Intel Ocotillo Environmental Excellence

Quarterly

PROGRESS REPORT

Issued May 31, 2011

(January 1 - March 31, 2011)

Introduction

This is the **2011 First Quarter Progress Report** for the **Intel Ocotillo Environmental Excellence Program**. The Stakeholder Team consists of representatives from *Intel, the U.S. Environmental Protection Agency, the Arizona Department of Environmental Quality, Maricopa County Air Quality Department, the City of Chandler, the Gila River Indian Community, and Community Members.*

Q1/'11 Performance Summary

Two items were noted in the Exceptions/Inspection section of this report. Environmental indicators reflect performance better than target goals and air emissions were below plant site emission limits. Additional details can be found in this report.

Contact / Report Information

If you have any questions about this report, please call: **Len Drago (480) 715-0132, e-mail: leonard.c.drago@intel.com or Sean Aldrich, (480) 715-6528, e-mail: sean.d.aldrich@intel.com.** Additional information about Intel's Environmental Leadership results is listed on Intel's world wide web:

http://www.intel.com/intel/other/ehs/projectxl/index.htm

First time readers may wish to refer to the Glossary of Terms and respective acronyms located at the end of the report.

- The data presented in this report shows Q1/'11's progress toward the goals. The recycling percentage goal attainment is calculated using amount of materials recycled for the year divided by the amount of material generated for the year multiplied by 100 percent. Plant Site Emissions Limits (PSELs)

are calculated over a rolling 12-month period (i.e., any consecutive 12 months of emissions must be below the PSEL).

- Volatile Organic Compounds (VOCs), Organic Hazardous Air Pollutants (HAPs), and Inorganic Hazardous Air Pollutants (HAPs) emissions correlate with the level of equipment installation and production activities.

- Nitrogen Oxide (NOx), Carbon Monoxide (CO), Sulfur Dioxide (SO_2), and Particulate (PM10) emissions are from sources of combustion (boilers, emergency generators) and correlate to building size and climatic conditions.

- Intel's quarterly reports are designed to promote environmental awareness and provide real-time information to the public about Intel's progress toward meeting the environmental goals.

- Written comments for the data graphs may be found at the end of this report under **COMMITMENTS**.

QUARTERLY PROGRESS REPORT

Intel Corporation
Ocotillo Campus
Chandler, Arizona

REPORTING FACILITY

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

Reporting period: January 1 - March 31, 2011
Report prepared by: Len Drago
Telephone Number: (480) 715-0132
Fax Number: (480) 715-5140

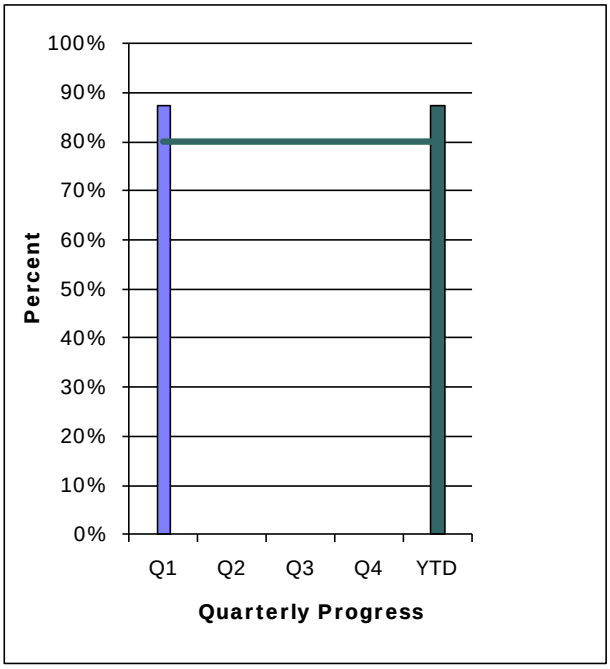
SOLID WASTE RECYCLED

Reporting period: January 1 - March 31, 2011

Percent recycled for quarter: 87%

Percent recycled year-to-date (YTD) 87%

2,345 TOTAL TONS
SOLID WASTE
RECYCLED IN Q1 2011



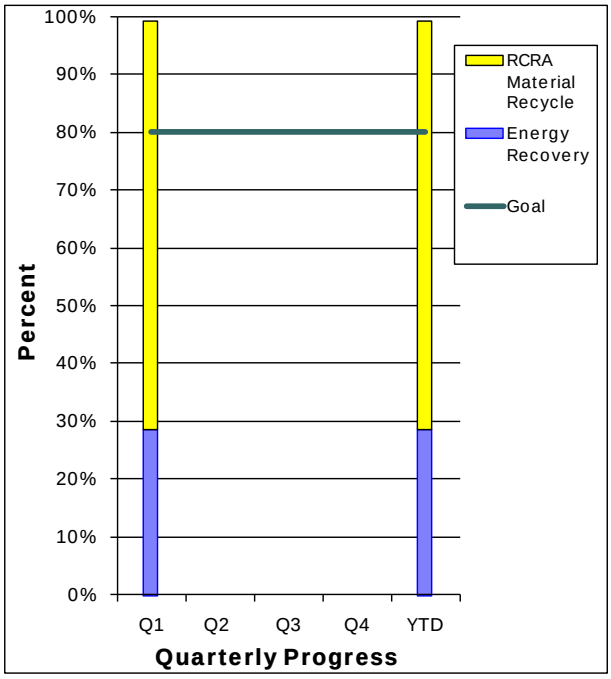
TOTAL CHEMICAL WASTE RECYCLED

Reporting period: January 1 - March 31, 2011

Percent recycled for quarter: 99%

Percent recycled year-to-date (YTD): 99%

1,510 TOTAL TONS TOTAL CHEMICAL WASTE RECYCLED IN Q1 2011



SITE WIDE WATER CONSERVATION

Reporting period: January 1 - March 31, 2011

Percent water conserved for quarter**:** 51%

Percent conserved year-to-date (YTD) 51%

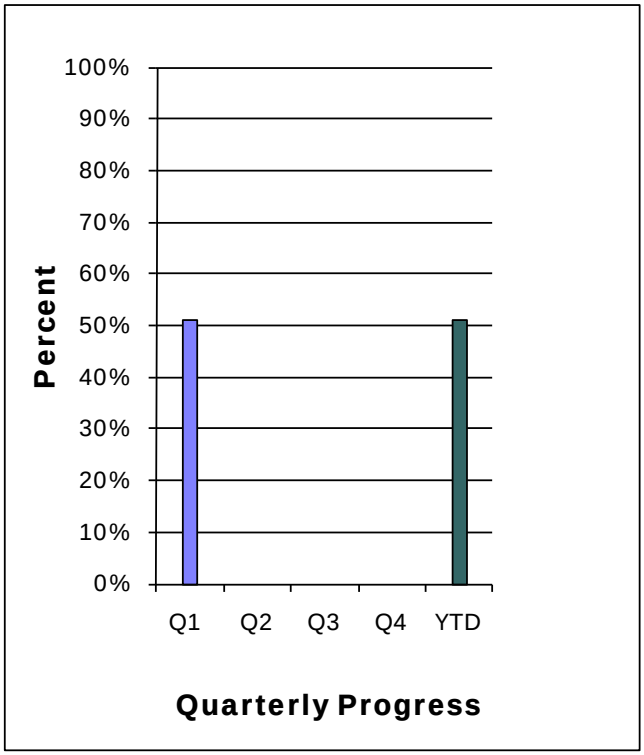
Water Flow Details:

- Water Recycled Internally 1.12 MGD
- Reclaimed Wastewater Used 1.32 MGD
- Water Sent to Chandler RO for Groundwater Recharge 1.11 MGD
- Incoming City Water 4.49 MGD

MGD = Million Gallons Per Day (averaged over the quarter)

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

$$\frac{1.12 + 1.32 + 1.11}{1.12 + 1.32 + 4.49} = 051. \times 100\% = 51\%$$



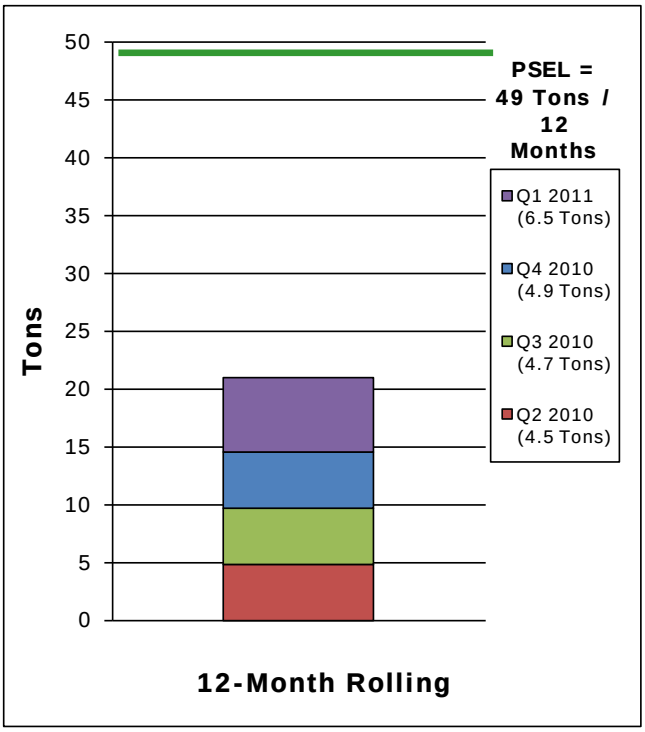
VOLATILE ORGANIC COMPOUND (VOC) EMISSIONS

Reporting period: January 1 - March 31, 2011

VOCs in tons for quarter: 6.5

VOCs in tons (12-month rolling summation): 21.1

Note: The sum of the quarterly data may not add to 100 percent of the annual total due to rounding.



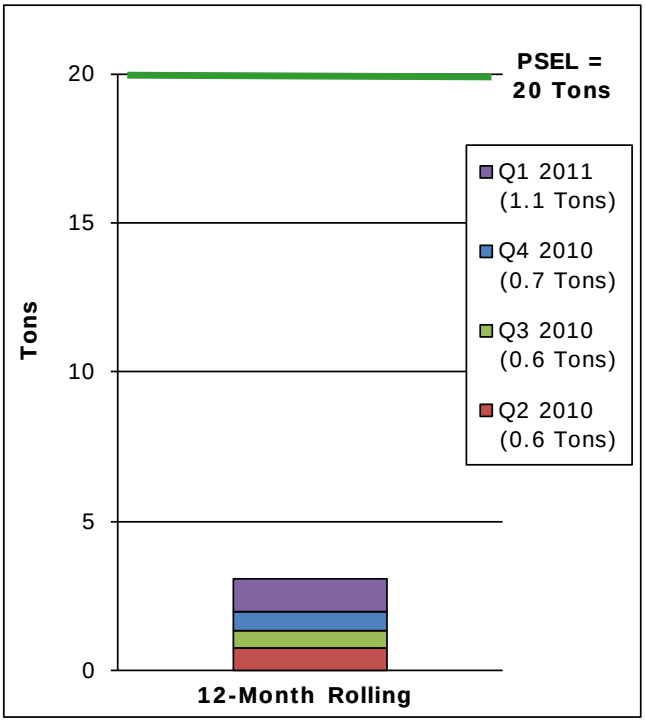
TOTAL HAZARDOUS AIR POLLUTANTS (HAPs) EMISSIONS

Reporting period: January 1 - March 31, 2011

Total HAPs in tons for quarter: 1.1

Total HAPs in tons (12-month rolling summation): 3.1

Note: The sum of the quarterly data may not add to 100 percent of the annual total due to rounding.



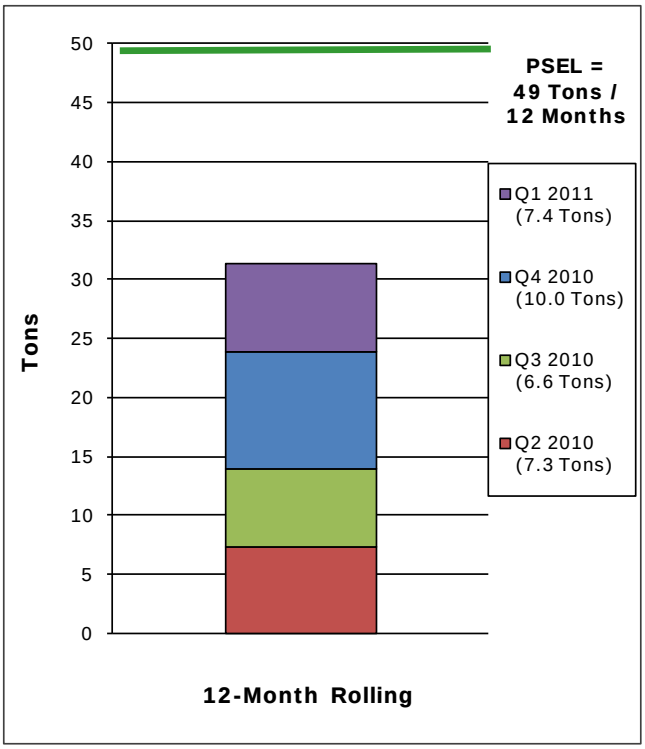
NITROGEN OXIDE (NOx) EMISSIONS

Reporting period: January 1 - March 31, 2011

NOx emissions in tons for quarter: 7.4

NOx emissions in tons (12-month rolling summation): 31.3

Note: The sum of the quarterly data may not add to 100 percent of the annual total due to rounding.



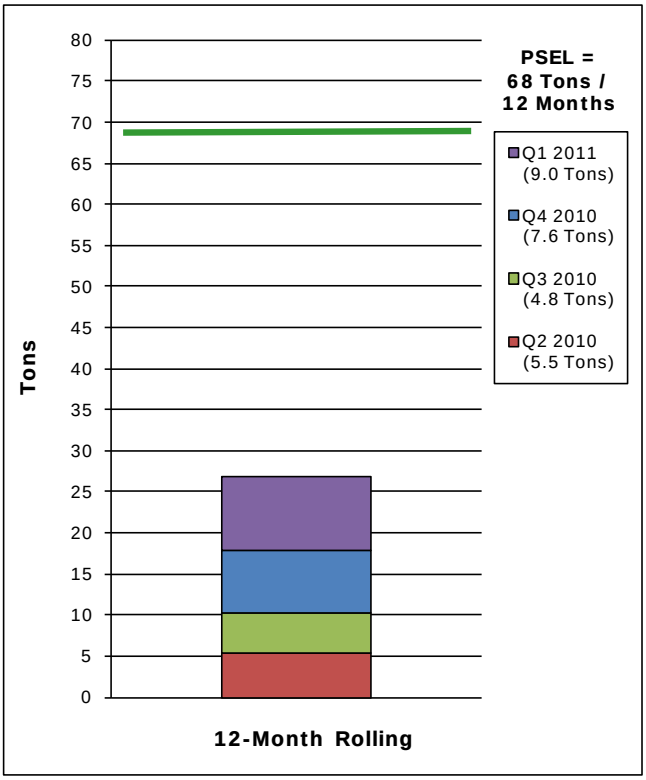
CARBON MONOXIDE (CO) EMISSIONS

Reporting period: January 1 - March 31, 2011

CO emissions in tons for quarter: 9.0

CO emissions in tons (12-month rolling summation: 26.8

Note: The sum of the quarterly data may not add to 100 percent of the annual total due to rounding.



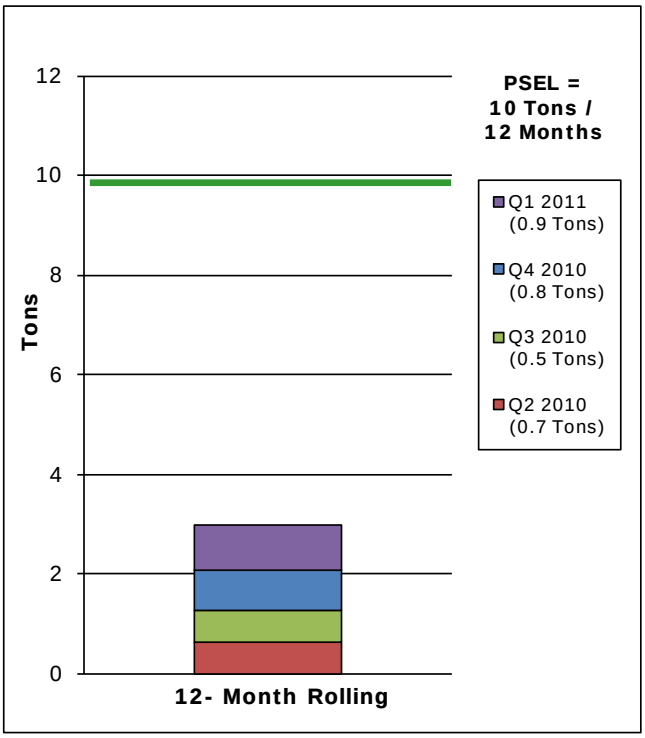
PARTICULATE (PM10) EMISSIONS

Reporting period: January 1 - March 31, 2011

PM10 emissions in tons for quarter: 0.9

PM10 emissions in tons (12-month rolling summation: 3.0

Note: The sum of the quarterly data may not add to 100 percent of the annual total due to rounding.



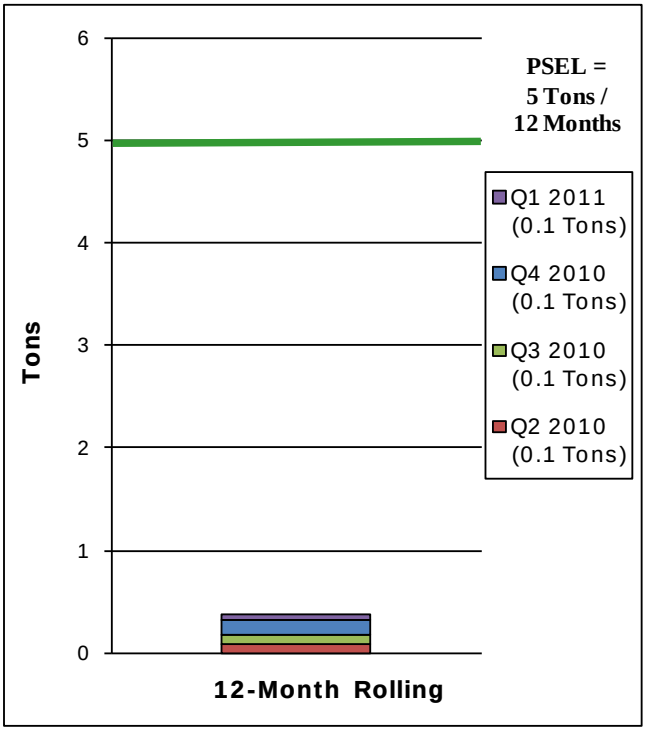
SULFUR DIOXIDE (SO_2) EMISSIONS

Reporting period: January 1 - March 31, 2011

PM10 emissions in tons for quarter: 0.1

PM10 emissions in tons (12-month rolling summation: 0.4

Note: The sum of the quarterly data may not add to 100 percent of the annual total due to rounding.



EXCEPTION / INSPECTION REPORTING

1. Agency inspection(s) this quarter.
Yes [X] No [ ]
If yes, date and agency performing the inspection:

Agency: Maricopa County Air Quality Department
Date: February 7, 2011
Type of inspection: County inspector arrived onsite to conduct a dust control inspection with no issues.

2. Agency: City of Chandler
Date: February 8, 2011
Type of inspection: City wastewater sampling event. Analytical data demonstrated that Intel discharges were within permit limits.

OTHER ACTIVITIES THAT BENEFIT THE ENVIRONMENT

Intel's Arizona Campus Takes the LEED -- The First Semiconductor Company to Obtain LEED Silver Certification for a Manufacturing Campus

Intel Corporation became the first semiconductor or industrial technology company to obtain LEED certification by the U.S. Green Building Council (USGBC) for a manufacturing campus. A certificate from LEED, which stands for Leadership in Energy and Environmental Design, is an internationally recognized stamp of approval. The LEED silver certification for "Existing Buildings: Operations & Maintenance" went to Intel's entire Ocotillo campus in Arizona, a site that includes three generations of wafer fabrication plants, support and office buildings.

As a result of Intel's longstanding environmental conservation efforts, no capital improvements were required to achieve the certification. Notable features of the campus include:

- Semiconductor Industry Association benchmark data shows that Intel's Ocotillo campus utilized 26 percent less energy than the average semiconductor campus.
- Two-hundred and 300 kW solar electricity support structures were erected in the Ocotillo campus parking lot in 2010. Currently ranking amongst the 10 largest solar installations in its utility territory, the Renewable Energy Certificates (RECs) generated by these installations are transferred to the local utility to support their regulatory obligations and programs.

- In 2010, the Ocotillo campus recycled 90 percent of its solid waste (more than 10,000 tons) and achieved 66 percent site wide water conservation, saving approximately 5 million gallons of fresh water per day.
- The Ocotillo campus utilizes a pipe that feeds water not suitable for drinking from the City of Chandler's waste water treatment plant directly back to Intel. As a result, 100 percent of the irrigation water and 95 percent of the cooling tower water is non-potable.
- One-hundred percent of captured storm water is retained onsite.

"Given the complexity and size of the Ocotillo campus, it was an immense undertaking to seek certification of this manufacturing campus," said Brian Krzanich, senior vice president and general manager of Manufacturing and Supply Chain for Intel. "We take these steps not just in Arizona, but at our other facilities around the world, because we see a combination of economic advantages and opportunities to reduce our environmental impact, which in turn betters our business."

Intel has a policy of designing all new buildings to a minimum of LEED Silver and is also committed to making strategic improvements to its existing locations. In fact, in April 2010, Intel announced that it had received LEED Gold certification for Intel Design Center 9 in Haifa, Israel. That same month, KM 1, an Intel factory and office building in Kulim, Malaysia, achieved basic LEED certification for strategic improvements made to the 14-year-old facility.

Source: Intel News Release (April 21, 2011)

Solar at Ocotillo

You're looking at Intel's newest solar installation—a shimmering array of 1,260 panels soaking up the rays at our Ocotillo, Arizona site. This week's ink on Forbes.com—the magazine named Intel America's #1 most "green company"—is shining new light on our company's quiet multi-year efforts to shift our biz to renewable clean energy such as wind and solar.

Intel now has solar sites converting sunlight to electricity at nine Intel locations in California, Arizona, New Mexico, Oregon, and Israel. Also Intel uses sunlight to heat our water at Intel Bangalore.

Total juice generated? 3.9 million annual kilowatt hours. That's enough to power about 330 average homes in the U.S.

Marty Sedler, Intel's director of Global Utilities and Infrastructure, has calculated that Intel increased its use of green power by 75%—in just the last year.

And we're not done by a long shot. Work is now underway on a big new solar array at Intel Chandler, which will kick out about 300 kilowatt hours—and as a little perk will provide shade for employees' cars in the often broiling hot CH7 parking lot.

Sunlight may be free, but solar panels unfortunately are not. Many solar installations pencil out because of local government incentives, or tax breaks, or other deals explicitly aimed at stimulating green energy demand or development.

Sun Lakes Annual Household Hazardous Waste Collection Day Event

On Februrary 26, 2011 Sun Lakes, Maricopa County and Intel partnered with Sun Lakes to sponsor the 9th Sun Lakes Household Hazardous Waste Collection Day. Approximately 924 vehicles turned in waste material totaling 52,840 pounds, including electronics and appliances.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Intel's Arizona Sites Hold Computer Recyle Day

On January 11, 2011, Intel employees and the public dropped off their used electronic equipment. A total of 19,578 pounds of equipment was collected.

Intel Donates Forklift to Project CURE

Project CURE provides medical supplies for developing counties and the forklift aids the warehouse team in loading supplies on vehicles for shipment to port.

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 30.

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 30

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, NOx refers to oxides of nitrogen. The oxides of nitrogen typically emitted from combustion processes are nitrogen monoxide (NO) and nitrogen dioxide (NO_2).

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 will be reported on include:

- Environmental mentoring/education
- Donation of equipment
- Environmental activities with suppliers
- Energy Conservation
- Transferability

LEED – Stands for Leadership in Energy and Environmental Design. This 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)

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/49 tpy), particulate matter of 10 microns or smaller (PM10/10 tpy), sulfur dioxide (SO2/5 tpy), combined organic hazardous air pollutants, (HAPs/10 tpy), combined inorganic HAPs (10 tpy), sulfuric acid (1 tpy) and phosphine-also an inorganic HAP(1 tpy).

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 (SO_2) - 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.