



Let's Be Clear

An Overview of Intel's 2005
Corporate Responsibility Report

Intel China Public Affairs

The Case for Clarity

2005 was a year of significant change for Intel. In addition to evolving our business strategy and reinvigorating our brand, we have taken a more focused approach to corporate responsibility. We have worked to more clearly define what corporate responsibility means to Intel, and we met with stakeholders in formal and informal feedback sessions to clarify the key corporate responsibility issues for the company.

After taking a hard look at what we believe in, we confirmed that at Intel, corporate responsibility means achieving business success in ways that honor our ethical values and demonstrate respect for people and the planet. Our actions follow certain guiding principles:

- Operate with integrity and transparency
- Strengthen our communities
- Improve people's lives through technology

We also clarified the way we communicate both our commitment and our performance. In transitioning from the previous title of Global Citizenship Report to Corporate Responsibility Report, we better reflect both our approach to business and the way we interact with our many stakeholders around the world.

Our dialogues with stakeholders also offered important feedback on the way we approach the report's format. As a result of their input, we dove deeper in many content areas by expanding our report information online. This year, our report focuses on three areas most material to Intel's corporate responsibility efforts: the environment, education and community.

Environment. Environmental excellence has long been a hallmark in Intel's leading-edge manufacturing and assembly facilities worldwide. We have made progress in reducing our environmental footprint in both our operations and our products. In our operations, we reduced our emissions of perfluorocompounds (climate change gases) by 13% in 2005 and reduced our energy consumption per production unit by 15%. We design products with the environment in mind throughout the product life cycle. We are bringing new energy-efficient technologies to market and are helping drive environmentally responsible end-of-life solutions for electronics.

Education. Education has been the cornerstone of our strategic global philanthropic efforts since Intel was founded. Since that time, we have invested more than \$1 billion worldwide. We believe that education is critical to inspire creativity and innovation. Working with educators, governments

and industry, we design and deliver innovative and unique programs in more than 50 countries on six continents. Our efforts in education grow stronger each year. In 2005, we again contributed more than \$100 million to improve education and provide technology access worldwide.

Community. Intel employees worldwide demonstrate a passion for community involvement. We view community leadership as our responsibility, and as a critical component of our global business success. From giving back through local volunteer efforts to our relief work following the tsunami in Southeast Asia, Hurricane Katrina in the U.S., the earthquake in Pakistan, and Hurricane Stan in Mexico and Central America, we reinforce our community commitment every day. In 2005, more than 30,000 Intel employees from around the world committed their time to make their communities better places to live and work.

In addition to these focus areas, our report details the full scope of our corporate responsibility efforts, from employee development and diversity to governance, ethics and supply-chain management. We attempt to offer a balanced presentation of our organization's economic, environmental and social performance in 2005, and outline our priorities for the future. We continue to publish the report in accordance with the Global Reporting Initiative* (GRI) 2002 Sustainability Reporting Guidelines.

Corporate responsibility is about good management and a commitment to doing things right. We trust that you will see ongoing progress in our performance and recognize the commitment that all of our employees have to facing future challenges head on.



C.R. Barrett

Craig R. Barrett
Chairman of the Board



Paul S. Otellini

Paul S. Otellini
President and Chief
Executive Officer

Visit www.intel.com/go/responsibility
for the complete Corporate Responsibility
Report, including:

- 2005 performance to goals
- 2006 corporate responsibility goals
- Workforce and demographic data
- Worldwide policy agenda
- Charitable contributions



Clear About the Environment

Building environmental performance into every facet of our work.

At Intel, environmental considerations are part of every aspect of our work. From the platforms we develop to the way we manufacture the ingredients in those platforms, minimizing our impact on global climate change, water usage and waste creation is a critical concern. Our growth will make this challenging. But with the launch in 2005 of quarterly environmental performance indicators, we have raised the bar in public reporting, increased our accountability and given our stakeholders access to more timely information.

2005 Highlights

- We minimized our global climate change footprint by reducing PFC emissions 13%.
- We worked with our industry peers to reduce the energy consumption of notebook LCD screens by approximately 40%, and cut energy consumption from our operations 15% per production unit.
- We further reduced hazardous materials such as lead in our products, and recycled 57% of our worldwide chemical waste and 75% of our worldwide solid waste.
- We introduced new product packaging that will eliminate the use of more than 5 million pounds of petroleum-based plastics, 1.8 million pounds of corrugated paper packaging and 69,000 pounds of aluminum-based shielding bags annually.
- Through conservation and improved efficiency, we reduced our fresh-water needs 35%, or 3 billion gallons.

Looking Ahead

- Reduce greenhouse gas emissions 50% below our 2002 per production unit levels by 2010. In support of that goal, we plan to decrease energy consumption per production unit an average of 4% per year and decrease PFC emissions 10% below 1995 levels.
- Continue to recycle more than 50% of the chemical waste and 70% of the solid waste generated from our worldwide facilities.
- Drive water conservation and recycling strategies to reduce water usage per production unit below 2005 levels by 2010.



Clear About Education

Increasing our impact and reaching more students.

Our efforts to improve education focus on specific goals. We strive to increase access to technology tools. We encourage the use of technology to improve teaching and learning. We work to advance math, science and engineering education. And we advocate for the importance of teaching key 21st century skills such as critical thinking, problem solving and collaboration. By partnering with educators, governments and students worldwide, we help make technology more available and effective. Across all of our education initiatives, 2005 was a year of meaningful gains and breakthroughs.

2005 Highlights

- We trained more than 800,000 teachers in 2005, and eclipsed our goal by training a total of over 3 million teachers in more than 35 countries since our Intel® Teach to the Future professional development program began in January 2000.
- We reached 135,000 learners through Intel® Learn, our after-school program in government-funded community technology centers around the world.
- We celebrated the opening of the 100th Intel® Computer Clubhouse, in Washington, D.C., and the first Computer Clubhouse in Russia. By the end of 2005, the Clubhouse Network included 116 Clubhouses in more than 20 countries.
- At the ninth annual Intel International Science and Engineering Fair, we hosted more than 1,400 young scientists from a record 45 countries, regions and territories to share ideas, showcase cutting-edge science, and compete for more than \$3 million in awards and scholarships.

Looking Ahead

- Build on the worldwide success of the Intel Teach to the Future program by reaching an additional 900,000 teachers and adding five new countries.
- Grow the Intel Learn program with the goal of reaching an additional 150,000 learners and adding three new countries.
- Complete technology infrastructure upgrades for 20 Computer Clubhouses and provide new learning tools.
- Support at least 20 universities in introducing multi-core concepts in their computer science curricula.



Clear About Community

Reinforcing our community commitment every day.

Together, people and technology have the power to improve society. We place great importance on being an asset to our communities worldwide. From volunteering our time to making technology accessible and relevant, we are doing our part to keep people connected, encourage economic development, educate our youth and preserve the natural environment. Whether by financial contribution, in-kind donations or volunteer hours, in 2005 we expanded our service efforts and substantially increased their global impact.

2005 Highlights

- We set new records for employee volunteerism, engaging a full third of our global workforce. We coordinated more than 35 projects to support Global Earth Day around the world.
- We launched the Digital Transformation Initiative for the Middle East, a comprehensive, multi-year program expanding our economic, educational and technology-related support in the region.
- Our innovative Volunteer Matching Grant Program expanded to include China, Costa Rica, India, Ireland and Malaysia.
- In response to the devastation caused by the tsunami in Southeast Asia in December 2004 and Hurricane Katrina in the U.S. in August 2005, Intel and our employees contributed more than \$15 million, including thousands of computers and other technology installations, and hundreds of hours of volunteer support.

Looking Ahead

- Increase worldwide volunteerism to 36%.
- Establish formal community programs at new Intel locations.
- Increase the quality and frequency of contact with community stakeholders through new, creative communications channels.
- Improve our community relations planning efforts by better utilizing stakeholder feedback.
- Expand formal stakeholder input to critique and improve our Corporate Responsibility reports.



The World in Focus

Maintaining a clear focus on our local communities.

Americas

- Employees invest their time and effort to improve local schools and earn matching dollars for the schools through the Intel Volunteer Matching Grant Program.
- Oregon and Washington site volunteers refurbished recreational equipment and worked with Habitat for Humanity to provide equipment and housing for low-income families. They also constructed playgrounds and collected food for the Oregon Food Bank.
- Employees in California, Colorado, New Jersey and New Mexico set new records for collecting used electronics for proper recycling and disposal.
- We found innovative ways to support regional water sustainability with a multi-stakeholder effort to create a “culture of conservation” for the entire watershed in Arizona and by awarding a grant from our \$1.5 million fund to increase critical water flows in the Assabet River in Massachusetts.

Europe and the Middle East

- Our community relations, work-life balance and community recycling programs were showcased at CSR Europe’s MarketPlace event, designed to encourage best practices across Europe.
- We are collaborating with American Near East Refugee Aid to build a technology center at the Islamic University of Gaza to provide critical IT support in the region and new opportunities for Palestinian women.
- Intel Ireland worked with the community to rejuvenate the Rye River and drove a humanitarian project in Kenya to raise money to build a hospital, clinic and school compound.
- We helped students in Israel learn about and protect their environment by working with the government on a project that takes children on an interactive journey to discover and protect environmental treasures.

Asia

- In China, we launched Intel Walk into the Community, a four-month effort in six areas involving about 1,000 families and 150 Intel volunteers to help the government build and sustain Shanghai as a model environmental city.
- We started working with India’s largest computer education services provider to expand its K-12 initiative to reach more than 10 million students in 30,000 schools by 2010.
- Employees in the Philippines led the company in volunteerism, and those in Malaysia helped local businesses become more technology savvy by providing tools and training.



Intel in China

Corporate social responsibility is part of Intel's mission and which the company has performed well since entering China in 1985. In the 20 years since then, one thing has never changed: Intel's strong and continuing commitment to good corporate social responsibility.

At present, Intel has invested over USD 1.3 billion in China, with facilities specializing in R&D and microprocessor assembly and testing, and staffed by more than 6,500 employees. Intel has also made investments in the community it finds itself in, including a commitment to "innovation in education" and "community welfare" to build a sustainable industrial environment, to promote the development of China's digital economy and to contribute to building a harmonious society.

- In March 2005 Intel announced the building of a second factory for the most advanced semiconductor assembly and testing facility in Chengdu, Sichuan. The factory is scheduled to be completed later this year and start production in early 2007.
- Building on more than 10 years of investment in Shanghai, Intel announced the establishment of a new technology development center in its Shanghai Pudong Waigaoqiao campus in May 2005. The 28,000 square meter center develops important global cutting-edge technology and platforms for Intel's Flash Products Group, Assembly Technology Development division, and Assembly Capital Equipment Development (ACED). The center also provides customer service support for China.
- In August 2005, Intel announced the selection of Shanghai Zizhu Science-based Industrial Park (ZSP) as the global headquarters for the Channel Platforms Group (CPG). This is the first time that Intel has headquartered a corporate business unit outside of the U.S. It reflects Intel's increased commitment to the global distribution channel and to addressing specific emerging market demands through tailored innovative business models and platform solutions. Meanwhile, Intel also announced the establishment of one of its four platform definition centers (PDC) in ZSP. These definition centers identify environmental considerations and marketplace requirements specific to each geographic region and define locally relevant computing solutions based on Intel® technology.
- In September 2005, the Intel Asia-Pacific Research and Development Ltd. (Intel APAC R&D) was launched in Shanghai Zizhu Science-based Industrial Park. Intel APAC R&D focuses on product development and platform-level innovations from all major Intel product and technology groups, including the Software and Solution Group, Digital Home Group, Digital Enterprise Group, Mobility Group, Digital Health Group and Information Services and Technology Group.



Environmental Protection:

Intel strives to realize its multiple objectives as a corporate citizen in support of China's efforts relating to environmental quality improvement. The company has implemented all environmental standards in accordance with China's laws and regulations. Its assembly and testing factories in Pudong, Shanghai, have recycled over 65% of its solid waste in 2005, with recycling efforts expected to grow further. The factories have also performed remarkably in terms of managing water consumption and water recycling by saving more than 180,000 tons of water in 2005. With Intel employees' continuously deepening environmental awareness coupled with processes being endlessly improved, the company diligently strives to reduce produced hazardous waste per product unit and dispose of this waste in a timely and effective manner. Intel volunteers enthusiastically support environmental protection in local communities and join local residents in carrying out all sorts of environmental protection activities including the annual Tree Planting Day, Global Earth Day and World Environment Day.

Intel® Community Program:

- It was in 1998 that Intel® Involved in the Community Program was successfully introduced to China, with over one third of Intel China employees eagerly participating each year in various community activities which try to solve problems and issues within the communities where they work and live. By 2005, Intel China had served the community for over 8,000 hours.
- To celebrate Intel's 20 years in China and raise funds for the Special Olympics, the company organized a charity run with the theme *March for the Future*. More than 15,000 participants joined runs held in Beijing, Shanghai and Chengdu.
- In 2005, a donation of more than RMB 72,000 was given by Intel China employees to victims in areas which had suffered from severe natural disasters.
- The Intel Training Program for Sichuan Rural Female Teachers was launched at the end of 2004. With help from Intel volunteers, the program has so far trained 49 rural female teachers, each of whom will share the benefits of their learning with 500 students.
- The Intel® Foundation Volunteer Matching Grant Program was officially launched in December 2005. Under this program, for every 20 hours an Intel employee volunteers in a school, Intel Foundation will donate USD 75 to the participating school. This program allows Intel employees to work with and mentor young people while at the same time raise funds that can help schools acquire new educational tools and teaching facilities.



Intel® Innovation in Education Program:

- By the end of 2005, 625,000 primary and middle school teachers and normal university students had received training with the Intel® Teach to the Future program, which was brought to 31 provinces, municipalities and autonomous regions in China. The program helps teachers integrate technology with their teaching to develop students' higher-level thinking skills and enhance learning.
- Intel® Learn Program targets teenagers between 8 and 16 and teaches technological literacy, problem solving and collaboration skills. Since 2003, this program has been carried out in over 200 schools and community education centers in 29 provinces and cities, and over 400 program instructors and 110,000 students having received relevant training.
- Early in 2000, Intel initiated joint-cooperation with the China Association for Science and Technology which encouraged Chinese students to participate in the Intel International Science and Engineering Fair (Intel ISEF). By 2005, 118 Chinese students had submitted 75 projects to Intel ISEF and won 94 prizes. This program aims at helping Chinese students build interest and passion towards science and enabling scientifically-talented students to shine.
- By the end of 2005, Intel had established close cooperative relationship with nearly 40 well-known universities and institutes in China. The main methods of cooperation include: donation of devices to the universities, financing scientific research projects, supporting program development, organizing contest for the students, setting up scholarships and research funds, and sponsoring research forums and technical lectures presided by senior technical experts from Intel.

Role Model in Corporate Citizenship

Intel China employees are able to perform their corporate responsibilities well because these have been integrated into the company's business structure in China, and at the same time, is deeply rooted within Intel's culture. Together with the long-run value, sustainable development and exceptional performance regarding corporate responsibility, Intel has become a highly-recognized good corporate citizen in China.

In November of 2005, Intel Products (Shanghai) Co., Ltd. joined eight other foreign enterprises to win the "2005 China Best Corporate Citizen" award issued by the Corporate Citizenship Committee, China Association of Social Works. This is the first national prize on corporate social responsibility for Intel in China.

In December of 2005, Intel joined 19 other companies to win the "2005 China Best Corporate Citizen Behavior" award presented by 21st Century Business Review and 21st Century Business Herald in Beijing for the company's outstanding performance in the local community, education and supply chain partnership.

As the only foreign-invested company, Intel Products (Chengdu) Co., Ltd. was awarded the title of Sichuan Top Ten Charity Enterprises in December of 2005.

Intel is proud of the honors and recognition it has received in China. Even as endless changes have shifted the company's economic focus, Intel continues to strengthen its dedication and commitment in all fields and works to perform as best it can.

The strategic objective of Intel in China is to continuously promote China's sustainable development not only economically, but also in relation to the environment and community, among others. Corporate responsibility efforts fully conform to Intel's values, and perfectly combine with the company's corporate principles.

Intel's corporate social responsibility efforts are not an endless stream of projects to be completed one by one. Rather, the company has a rich and varied pool of projects and optimized solutions that is meant to improve its already notable performance in China.



"Corporate Social Responsibility (CSR) is an imperative for Intel in China. Our connectivity to the community and the environment are crucial to the continued well being for our Intel Agenda in China. We are committed to our long term evolvement of Intel in China and commensurately our role as an impactful CSR partner in China."

Wee Theng Tan
Vice President, Sales and Marketing Group, Intel Corporation
President, Intel PRC Corporation



Selected Awards and Recognition

Corporate

Business Ethics. Number 5 on list of "100 Best Corporate Citizens." Received magazine's first-ever corporate social responsibility (CSR) management award.

Corporate Knights and Innovest. Included in "Top 100 Most Sustainable Corporations in the World."

Dow Jones Sustainability Index. Named Supersector Leader for Technology for fifth consecutive year.

Barron's. Number 8 on list of "Most Respected Companies."

Environment

U.S. Environmental Protection Agency. Named best workplace for commuters for second year in a row.

President's Award for CSR. Intel Ireland was highlighted for environmental and safety leadership.

Chambers of Commerce of Ireland. President's Award for CSR, Workplace Award for construction safety.

Prime Minister's Hibiscus Award. Malaysia's highest recognition, for our commitment to environmental protection and excellence.

Community

American Red Cross. Circle of Humanitarians Award.

China Association of Social Workers. Intel Shanghai was selected 2005 Outstanding Corporate Citizen.

U.S. State Department. Award for Corporate Excellence for leadership in CSR community and education programs in Costa Rica.

MAALA Index for CSR. Intel Israel topped the list.

Governor's Gold Award. Intel was recognized as Oregon's outstanding corporate citizen of 2005 for CSR and community and economic impact.

Workplace

Human Rights Campaign. 100% score on Corporate Equality Index for fourth consecutive year.

Working Mother. Included in "100 Best Companies" list.

Hewitt Associates. On list of "Best Employers in China 2005."

Philippine Economic Zone Authority Hall of Fame. For winning Outstanding Employer three times.

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Order Number: 312809-001US