covered under Intel's other leave programs. In 2008, 217 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 adjusted Military Adjustment Pay for events related to 9/11, service in Iraq, 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.

Report Data and Archives

Work/Life Effectiveness

Our comprehensive, 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.

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, employee surveys indicate that about 25% of our employees work a compressed work-week schedule, and more than 70% 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 13 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 (5 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 dollars 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 a child or other dependent 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 promote an elder-care intranet site with easy access to resources such as a nationwide elder-care resource and referral service.

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

Tools and Training. Our intranet site provides 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, managing stress, and working parent strategies.

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.

Report Data and Archives

Health and Safety

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 also be more productive.

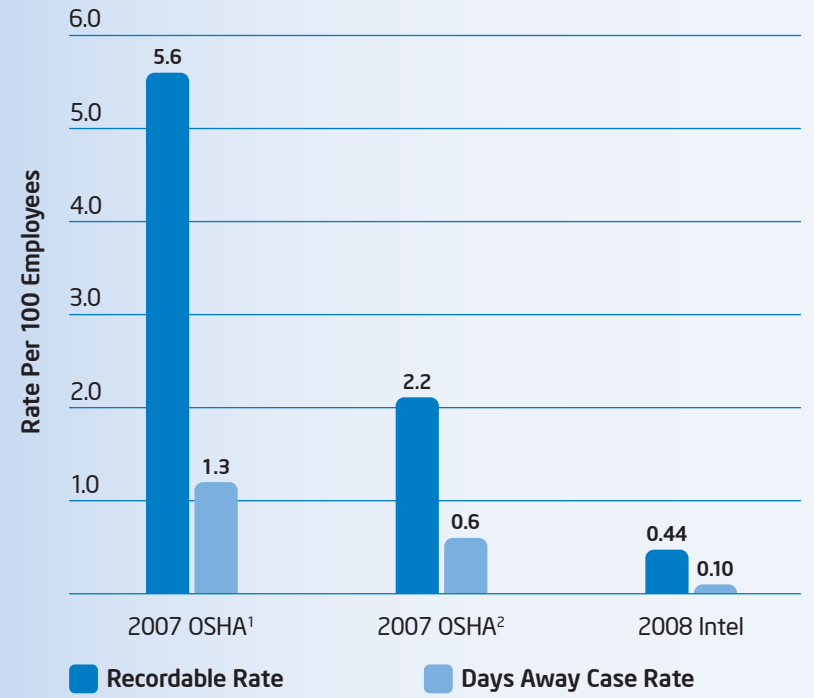
2008 Safety Update

Our safety performance continued to be world-class compared to industry benchmarks. As a result of our continued focus on health and safety in the workplace, we saw a reduction in the severity of injuries and the impact on our employees, with a 28% reduction in lost days and restricted days compared to 2007. Our priority on increasing early reporting of injuries in 2008 proved successful, as we saw a 32% increase in our internal First Aid to Recordable Ratio safety indicator. This indicator tracks the ratio of people who report injuries early and seek treatment (First Aid) to recordable injuries (Recordable).

In 2008, ergonomics injuries accounted for 67% of all recordable injuries. Ergonomics safety performance improved slightly in 2008 compared to 2007, and it remains a major focus area in 2009. In 2008, 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 placed increased focus on employees reporting cumulative trauma disorders (CTDs) early and seeking treatment before symptoms become serious. This focus led to a 68% reduction in lost days and a 59% reduction in restricted days resulting from CTD-related injuries compared to 2007. To provide more effective care for employees reporting CTD symptoms, we updated clinic assessment methods and implemented a pilot program to evaluate the effectiveness of deep-tissue massage to resolve early warning pain or discomfort.

We completed Safety Self-Assessments for organizations identified as needing improvements based on safety performance over the past four years. Each of these assessments was led by a senior manager in the relevant business unit, together with a designated environmental, health, and safety (EHS) leader. The assessment included employee safety dialogues, observation of safety practices in the workplace, and validation of the organization's safety improvement plans.

Health and Safety Benchmarks

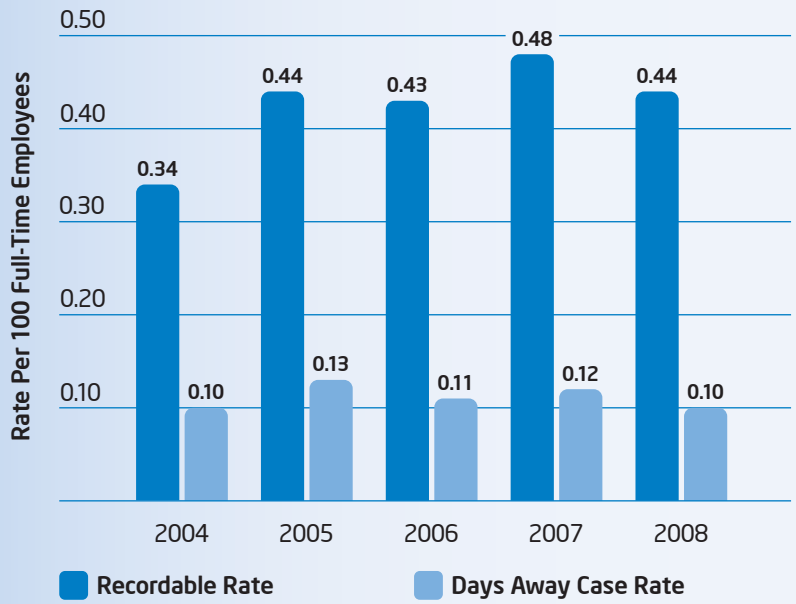


[1] Occupational Safety and Health Administration (OSHA) rate for U.S. manufacturers
[2] OSHA rate for U.S. semiconductor manufacturers

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

We completed Safety Self-Assessments that included employee safety dialogues, observation of safety practices, and validation of the organization's safety improvement plans.

Recordable and Days Away Case Rates



Intel's recordable rate for injury and illness decreased 8% in 2008. Our days away case rate also decreased slightly. We believe that all workplace injuries are preventable, and we will continue to focus our efforts in 2009 on reinforcing a strong safety culture within Intel. Note that the 2007 recordable rate was restated due to new cases that were reported after the close of the reporting period (the rate was 0.45 in our 2007 report).

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 provide a comprehensive pandemic intranet site for employees, with links to our Pandemic Response Plan, and information about travel and home preparedness. For more information, visit our Business Continuity web site.

Wellness Programs

Intel is committed to providing a portfolio of health benefits and wellness programs that help our employees evaluate, maintain, and improve their health and the health of their families.

Our 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 third 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 health coach to develop an individual health action plan. The program started in the U.S., and in 2008 we expanded it to our sites in Costa Rica, Israel, and Malaysia.

More than 13,000 U.S. employees participated in the program in 2008, and 47% of those employees discovered that they had high blood pressure. Through the program's health coaching step, employees learned how to adopt healthier behaviors to help lower their blood pressure. Quarterly surveys show that more than 96% of the respondents were very satisfied or satisfied with the Health for Life wellness program and plan to make changes to improve their health.

Our Health for Life 3-Step Wellness Check provides a gateway for employees to access resources that focus on positive health and wellness lifestyle choices.

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

As a natural expansion of the Health for Life wellness program, we piloted an on-site Health for Life Center at our Arizona site in 2008. The center features primary-care physicians and medical staff, treatment/exam rooms, physical therapy, lab capabilities, and health counseling rooms. We believe that centers such as this one can meet employees' needs for convenient, cost-effective medical care.

SIA Health Study

We are continuing our 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 making good progress and is entering the final phases of the study. We expect the study to be completed in 2010 and to be published in a scientific journal soon thereafter. A scientific advisory board, with academic experts in epidemiology, occupational medicine, toxicology, and industrial hygiene, is assisting the SIA in scientific oversight. SIA member companies, including Intel, are funding the study, which will be one of the largest privately sponsored epidemiological studies ever conducted.

We piloted an on-site Health for Life Center at our Arizona site in 2008 featuring primary-care physicians and medical staff, treatment/exam rooms, physical therapy, lab capabilities, and health counseling rooms.

Leader in Nanoelectronics

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

Intel is taking the lead in developing EHS standards for nanotechnology in several external organizations, including American Standards Testing Materials International and the International Organization for Standardization. We continue to support the International Council on Nanotechnology and are a member of the Nanoparticle Occupational Safety and Health Consortium, a multi-stakeholder group of industry, academic, and government institutions that recently completed basic research on nanoparticle generation and measurement techniques.

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. During the past three years, we have collaborated with governments and other companies, including the U.S. State Department's Office of U.S. Global AIDS Coordination, the President's Emergency Plan for AIDS Relief, and the Global Health Benefits Institute. Intel has also developed education programs and 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. Outreach activities—at our sites in China, India, Malaysia, and the Philippines—include annual AIDS awareness training by local occupational health nurses, NGO presentations by local health experts, and other communication campaigns.

2008 Performance Summary

In 2008, in keeping with our Intel Values, we continued to invest in making Intel a "Great Place to Work." Our Organizational Health Survey (OHS) scores improved across nearly all indicators. Numerous external organizations recognized Intel for our diversity initiatives, including *Working Mother* magazine, which named Intel one of the 100 Best Companies for Working Mothers. We significantly expanded our employee wellness programs and received the Institute for Health and Productivity Management's Level II award for integrating our health program with corporate productivity.

We continued to focus on responding to gaps identified through the OHS and on making improvements in diversity. Although external groups have recognized Intel for our diversity programs and investments in increasing the pipeline of women and minorities in the technology industry, we still face challenges in increasing the overall percentage of women and under-represented minorities in our workforce.

Workplace Goals and Performance

2008 Goals	2008 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 remained roughly the same in 2008, the number of females as a percentage of new hires increased 5%, to 31%. Minorities as a percentage of new hires in the U.S. increased from 52% to 56%. We continue to invest in external activities that will strengthen the pipeline, particularly for women and under-represented minorities, and address the needs of underserved communities.	◒

● Achieved ◒ Partially Achieved ○ Not Met

Looking Ahead: 2009 Goals

We will maintain an ongoing focus on making improvements in key areas identified in the 2008 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.

Workplace Goals for 2009

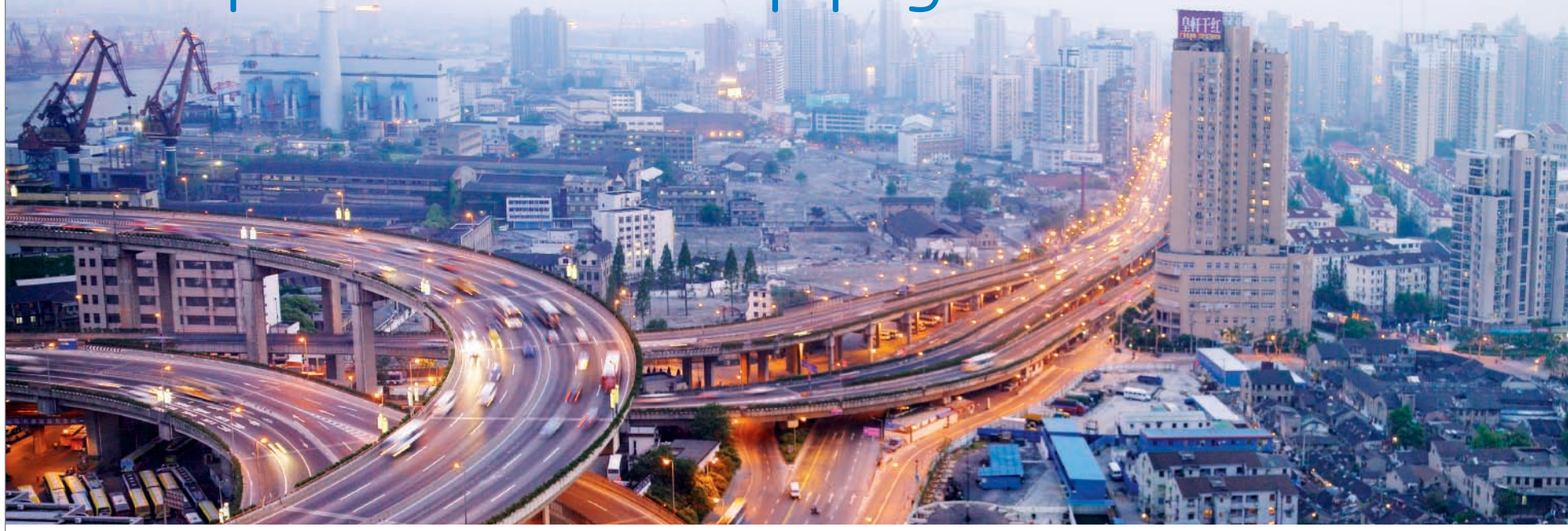
Drive key improvements in the hiring and retention of under-represented minorities and women to reach full parity in workforce representation.
Achieve organization-specific recordable rate goals for targeted groups. Improve early reporting of ergonomic-related injuries, specifically CTDs, with a targeted First Aid to Recordable Ratio goal of 9:1.

Report Data and Archives

2008 Corporate Responsibility Report
www.intel.com/go/responsibility

SUPPLY CHAIN

A more ethical and responsible supply chain.



Respect for people and our planet. This principle underlies all business practices at Intel, and we expect the companies we do business with to apply the same principle in all their actions. 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.

Key Supply Chain Links

Intel Supplier Site

Electronic Industry Citizenship Coalition

Intel Code of Conduct

Intel Human Rights Principles

Supplier Ethics Expectations

Supplier Environmental Health and Safety Requirements

Supply Chain Governance and Management

We believe that the most effective way to bring about lasting social and environmental improvements in the global electronics supply chain is to collaborate with other companies in our industry to create common standards and audit procedures. As such, we have worked as an active member of the Electronic Industry Citizenship Coalition (EICC) since late 2004, including chairing the group from 2005 through 2007.

In 2008, Intel representatives continued to provide expertise to several EICC work groups and task forces, addressing audit procedures and tools, sustainability, stakeholder communications, standards revision, and more. Our involvement with the EICC in 2008 included leading a team studying the impact of metals sourcing in our industry, and participating in the EICC's first training session held in Shenzhen, China with about 90 suppliers in attendance.

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 our Human Rights Principles.

We expect our employees and our suppliers to comply with the EICC Code, a code of best practices adopted and implemented by major electronics companies, our customers, and their supply chains.

We expect our employees and our suppliers to comply with the EICC Code, a code of best practices adopted and implemented by major electronics companies, our customers, and their supply chains. We also expect our suppliers to ensure that their own suppliers abide by the EICC Code. The EICC Code sets forth performance, compliance, auditing, management system, and reporting guidelines across key areas of social responsibility, and covers human rights issues and labor standards related to child and forced labor, freedom of association and collective bargaining, and diversity and nondiscrimination; working hours and minimum wages; ethical practices; environmental stewardship; 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.

EICC Framework

- **A management systems approach drives sustainable solutions.**
- **An industry-wide approach is simpler and more efficient for suppliers.**

We use the above framework to support ongoing implementation of the EICC Code in our supply chain.

Governance Structure

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 Supplier Corporate Responsibility Management Review Committee (MRC). This senior leadership team is made up of vice presidents and directors from relevant business units across Intel, such as Corporate Responsibility, Materials, Technology Manufacturing Engineering, Systems Manufacturing, Environmental Health and Safety, Human Resources, and Legal.

The MRC is supported by four key working groups focused on EICC Code implementation, supply chain ethics, supplier diversity, and "greening" of the supply chain.

Supplier Selection and Assessment

Including EICC requirements in our supplier selection process is an ongoing initiative. 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: Intel's corporate responsibility practices, green and EICC-related responsibilities for suppliers and commodity managers, E-TASC (the EICC's web-based supply chain risk management tool), the EICC audit process, and management of continuous improvement plans.

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. These discussions and collaborations with suppliers happen on a continuous basis.

We use the EICC's risk-based approach to prioritize our supplier social responsibility activities. Additionally, we use these same tools to respond to EICC-related requests from our customers. Intel has committed to using EICC processes and tools in 100% of our assessment, compliance, and audit activities.

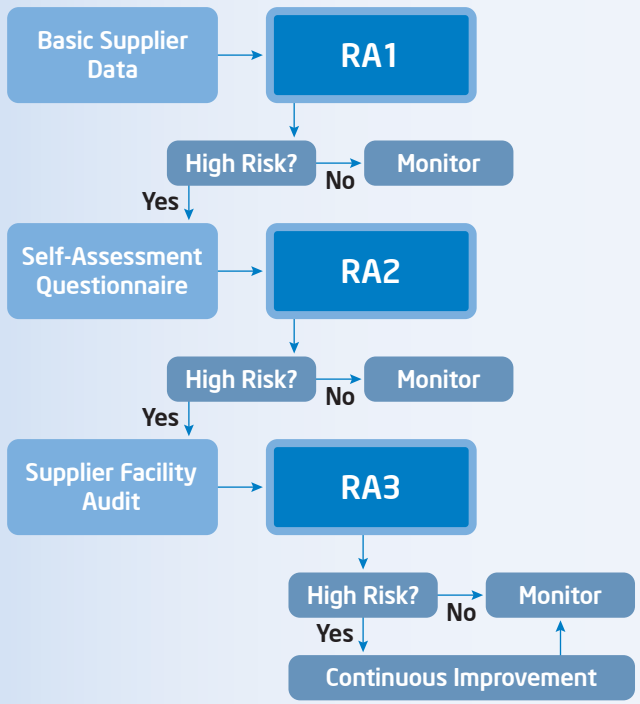
Our commodity managers are responsible for working with our suppliers in assessing the potential risks relative to EICC criteria, using the EICC three-tiered framework:

Risk Assessment 1 (RA1) is a high-level (one-page) analysis used to determine whether a supplier is a potential high-risk facility. Key components cover branding, amount of spends, geographic location, and product/service process.

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

Risk Assessment 3 (RA3) consists of a third-party audit performed through an EICC shared audit process. The audit covers all sections of the EICC Code and evaluates risk according to the percentage of compliance concerns and/or critical areas. Over the past two years, Intel has participated in EICC pilot programs to help refine the RA3 audit process.

EICC Risk Assessment Process



The EICC process provides a standard way for member companies to evaluate and prioritize assessments of risk in their supply chains.

Supplier Continuous Quality Improvement

Intel's Supplier Continuous Quality Improvement (SCQI) Program, which started in 1998, includes supplier training, assessments, and continuous improvement plans. Since 2000, we have made more than 1,000 visits to supplier sites and have assessed them via our SCQI Program. When specific concerns arise from site visits and audits, we work with suppliers to help them understand our expectations and develop continuous improvement plans.

To encourage our suppliers to strive for excellence, each year we recognize our top suppliers for their products, materials, capital equipment, services, and business practices—in global publications, online forums, press releases, and among their peers at Intel events.

Suppliers receive awards based on a number of criteria, including Supplier Report Card scores, results of on-site supplier quality assessments, and performance against set annual improvement plans. In 2008, we started requiring potential SCQI and Preferred Quality Supplier award nominees to include documented improvement plans for any identified EICC high-risk areas and to publicly disclose details of their green programs with set objectives.

Supplier Tools and Education

To ensure that our suppliers are well-informed and compliant with both Intel and EICC Code 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 our Supplier 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 training, share information, discuss our supplier expectations, and learn about our corporate responsibility objectives for the coming year. During the event, we also promote membership in the EICC. In addition to the large Intel Supplier Day conference, we hold several smaller country-specific supplier events each year. In 2008, we held such events in Belgium, Brazil, China, Costa Rica, Japan, Malaysia, the Philippines, and Vietnam, reaching more than 160 global suppliers representing 80% of our spends.

Ethics Training

We communicate our ethics expectations with suppliers during Intel Supplier Day conferences, in meetings and training events, and on our Supplier Site. We expect our suppliers to report any ethical concerns to Intel so we can investigate and take appropriate action. Annual letters are sent to suppliers to remind them of the importance of complying with our policies and those of the EICC. We also provide localized ethics training with case studies, translated into their respective languages, for our suppliers in China, India, Latin America, Malaysia, the Philippines, 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.

2008 Assessment and Audit Summary

In 2008, Intel's commodity teams completed RA1 analyses for more than 300 supplier facilities. Forty-nine of those sites were identified as "high risk" and were required to complete RA2 analyses.

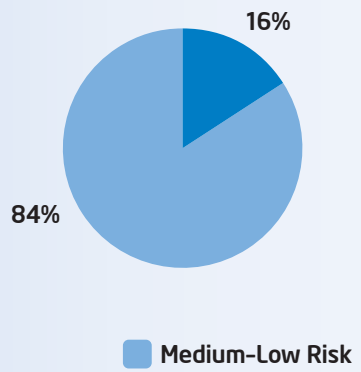
The RA2s subsequently identified 20 facilities as "low risk" and 12 as "medium risk." The primary areas of concern for the facilities identified as medium risk included management accountability and systems, working hours, and age verification processes designed to prevent child labor. The other 17 facilities are working to complete their RA2s and continuous improvement plans in 2009.

Under the process, suppliers identified as high risk under an RA2 are normally required to go through a third-party shared audit performed by the EICC (RA3). Over the past two years, piloting of the EICC RA3 process revealed the need for additional improvements in the audit process. As a result, RA3 audits were delayed in 2008 while the EICC brought in a new management company to facilitate the audit improvements. Because of this delay, we completed only nine RA3s in 2008, compared to our target goal of 20.

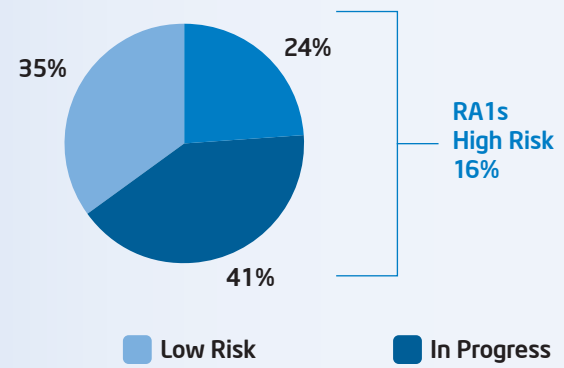
For facilities where we were not able to complete RA3s, Intel's commodity teams worked with suppliers to review and verify the accuracy of information in areas that might require improvement. If additional actions were deemed necessary, continuous improvement plans were put in place to document the actions and close the gaps for specific risk areas. Intel commodity managers will continue to review these cases. Depending on progress made in the targeted improvement areas, suppliers may be asked to participate in shared EICC RA3 audits when they are resumed in the second half of 2009.

Top-Tier Supplier Site Assessments

RA1s: Basic Supplier Data Provided



RA2s: Self-Assessment Questionnaires Taken



In 2008, we implemented the EICC's Risk Assessment Process with our suppliers, completing over 300 risk assessments covering 80% of our spends.

Report Data and Archives

Supplier Diversity

As a global company operating in more than 50 nations, Intel has a diverse population of employees and customers. We seek a diverse supply base as well.

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, recognizing the importance of working with supply chain partners that represent and understand our local markets. In the past three years, we estimate that Intel derived more than $80 million in revenue from customers that require Intel to demonstrate supply chain diversity.

We have adopted standard diversity categories worldwide that include minority-owned, women-owned, veteran-owned, persons with disability-owned, and lesbian/gay-owned businesses. In 2008, we achieved 100% inclusion of under-represented businesses in all eligible bidding opportunities. We work with our primary suppliers to utilize diverse suppliers and report diversity supplier spending; 57 of our primary suppliers collectively reported $28.4 million in diversity spending in 2008.

We educate our worldwide procurement employees about global supplier diversity practices, policies, and inclusion through instructor-led virtual classroom training sessions and web-based training.

Intel awarded scholarships to select incumbent diverse suppliers to enable them to receive executive business management training coupled with comprehensive business assessments to foster capacity building. We also developed a model for a mentoring program that supports our primary suppliers who are engaging with diverse suppliers.

In 2008, we extended our supplier diversity relationships to international nonprofit organizations, including Minority Supplier Development China, and WEConnect International, which promotes certification standards for women-owned businesses. In the United States, our collaboration continued with the National Minority Supplier Development Council, the Women's Business Enterprise National Council, and the National Gay and Lesbian Chamber of Commerce. In the coming years, Intel will continue to evolve supplier diversity to reflect our global supply base.

Greening Our Supply Chain

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

Intel aims 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 upstream of production. Accomplishing this in key manufacturing areas allows Intel to design in environmental stewardship for our technologies as well as for the products shipped to our customers.

In 2008, we established a green purchasing task force chartered with developing clear goals, strategies, and awareness plans to further develop our green purchasing program. Additionally, we started requiring that suppliers applying for our highest supplier awards publish their green program initiatives with objectives, further embedding green expectations into our supply chain. Also in 2008, we participated in EICC Sustainability working group activities geared toward achieving carbon footprint reductions across the electronics industry supply chain.

In 2009, we will work with the industry to further enhance our program. The work will include continuing to increase the green requirements for our supplier awards in 2009; potential winners will be required to publish green metrics in addition to their program initiatives. In addition, we will work with the EICC to have suppliers participate in the pilot of a tool designed to measure their carbon footprints. Intel co-chairs this effort and will be participating in the pilot along with our customers and suppliers.

In 2008, we established a green purchasing task force chartered with developing clear goals, strategies, and awareness plans to further develop our green purchasing program.

2008 Performance Summary

In 2008, we made significant progress in implementing the EICC Risk Assessment Process and continuous improvement plans with our supply base, covering 80% of our spends. We continued to provide dedicated resources to help improve EICC codes, tools, processes, and training; and we integrated EICC and green requirements into our highest supplier quality awards. However, we faced some challenges as well. The delay in the roll-out of the new EICC RA3 audit process resulted in our not fully meeting our goals, and adoption of the E-TASC tool across the high-risk segment of our suppliers took longer than expected. We are continuing to work to implement these tools and processes.

Supply Chain Goals and Performance

2008 Goals	2008 Performance	
Introduce EICC and environmental sustainability criteria into our Supplier Continuous Quality Improvement (SCQI) Program.	EICC requirements have been incorporated into our SCQI Program.	●
Ensure that at least 50 "higher impact" suppliers complete online self-assessment questionnaires to help identify areas for improvement.	49 suppliers completed the RA2 questionnaires.	◒
Complete 20 third-party audits of higher impact suppliers, and complete an EICC third-party audit of an Intel assembly and test facility.	We completed 9 audits. We did not complete a second audit of an Intel assembly and test facility due to a delay in the RA3 roll-out process.	◒
Establish a green purchasing team and develop a set of green purchasing goals.	Team established and goals developed.	●
Identify and implement improvements, so we can more effectively deliver ethics messages to our supplier base.	We launched updates of the Chinese and Russian versions of our supplier ethics training, and we completed a benchmarking study of our supplier ethics program.	●
Increase coverage of corporate responsibility content at the Intel Supplier Day conference in 2008—reach more than 160 global suppliers representing 80% of our spends.	Corporate responsibility was a main topic of discussion at our supplier events, and we reached more than 160 suppliers, representing about 80% of our spends.	●
Include historically under-represented businesses in 100% of all eligible bidding opportunities.	Historically under-represented businesses were included in 100% of all eligible bidding opportunities.	●

● **Achieved** ◒ **Partially Achieved** ○ **Not Met**

Report Data and Archives

Looking Ahead: 2009 Goals

We will continue our collaboration with the EICC to support the ongoing development and expansion of the organization and its work. Within Intel, we will continue to implement EICC tools and processes and take further action to advance our supplier diversity and green supply chain efforts.

Supply Chain Goals for 2009
Work with our commodity teams and managers to ensure that they continue to integrate EICC Code processes and criteria into supplier management 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.
Continue to participate in EICC work groups and task forces. Co-lead the supplier training event in Shenzhen, China.
Require the top-tier suppliers within our corporate SCQI Program to publish their green metrics, and encourage all of our suppliers to put transparent green initiatives in place.
Participate in the pilot of the EICC's carbon footprint tool, and publish the results.
Include historically under-represented businesses in 100% of all eligible bidding opportunities and participate in international supplier diversity standards adoption and community awareness campaigns.

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COMMUNITY

Better places to live and work.

Through employee volunteerism, strategic giving, and our passion for applying technology to solve community problems, we strive to make the communities where Intel operates better places to live and work. The trust, credibility, and goodwill that we have built with communities through the years have helped create a positive business environment for Intel. In 2008, to celebrate Intel's 40th anniversary, our employees donated more than 1.3 million hours of service in over 40 countries around the world—our way of thanking our communities for their many years of support.

Key Community Links

Intel in Your Community
Intel Communities
Community Giving
China Earthquake Relief Video
Legal Pro Bono Program Video

Evaluating Community Needs and Impact

Community involvement at Intel starts with relationships. At each of our locations, we work closely with our stakeholders—community representatives, nonprofit organizations, regional leaders, and policy makers—to identify needs and develop programs and initiatives that will have the greatest impact while aligning with our own expertise and values.

These constructive relationships have resulted in real business benefits for Intel. When we want to expand an existing Intel campus or build in a new location, local communities generally welcome and support us.

Our Corporate Affairs group leads our community programs. A network of Corporate Affairs professionals at our major sites worldwide gives Intel an "on-the-ground" presence that enables us to better understand and respond to local needs and concerns. These employees engage on a day-to-day basis with key stakeholders—serving on boards of local nonprofit organizations, sitting on commissions and task forces, meeting with local government officials, attending community events and meetings, organizing employee volunteer projects, answering questions from our neighbors, and sharing their knowledge and experience with other businesses in the area.

The Intel Code of Conduct asks all of our employees to consider the short- and long-term impacts on the community and the environment in every business decision they make. This includes starting operations in a new location, managing ongoing operations, and exiting a community due to restructuring or changes in our business plans.

Intel's Approach to Assessing and Managing Community Impacts

Action	Approach	Examples
Entering	We work with third parties to conduct needs assessment studies to prioritize our community engagement activities.	When Intel decided to build an assembly and test facility in Vietnam, our needs assessment resulted in our creation of local programs focused on construction and road safety, education, and community recycling.
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. Some CAPs have independent third-party facilitators.	Based on the recommendations of the Intel-sponsored Community Environmental Working Group (CEWG), we made facility upgrades at our New Mexico site to reduce particulate air emissions. The CEWG meets monthly and posts detailed reports on our web site. In Arizona, we actively engaged with community members in 2008 who were concerned about odor from our brine evaporation pools (part of our water conservation management system at our manufacturing site) and took action to remedy the situation.
Exiting	When making the difficult decision to exit a community or a line of business, we try to minimize the impacts on people and community partners by engaging in discussions with local officials and providing severance packages and job search support for employees.	In 2008, we decided to close our Utah facility. During the process of transitioning out of the community, we held a series of face-to-face meetings with local stakeholders, including government officials, local nonprofits, school districts, and employees. At the meetings, we gave updates on the timing and sale of the building. We also continued our grants and funding of local community and education programs through 2009 to give groups more time to secure other funding sources if needed.

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 Governance, Ethics, and Engagement section of this report.

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Intel Involved—1 Million Hours of Volunteer Service

For more than 10 years, the Intel Involved program has matched the skills and passion of our employees with volunteer opportunities throughout the world. Every year, employees donate hundreds of thousands of hours mentoring young people, restoring parks, lending their technical expertise, serving on nonprofit boards, and doing other work in their communities.

In celebration of Intel's 40th anniversary, Intel President and CEO Paul Otellini challenged employees to donate 1 million hours of service in 2008 to thank the communities that support Intel. The goal was aggressive—close to double the number of employee volunteer hours recorded in 2007—but employees responded with great enthusiasm, surpassing the million-hour mark in early December. Through our expanded Intel Involved Matching Grant Program (IIMGP), the Intel Foundation extended the impact of employee volunteerism by contributing over $8.5 million in matching grants to help local schools and nonprofit organizations meet critical funding needs.

The anniversary goal enabled us to take our long history of volunteering to a new level, reaching 26 new countries with Intel Involved, supporting thousands of new non-governmental organizations (NGOs), and engaging thousands of Intel employees who had never volunteered before. Altogether, 54% of our employees volunteered in 2008—helping us surpass our goal of 40% participation and contributing to projects benefiting over 5,000 schools and nonprofit organizations in 40 countries.

Throughout the year, employees increasingly found opportunities to donate skills that they had honed at Intel, providing legal, human resources, marketing, finance, and information technology (IT) expertise to schools, nonprofits, and NGOs. As a result of this trend toward skills donation and its potential for increasing the impact of our Intel Involved program, we have placed a strategic focus on the development of more skills-based volunteering opportunities and programs in 2009.

Employee Volunteer Rate

Over the past five years, we have continued to increase our employee volunteer rate, meeting or exceeding our company-wide goals.

The million-hour goal brought employees together in new ways. They used an intranet site throughout the year to share volunteer stories, photographs, and videos with colleagues around the world. They organized large-scale service projects for their business groups, and when work teams spread over different countries came together for face-to-face meetings, many added group volunteer events to their agendas. For example, our Human Resources organization logged over 7,600 hours in a single day at volunteer events coordinated at 12 different sites. On "IT Community Day" in September, 2,200 Information Technology employees donated more than 10,000 hours (double their original goal) in 50 events across 27 Intel sites.

Report Data and Archives

In April 2008, Paul Otellini accepted the United States President's Volunteer Service Award at the White House on behalf of Intel and its employees. Intel also received volunteerism awards in 2008 in other nations, including China, India, the Philippines, and Russia.

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

2008 Volunteerism by the Numbers		
Highlights		
Number of hours		1,346,471
Number of countries		40
Percentage of employees who volunteered		54%
Schools/nonprofits benefitting from the program		> 5,000
Total dollar match under IIMGP		> $8.5 million
Estimated in-kind value of volunteer hours		$27,266,038[1]
Estimated Volunteerism by Focus Area[2]		
Education		60%
Community		38%
Civic organizations	30%	
Sports/coaching and scouting	22%	
Health and human services and food bank support	13%	
Arts and culture	6%	
Animal welfare	3%	
Other activities	26%	
Environment[3]		2%

[1] Calculation based on the 2008 Value of Volunteer Time rate of $20.25 per hour published by Independent Sector.
[2] Percentages are estimated based on database information on recorded hours and organization type.
[3] This estimate is for hours volunteered at environment-related nonprofit organizations and does not include additional environment-related volunteer activities at schools and civic organizations.

We expanded our volunteer program in 2008, reaching more countries, involving more employees, and increasing financial support for more organizations.

Volunteering for Education

During the past decade, our employees have volunteered more than 2.5 million hours for education-related activities. The following are some examples from 2008:

Teaching. A shortage of math and science teachers prompted Intel Arizona employees to help pioneer a unique adjunct teacher pilot program with the Arizona Department of Education and other businesses. The employees had 30 hours of training and then volunteered several days a week in a calculus class at a local high school. The Arizona Department of Education named Intel an outstanding business partner of the year for our leadership in developing the program.

Inspiring. Through the "Think Positive" program, dozens of Intel Involved volunteers in Israel teach students algebra, geometry, physics, and other challenging subjects in a one-on-one setting. The students are encouraged to reach for high-level goals, including enrollment in science and engineering fields at Israel's universities and, ultimately, careers in knowledge-intensive industries.

Mentoring. In Brazil, Intel volunteers teamed up with the United Way to teach life skills to 30 teens and young adults. The volunteers shared their own career experiences and provided information on how to interview for jobs, manage personal finances, and more. Following the mentoring program, 85% of the participants gained employment. The United Way plans to replicate the program in other Latin American countries in 2009.

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

"Math has become exciting, special, beautiful, and—who would have believed it—simple."

Student in Intel Israel's "Think Positive" program

Volunteering for the Environment

Intel volunteer activities reflect strong employee interest in protecting the environment and raising awareness of environmental concerns in our communities.

Recycling. In 2008, Intel volunteers helped gather 1.5 million pounds of used electronic equipment at nine community collection events. A portion of the equipment was donated to help support local chapters of Students Recycling Used Technology (StRUT), an organization that teaches students how to refurbish used computers for use in schools.

Cleaning Up. In Costa Rica, more than 300 employees helped plant bushes, refurbish soccer fields, and clean up a 178-acre park. Employees in many countries headed to the beach to pick up trash. In Israel, 600 employees from eight departments logged 5,600 hours in a one-day beach cleanup event, collecting 950 bags of trash.

Protecting. In Massachusetts, employees grabbed power tools and wood glue to build nest boxes for dwindling bird populations. In Malaysia, Intel volunteers in collaboration with World Wildlife Fund Malaysia and a local turtle sanctuary contributed some 2,200 hours to a unique "adoption" project geared at saving sea turtles. A green turtle named Intel wears a satellite transmitter and plays a lead role in a web-based turtle-tracking system that is helping researchers map migratory routes and foraging areas.

Planting. Intel volunteers planted 500 trees in the Vinh Cuu Nature Reserve and Cat Tien National Park as part of an ongoing effort to nurture and sustain this biodiverse area of Vietnam. In Malaysia, 400 volunteers teamed up with the Penang Inshore Fisherman's Association to plant 4,000 mangrove trees donated by Intel employees. The trees will help serve as natural barriers to erosion and large tidal waves, including tsunamis.

Building Awareness. In Santa Clara, California, Intel established a Youth Corps High School Environmental Awareness program in conjunction with the Volunteer Center of America and the Northern California Green Challenge 2007–2009. Through the program, high school students submit environmental project proposals that are reviewed by Intel volunteers and other community judges. Students who submit winning entries receive seed grants of $500 to $1,000.

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.

Preventing HIV/AIDS. In Karnataka, India, Intel employees worked with a local NGO to train young people in the community to become peer educators on HIV/AIDS prevention. More than 16,500 youths—mainly from slums, schools, and colleges in Bangalore—benefited from the training in 2008, demonstrating increased awareness of HIV/AIDS, decreased tendency toward high-risk behaviors, and better ability to cope with peer pressure.

Providing Legal Services. In 2007, Intel signed the Corporate Pro Bono Challenge launched by the Pro Bono Institute and the Association of Corporate Counsel. As a charter signatory, Intel pledged to engage our Legal staff in pro bono work and agreed to take pro bono work at outside law firms into account when hiring counsel. During the first year of the program, more than 30 Intel volunteers handled 36 cases. In 2008, we doubled the number of volunteers and donated more than 1,500 hours of legal services supporting 90 cases. Using the Taproot Foundation's pro bono service valuation methodology, we estimate that we provided over $375,000 in pro bono legal services to local communities. Watch the video about one case study from the program.

Feeding the Hungry. Employees donated thousands of hours and thousands of pounds of food to help support local food banks and social service organizations around the world in 2008. In addition, seven Intel employees donated 500 hours to create a short video showcasing the work of the Second Harvest Food Bank in Santa Clara and San Mateo counties in California that Second Harvest can use in its marketing efforts.

Helping to Prevent Domestic Violence. Intel New Mexico partnered with the local United Way and City of Albuquerque to create and sustain the Albuquerque Family Advocacy Center, which houses law enforcement agencies and domestic violence professionals under one roof. In addition to funding, Intel provides wireless Internet for the center, and an Intel employee provides strategic guidance by serving on the center's board of directors. The center has enabled victims of domestic violence to navigate through the agencies in four to five hours—a process that previously took up to four days.

Improving Medical Care. Intel volunteers teamed up with a paramedic to bring the benefits of digital medicine to the rural villages of Ahmethoca and Cakirhoyuk in Turkey. In addition to taking blood pressure readings and talking to patients about their health concerns, volunteers taught local doctors how to load data from glucometers and electrocardiograms onto computers and consult distant colleagues via the Internet. The impact of the volunteers was particularly striking when they uncovered a man's life-threatening heart condition while taking his blood pressure. His health improved significantly after follow-up surgery.

We believe that public-private partnerships are crucial to achieving scalable impact.

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 communication technology (ICT) solutions to address issues related to poverty, healthcare, and education in developing countries. The initiative, which will be launched in Bangladesh, is based on the social business model created by Nobel Peace Prize winner Muhammad Yunus, who founded Grameen Bank in 1976 to promote micro-financing and community development. The new 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.

NetHope Collaboration. NetHope is a consortium of chief information officers, senior program managers, and technical experts from 22 of the largest international NGOs. Intel teamed up with NetHope in 2008 to develop ICT solutions in support of member NGOs' healthcare, economic development, and disaster relief programs. The solutions will include the Intel-powered rugged PC, a sturdy, low-cost technology platform designed for use in harsh, remote locations. Catholic Relief Services is already using the PCs to track the spread of a disease that has devastated as much as 80% of the vital cassava crop in Africa. Using a "train-the-trainer" model, the agency eventually plans to train up to 14,000 farmers on ways to eradicate the disease.

Report Data and Archives

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 create 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.

Digital Healthcare in Russia. Volunteers from Intel's Novosibirsk site designed a digital healthcare project, including the installation of 30 donated Internet-connected PCs, to help streamline patient care at two medical clinics. The volunteers also provided PC training for clinic staff. The project may serve as a model for the introduction of much broader digital healthcare initiatives in Russia, including centralized hospital control, electronic patient files, and remote consultations and medical research via the Internet.

Bridging the Digital Divide for Seniors. For seniors, lack of computer access and training can result in isolation when family is far away, and can prevent their ability to take advantage of lower cost products and services available online. Intel Ireland, in collaboration with Microsoft and the Irish company An Post, developed "Log On, Learn," a program in which students provide computer training for seniors. The program has the potential to provide meaningful mentoring experiences for young people from 750 schools a year while improving the lives of more than 30,000 seniors. In addition to developing the initial concept and course materials, we assisted with the pilot roll-out and program implementation. For more information, visit the Log On, Learn web site.

WiMAX in Israel. Intel worked with local telecommunications carriers to make the Negev Desert town of Sderot the first community in Israel with a city-wide WiMAX network. Free wireless broadband access is transforming the lives of residents, who can now communicate easily and use the Internet for remote learning and entertainment, even when they are forced to stay inside due to ongoing regional security issues. The project supports an effort to transform the Negev region into a center of advanced technology.

The Intel Foundation and Community Giving

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

The Intel Foundation. Funded solely by donations from Intel Corporation, the Intel Foundation provides matching grants to qualified schools and nonprofits where our employees volunteer, as well as strategic grants targeted at fueling tomorrow's innovation through science and math education; empowering women and underserved youth to reach their potential; and inspiring and enabling Intel employees to meet the needs of their communities.

For more information on the Intel Foundation's support of key education programs and initiatives, see the Education section of this report.

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. For example, through the annual Intel Community Giving Campaign, our U.S. employees make contributions to nonprofit organizations that are matched with Intel Foundation funds to the United Way. Despite economic uncertainty, Community Giving Campaign donations in 2008 increased 10.5% over 2007 to a record $11.7 million, including $622,000 from Intel retirees. With the Intel Foundation match, the total contribution amounted to more than $22.5 million. Every Intel site exceeded its goal. Intel placed in the top 10 United Way corporate campaigns in the U.S. in 2008, and we received numerous awards from local United Way organizations for our commitment.

Despite economic uncertainty, Community Giving Campaign donations in 2008 increased 10.5% over 2007 to a record $11.7 million.

Disaster Relief. In May 2008, a devastating earthquake struck China's Sichuan Province, where Intel's Chengdu assembly and test facility is located. Intel employees donated cash and more than 35,000 volunteer hours. Employee donations and matching funds from the Intel Foundation totaled $6.9 million. Intel's Craig Barrett was the first chairman from a multinational corporation to visit the affected area, where he announced Intel's investment in iWorld, a new project focused on rebuilding and restoring services in the area. The project has placed heavy emphasis on getting students back to school by establishing 200 state-of-the-art "e-classrooms" and extending Intel education programs to schools across eight severely affected counties in the province. By mid-January 2009, 100 new classrooms had been built. Intel also expects to train 1,600 teachers through the project. Watch the video.

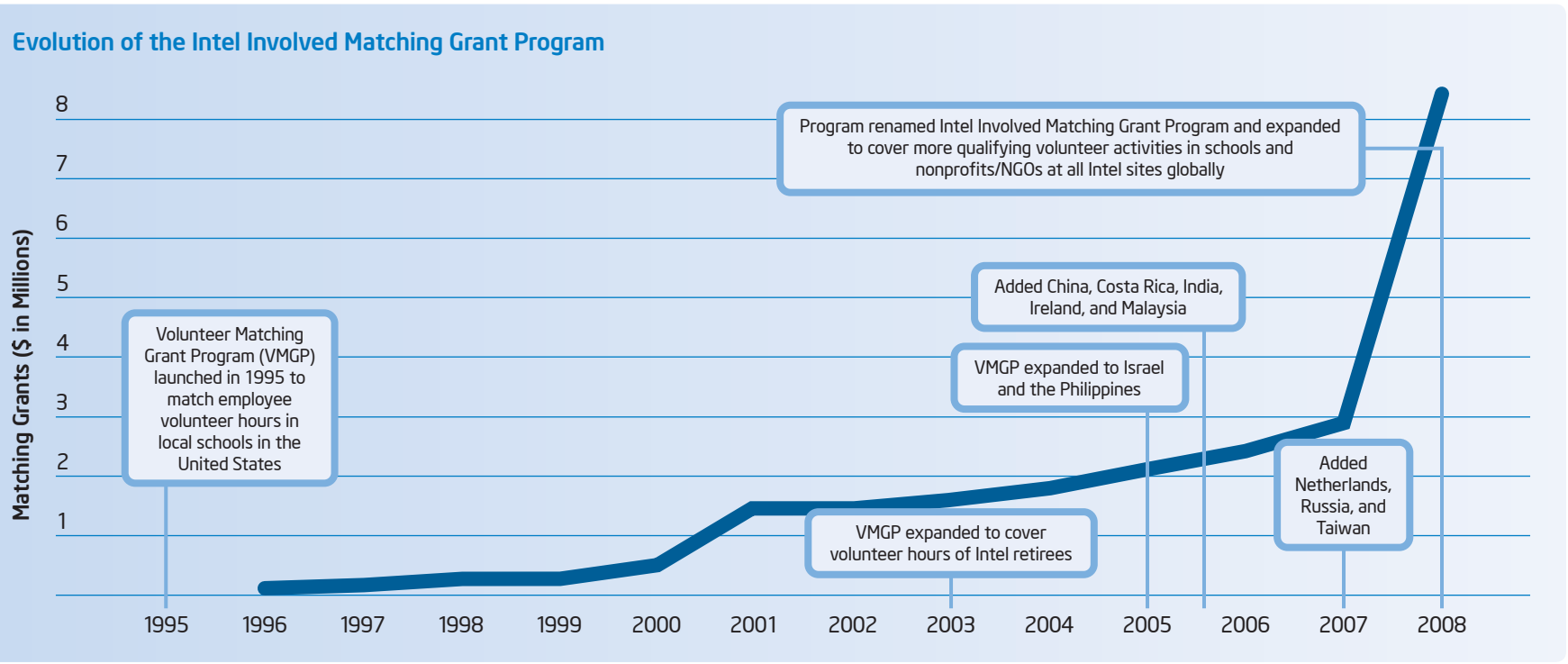
Following the 2008 floods that destroyed the livelihoods of millions of people in Bihar, India, Intel employees and the Intel Foundation, in partnership with ActionAid India, provided relief funding and reached out to help more than 600 families generate income, by setting up poultry production operations, dairies, shops, and other small businesses. These families have been able to begin earning again to support their basic needs. 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.

Matching Volunteer Hours with Grants. We launched our original Volunteer Matching Grant Program (VMGP) in 1995 to promote and maximize the benefits of direct employee involvement in U.S. schools. Through the program, for every 20 hours of qualified volunteer service that Intel employees and retirees contribute at a school or Intel Computer Clubhouse, the Intel Foundation makes a cash donation to that school or Clubhouse. Over the years, the program was extended beyond the U.S. to several other countries.

In 2008, as part of our 40th anniversary volunteer program, we piloted a significant expansion of the VMGP program and renamed it the Intel Involved Matching Grant Program (IIMGP). IIMGP now covers all Intel sites and offices worldwide, and the activities and organizations eligible for grants include more activities at schools (for example, volunteering for after-school music programs and coaching sports teams), as well as volunteering at qualified nonprofit organizations. Based on the overwhelming success of the pilot program, we are continuing the expanded program in 2009.

Since 1995, Intel employees have earned more than $20 million for local schools and nonprofits through IIMGP. The local impact can be significant; for example, employees in the Philippines earned $1.85 million for 31 schools in the 2007–2008 school year. Since 2004, funds generated through the program have helped build 24 classrooms and 15 libraries, science labs, and computer labs in the Philippines.

Since 1995, Intel employees have earned more than $20 million for local schools and nonprofits through the Intel Involved Matching Grant Program.



Since 1995, Intel has continued to expand the impact of employee volunteerism through matching grants.

Strategic Giving Summary

	2008	2007	2006	2005	2004
U.S.					
Intel Foundation cash gifts	$29,249,452	$30,432,692	$33,113,168	$34,270,461	$31,215,449
Intel Corporation cash gifts	$24,533,853	$24,496,057	$25,625,670	$30,361,975	$22,472,550
Intel Corporation in-kind giving (products and services)	$8,218,957	$11,072,514	$4,514,761	$16,444,195	$17,087,366
Outside the U.S.					
Intel Foundation cash gifts	$6,601,840	$8,860,188	$7,954,777	$19,483,527	$2,913,129
Intel Corporation cash gifts	$23,000,523	$24,674,666	$23,319,929	$8,579,830	$22,842,098
Intel Corporation in-kind giving (products and services)	$10,869,375	$9,678,212	$1,882,192	$1,572,139	$1,375,953
Grand Total	**$102,474,030**	**$109,214,329**	**$96,410,497**	**$110,712,127**	**$97,906,545**

During the past five years, total giving amounts for communities and education initiatives from the Intel Foundation and Intel Corporation have exceeded $516 million. Our annual giving amounts have represented approximately 1% of our pre-tax net income in each of the last five years.

Report Data and Archives

2008 Performance Summary

Participation in the Intel Involved volunteer program rose significantly in 2008, as 54% of our employees responded to the challenge to donate 1 million hours of service in celebration of our 40th anniversary. We extended the benefits of that service by expanding the types of activities and organizations eligible to receive matching grants from the Intel Foundation.

Community Goals and Performance

2008 Goals	2008 Performance	
Achieve 1 million volunteer hours in 2008 as part of Intel's 40th anniversary year, and reach at least 40% employee participation globally.	Exceeded goal. Reached 1,346,471 hours and a worldwide volunteerism rate of 54% of employees. Employee participation in 2008 was 16% higher than the 2007 rate of 38%.	●
Further expand community programs beyond our mature Intel sites, such as in countries with non-manufacturing sites where Intel has Corporate Affairs staff.	We recorded employee volunteerism in 40 countries, compared to 14 in 2007.	●
Conduct country-level assessments of community needs and opportunities.	While we completed a number of assessments, we continue to face challenges in developing more sophisticated ways to measure and quantify the impact of our stakeholder engagement and community programs. To improve our understanding in this area, in 2008 we participated in a GRI working group on measuring community impacts.	◒

● Achieved ◒ Partially Achieved ○ Not Met

Looking Ahead: 2009 Goals

We will continue to work throughout 2009 with governments, nonprofits, and other companies to develop technology solutions to community challenges. To encourage and support employee service, we are placing particular emphasis on developing more skills-based volunteer opportunities. We are also participating in a number of projects with external organizations intended to improve our ability to effectively quantify the impact and value of our community programs and investments.

Community Goals for 2009

Maintain at least a 40% employee volunteerism rate.
Develop an enhanced skills-based volunteering program and increase the number of skills-based volunteer opportunities.

Report Data and Archives

EDUCATION

The next generation of innovators.

Education opens the door to opportunity, and bright young minds are the key to solving global challenges. We are actively involved in education, advocacy, and technology access programs today to give students around the world—from New York to New Delhi—the opportunity to become the innovators of tomorrow. Over the last decade, Intel has invested more than $1 billion, and our employees have volunteered more than 2.5 million hours, toward improving education in more than 50 countries.

Key Education Links

Intel's Education Strategy
Intel® Education Initiative
Intel® Teach Program
Intel International Science and Engineering Fair
Intel Science Talent Search
Intel® Higher Education Program
Intel World Ahead Program

Enabling Tomorrow's Innovation

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, all children need a solid math and science foundation coupled with 21st century skills, such as problem solving, critical thinking, and collaboration.

As a leading technology company, Intel is well-positioned to effect meaningful, lasting improvements in education. 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. About 60% of our volunteer hours in 2008 were education-related, from serving in classrooms and Intel Computer Clubhouses to judging regional science fairs.

Intel's investments in education provide opportunities for young people and also result in significant benefits to Intel. 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 quality education. Our education programs also support our long-term corporate diversity objectives by encouraging students in under-represented communities to pursue careers in technology, math, science, and engineering.

"With the help of technology, teachers will be leaders in the transformation of education around the world."

Craig R. Barrett, Intel Chairman

To assess the impact and drive continuous improvement of our education programs, we work with independent research organizations, such as SRI International and the Education Development Center's Center for Children and Technology, to prepare rigorous evaluations of our education programs and activities. In 2008, a number of new evaluations were completed, including a study prepared by Australia's Deakin University of our Intel® Teach Program's pre-service curriculum in 10 Asia-Pacific countries. Evaluations contain descriptions of successes as well as appraisals of areas needing improvement. To access recent reports and case studies, visit our Evidence of Impact web site.

Education Programs and Activities by the Numbers	
Teachers trained through the Intel® Teach Program since 1999	6 million in > 50 countries
Young people reached through the Intel® Learn Program since 2003	898,000 in 10 countries
Youths served annually at Intel Computer Clubhouses	25,000 at 100 clubhouses in 20 countries
Students reached through Intel International Science and Engineering Fair in 2008	1,500 at fair; > 100,000 students in 550 affiliated affairs leading up to the final event
Intel® Higher Education research grants in 2008	$21 million
Universities using our parallel programming curriculum to date	800 universities, reaching > 800,000 students
Donations of PCs to date under ICT for Education program	59,000 in 39 countries at 500 schools
Countries with deployments and proof-of-concept projects of the Intel-based classmate PC to date	46 countries

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

Improving Teaching and Learning with Technology

Intel Chairman Craig Barrett, a long-time advocate of educational improvements, has commented that the most effective asset in any classroom is a good teacher. Intel's professional development initiative aims to better equip teachers to help students worldwide develop the technology literacy, critical-thinking, problem-solving, and collaboration skills needed for success.

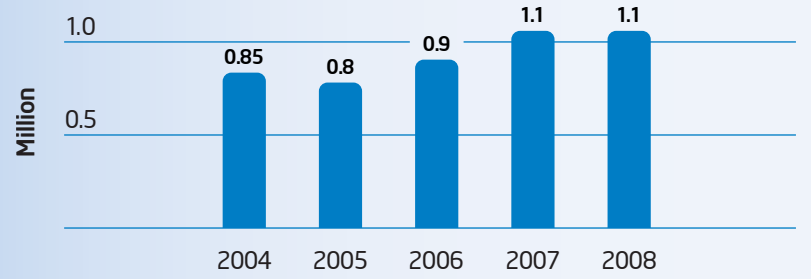
Intel® Teach Program

Since 1999, the Intel® Teach Program has helped teachers integrate technology and create active learning environments in their classrooms. The program uses a "train-the-trainer" model, incorporating both face-to-face and online instruction, and comprises a suite of courses, resource materials, and enhancements—all of which can be tailored to different educational environments.

Intel Teach provided professional development for more than 1.1 million teachers in 2008, bringing the total number of teachers trained to over 6 million in more than 50 countries since the program's inception. Intel Teach was expanded to three new locations in 2008: Palestine, Kenya, and Hungary. We also surpassed the 1 million teacher mark in India in 2008.

The program encourages teachers and students to apply their learning to real-life situations. For example, students at a school in Singburi, Thailand worked on a project to prevent long-term environmental degradation due to the burning of paddy fields. The students researched and identified possible solutions, interacting with people in the community to create awareness of the issue and build consensus to adopt a solution. As a result, the village has stopped burning the fields, and farmers have started using more environmentally friendly practices.

Intel® Teach Program—Teachers Trained



We have trained 6 million teachers to date through the Intel® Teach Program.

Free Online Tools for Educators

The Intel Education web site has free tools and resources to help teachers facilitate learning activities and pose questions that deepen student thinking. The site also features examples of ways that teachers have incorporated technology into their classrooms.

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 hypotheses. 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. In 2008, Intel expanded the skoool program to Argentina, Chile, Colombia, Ghana, Peru, and the Philippines, bringing the number of countries where the program is offered to 20. The skoool content is now available in seven languages. Intel develops and deploys the program in conjunction with education ministries and public and private-sector organizations.

Inspiring Learning Beyond the Classroom

We collaborate with governments and community organizations on programs that help young people in underserved communities develop teamwork and technology skills in fun, engaging environments.

Intel® Learn Program

The Intel® Learn Program is an informal after-school program that enables young people in developing countries to build skills through hands-on activities and projects at government-funded community technology centers. In 2008, more than 225,000 children took part in the program, bringing the total number of participants to close to 898,000 since the program's inception in 2003. Intel Learn is now available in Brazil, Chile, China, Egypt, India, Israel, Mexico, Russia, Turkey, and Ukraine.

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. Computer Clubhouses are hosted by community organizations and are funded by Intel and other partners. Computer Clubhouses offer an environment of trust and respect where young people can develop technological fluency and collaborative work skills.

"The Clubhouse helped me realize that I'm capable of doing almost anything. For someone who had never even touched a computer before, I now have a degree in information systems. It seems amazing to me, the possibilities."

Computer Clubhouse alumnus

The Intel Computer Clubhouse Network serves more than 25,000 youths annually at over 100 locations in 20 countries. In 2008, we took steps to expand math, science, and engineering education offerings at those Clubhouses through the integration of material from the Intel-sponsored "Design Squad*" reality television show produced by the Public Broadcasting Service (PBS), aimed at increasing students' interest in engineering.

As part of our 40th anniversary celebration, we asked young people in Computer Clubhouses around the world to share their perspectives on what computers will empower us to do over the next 40 years. The result became the basis for the Intel World Mural Project, in which more than 500 youths in 21 countries and 14 U.S. states collaborated to create a digital mural with the help of Intel volunteers, Clubhouse staff, and renowned mural artist Favianna Rodriguez. For more information, visit the Intel Computer Clubhouse Network web site.

Sparking Student Interest in Science and Math

To help inspire the next generation of scientists and engineers, Intel encourages student interest in science and math by sponsoring science competitions and recognizing innovative school science and math programs.

In October 2008, the Intel Foundation announced its single largest commitment ever: a $120 million investment in math and science education over the next 10 years. The funding extends support for the Intel Science Talent Search and Intel International Science and Engineering Fair—both programs of Society for Science & the Public—through 2016 and 2019, respectively. The investment will also fund a new outreach program designed to excite students and teachers about math and science, and an online science fair alumni network that has a mentoring component.

Report Data and Archives

Intel International Science and Engineering Fair

The Intel International Science and Engineering Fair (Intel ISEF) is the world's largest pre-college science competition and the only global science competition for students in grades 9–12. The goals are to stimulate natural curiosity and make research a core value among students. In 2008, Intel ISEF brought together more than 1,500 young scientists from over 50 countries, regions, and territories to share ideas, showcase cutting-edge projects, and compete for more than $4 million in awards and scholarships. Three young women each received a $50,000 scholarship for capturing the top Intel Foundation Young Scientist awards. 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 of engaging students in the study of science and math, and to share best practices in organizing and managing science fairs.

Intel ISEF finalists are selected from some 100,000 students participating in more than 550 affiliated fairs worldwide. Through the fairs as well as the competitions leading up to them, millions of students conduct rigorous scientific research and often tackle real-world problems. For example, Tobias Maduro Noerbo, a 2008 competitor, developed a series of ultra-stable tricycles for hospitalized children. The tricycles incorporate a secure rear hitch for intravenous drip stands. For more information, visit the Intel ISEF web site.

Intel Science Talent Search

The Intel Science Talent Search (Intel STS) provides an opportunity for U.S. high school seniors to complete an original research project and have it judged by highly regarded professional scientists. In 2008, close to 1,600 students competed and were judged for their individual research ability, scientific originality, and creative thinking. Each year, Intel awards more than $1.25 million to students and their schools during the week-long Intel STS competition. Each of the 300 semifinalists in 2008 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. The 2008 winner, 17-year-old Shivani Sud, presented research focused on identifying stage II colon cancer patients at high risk for recurrence and the best therapeutic agents for treating their tumors. For more information, visit the Intel Science Talent Search web site.

Intel Schools of Distinction

Intel Schools of Distinction exemplify excellence in math and science education. In 2008, we recognized six U.S. schools, including one chosen as a "Star Innovator." The Star Innovator received a $25,000 cash award from the Intel Foundation, with each of the remaining five schools receiving $10,000. Each of these outstanding schools also received more than $100,000 in products and services from other sponsors.

To be considered an Intel School of Distinction, a school must develop curricula that meet or exceed benchmarks, including national mathematics and science content standards, and a total school environment that fosters excellence and excitement in these critical subject areas. Winning programs serve as models for schools across the country. We hope that by replicating proven programs, schools everywhere can reinvigorate their own science and math teaching. For more information, visit the Intel Schools of Distinction web site.

Robotics Competitions and Community Programs

Intel sponsors several other programs designed to promote students' interest in science, technology, engineering, and math (STEM). Examples include:

- In conjunction with our sponsorship of the PBS reality television show "Design Squad," Intel sponsors the Trash to Treasure design competition, which invites children to design projects using items pulled from recycling bins. In 2008, 12-year-old winner Max Wallack designed the Home Dome, an inexpensive shelter built with recycled wire, plastic bags, and Styrofoam* packing peanuts.
- Engineering programs in elementary and secondary schools, such as those offered by 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.

- Project Lead the Way, a nonprofit organization that promotes pre-engineering courses for middle and high school students. In 2008, to increase participation in Project Lead the Way's engineering curriculum, virtual and real teams of students competed to solve engineering challenges. Their competitions were shown during half-times of the National Basketball Association's Sacramento Kings home games, online at the Kings' web site, and on YouTube.
- A year-long multimedia campaign called "Research Rocks," designed to showcase the creativity and imagination of New Mexico's young researchers while highlighting STEM education programs. The campaign reached an estimated 2 million households.
- The Oregon Robotics Tournament and Outreach Program, which some 3,000 youths participate in each year. Intel is the lead sponsor of the program, and Intel volunteers serve as coaches and mentors.

Advancing Education and Research: Intel® Higher Education Program

Intel supports programs for faculty and students at the university level to advance research and education in math, science, and engineering, as well as initiatives aimed at increasing the number of women and under-represented minorities in these fields.

We have reached more than 800 universities through our parallel programming curricula and directly engage with more than 150 universities in 34 countries to advance technology innovation. For more information, visit the Intel® Higher Education Program web site.

Research

Intel grants fund research related to microprocessor technology, high-volume manufacturing, computer science, and a variety of other disciplines critical to our industry. In 2008, we awarded grants totaling over $21 million to support research at leading universities around the world. We also provided graduate fellowship support to 250 students worldwide. In Malaysia alone, we gave 15 research grants and 4 fellowship grants, worth more than $250,000 total, to post-graduate students and faculty from five local universities. The Malaysian fellowships included tuition and stipend support, an Intel mentor, and the opportunity to conduct research and participate in an internship at Intel; 75% of the recipients have been hired as engineers at Intel.

In addition, we provided funding to support more than 300 students in undergraduate research programs at 15 universities, inspiring many to pursue advanced degrees. Some 70% of the undergraduate researchers we supported were women and/or under-represented minorities.

Curricula

To accelerate the adoption of cutting-edge technology in engineering education, we work 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. In 2008, we expanded our parallel programming curriculum to over 80,000 students in more than 800 universities, up from 400 universities in 2007. Program tools include in-person workshop training as well as free online curricula and software to support classroom implementation.

Entrepreneurship

Through workshops and colloquia, we enhance the entrepreneurship education skills of university faculty. Professors in more than 15 countries combined new entrepreneurial skills with technical expertise to help foster innovation and new startups in 2008. Our entrepreneurship programs seek to eliminate traditional barriers between technical engineering educators and their business school counterparts, promoting communication and catalysts for new business development in local economies.

In 2008, Intel and the Haas School of Business at the University of California at Berkeley hosted the fourth annual Intel+UC Berkeley Technology Entrepreneurship Challenge (IBTEC) for 22 teams of student entrepreneurs from 15 countries. The competition is designed to showcase global business opportunities that have the greatest potential for positive impact on society. The winner was NeuroMod, a team from Singapore that designed a medical device for neurological patients. For more information on the 2008 winners, visit the IBTEC web site.

Collaborating for Education Impact

Systemic improvements in education require collaboration with others who share common goals. By combining expertise, experience, and resources, we can provide greater benefits for students and educators worldwide.

Public-Private Partnerships

We engage with a number of development agencies, multilateral organizations, and nonprofits to advocate for education excellence and access.

UN Global Alliance for ICT and Development. Intel Chairman Craig Barrett has chaired the UN Global Alliance for ICT and Development (GAID) since 1996. GAID was designed to provide a global, multi-stakeholder forum to advance the UN's Millennium Development Goals (MDGs) through the use of information and communication technology (ICT), targeting education, health, entrepreneurship, and e-governance. At the UN General Assembly meeting in September 2008, GAID participated in a high-level group discussion on the steps needed to accelerate progress on the MDGs by 2015. For more information, visit the GAID web site.

World Economic Forum. Intel was one of the first members of the steering board for the World Economic Forum's Global Education Initiative, an effort to create sustainable models for education transformation in the developing world through multi-stakeholder partnerships. In December 2008, Craig Barrett was the first private sector representative to participate in the Education for All High-Level Working Group meeting in Oslo, Norway, emphasizing the important role that the private sector plays in enabling quality education for all. For more information, visit the Global Education Initiative web site.

UNESCO. In January 2008, the United Nations Educational, Scientific, and Cultural Organization (UNESCO), Intel, Cisco, and Microsoft launched the ICT Competency Framework for Teachers, a guide on the best ways to help teachers use technology effectively. The framework is intended as a tool for policy makers to use in shaping their countries' approach to the use of ICT in education. UNESCO chose to work with Intel because of our extensive experience in training teachers to integrate technology into lesson plans.

Clinton Global Initiative (CGI). In September 2008, Intel again participated in the CGI Annual Meeting, making a commitment to collaborate with the University of Iowa's eGranary to bring the Internet to communities in developing countries. When Intel joined the CGI in 2007, our company made a commitment to train more than 1.5 million teachers in 15 countries over four years via a new online Intel Teach training program. The market value of the commitment is estimated at $300 million. Dr. Barrett was the first private-sector member named to CGI's Education Advisory Committee. For more information, visit the CGI web site.

USAID. Intel and the United States Agency for International Development (USAID) collaborated over the past three years to promote social and economic development through the use of ICT. Education is one of the principal areas of focus, with the goal of using technology to transform teaching, enhance learning outcomes, and equip students with critical skills. Intel and USAID kicked off the collaboration in Indonesia in 2007 to provide training to over 15,000 primary school teachers by 2010. In 2008, Intel and USAID expanded this collaboration to six more countries and territories, including Egypt, Ghana, Guatemala, Kenya, Palestine, and Yemen.

World Bank Institute (WBI). In November 2008, Intel and WBI joined the government of Korea to deliver a course on ICT and education for 40 policy makers from 20 countries. Craig Barrett, World Bank President Robert Zoellick, and other executives also launched a collaboration around ICT skills development and government transformation through the use of ICT.

Partnership for 21st Century Skills (P21). As a member of P21, we have been instrumental in helping to advance the 21st century skills education agenda in the United States. Intel currently chairs the partnership board and worked throughout 2008 to support the release of groundbreaking research skills requirements, education, and competitiveness. For more information, visit the P21 web site.

Council of Chief State School Officers (CCSSO). Intel is a sponsor and advisor to CCSSO, a nonprofit organization of public officials who head departments of K–12 education in the United States. CCSSO provides leadership on major educational issues and advocacy to professional organizations, federal agencies, Congress, and the public. For more information, visit the CCSSO web site.

K–12 e-Green Initiative. Together with the Korean Minister of Environment and the President of Korea Environment Education Association, Intel kicked off the K–12 e-Green Initiative in 2008. Over the next three years—with support from the Intel Foundation—the initiative is expected to build awareness of the importance of environmental sustainability for 4 million students and their parents, with the goal of building a pipeline of environmental leaders in the country.

Technology and Education Access

The Intel World Ahead Program, started in 2006, works with governments around the world to define and implement effective e-learning programs to support education transformation. Key programs include access to technology, broadband connectivity, and more.

One program, ICT for Education, is donating 100,000 PCs to jump-start education initiatives in emerging markets. To date, more than 59,000 units have been donated to 39 countries covering 600 schools.

Intel has also invested in comprehensive ethnographic and human factor research in real classrooms and learning contexts to design solutions for education that help facilitate learning. The Intel-based classmate PC is a low-cost, rugged, mobile learning device designed to meet the needs of students around the world. By the end of 2008, classmate PC deployments and proof-of-concept projects had been initiated in 46 countries. Watch the video.

e-Learning Success in Turkey. In Turkey, the Ministry of Education worked with Intel, Microsoft, Turk Telecom, and other companies to provide over 100,000 teachers with affordable technology. In addition, more than 110,000 teachers have learned how to effectively use technology in the classroom via the Intel Teach Program, and interactive math and science content is now available in the local language with the Intel skoool program. This initiative has resulted in greater access to technology, information, and content nationwide, as well as better integration of technology into teaching.

Malaysia 1:1 e-Learning Pilot. In April 2007, Intel and the Malaysian Ministry of Education agreed to implement a 1:1 e-learning pilot at 10 schools. Intel donated 46 classmate PCs to each of the schools, and teachers were trained using the Intel Teach curriculum. Following the success of the initial pilot, the Ministry of Education approved the implementation of a second-phase pilot program. By the end of this project in 2010, Intel Malaysia will have donated 2,800 PCs to extend 1:1 e-learning and support the professional development to sustain it.

The Intel-based classmate PC is a low-cost, rugged, mobile learning device designed to meet the needs of students around the world.

2008 Performance Summary

In 2008, we broadened the reach of our learning and teacher development programs; expanded our role as an advocate for improved science, technology, engineering, and math education; and helped thousands of students gain access to technology for the first time. While we recorded many successes, we faced a number of challenges. For example, the startup of the Intel® Teach Essentials Online course in some emerging markets has been challenging due to limited connectivity, infrastructure, and teacher preparedness. In addition, measuring the full impact of our programs—particularly indirect impacts—remains difficult.

Education Goals and Performance

2008 Goals	2008 Performance	
Empower teachers through the expansion of the Intel® Teach Program to four new countries and 1.1 million more teachers around the world in 2008. Model the innovative use of technology with the new online Intel Teach professional development course for teachers in over 20 countries around the world.	We trained more than 1.1 million teachers in 2008, for a total of over 6 million teachers trained worldwide since 1999. The new online Intel Teach professional development course for teachers was implemented in 20 countries.	●
Collaborate with governments to improve teaching and learning through ICT use, by placing 20,000 PC donations in schools in developing countries.	We donated more than 22,000 PCs, of which 77% were Intel-based classmate PCs.	●
Increase awareness of and participation in secondary school student research through the Intel International Science and Engineering Fair. Involve 1,500 students from 50 countries. Train educators from 20 countries on best-known methods for regional and national science competitions.	The 2008 Intel ISEF competition brought together more than 1,500 students from 50 countries. 85 educators from 24 countries attended the Intel ISEF Educator Academy.	●
Continue to accelerate the adoption of new university curricula focused on breakthrough technologies and business development, extending to over 500 universities in 30 countries.	We implemented curriculum on parallel programming technology in more than 800 universities worldwide in 60 countries, reaching over 80,000 students.	●
Expand the Intel Computer Clubhouse Network offerings from media and arts activities to science, technology, engineering, and mathematics (STEM) activities to enrich the learning experience for Clubhouse youth.	We integrated STEM-related activities from the Intel-sponsored "Design Squad" public television show into Intel Computer Clubhouses.	◒
Continue to customize and increase access to skoool.com math and science learning, and teach content in 12 additional countries—in Africa, Asia, Europe, Latin America, and the Middle East—during 2008 and 2009.	We launched skoool in 10 new countries, bringing the number of countries where the program is offered to 23.	◒

● Achieved ◒ Partially Achieved ○ Not Met

Looking Ahead: 2009 Goals

In 2009, we will continue to expand and support the development of our education programs, reaching more teachers and young people around the world. We plan to conduct new assessments and evaluations of our various education programs in 2009 to help inform needed changes and direction. We will also continue to place a high importance on collaboration with governments to advance the quality of education and develop new pilots and proof-of-concept projects. Although we will continue to track internal objectives across all of our programs, we have streamlined our external education goals to focus on our Intel® Teach and Intel® Higher Education programs for 2009.

Education Goals for 2009
Expand the Intel® Teach Program to reach 1 million more teachers.
Work to ensure that at least 500 universities offer two or more undergraduate courses on parallel programming concepts.

GRI Content Index

Promoting excellence in reporting.

We have used the Global Reporting Initiative* (GRI) Guidelines over the past decade to guide our corporate responsibility reporting. This GRI Content Index is provided to assist readers in navigating the report and understanding how our report aligns with the GRI's 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. For more information, see the About This Report section of the report.

GRI Guidelines Application Level			
	C	B	A
Self-declared		B GRI REPORT SELF-DECLARED	

We self-declare this report to the B level. For more information about the GRI guidelines and application levels, visit the GRI web site.

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GRI Content Index

GRI Content Index					
Indicator	**Description**	**Status**	**Report Section**	**Page(s)**	**Explanatory Notes**
1. Strategy and Analysis					
1.1	Statement from the most senior decision maker.	●	Letter From Our CEO	3	
1.2	Description of key impacts, risks, and opportunities.	●	Management Strategy and Analysis (MS&A)	6	Other details provided in individual sections of the report.
2. Organization Profile					
2.1	Name of the organization.	●	About This Report	4	
2.2	Primary brands, products, and/or services.	●	Corporate Profile and Economic Impact (Corp. Profile)	15	Additional detail available in 10-K/Annual Report (p 1).
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	Corp. Profile	15	Additional detail available in 10-K/Annual Report (p 3).
2.4	Location of organization's headquarters.	●	Corp. Profile	17	
2.5	Number/names of countries where the organization operates.	●	Corp. Profile	17	
2.6	Nature of ownership and legal form.	●	10-K/Annual Report		Detail available in 10-K/Annual Report (p 5).
2.7	Markets served (e.g., geographic breakdown, sectors, customers).	●	Corp. Profile	16, 19	Revenue broken down by region, not by country. Detailed discussion available in 10-K/Annual Report (p 3, 38).
2.8	Scale of the reporting organization.	●	Corp. Profile	15	Additional detail available in 10-K/Annual Report (p 1).
2.9	Significant changes during the reporting period.	●	Corp. Profile	16	Additional detail on divestitures available in 10-K/Annual Report (p 7), and specific changes noted in relevant sections of this Corporate Responsibility Report.
2.10	Awards received in the reporting period.	●	MS&A	13	

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
3. Report Parameters					
3.1	Reporting period.	●	About This Report	4	
3.2	Date of most recent previous report.	●	About This Report	4	
3.3	Reporting cycle.	●	About This Report	4	
3.4	Contact point for questions regarding the report or its contents.	●	About This Report	4	
3.5	Process for defining report content.	●	MS&A	9	
3.6	Boundary of the report.	●	About This Report	4	
3.7	Limitations on scope and/or report boundary.	●	About This Report	4	Boundary and scope address the full range of relevant economic, environmental, and social impacts of the organization.
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	●	About This Report	4	
3.9	Data measurement techniques and the bases of calculations.	◒	About This Report; Environment	4, 32	Additional detail provided in discussion of indicators throughout the report (i.e., definition of Normalized Production Index).
3.10	Explanation of the effect of any restatements of information provided in earlier reports.	●	See individual indicator descriptions.		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. Restatements are explained in the relevant sections of the report.
3.11	Significant changes from previous reporting periods (scope, boundary, or measurement methods).	●	About This Report	4	Additional detail available in 10-K/Annual Report (p 7).
3.12	Table identifying the location of the Standard Disclosures in the report.	●	GRI Index	94	
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	About This Report	4	

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
4. Governance, Commitments, and Engagement					
4.1	Governance structure of the organization, including committees under the highest governance body.	●	MS&A; Governance, Ethics, and Engagement (GE&E)	10, 23	Additional information on Board committees and composition available in 2009 Proxy Statement.
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	●	GE&E	23	
4.3	Number of members of the highest governance body that are independent and/or non-executive members.	●	GE&E	23	
4.4	Mechanisms for shareholders and employees to provide recommendations to the highest governance body.	●	GE&E; Workplace	23, 26, 57	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	●	Environment; Workplace	43, 58	For additional detail on our approach to linking pay and performance, see 2009 Proxy Statement. Note that beginning in 2008, every employee's compensation (including senior management) includes a component linked to achievement of our environmental goals.
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	GE&E	23	Additional information provided in 2009 Proxy Statement.
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&E	23	Information on process for selecting new directors included in our Corporate Governance Guidelines. Directors are selected to ensure the right mix of experience in our geographic and strategic focus areas. Three directors have expertise in strategic CSR areas of education (Barrett, Yeary) and corporate governance (Yoffie).

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
4.8	Internally developed statements of mission or values, codes of conduct, and principles.	●	GE&E; Environment; Supply Chain	23, 32, 67	Intel Code of Conduct, Human Rights Principles, Electronic Industry Code of Conduct, Corporate Governance Guidelines, Environmental Health and Safety Policy, and Climate Change Policy. See also our 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.	●	MS&A; GE&E	10, 23	Our Corporate Governance and Nominating Committee is responsible for reviewing corporate responsibility issues.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	GE&E; Workplace	23, 57–58	Intel's annual performance review process (focal) provides rigorous evaluation system for all employees, including senior management. Compensation of senior executives includes linkage to impact on key stakeholder groups, including review of performance on workplace improvements based on Organizational Health Survey results, and customer satisfaction based on customer surveys. Our variable compensation calculation also now includes environmental metrics.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	Environment	41	Reference also included in Intel Code of Conduct.
4.12	Externally developed economic, environmental, and social charters, principles subscribed to.	●	MS&A; Supply Chain	7, 67	Specific charters/principles covered in specific sections of the report by topic.
4.13	Memberships in associations and/or advocacy organizations.	●	MS&A; GE&E; Environment; Education	7, 30, 37, 90	We have a significant number of memberships in the areas of education and environment; information on these topics discussed in respective report sections.
4.14	List of stakeholder groups engaged by the organization.	●	GE&E	26	

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
4.15	Basis for identification and selection of stakeholders.	●	GE&E	25	
4.16	Approaches to stakeholder engagement.	●	GE&E	26	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	MS&A, GE&E	9, 26	Other details provided in individual sections of the report.
5a. Economic Performance Indicators					
	Management Approach Disclosures: Economic	●	MS&A; Corp. Profile	7, 14, 21	Additional information included in 10-K/Annual Report.
EC1	Direct economic value generated and distributed. (Core)	●	Corp. Profile; GE&E; Community	19, 30, 82	Additional information on revenue, cost, and other financial information included in 10-K/Annual Report.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change. (Core)	●	MS&A; Environment	8, 33	Climate change risk also covered in our SEC filings.
EC3	Coverage of the organization's defined benefit plan obligations. (Core)	●	Workplace	58	Additional information available in 10-K/Annual Report (p 90).
EC4	Significant financial assistance received from government. (Core)	◒	Corp. Profile	20	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 detail on our tax rate and credits available in 10-K/Annual Report (p 102).
EC6	Policy, practices, and proportion of spending on locally based suppliers at significant locations of operation. (Core)	◒	Supply Chain	71	Information on supplier diversity programs provided, including global expansion of diversity programs and in-country supplier days.

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. (Core)	●	Workplace	50	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	75, 85	Information provided on in-kind donations of technology for schools and communities, and Intel World Ahead program.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts. (Additional)	●	Corp. Profile	21	
5b. Environmental Performance Indicators					
	Management Approach Disclosures: Environment	●	MS&A; Environment	7, 32	
EN1	Materials used by weight or volume. (Core)	○			Our systems are not designed to calculate in totality materials in this way, and given our business, in which we essentially take sand and turn it into computer chips, it is not an accurate paradigm to describe our environmental footprint.
EN2	Percentage of materials used that are recycled input materials. (Core)	◒	Environment	44	Given the complexity and size of our products, calculation of percentage of recycled content is not applicable; more impactful are our efforts to design out materials such as lead and halogens.
EN3	Direct energy consumption by primary energy source. (Core)	●	Environment	35	
EN4	Indirect energy consumption by primary source. (Core)	◒	Environment	35	Some information provided.
EN5	Energy saved due to conservation and efficiency improvements. (Additional)	●	Environment	35	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services. (Additional)	●	Environment	36	

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
EN7	Initiatives to reduce indirect energy consumption and reductions achieved. (Additional)	●	Environment	34–35	
EN8	Total water withdrawal by source. (Core)	●	Environment	40	
EN9	Water sources significantly affected by withdrawal of water. (Additional)	●	Environment	40	
EN10	Percentage and total volume of water recycled and reused. (Additional)	●	Environment	39	Our investments in water conservation and recycling have enabled us to reduce our fresh-water needs by 3 billion gallons per year worldwide.
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value. (Core)	◒	Environment	43	Not reported in this manner. We cover biodiversity in Environment section of the report; facilities owned reported in 10-K/Annual Report (p 29).
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value. (Core)	◒	Environment	43	
EN16	Total direct and indirect greenhouse gas emissions by weight. (Core)	●	Environment	34	
EN17	Other relevant indirect greenhouse gas emissions by weight. (Core)	●	Environment	34	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved. (Additional)	●	Environment	33	
EN19	Emissions of ozone-depleting substances by weight. (Core)	◒	Environment	41	
EN20	NOx, SOx, and other significant air emissions by type and weight. (Core)	●	Environment	41	
EN21	Total water discharge by quality and destination. (Core)	◒	Environment	39, 46	Reported for U.S. by site; not presently compiled for global reporting.
EN22	Total weight of waste by type and disposal method. (Core)	●	Environment	42	

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
EN23	Total number and volume of significant spills. (Core)	●	Environment	46	No major spills reported in 2008. 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	42, 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	36, 44	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category. (Core)	○	Environment		Intel does not have data collection processes to track, record, and report this information. However, given precious metal content in some of our products, we expect this percentage to be significant.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. (Core)	●	Environment	46	
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	34, 45	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	●	MS&A; Workplace; Supply Chain	7, 52, 67	
LA1	Total workforce by employment type, employment contract, and region. (Core)	●	Workforce	50	
LA2	Total number and rate of employee turnover by age group, gender, and region. (Core)	◒	Workforce	51	Information provided on turnover by region.

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations. (Additional)	●	Workforce	58	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)	●	Workforce		The percentage is zero.
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. (Core)	○	Workforce		We provide advance notice in accordance with local requirements in the different locations where we operate. As part of our open communication practices, we attempt to provide advance notice whenever possible.
LA6	Percentage of total workforce represented in formal joint management–worker health and safety committees. (Additional)	◒	Workforce	62	Many Intel organizations have Safety Leadership Teams made up of a cross-section of employees. Intel operations are also reviewed periodically as part of Intel's Safety Self-Assessments, which include formal interactions between senior managers and employees.
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. (Core)	●	Workforce	62	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. (Core)	●	Workforce	63	
LA10	Average hours of training per year per employee by employee category. (Core)	●	Workforce	56	

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. (Additional)	●	Workforce	55	Intel's approach is atypical: We offer voluntary separation programs and support. Our separation packages include not only separation pay and benefits but also career counseling. Since the early 1990s, Intel's redeployment program has provided employees affected by business change with up to four months of salary and benefits in addition to training and outplacement assistance. Career resource centers and learning centers also provide support.
LA12	Percentage of employees receiving regular performance and career development reviews. (Additional)	●	Workforce	58	
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)	●	Workforce	53–54	
LA14	Ratio of basic salary of men to women by employee category. (Core)	◒	Workforce	54	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	●	MS&A; GE&E; Supply Chain	7, 23, 67	
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.

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. (Core)	◒	Supply Chain	70	
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&E	23	Training on Intel Code of Conduct and other policies and procedures is mandatory for every Intel employee. Content is covered in various courses, including classroom and web-based training.
HR4	Total number of incidents of discrimination and actions taken. (Core)	○			Results, while compiled for internal review and action, are not currently publicly reported.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights. (Core)	●	GE&E; Supply Chain	23, 67	We operate in a number of countries identified by stakeholders as being at higher risk for labor concerns. To address this issue, we conduct regular Code of Conduct training, recently adopted new Human Rights Principles to provide further clarity, and participate in Electronic Industry Citizenship Coalition.
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor. (Core)	●	GE&E; Supply Chain	23, 67	We have not identified any operations with significant risk for child labor. We also have Intel standards in place as well as standards in place for Intel suppliers.
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor. (Core)	●	GE&E; Supply Chain	23, 67	We have not identified any operations with significant risk of forced or compulsory labor. We also have Intel standards in place as well as standards in place for Intel suppliers.

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5e. Social Performance Indicators: Society					
	Management Approach Disclosures: Society	●	MS&A; Community; Education	7, 75, 85	
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	75	
SO2	Percentage and total number of business units analyzed for risks related to corruption. (Core)	◒	GE&E	23	Percentage not reported. However, details on our Ethics and Compliance programs are reported.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures. (Core)	◒	GE&E	23	Employees with responsibilities that put them in contact with government representatives are subject to additional required training courses, including one on Foreign Corrupt Practices Act.
SO4	Actions taken in response to incidents of corruption. (Core)	○			Results, while compiled for internal review and action, not currently publicly reported.
SO5	Public policy positions and participation in public policy development and lobbying. (Core)	●	GE&E	28	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. (Additional)	●	GE&E	30	
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes. (Additional)	●	GE&E	25	See also Competition in the Innovation Economy web site and 10-K/Annual Report (p 105).
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. (Core)	●	Environment	46	See also 10-K/Annual Report (p 105).

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Indicator	Description	Status	Report Section	Page(s)	Explanatory Notes
5f. Social Performance Indicators: Product Responsibility					
	Management Approach Disclosures: Product Responsibility	●	Environment	32, 44, 64	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, 44	For more information, refer to Intel Quality System Handbook.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. (Core)	◒	Environment	36, 44	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)	●			Two incidents, which were voluntarily disclosed. Details covered in U.S. FCC Consent Decree, dated March 25, 2009.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. (Additional)	●	GE&E; Workplace	26, 58	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)	◒			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 Privacy Policy 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)	●			Per U.S. FCC Consent Decree noted in PR4 above, Intel agreed to make a voluntary contribution to the United States Treasury in the amount of $25,000.

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