

**Intel Ocotillo
Environmental Excellence**

ANNUAL

PROGRESS REPORT

Issued April 1, 2008

(January 1 - December 31, 2007)

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**Intel Corporation
Ocotillo Campus
Chandler, Arizona**

REPORTING FACILITY

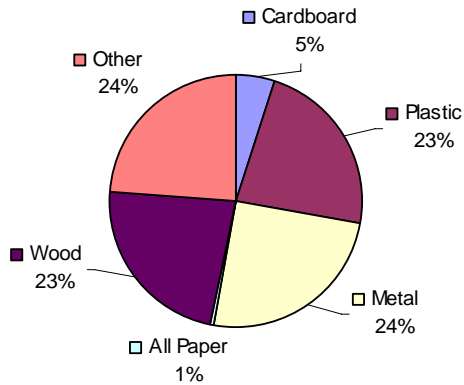
Intel Corporation
Ocotillo Campus
4500 S. Dobson Road
Chandler, Arizona 85248

Year: January 1 - December 31, 2007
Report date: April 1, 2008
Report prepared by: Jim Larsen/ Len Drago
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2007 SOLID WASTE RECYCLED

Reporting period: January 1 - December 31, 2007

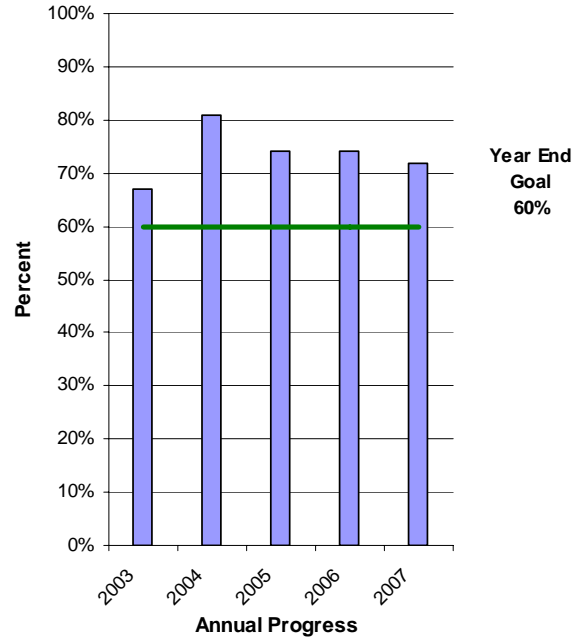
Percent recycled: 72%



Other: Auctions, Donations, Reused Containers/Drums`/Totes, Gloves, Glass, Compost, Concrete, Asphalt, and Coffee

6,045 TOTAL TONS SOLID WASTE RECYCLED IN 2007

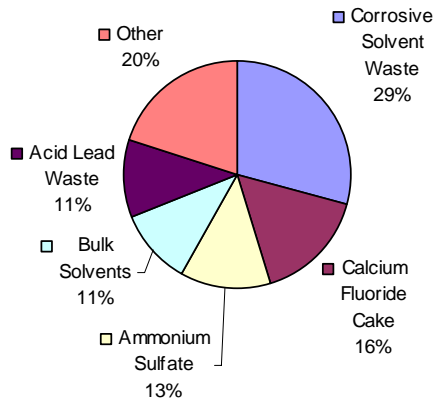
SOLID WASTE RECYCLED



2007 TOTAL CHEMICAL WASTE RECYCLED

Reporting period: January 1 - December 31, 2007

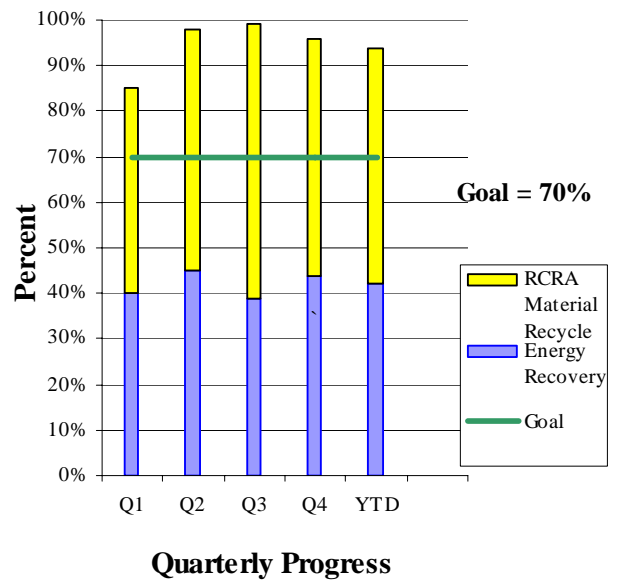
Percent recycled: 94%



Other: Non-Bulk Wastes which includes Aerosols, Fluorescent Bulbs, Debris, Batteries, Used Oil, Empty Drums, Ion Exchange Beds, Drums of Discarded Chemicals, etc.

3,789 TOTAL TONS TOTAL CHEMICAL WASTE RECYCLED IN 2007

TOTAL CHEMICAL WASTE RECYCLED



2007 Site Wide Water Conservation

Reporting period: January 1 - December 31, 2007

Percent conserved for 2007: 67%

Water Flow Details:

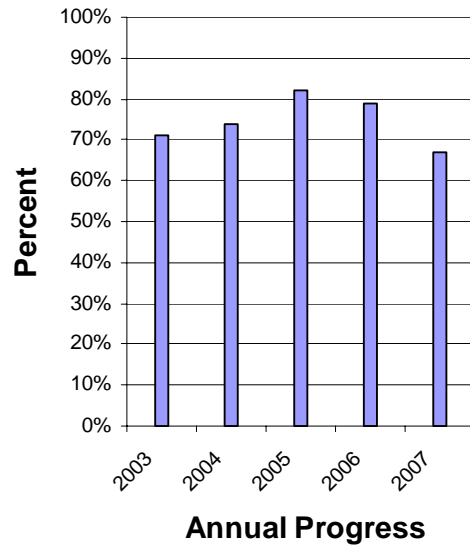
- ❑ Water Recycled Internally 385 MG
- ❑ Reclaimed Wastewater Used 876 MG
- ❑ Water Sent to Chandler RO for Groundwater Recharge 417MG
- ❑ Incoming City Water 1,252 MG

MG = Million Gallons

$$\frac{\text{Water Recycled} + \text{Reused} + \text{Recharged}}{\text{All Water Used}}$$

$$\frac{385 + 876 + 417}{385 + 876 + 1,252} = 0.67 \times 100\% = 67\%$$

Site Wide Water Conservation

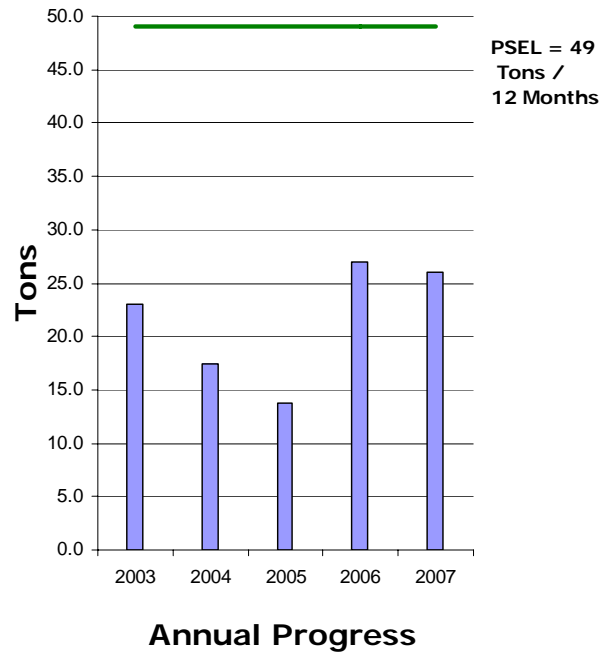


2007 VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS

Reporting period: January 1 - December 31, 2007

VOC emissions in tons (12-month rolling summation): 26

VOC EMISSIONS

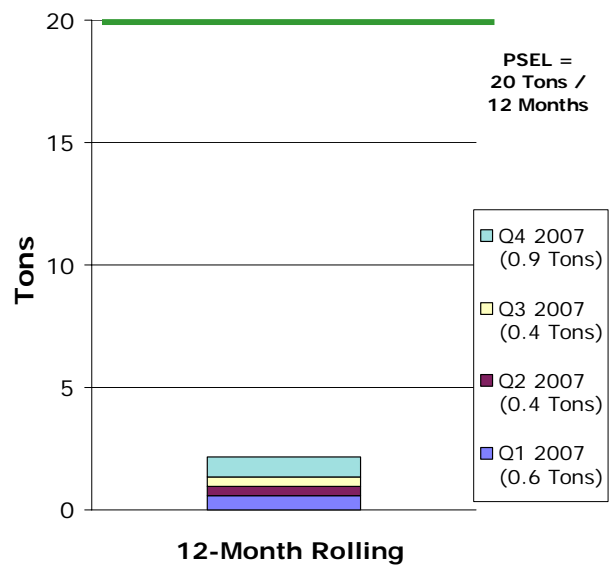


2007 TOTAL HAZARDOUS AIR POLLUTANTS (HAPs) EMISSIONS

Reporting period: January 1 - December 31, 2007

Total HAPs emissions in tons (12-month rolling summation): 2.2

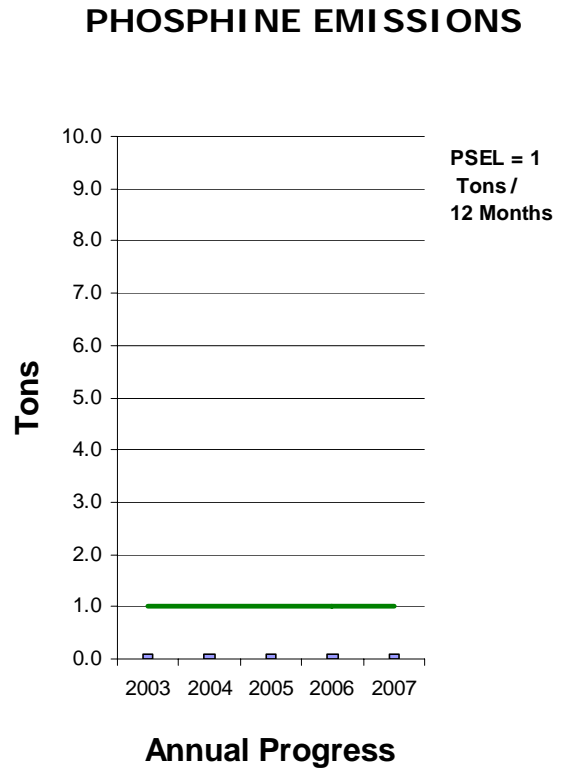
TOTAL HAZARDOUS AIR POLLUTANTS (HAPs) EMISSIONS



2007 PHOSPHINE EMISSIONS

Reporting period: January 1 - December 31, 2007

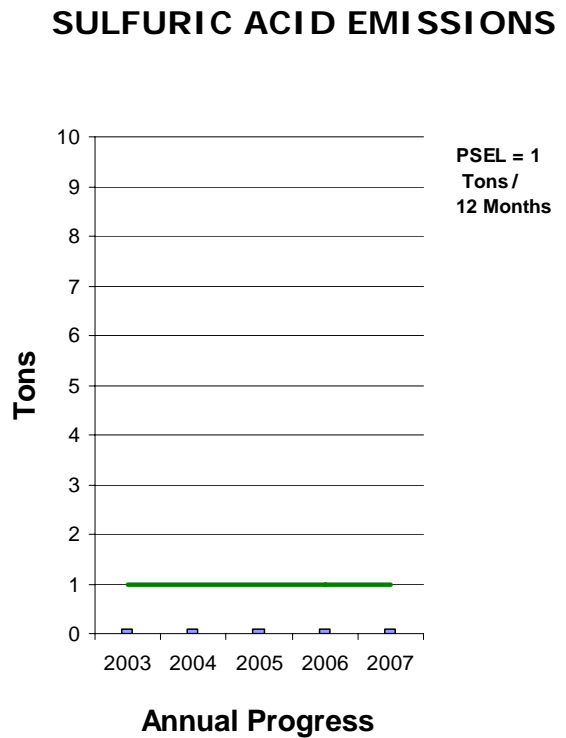
Phosphine emissions in tons (12-month rolling summation): 0.01



2007 SULFURIC ACID EMISSIONS

Reporting period: January 1 - December 31, 2007

Sulfuric Acid emissions in tons (12-month rolling summation): 0.03

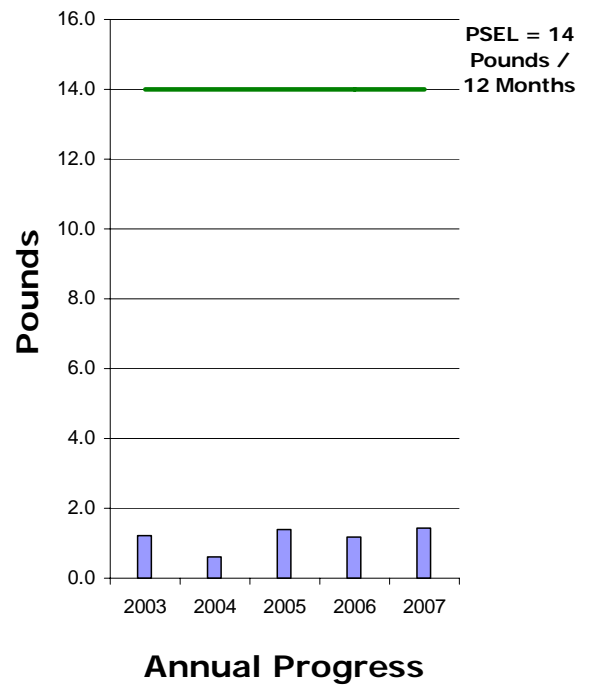


2007 ARSINE EMISSIONS

Reporting period: January 1 - December 31, 2007

Arsine emissions in pounds (12-month rolling summation): 1.44

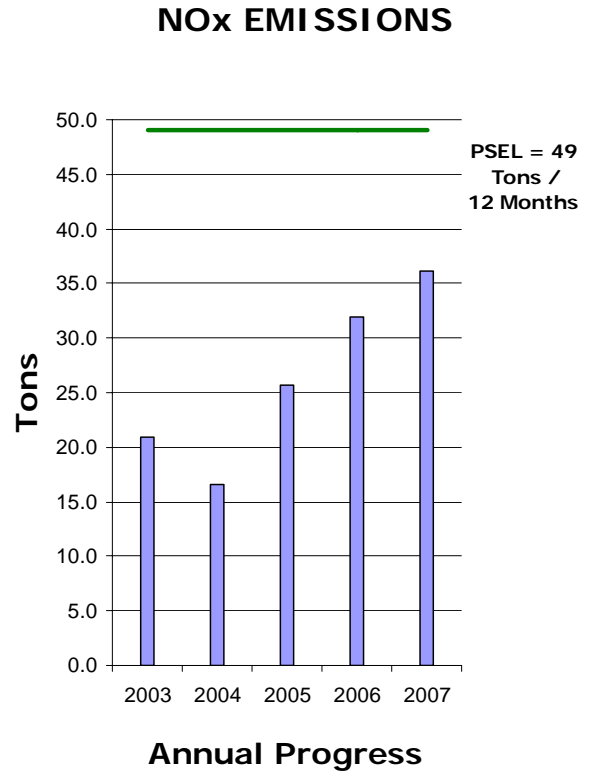
ARSINE EMISSIONS



2007 NITROGEN OXIDE (NOx) EMISSIONS

Reporting period: January 1 - December 31, 2007

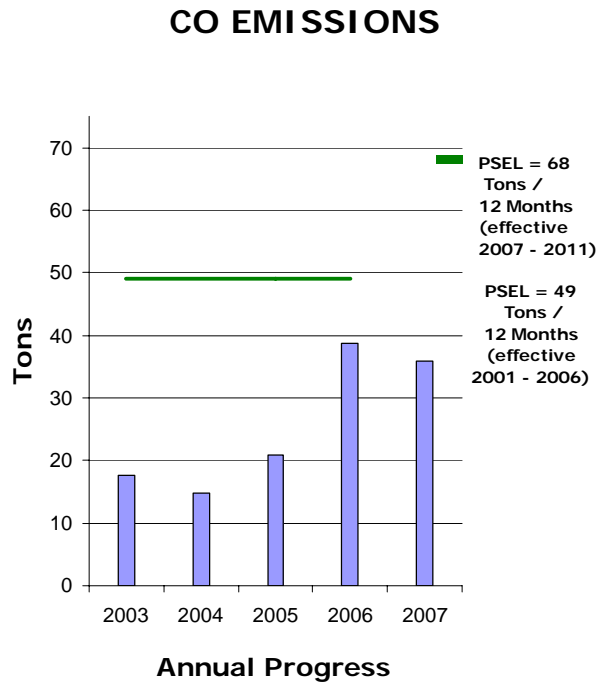
NOx emissions in tons (12-month rolling summation): 36.1



2007 CARBON MONOXIDE (CO) EMISSIONS

Reporting period: January 1 - December 31, 2007

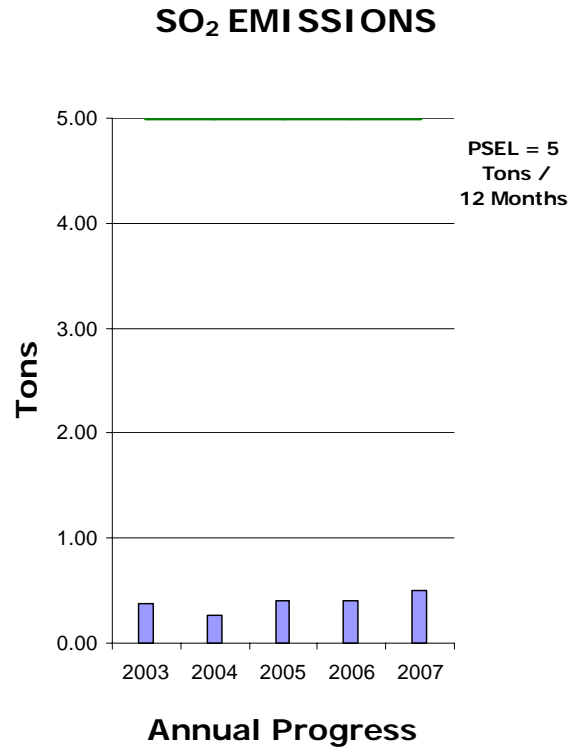
CO emissions in tons (12-month rolling summation): 35.8



2007 SULFUR DIOXIDE (SO₂) EMISSIONS

Reporting period: January 1 - December 31, 2007

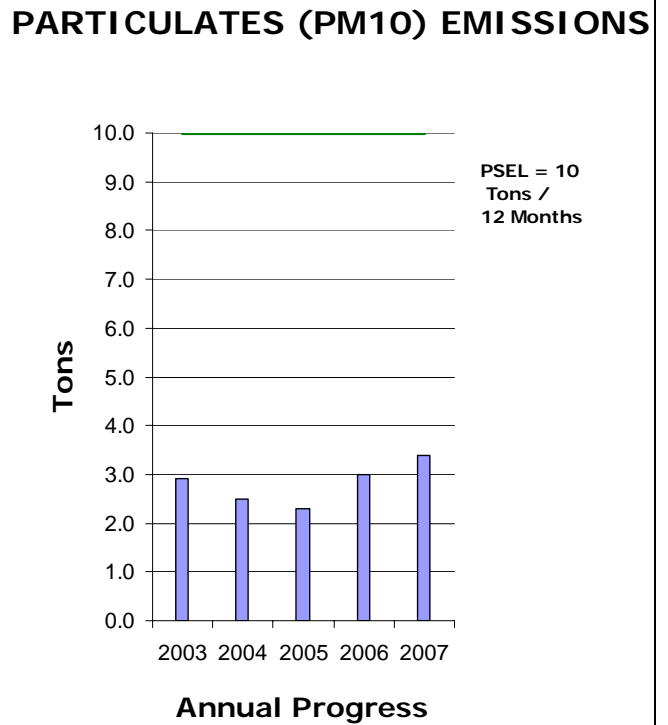
SO₂ emissions in tons (12-month rolling summation): 0.5



2007 PARTICULATES (PM10) EMISSIONS

Reporting period: January 1 - December 31, 2007

PM10 emissions in tons (12-month rolling summation): 3.4



OC 2007 ANNUAL FOSSIL FUEL USAGE

| | |
|----------------------------------------|----------------------------------------|
| Natural Gas | 621 Million Cubic Feet |
| Fuel Oil | 17,921 Gallons (Low sulfur content) |
| Emergency Generator Hours of Operation | 243 Hours |

2007 OTHER ACTIVITIES THAT BENEFIT THE ENVIRONMENT

On January 27, 2007 Sun Lakes, Maricopa County, and Intel partnered to sponsor the 5th Sun Lakes Household Hazardous Waste Collection Day. Supervisor Fulton Brock (Maricopa County) participated in this year's event. Approximately 806 vehicles dropped off waste material totaling 30,100 pounds. The Students Recycling Used Technology (AZ StRUT) program was also on hand collecting old computers, printers, and a variety of electronic equipment.



Volunteers Supporting the Event!

Intel Ocotillo Receives Valley Forward Environmental Stewardship Crescordia Award



A Decade of Environmental Excellence and Leadership

Intel's work in Arizona over the past 10 years on creating cutting edge environmental leadership strategies has resulted in outstanding environmental performance, and economic growth. Intel was recognized with a Crescordia Award for Environmental Stewardship at Valley Forward's Environmental Excellence Awards gala.

Intel's efforts were driven through an innovative program through the U.S. Environmental Protection Agency known as Project XL (eXcellence and Leadership). This program allows participating firms greater operating flexibility in exchange for commitments to superior environmental performance and public accountability, which was a main focus of the Valley Forward recognition. A stakeholder group involving Intel, the EPA, local and state governments, environmental advocacy organizations and citizens worked together to craft an Environmental Master Plan incorporating air, water and waste requirements along with several voluntary environmental goals. The process created the ability to provide innovative environmental solutions and allowed Intel greater flexibility in fab operations that supports effective time-to-market in a highly competitive semiconductor industry. In addition, a "verifiable trust" process was created with environmental performance being reviewed with the stakeholders and posted on the World Wide Web each quarter.

The project's success is demonstrated through outstanding environmental performance. Some examples include the unique water conservation partnership Intel established with the city of Chandler, resulting in more than three billion gallons of drinking water quality water returned to the aquifer for eventual reuse. In addition, Intel in Arizona has recycled more than 57,000 tons of solid waste over the past decade and reduced its energy use by approximately 20 percent on a normalized production basis from 2002 through 2006.

Steve Megli, Fab 12's Plant Manager, commented when receiving the award "results like these are made possible through strong team work all across Intel's Technology Manufacturing Group."

Valley Forward Association initiated the Environmental Excellence Awards in 1980 to recognize outstanding contributions to the physical environment of Valley communities. The program has grown significantly and now serves as a benchmark for promoting livable communities, conserving natural resources, and sustaining our unique desert environment for future generations. The Crescordia Award is the highest honor in each category. Crescordia is a Greek term, which means "To Grow in Harmony." Nearly 800 community leaders throughout Arizona attended the awards gala, where Valley Forward recognized 46 projects submitted by Valley businesses, government agencies, and non-profit organizations for significant contributions to the environment. There were 18 first-place Crescordia awards and 28 awards of merit.

Copper Metal Donation

Intel made several donations of copper to the Arizona State University Art Department totaling approximately 2,500 pounds. The art students transform the donated copper into art as shown below.



Ocotillo's Solid Waste Recycling



Going beyond paper and bottles. Today, everywhere that Intel operates, more than 70% of all waste is recycled. Learn how one employee at Intel's Ocotillo site helps make a difference.

http://video.intel.com/?fr_story=e68ac9871d1b1f594ccf5e46367c27c7cbcd820f

Intel Ocotillo's Fab 32 has been Registered for LEED

Fab 32 was registered in the United States Green Building Council (USGBC) program to go through the process to become certified in the USGBC's LEED EB program which stands for Leadership in Energy and Environmental Design (LEED) for Existing Buildings (EB). Fab 32 will be among Intel's most environmentally friendly factories. Brian Krzanich, Intel's Vice President of Manufacturing announced that Intel would seek LEED certification for Fab 32. LEED is a certification system developed by the USGBC. If Intel is successful, the fab will be one of the first industrial factories to meet the tough LEED EB requirements.



Fab 32 is Intel's first high-volume production facility for the new 45nm process.

Intel wins EPA water recycling honor

AZ site named national water efficiency leader

Intel, Ocotillo site has been recognized by the Environmental Protection Agency (EPA) for their water conservation results. The EPA recognized six winners of the 2007 Water Efficiency Leader (WEL) awards for their efforts in reducing, reusing, and recycling water. Winners were chosen by a panel of national water experts and based on three criteria: leadership, innovation, and water saved.

For the past decade many, dedicated Intel technicians and engineers throughout Corporate Services have successfully focused on 3 key water conservation strategies:

- Use of the City of Chandler Reverse Osmosis treatment plant to replenish the aquifer
- Internal water recycling to further reduce demand on fresh incoming city water
- Reuse of wastewater to reduce demand on fresh incoming water

The Ocotillo site achieves these results through state-of-the-art systems to maximize water conservation and reduce the use of the City of Chandler fresh potable water by millions of gallons each day. By focusing on these 3 strategies to reduce, recycle, and reuse, the average site wide water conservation performance from 2002 through 2006 achieved 75%.

Partnering with the City of Chandler

Our Arizona site has a unique partnership with the City of Chandler which operates an Intel funded treatment process. Using reverse osmosis (RO) technologies, the wastewater from Fab 12, 22, and 32 are treated to drinking water standards and re-charged to the underground aquifer to replenish the groundwater supply in Chandler. Since 1996, this water conservation strategy alone has resulted in over three billion gallons of water put back into the aquifer by Intel.

This water conservation strategy supports a key City of Chandler effort to store water in the underground aquifer to assure the city has enough water to meet the future needs of all citizens and businesses for many more years.

Internal water recycling

The use of advanced technologies such as RO and a Brine Evaporation System allows the Fab 22 Ultra Pure Water (UPW) system to operate as one of Intel's most efficient high purity water treatment facilities, producing approximately 0.85 gallons of UPW for every gallon of fresh city water saving millions of gallons of water each year.

Reuse of wastewater

Each and every day of the year, the Arizona site takes back processed wastewater from the City of Chandler sewage treatment plant to supply water to our cooling towers, operate our air abatement equipment, support the site landscaping, and irrigate the farm fields around the Ocotillo site. This alone, in 2006, saved over 800 million gallons of Chandler's fresh water.

Due to Intel's conservation efforts, it now takes less than 10 gallons of water to produce a Core 2 Duo as compared to 1,800 gallons of water to make a pair of jeans, 120 gallons of water for a single egg, or 65 gallons of water to produce a gallon of milk.

Trip Reduction Program

In 2007, Intel employees completed the 11th annual trip reduction electronic survey for the Ocotillo campus and submitted the plan to Maricopa County. The survey which was completed by the county to track alternate commute mode users was completed by 79% of the Ocotillo campus employees. The result for the Single Occupancy Vehicle (SOV) Trip Rate was 69.31% and the Single Occupancy Vehicle Miles Traveled Rate was 67.29%. Options under the Rideshare program include compressed workweeks, telecommuting, car pooling and driving alternate fuel vehicles all of which help to reduce the single occupancy vehicle rate. Intel reimburses employees up to \$30.00 per month for van pool and bus use. Emergency ride homes are subsidized at 100% for employees who use rideshare programs. Preferential parking is provided for car pool usage.

StRUT Computer Recycle Day



Arizona StRUT Computer Recycle Day is an opportunity for civic organizations, small businesses, and the general public to recycle their used and obsolete computers, old cell phones, and computer parts, while benefiting schools and non-profits. A total of approximately 1,404 participants donated electronic items on April 21, resulting in a total of approximately 84,000 pounds of recycled materials. Participating locations included:

- Chandler: Basha High School, 5990 S. Val Vista Road
- Gilbert: Gilbert High School, 1101 E. Elliot Road
- Glendale: ASU West, 4701 W. Thunderbird Road
- Phoenix: The Phoenix Zoo, 455 N. Galvin Parkway
- Mesa: Mesa High School, 1630 E. Southern Avenue
- Surprise: APS Service Center, 16800 N. Dysart Road
- Tempe: Tempe High School, 1730 S. Mill Avenue
- Valleywide: All Data Doctors Stores (until 4:00 p.m.)

For more information on the AZ StRUT program, visit www.AZStRUT.org

West Nile Virus Summit



On May 30th, Intel hosted its second West Nile Virus (WNV) Summit for stakeholders in Southwest (SW) Chandler to organize and coordinate efforts to prevent the spread of WNV in SW Chandler. The following Stakeholders participated:

Maricopa County Vector Control Dept, Robson Communities, Sun Lakes Homeowners Association 1, 2, and 3, Gila River Indian Community, Ocotillo Community Association, Chandler Unified School District, Chandler Gilbert Community College, Truly Nolen Pest Control, Intel, Motorola, and Premier Property Management Company (~40 attendees). For more information regarding the WNV, visit the Maricopa County web site: <http://www.maricopa.gov/wnv/>

GLOSSARY OF TERMS

CARBON MONOXIDE (CO) - CO is defined in Section 302, Subsection W of the United States Clean Air Act, as carbon monoxide. This is a combustion emission produced when fossil fuel is burned (oxidized) incompletely.

ANNUAL REPORT - This is a summary of progress for the previous calendar year and is published on April 1.

QUARTERLY PROGRESS REPORT - This is a progress report that is published by Intel on the following schedule which documents progress against its goals:

| REPORTING PERIOD | DATE PUBLISHED |
|------------------------------------------------------------------------|----------------|
| January, February, March | By May 31 |
| April, May, June | By August 31 |
| July, August, September | By November 30 |
| October, November, December (included as part of the annual report) | By April 1 |

HAZARDOUS AIR POLLUTANTS - Hazardous Air Pollutants (HAPs) refers to the 189 chemicals and chemical categories listed in section 112(b) of the United States Clean Air Act. Under the Act, a major source of HAPs is defined as one that emits 10 tons/yr. of any single chemical on the list, or 25 tons/yr. of any combination of these chemicals.

HAZARDOUS MATERIALS MANAGEMENT PLAN (HMMP) - An emergency plan required by the City of Chandler for all operations, which store hazardous materials above a certain quantity on-site.

NITROUS OXIDES - In accordance with the definition in section 302, subsection V of the United States Clean Air Act, NO_x refers to oxides of nitrogen. The oxides of nitrogen typically emitted from combustion processes are nitrogen monoxide (NO) and nitrogen dioxide (NO₂).

OTHER ACTIVITIES THAT BENEFIT THE ENVIRONMENT - Intel has committed to voluntarily engage in other activities, which may connect back to programs implemented by Intel Arizona and/or Intel's corporate programs. The items that may be reported on include:

- Environmental mentoring/education
- Donation of equipment

- Environmental activities with suppliers
- Transferability

PARTICULATE MATTER (PM10) EMISSIONS - Airborne particulate matter with an aerodynamic diameter less than or equal to 10 microns (PM10) as defined in 40 CFR 51.100(qq).

PLANT SITE EMISSIONS LIMITS (PSEL) - The air permit establishes PSELs for emissions (tons per year (tpy)) of volatile organic compounds (VOCs, 49 tpy), oxides of nitrogen (NOx, 49 tpy), carbon monoxide (CO, 68 tpy), particulate matter of 10 microns or smaller (PM10, 10 tpy), sulfur dioxide (SO₂, 5 tpy), Total and individual HAPs, (Total HAPs, 20 tpy), (Individual HAPs, 9.9 tpy), sulfuric acid and phosphine (1 tpy), and arsine (14 pounds per year).

REGULATORY AGENCIES - The following are the regulatory agencies who participate in the Intel Ocotillo Environmental Excellence Stakeholder meetings:

ADEQ - Arizona Department of Environmental Quality
City of Chandler

EPA - U.S. Environmental Protection Agency

MCAQD - Maricopa County Air Quality Department

RESOURCE CONSERVATION AND RECOVERY ACT (RCRA) - Refer to the statutes and promulgated EPA regulations in 40 CFR 260 through 282 which address the generation, storage, treatment and disposal of hazardous waste.

REVERSE OSMOSIS (RO) - Reverse Osmosis is a high-pressure filtration process which separates dissolved salt and minerals from water, using a membrane. Clean water passes through the membrane, and the salt and minerals are rejected.

SOLID WASTE RECYCLE - This includes materials that are designated as non-hazardous waste, based upon EPA's definitions under the Resource Conservation and Recovery Act, which include such materials as, plastics, aluminum, glass, wood, pallets, metal, cardboard, etc. The percent recycled is calculated by dividing the quantity of materials within this category that are sent to beneficial recycle by the total volume of solid waste shipped off-site.

SULFUR DIOXIDE (SO₂) - This is an oxide of sulfur, which is emitted during the combustion of fossil fuels.

SUPERFUND AMENDMENTS AND REAUTHORIZATION ACT (SARA) - TITLE III - Refers to the statutes and promulgated EPA regulations, which address Emergency Planning and Community Right-to-Know.

TOTAL CHEMICAL WASTE RECYCLE - This category includes used chemical materials, which are collected for the purpose of returning them back into beneficial reuse via recycling, re-use, reclaim or fuel blending. The percent recycled is calculated by dividing the material in this category sent for beneficial reuse, divided by the total quantity of chemical waste generated.

TOTAL DISSOLVED SOLIDS - A measurement of the salt and mineral content in water.

VOLATILE ORGANIC COMPOUNDS - Volatile Organic Compounds (VOCs) are any compound of carbon which participate in atmospheric photochemical reactions, except those which are specifically excluded, as defined in 40 CFR 51.100(s).

WATER CONSERVATION - Efforts to Reduce, Reuse or Recycle water to avoid the use of the City of Chandler's drinking water supply.

LEED – Stands for The Leadership in Energy and Environmental Design. LEED's Green Building Rating System encourages and accelerates global adoption of sustainable green building and development practices through the creation and implementation of universally understood and accepted tools and performance criteria.

(source: <http://www.usgbc.org/DisplayPage.aspx?CMSPageID=222>. See LEED Rating System for Existing Buildings)