

2009

Corporate

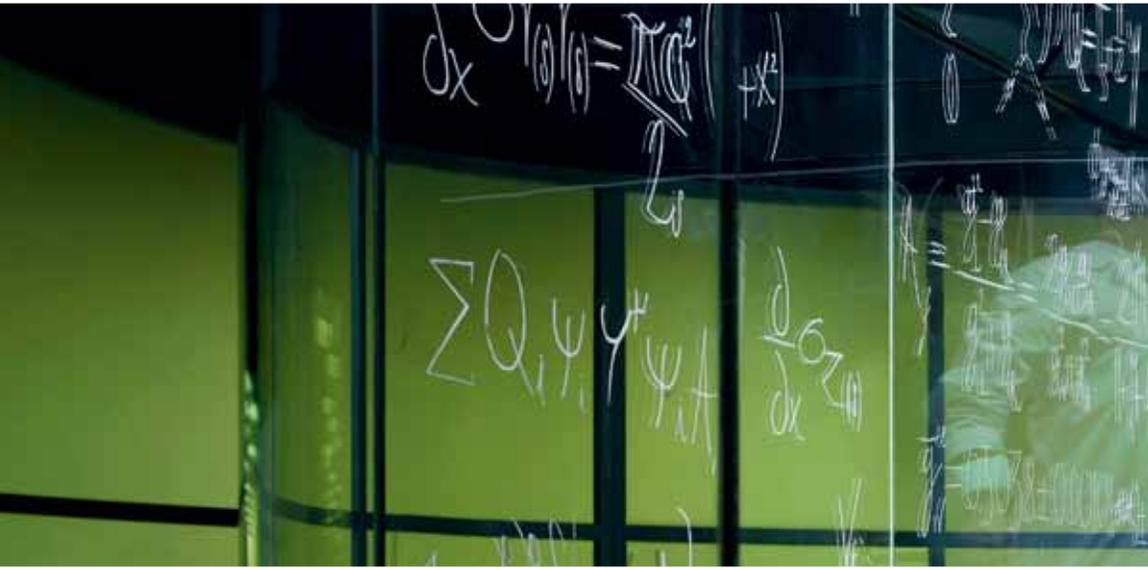
Responsibility

Report

EXECUTIVE SUMMARY

Sponsors of Tomorrow.™





Corporate Responsibility and Innovation



Corporate responsibility is about doing the right things right. Throughout Intel's history, we have focused on building an ethical culture, reducing our environmental impact, investing in our employees, and engaging with our communities.

Our approach has created value not only for our stakeholders and society, but also for Intel. We have reduced costs through energy conservation investments, minimized risk by proactively working with our communities and supply chain, and enhanced our reputation as a leading corporate citizen by building trusted relationships around the world.

In 2009, we continued to invest in our corporate responsibility priorities, despite difficult economic conditions. We completed a number of energy efficiency, water conservation, and solar installation projects in our facilities, and Intel remained the largest purchaser of "green" power in the U.S., according to the U.S. Environmental Protection Agency (EPA). To help drive accountability, again this year a portion of all employees' variable compensation was dependent upon Intel achieving its environmental goals. We

also became a member of the United Nations Global Compact and published new Intel Human Rights Principles, reinforcing our commitment to leadership in corporate responsibility.

Corporate responsibility for Intel is also about innovation, as we apply our resources to address global challenges. In 2009, we launched the Intel Sponsors of Tomorrow™ marketing campaign, which celebrates the accomplishments and contributions of Intel employees—innovators in the truest sense of the word. I continue to be amazed by their relentless focus on operational excellence, and their generosity in sharing their time and talent in our communities. Every day they are discovering new ways to bring about improvements in education, the environment, and healthcare.

By improving the energy-efficient performance of our products, for example, our employees are



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helping our customers and entire segments of the economy reduce energy use and address climate change. We estimate that the conversion to the energy-efficient Intel® Core™ microarchitecture saved up to 26 terawatt-hours of electricity between 2006 and 2009, compared to the technology it replaced. Our employees are also involved in initiatives to accelerate the integration of intelligent renewable energy sources, smart grids, and smart buildings.

Innovation—and the economic development and competitiveness of countries—depend on the availability of a workforce with a strong mastery of math and science and the skills to apply knowledge in new ways. To inspire the next generation of innovators, Intel continues to partner with governments and educators to develop and implement programs that combine technology, Internet connectivity, and training to improve teaching and learning around the world.

In 2009, we faced challenges related to antitrust allegations, including cases brought by the European Commission, the U.S. Federal Trade Commission, and the New York Attorney General. We firmly believe that Intel has operated fairly and lawfully, and we are

continuing to appeal and to make our arguments in a court of law.

We also faced challenges in reducing our water use and waste generation in 2009, but we expect that the implementation of new technologies will enable us to improve our performance in these areas so we can achieve our 2012 environmental goals.

As you read this executive summary, as well as the complete 2009 Corporate Responsibility Report on our web site, I hope that you will sense a continued progression, noting how we are building on successes, further integrating corporate responsibility into our culture and decision-making processes, and seeking new challenges to work on. We appreciate that our leadership position—in both innovation and corporate responsibility—must be earned every day. We welcome your feedback on our report, as well as suggestions for how we can drive performance improvements and increase value for our stakeholders around the world.

A handwritten signature in blue ink that reads "Paul S. Otellini".

Paul S. Otellini,
President and Chief Executive Officer

Integrating Corporate Responsibility



- To further integrate corporate responsibility into our governance practices and policies, we published new Human Rights Principles and became a member of the United Nations Global Compact.
- 70% of Intel employees responded to our company-wide Organizational Health Survey, providing valuable feedback to help drive continuous improvement in our workplace practices.
- Promoting transparency and supply chain responsibility, we have disclosed the list of our top 50 suppliers for the first time in our Corporate Responsibility Report.

Embedding Expectations into Our Culture

The Intel Code of Conduct serves as a cornerstone of Intel culture, helping to ensure that our employees, officers, and directors maintain the highest ethical standards in all of their actions. In 2009, over 98% of our employees received formal training on the Code, which directs them to consider both the short- and long-term impacts on the environment and the community in business decisions. In 2009, we also updated our annual Code of Conduct training to add more content on our corporate responsibility expectations, including those related to the environment and human rights. Since 2003, the Corporate Governance and Nominating Committee of our Board of Directors has had ultimate oversight for Intel's corporate responsibility performance. In early 2010, we amended the committee's charter to further clarify their role in reviewing additional sustainability issues that may impact our business.



Empowering Our Employees

One of the six Intel Values is “Great Place to Work,” which reinforces the importance of positive employee relations as a key component of our success. We support this value by cultivating open and direct communications, rewarding and recognizing our people, and investing in career development and leadership. To promote the continued innovation essential to Intel’s success, we use recognition and reward programs, leadership resources, and interactive forums to create the cultural support for risk taking and the open exchange of ideas. In 2009, we invested \$267 million in employee training and development, an average of \$3,400 and 37.8 hours per employee. We also continued to expand our award-winning employee wellness program and added other innovative programs, tools, and conveniences to help employees balance their work and personal lives and develop healthier lifestyles. Intel was included on “best place to work” lists in a number of countries, and was selected by both BusinessWeek and Fast Company magazines as one of the 50 most innovative companies.

Promoting Supply Chain Responsibility

Intel works with others in our industry to promote corporate responsibility throughout the global electronics supply chain. In 2009, we trained our suppliers on new environmental, social, and governance requirements and metrics that we are using to evaluate suppliers starting in 2010—including assessments of suppliers’ environmental management programs. We took steps to address concerns about some metals used in the electronics supply chain that are derived from mines whose profits are fueling human rights violations in the Democratic Republic of the Congo. Our actions included requests that our suppliers verify the sources of metals used in their products, the funding of a study to define metals used in the supply chain, and co-sponsorship of “call to action” industry meetings on this topic.

Advancing Environmental Sustainability



- In 2009, Intel remained the largest voluntary purchaser of renewable energy credits in the U.S., according to the EPA, and announced in January 2010 our plan for eight new on-site solar installations at our U.S. facilities.
- The conversion to the energy-efficient Intel® Core™ microarchitecture saved up to 26 terawatt-hours of electricity between 2006 and 2009, compared to the technology it replaced—equivalent to eliminating the CO₂ emissions associated with the annual electricity use of more than 2 million U.S. homes.
- In 2009, we continued to link a portion of every employee's variable compensation to the achievement of company-wide environmental goals, including a target to reduce office energy use.

Promoting Sustainability in Our Operations

We incorporate environmental performance goals throughout our operations—from how we design our facilities to our efforts to conserve water and energy. Intel's policy is to design all new buildings to a minimum of the Leadership in Energy and Environmental Design (LEED) Silver level, and our new design center in Haifa, Israel, recently achieved LEED Gold certification. To underscore our commitment to responsible water management, we expanded our transparency on our water use and adopted a new water policy in early 2010. In 2009, we saved more than 2 billion gallons of water as a result of our investments in water conservation initiatives.



Since 2001, we have invested over \$35 million and completed more than 1,300 projects to improve energy efficiency and resource conservation, saving 640 million kilowatt-hours of energy, or enough to power more than 55,000 U.S. homes for a year. In 2009, close to 70 individuals and employee teams were nominated for Intel Environmental Excellence Awards for their work on innovative projects that reduced Intel's environmental footprint.

Designing Energy-Efficient Products

We strive to minimize the environmental impact of our products in all phases of their life cycle. We maintain a strong focus on driving innovation to improve product energy efficiency, since the largest portion of our carbon footprint comes from the consumer use of our products. Each new generation of Intel process technology enables us to build microprocessors that can have improved performance and energy efficiency. For example, the recently released Intel® Xeon® processors for servers provide the same performance as the previous generation of Intel Xeon processors, with up to 30% lower system power usage.

Applying Technology to Environmental Challenges

We have joined 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. In 2009, we founded the Intel Open Energy Initiative, aimed at accelerating the global transition to smart grids and smart buildings, and empowering energy consumers. As a founder and co-chair of the Digital Energy Solutions Campaign, we worked with a coalition of information and communications technology (ICT) companies, non-governmental organizations (NGOs), and trade associations to promote public policies that maximize ICT's contribution to improving energy efficiency and reducing carbon emissions.

Transforming Education



- More than 7 million teachers worldwide have received in-depth training through the Intel® Teach Program, helping them to effectively integrate technology into their classrooms.
- Intel, Cisco, and Microsoft announced a research initiative with more than 60 leading scholars focused on how to best define, measure, and teach the skills needed to compete in today's global knowledge economy.
- Hundreds of thousands of students around the world are gaining access to technology for the first time through the Intel® Learning Series, which combines educational software and services with the Intel-powered classmate PC, a low-cost, rugged mobile learning device platform.

Empowering Teachers and Learners

Over the last decade, Intel has invested more than \$1 billion, and our employees have volunteered over 3 million hours, toward improving education in more than 60 countries. We believe that 21st century skills such as digital literacy, problem-solving, critical thinking, and collaboration are best developed in powerful learning environments supported with technology. Our signature education program, Intel Teach, helps teachers integrate technology and “real-life” active learning into their classrooms. Intel and the Intel Foundation also extend learning beyond the classroom by investing in initiatives such as the Intel® Learn Program, which has reached over 1 million young people in 13 countries.



Inspiring the Next Generation of Innovators

Through the Intel Science Talent Search (Intel STS) and the Intel International Science and Engineering Fair (Intel ISEF)—both programs of Society for Science & the Public—more than 6 million high school students from around the world compete for millions of dollars in awards and scholarships each year, while gaining valuable research skills. Because of our focus on initiatives aimed at increasing the number of women and under-represented minorities in computing and engineering fields, we were especially proud that all three winners of the Intel Foundation Young Scientist Award at the 2009 Intel ISEF were young women.

The Intel® Higher Education Program, active in more than 30 countries, provides support for university faculty and students to advance research and education in math, science, and engineering, and for the creation of technology entrepreneurship programs. We have also disseminated cutting-edge curricula to more than 1,700 leading universities to help prepare students for careers in critical technology areas.

Collaborating for Greater Impact

Systemic improvements in education require working with others who share the same goals. As a result, we engage with a number of other organizations—including the United Nations Educational, Scientific, and Cultural Organization (UNESCO) and the United States Agency for International Development (USAID)—to advocate for educational excellence and access. In 2009, we signed memorandums of understanding aimed at improving math and science education in a number of countries, and announced our support of U.S. President Barack Obama's Change the Equation campaign, which focuses on the urgent need to improve science, technology, engineering, and math education in the U.S. Through the Intel World Ahead Program, we have worked with more than 60 countries on over 200 projects aimed at making technology more available, affordable, and understandable to first-time users.

Enriching Communities



- Through the Intel Involved Program, 38% of our employees donated 989,681 hours of service in 2009, and the Intel Foundation provided \$6.8 million in matching grants to about 4,500 schools and nonprofits where employees volunteered.
- We launched the Intel Education Service Corps, which trains teams of Intel volunteers and sends them around the world to help install computers in schools and orphanages, and teach students, teachers, and parents how to use them.
- Just one month after the catastrophic earthquake in Haiti in January 2010, giving by Intel, the Intel Foundation, and employees had reached \$3 million, and we had provided technology expertise and hundreds of laptops for aid workers.

Emphasizing Skills-Based Volunteerism

We increased our focus on volunteer opportunities that enable our employees to share the unique skills they have honed at Intel—in human resources, legal, marketing, finance, information technology, and other areas. One group of employees applied the “lean” manufacturing expertise they developed at Intel to reduce waste and improve safety and productivity at a local food bank, while another employee used his technical skills to create an online assessment tool at a nonprofit for children with autism spectrum disorders. The winner of the first Intel Involved Hero Award was



an Occupational Health and Safety employee—who led a team of Intel volunteers to develop and deliver a multifaceted HIV/AIDS prevention program in schools, colleges, and neighborhoods in and around Bangalore, India.

Addressing Challenges with Technology

To achieve scalable impact, Intel develops alliances with governments, leading NGOs, and other companies to develop technology solutions to address some of the world's biggest challenges—in healthcare, economic development, education, and the environment. We are working in partnership with Lebanon, for example, on a telemedicine project to train medical students and doctors, and to enable patients in distant parts of the country to receive treatment via computers and the Internet. In 2009, we also continued our collaboration with NetHope—a consortium of managers and experts from some of the largest international NGOs—to apply technology in support of healthcare, economic development, and disaster relief programs.

Giving to Support Local Needs

Each year, Intel and its employees, supported by the Intel Foundation, contribute technology equipment and expertise—as well as millions of dollars—to education, community programs, and short- and long-term disaster relief efforts. Despite continued economic uncertainty, U.S. employee and retiree contributions to the U.S. Community Giving Campaign increased 3% over 2008. With the Intel Foundation match, the total contribution was \$22.7 million—placing Intel in the top 10 United Way corporate campaigns in the U.S. for the second year in a row. By the end of 2009, Intel had established 190 state-of-the-art e-classrooms—and our employees had donated more than 66,000 volunteer hours—to help rebuild regions devastated by the earthquake that rocked China's Sichuan Province in 2008. Similarly, following the November 2008 floods that destroyed the livelihoods of millions of people in Bihar, India, Intel partnered with ActionAid India to help over 600 families set up small businesses to generate income.

Awards and Recognitions



Third-party recognition provides valuable feedback on our programs and practices, helping us to drive continuous improvement over time. Below is a selection from the more than 80 corporate responsibility awards and recognitions that Intel received in 2009.

Overall Corporate Responsibility

- Dow Jones Sustainability Indexes—Listed on North America and World indexes (11th year) and top semiconductor company (9th year)
- Corporate Knights—Global 100 Most Sustainable Corporations in the World (5th year)
- Ethisphere Institute—World’s Most Ethical Companies 2009
- FTSE Group—Listed on FTSE4Good Index (9th year)
- Fortune—World’s Most Admired Companies (1st in social responsibility in our industry)
- Covalence—Ethical Ranking 2009 (2nd overall)
- Corporate Responsibility magazine—100 Best Corporate Citizens 2009 (10th year) (U.S.)
- MAALA Corporate Responsibility Index—Platinum rating (6th year) (Israel)
- Corporate Citizenship Committee—Five-Star Best Corporate Citizenship Award (China)
- U.S Secretary of State—Award for Corporate Excellence Finalist (Costa Rica)
- Chambers Ireland—President’s Awards for CSR (for energy conservation and education programs)
- Russian Federation Ministry of Economic Development—Russia CSR Ranking

Environment

- Newsweek—Top 500 Green Companies in America (4th overall)
- U.S. EPA—A Green Power Partner of the Year (2nd consecutive year)
- Carbon Disclosure Project—Carbon Disclosure Leadership Index (global)
- InfoWorld—InfoWorld Green 15 (U.S.)
- Environmental Defense Fund—2009 Innovations Review (U.S.)
- Confederation of Indian Industry—Energy Management Award
- California Integrated Waste Management Board—Waste Reduction Award Program (U.S.)



Business/Workplace

- Fast Company magazine—World's Most Innovative Companies 2009
- Fortune magazine and Hewitt Associates—Top 25 Companies for Leaders (global)
- BusinessWeek magazine—Best Places to Launch a Career (U.S.)
- Working Mother magazine—100 Best Companies for Working Mothers (U.S.)
- American Association of Retired People—Best Places for Workers over 50 (U.S.)
- Hewitt Associates, Asian Strategy Leadership Institute—Top 10 Employers in Malaysia
- The Marker magazine—50 Best Companies to Work For (1st place) (Israel)
- Institute Japan—100 Best Companies to Work For
- Human Rights Campaign—Corporate Equality Index (8th year with perfect score) (U.S.)
- Institute for Health and Productivity Management—Level II International Corporate Health and Productivity Management Award
- National Business Group on Health—Best Employers for Healthy Lifestyles-Gold level (3rd consecutive year) (U.S.)
- AMR Research—Top 25 Supply Chains (global)

Community and Education

- President of Chile—Education Bicentennial Award
- Arizona Governor's Office—2009 Volunteer Service Award (U.S.)
- China Ministry of Education—Outstanding Contribution to China Education Award (6th year)
- Ukraine Ministry of Education—Silver Medal for Innovation in Education
- New Mexico Governor's Office—Governor's Award for Corporate Volunteer Program (U.S.)
- CSR Association of Turkey—CSR Marketplace Award (for Intel® Teach Program)
- Commerce magazine—CSR Award 2009-Best in Community (Vietnam)
- Mexican Institute of Philanthropy—Best Practices Award for CSR (for our education programs)
- Portland Business Journal—Top Large Company Philanthropist (U.S./Oregon)
- United Way—United Way Leadership Award (Brazil)
- ICT Ireland—ICT Excellence Award 2009 (for Log On, Learn program)

2009 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 complete Corporate Responsibility Report at www.intel.com/go/responsibility.

Key Indicators					
	2009	2008	2007	2006	2005
Economic					
Net revenue (dollars in billions)	\$35.1	\$37.6	\$38.3	\$35.4	\$38.8
Net income (dollars in billions)	\$4.4	\$5.3	\$7.0	\$5.0	\$8.7
Provision for taxes (dollars in billions)	\$1.3	\$2.4	\$2.2	\$2.0	\$3.9
Research and development spending (dollars in billions)	\$5.7	\$5.7	\$5.8	\$5.9	\$5.1
Capital investments (dollars in billions)	\$4.5	\$5.2	\$5.0	\$5.9	\$5.9
Environmental					
Global-warming emissions (million metric tons of CO ₂ equivalents)	1.98	2.49	3.85	4.02	3.78
Energy use (million kWh—includes electricity, gas, and diesel)	5,110	5,649	5,765	5,793	5,292
Water use (millions of gallons)	8,025	7,792	7,517	7,651	6,756
Chemical waste generated (tons)	24,670	28,486	23,260	29,951	27,357
Chemical waste recycled/reused	71%	84%	87%	64%	58%
Solid waste generated (tons)	44,484	83,822	58,746	60,917	54,634
Solid waste recycled/reused	80%	88%	80%	74%	75%
Social					
Workplace					
Employees at year end	79,800	83,900	86,300	94,100	99,900
Women in global workforce	28%	29%	29%	30%	30%
Investments in employee training (dollars in millions)	\$267	\$314	\$249	\$380	\$377
Safety—recordable rate ¹	0.45	0.47	0.48	0.43	0.44
Safety—days away case rate ¹	0.09	0.11	0.12	0.11	0.13
Community					
Employee volunteerism rate	38%	54%	38%	38%	35%
Worldwide charitable giving (dollars in millions) ²	\$100	\$102	\$109	\$96	\$111
Charitable giving as percentage of pre-tax net income	1.8%	1.3%	1.2%	1.4%	0.9%
Education					
Teachers trained through Intel® Teach Program (millions)	1.2	1.1	1.1	0.9	0.8

¹ Rate based on 100 employees working full time for one year.

² Includes total giving (cash and in-kind) by Intel Corporation and Intel Foundation.

Looking Ahead: Corporate Responsibility Goals

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

Goals for 2010 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 maintain the energy-efficiency lead in the market for our next two product generations.

Workplace

Drive key improvements and hire at full availability for technical under-represented minorities and women.

Improve the organizational health of the company, as measured by improvements in our company-wide Organizational Health Survey.

Maintain our world-class safety performance, achieving a target safety recordable rate of 0.36.

Improve the early reporting of ergonomic-related injuries, specifically cumulative trauma disorders, with a targeted First Aid to Recordable Ratio goal of 9:1.

Supply Chain

Include historically under-represented businesses in 100% of all eligible bidding opportunities, and participate in international supplier diversity standards adoption and community awareness campaigns.

Continue to integrate environmental, social, and governance factors into supplier awards, Supplier Report Card, contracts, purchasing specifications, and training.

Community

Maintain at least a 40% employee volunteerism rate globally.

Continue to engage employees in high-impact, skills-based volunteering opportunities: launch one business group pilot project and integrate skills-based volunteering information into our career development course.

Education

Enable teachers to prepare students with 21st century skills by training 10 million teachers by 2011 through the Intel® Teach Program and expanding our portfolio of program options to meet local needs.

Reach an additional 250,000 learners in 2010 through the Intel® Learn Program. Extend the program by adding a new curriculum unit, Intel® Learn Technology and Entrepreneurship.

By 2011, reach the goal of 100,000 PC donations to schools in emerging markets to improve teaching and learning through ICT use.

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

Intel is the world's largest semiconductor chip maker, based on revenue. We enable innovation across a spectrum of digital devices—handhelds, netbooks, laptops, desktop PCs, servers, consumer electronics, and networking and communications products. We are committed to pushing the boundaries of technology to make the lives of people everywhere more exciting, fulfilling, and manageable.



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To learn more about the content in this Executive Summary, visit www.intel.com/go/responsibility to view or download our complete 2009 Corporate Responsibility Report, prepared using the Global Reporting Initiative* G3 Sustainability Reporting Guidelines.

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