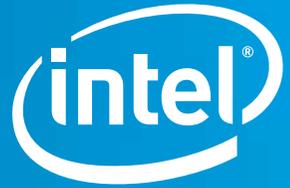


An Overview of Intel's 2008
Corporate Responsibility Report



What can we
make possible?

To view or download the Intel 2008 Corporate Responsibility Report, visit
www.intel.com/go/responsibility



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 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 for our company 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.

A handwritten signature in blue ink that reads "Paul S. Otellini". The signature is fluid and cursive, with a large initial "P" and "O".

Paul S. Otellini, President and Chief Executive Officer

- Extending our technology leadership, we introduced the high-performance, energy-efficient Intel® Core™ i7 processor family.
- Intel® Xeon® Processor 7400 series - the world's first 6 core microprocessor was designed in India
- We continued to work with the Electronic Industry Citizenship Coalition (EICC) to effect lasting social and environmental improvements in the global electronics supply chain.

Fueling the Innovation Economy

Intel is the world's largest semiconductor chip maker, based on revenue. Our products include microprocessors, chipsets, motherboards, and other semiconductor products that are building blocks for computers, servers, consumer electronics, and other networking and communications products. 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 in difficult economic times.

Through the India Innovation Pioneers Challenge – a program run in collaboration with DST and the Indo US STF -Intel also spurs young entrepreneurs to develop innovative technologies that solve real world challenges, build viable business models, and move that technology out of university labs and into the market for a positive social impact. Winners receive a cash award and mentoring from Intel technologists.

This year Polyskin, the winner from India was runners up at the International competition for its revolutionary product of artificial skin for promotion of faster healing in burns and wounds. This has a huge social impact potential in a developing country like India with most reported burn cases belonging to economically weaker sections and this skin costing less than a tenth of the currently available ones.

Providing a Great Place to Work

Intel India with a strength of more than 2500 employees takes pride in its distinct culture manifested by Intel values, strong focus on ethics and integrity, and an egalitarian, open & direct environment.

We value the wide range of perspectives that we gain by hiring and developing a diverse workforce.

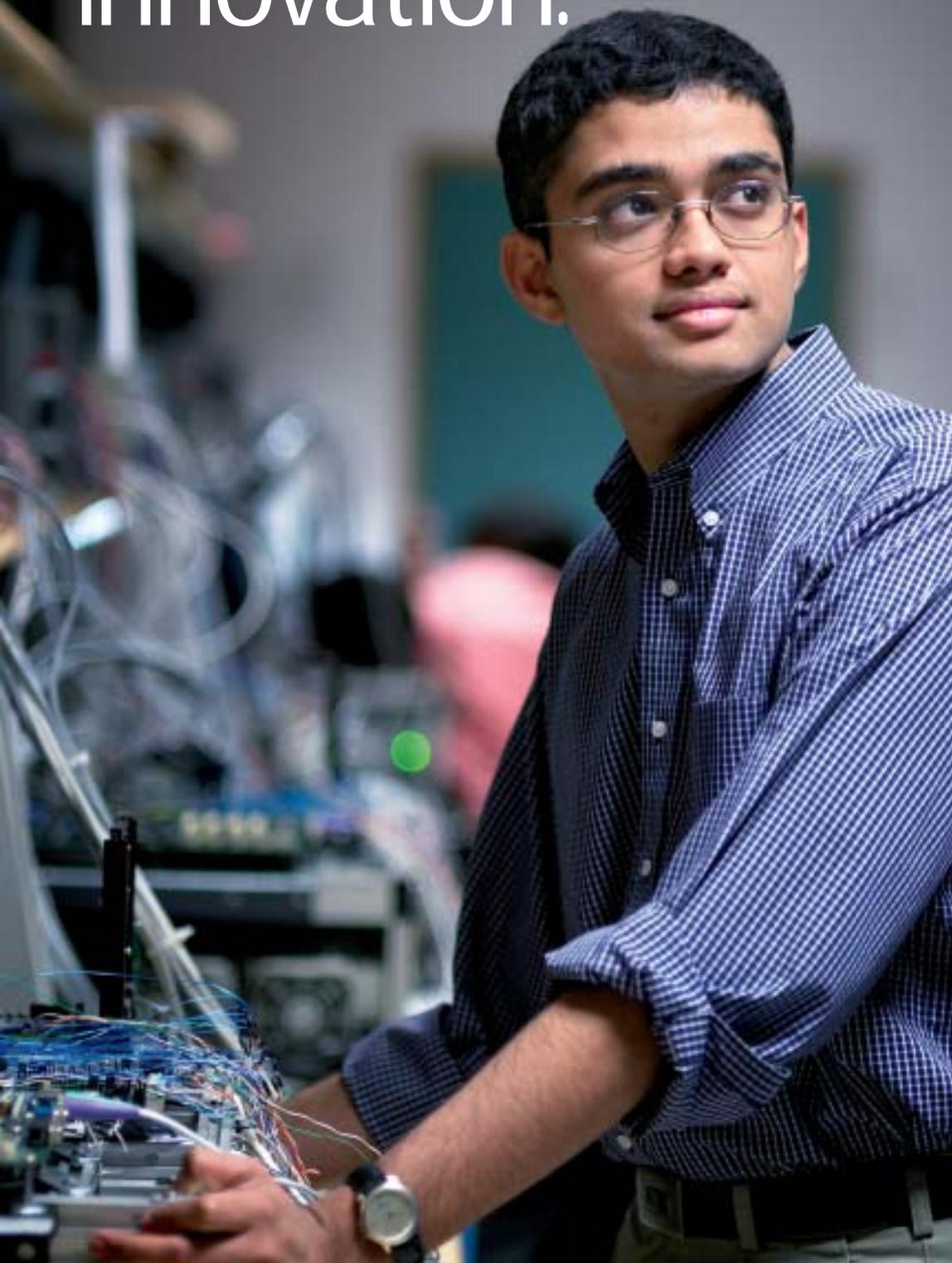
Intel is committed to creating a supportive, flexible environment that helps employees manage their work and personal responsibilities, and develop healthier lifestyles. 'Sparsh' our comprehensive employee care program offers a wide range of employee welfare programs.

Maintaining the Highest Integrity

The Intel Code of Conduct serves as the cornerstone of Intel culture, helping to ensure that our employees, officers, and directors maintain the highest ethical standards in all of their actions. In 2008, over 98% of our employees received formal training on the Code. In addition, we also conduct regular trainings on legal basics, bribery and corruption.

To promote corporate responsibility throughout the global electronics supply chain, we communicate our ethics expectations with suppliers during Intel Supplier Day conferences, through 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.

Groundbreaking
innovation.



A more
sustainable
future.



- For the first time, in 2008 we tied a portion of each employee's variable compensation to the achievement of our environmental objectives.
- Solar hot water systems at our campus in Bangalore now supply nearly 100% of the sites' hot water requirements, saving approximately 70,000 kWh on an annual basis.
- Through our water treatment and reuse plan, wastewater from cafes and restrooms are fully treated and reused to meet 60% of our irrigation needs at the site.

Improving Sustainability

We incorporate environmental performance goals throughout our operations—from designing “green” features into our buildings to manufacturing our products and handling waste. Since 2001, we have invested over \$23 million on hundreds of projects to improve energy efficiency and resource conservation in our facilities globally, and Intel Capital, our internal venture capital group, invested more than \$100 million in solar energy.

In 2008, we reduced our total CO2 impact below 2007 levels, and we are on track to reach our goal of reducing our absolute global-warming gas emissions 20% by 2012 from a 2007 baseline. Intel's investment of more than \$100 million in water conservation programs during the past decade has enabled us to reclaim more than 3 billion gallons of water a year. We also recycled or reused 84% of our chemical waste and 88% of our solid waste in 2008.

Designing Products Responsibly

We strive to minimize the environmental impact of our products in all phases of their life cycle: development, production, use, and disposal. With each new generation of process technology, we can build higher performing, more energy-efficient microprocessors.

In fact, we estimate that the conversion to the energy-efficient Intel® Core™ micro architecture saved 20 terawatt hours of electricity between 2006 and 2008 compared to the technology it replaced, averting CO2 emissions equivalent to removing 3 million cars from the road.

Driving Leadership Initiatives

We collaborate with governments, industry, and other organizations on a number of initiatives aimed at reducing the climate change impact of the IT industry. As part of the Climate Savers Computing Initiative that Intel and Google launched globally in 2007, the India chapter comprising of Intel, Google, Dell, HP, NASSCOM, CII ITC Centre of Excellence for Sustainable Development, TERI and WWF joined hands to promote the use of more efficient technologies, with the goal of reducing IT-related CO2 emissions by 4 million tons and saving Rs 2250 crores in energy costs in India. We are also sponsoring studies and driving broad initiatives to help find and promote additional ways that IT can be used to combat climate change across all sectors of the economy.

- Through the Intel® Teach Program, we provided professional development for more 150,000 teachers in 2008, bringing the total number of teachers trained since the program's inception to more than a million in India, and over 6 million globally.
- Continuing our history of investment, the Intel Foundation announced its single largest commitment ever: \$120 million in math and science education over the next 10 years.
- Indian students across our innovation programs did us proud by winning prizes at the international level.

Improving Teaching and Learning with Technology

Over the last decade, Intel has invested more than \$1 billion to help improve education in 50 countries. Our signature education program, Intel Teach, helps teachers integrate technology and "real-life" active learning into their classrooms to develop critical skills. In India, we partner with more than 20 state government & education bodies like KVS, NVS, various SSAs and also with more than 70 teacher education universities across India through our collaboration with the National Council of Teacher Education – an apex body under Ministry of Human Resource Development and have trained more than a million teachers in India.

All children deserve to have access to knowledge and information and the digital divide can be a big barrier for them to be successful in the knowledge based economy. Through our Intel Learn Program in partnership with NGOs like Pratham, MSSRF, Awam and state bodies like Kerala IT Mission, we have reached out to more than 40000 underserved children and adolescents in communities that have limited or no access to technology.

Advancing Science, Engineering, and Math Skills

Through the Intel International Science and Engineering Fair thousands of high school

students compete for millions of dollars in awards and scholarships each year globally, while gaining valuable research skills. In 2008, Indian students nurtured by our Initiative for research and Innovation in Sciences (IRIS) program did us proud by winning eight prizes at the international level.

Through the Intel® Higher Education program, we support programs to advance research and education in math, science, and engineering at the university level. In 2008, we expanded our parallel programming curriculum to more than 100 colleges helping equip faculties and students with cutting-edge skills.

To address the challenge of faculty shortage among engineering institutes, Intel along with Foundation for Advanced Engineering and Research started a distant education program called "Reach to Teach" on an Internet based video conferencing model that brought the benefits of teaching Multicore technology by Professors from IISC, IIT-Kanpur and Intel Technologists to hundreds of students across India.

Collaborating for Greater Impact

Intel works with governments, multilateral organizations, and nonprofits to advocate for systemic improvements in education, and to promote affordable access to PCs and Internet connectivity. We have also introduced classmate PC that is a low-cost, rugged, mobile learning device designed for students.

The next
generation of
innovators.



Biodiesel

Better places
to live and work



- To celebrate Intel's 40th anniversary, our employees donated more than 1.3 million hours of service in over 40 countries to thank our communities for their many years of support.
- Intel partnered with ActionAid to rehabilitate livelihoods of the most disadvantaged families affected by the Bihar floods in Supaul district and our volunteers developed a technology solution for the UN to coordinate its relief work in the state.
- 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.

Reaching Out Through Volunteerism

When Intel President and CEO Paul Otellini challenged employees to donate 1 million hours of service in a single year, it took the Intel Involved volunteer program to a new level. Intel India employees responded to the challenge enthusiastically, donating twice the number of hours in 2008 compared to 2007. In total, 91% of our employees volunteered in underprivileged schools and with NGOs—mentoring students, teaching math classes, recording audio books for the visually challenged, providing legal services, providing communications support, and much more. The Intel Foundation extended the impact of that volunteerism by contributing over \$8.5 million in matching grants globally through our expanded Intel Involved Matching Grant Program to help schools and nonprofits meet critical funding needs.

Applying Technology to Community Challenges

We form alliances with governments and leading NGOs to develop technology solutions that address community needs. Intel worked with NetHope to develop technology solutions

for healthcare, economic development, and disaster relief programs of non-governmental organizations (NGOs).

Giving to Support Local Needs

Intel and its employees contribute not only time and expertise, but also funds to help support local community needs each year. Following the 2008 floods that destroyed the livelihoods of millions of people in Bihar, Intel realized that while there was outpouring of support for immediate relief work, the biggest gap was in the rehabilitation phase when relief funds dried out and the poorest of the people were left with their livelihoods lost in the deluge and reduced to penury unable to earn to meet their basic needs with dignity. Accordingly, Intel employees and the Intel Foundation in partnership with ActionAid India, reached out to help over 610 most disadvantaged and vulnerable families of the Supaul district restore their devastated livelihoods by setting up microenterprises and other locally relevant small businesses. These families are now no longer dependent on charity but have been restored to a life of dignity and are earning to support their basic needs.

2008 Performance Summary Data

This table provides a high-level summary of our key economic, environmental, and social indicators. For detailed information on these and other indicators, see our Corporate Responsibility Report at www.intel.com/go/responsibility

Key Indicators					
	2008	2007	2006	2005	2004
Economic					
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
R&D 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—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 employee 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 injury 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.

Looking Ahead

Setting public goals in our key corporate responsibility areas helps us drive continuous improvement and hold ourselves accountable for our performance.

Goals for 2009 and Beyond

Environment

Reduce water use per chip¹ below 2007 levels by 2012.

Reduce absolute global-warming gas footprint by 20% by 2012 from 2007 levels.

Reduce energy consumption per chip 5% per year from 2007 through 2012.

Reduce generation of chemical waste per chip by 10% by 2012 from 2007 levels.

Recycle 80% of chemical and solid waste generated per year.

Achieve engineering and design milestones to ensure that Intel products keep the energy-efficiency lead in the market for our next two product generations.

Workplace

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 cumulative trauma disorders, with a targeted first aid to recordable ratio goal of 9:1.

Supply Chain

Work with our commodity teams and managers to ensure that they continue to integrate Electronic Industry Code of Conduct 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 our top-tier suppliers within our corporate Supplier Continuous Quality Improvement 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.

Community

Maintain at least a 40% employee volunteerism rate.

Develop an enhanced skills-based volunteering program and increase skills-based volunteer opportunities.

Education

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.

¹ Assuming a typical chip size of approximately 1 cm² (chips vary in size depending on the specific product).

A culture of
corporate
responsibility.



Third-party recognition provides valuable feedback on our programs and practices, helping us to drive continuous improvement over time. Below is a selection of the more than 80 corporate responsibility awards and recognitions that Intel received in 2008.

Overall Corporate Responsibility

- Dow Jones Sustainability Index—Technology Supersector Leader (eighth year)
- Corporate Knights/Innovest—Global 100 Most Sustainable Corporations in the World list (fourth year)
- *Corporate Responsibility Officer* magazine—100 Best Corporate Citizens 2008 (number one on the list)
- Covalence Ethical Ranking 2008 (second overall and first in our sector)
- *Fortune* magazine—World's Most Admired Companies list and America's Most Admired Companies list
- MAA LA Corporate Responsibility Index—Platinum rating (Israel)
- Public Counsel—2008 William O. Douglas Corporate Achievement Award (U.S.)
- Chambers Ireland—Overall Outstanding Achievement in CSR (Ireland)
- American Chamber of Commerce in Shanghai—CSR Excellence in China Award (China)
- *Commonwealth* magazine—CSR Award (Taiwan)

Environment

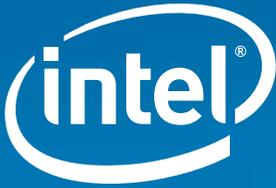
- U.S. EPA—a Green Power Partner of the Year (U.S.)
- CERES/Risk Metrics—Climate Change Governance Ranking (fourth overall and first in our sector)
- Breathe California—California Clean Air Award (U.S./California)
- Department of Energy—Outstanding Award for Energy Efficiency (Philippines)
- New Mexico Recycling Coalition—Recycling Achievement Award (U.S./New Mexico)
- California Integrated Waste Management Board—Waste Reduction Award Program (U.S./California)
- Ministry of the Economy, Technology, and Industry—Green IT Award 2008 (Japan)

Business/Workplace

- Institute for Health and Productivity Management—2008 Level II International Corporate Health and Productivity Management Award
- *Working Mother* magazine—100 Best Companies for Working Mothers list (U.S.)
- *The Marker* magazine—50 Best Companies to Work For (number one on the list) (Israel)
- Great Place to Work Institute/*Economic Times*—Top 25 Best Workplaces 2008 list and Special Award for CSR (India)
- Human Rights Campaign—Corporate Equality Index (seventh year with perfect score) (U.S.)
- Frost and Sullivan—2008 Nigerian Telemedicine Entrepreneurial Company Award (Nigeria)
- ICT Ireland—Best ICT Company to Work For list (Ireland)
- *Minority Engineer* magazine—Top 50 Employers list (U.S.)

Community and Education

- President's Volunteer Service Award—presented at the White House (U.S.)
- Department of Education—Outstanding Partner of the Year Award (U.S./Arizona)
- Ministry of Education—Outstanding Contribution Award (China)
- Bitacora Group—2008 IT Ethics and Values Award, recognizing Intel® Education Initiative (Peru)
- State Duma/Russian Center for Volunteerism Development—National Volunteerism Award (Russia)
- *Silicon Valley/San Jose Business Journal*—Corporate Philanthropy list (U.S./California)
- IAB C Philippines—Gold Quill Award for Intel Involved program (Philippines)
- Hands on Greater Portland—Corporate Volunteer Award (U.S./Oregon)
- Marlborough Chamber of Commerce—2008 Business of the Year (U.S./Massachusetts)
- Asia Pacific Entrepreneurship Awards—Responsible Entrepreneurship Award (Malaysia)



To learn more about the content in this overview, visit www.intel.com/go/responsibility to view or download our 2008 Corporate Responsibility Report, prepared using the Global Reporting Initiative* G3 Sustainability Reporting Guidelines.



It's Been Said...

Pushing Reality

"We are doing things today that I thought were impossible a few years ago. For us to continue to be successful, we are going to have to do things that you now think are impossible."

Gordon Moore Intel Co-founder

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