intel ®

Global Citizenship Report 2001

Vision & Values

Contents

This report contains data from 1999 through 2001. It was published in 2002.
To view the report on the Internet, visit: **www.intel.com/intel/finance/social.htm**
If you have questions or comments, send e-mail to: **Responsibility@Intel.com**

Q&A with Craig Barrett

For a view on Intel's thinking regarding corporate responsibility, Craig Barrett, our CEO, responded to a few questions about our approach.

Q: What is Intel's approach to corporate responsibility?

A: Much like other core operating programs at Intel, our ideas about corporate responsibility are embedded in the way we do business throughout the organization—in human resources; purchasing; quality; investor relations; legal; and environment, health and safety—in every aspect of our company. Our commitment to doing the right things right runs deep in our corporate culture. We don't view corporate responsibility as a fad or marketing scheme. In fact, much of what we address in this report has been a part of the way we've done business since Intel was founded in 1968.

Q: Why publish a citizenship report?

A: Over the past several years, expectations have changed. Making a profit for shareholders is still the top priority. However, corporations now are also expected to be good citizens. We view corporate citizenship as the relationship forged between Intel, the communities in which we operate and society in general. At Intel, corporate citizenship is firmly anchored in our corporate values.

Intel CEO Craig Barrett on Corporate

Although this is Intel's first public report focusing on corporate responsibility, it builds on our long-standing efforts to ensure accountability and transparency in our environmental, health and safety reporting—and also on our long-term commitment to being a good neighbor in our communities and a great place to work for our employees.

Q: Has the global economic slowdown affected Intel's corporate citizenship efforts?

A: This recent downturn has been the toughest business cycle Intel—and the industry in general—has ever faced. Despite this difficult economic environment, we were able to achieve many of our global citizenship goals. For example:

- We reduced environmental emissions and improved our already world-class health and safety performance.

- We expanded the Intel® Teach to the Future program to reach 300,000 teachers worldwide and opened Intel Computer Clubhouses in 25 additional locations around the world.

- We remain broadly recognized as a responsible investment for socially conscious investors. For example, Intel was included in the inaugural FTSE4Good* U.S. and Global Indices and named "Technology Sector Leader" of the Dow Jones Global Sustainability Index.

- Our company volunteers received the 2001 Points of Light award for donating their time and talents to support the International Year of the Volunteer.

- Our sites around the world continued to be valuable and contributing members to their local communities. Many have received recognition and won awards for their accomplishments.

Q: Does that mean that Intel is doing everything right?

A: Corporate responsibility doesn't have a defined finish line. We are proud of what we have accomplished—and we've got a lot more to do. Continuous improvement is a part of our value system, so we are constantly modifying, changing, and growing programs and approaches so that we can achieve even better results. As you read through this report, you will see that we are identifying areas of leadership as well as areas where we still have work to do.

Q: What challenges lie ahead with respect to corporate responsibility?

A: One of our challenges moving forward is to be responsive to our various stakeholders as the definition and focus of corporate responsibility are defined. Intel is monitoring the many standard-setting initiatives underway around the world, and we are actively engaged in helping to shape some of these initiatives. We are also identifying and strengthening our data collection and reporting systems across the triple bottom line. This entire discipline is getting more attention by investors, legislators and our own employees worldwide. Our challenge in the future will be to continue to measure and improve on our results.

Q: What does that mean specifically?

A: More accountability. In the past year, we have enhanced reporting on our public Web sites in the areas of community involvement, education outreach, diversity, workplace environment and environmental performance. The measurement of our corporate responsibility efforts must be easily available so that our various stakeholders can assess our performance for themselves. We must not only do what we say, but also say what we do. That's what this report is all about.

"We view corporate citizenship as the relationship forged between Intel, the communities in which we operate and society in general."

—**Craig Barrett**, *Intel CEO*

Responsibility

Founded in 1968 to build semiconductor memory products, Intel introduced the world's first micro-processor in 1971.

Intel Corporation—A Global

Intel supplies chips, boards, systems, software, networking and communications equipment, and services that are the "ingredients" of computer architecture and the Internet.

Intel computing and communications products are the basic building blocks of the Internet. Even though 500 million PCs are in use today worldwide, only 10% of the world's population is online so far. As digital computing and communications increasingly converge, the online revolution is just beginning.

We predict tremendous growth in the next two decades—with ubiquitous networks worldwide, and tens of millions of servers connecting billions of PCs and other clients. Intel is positioned to be at the heart of this long-term technology build-out, with innovative products targeted at key Internet areas.

To learn more about Intel, visit:
www.intel.com
To learn more about our manufacturing, visit:
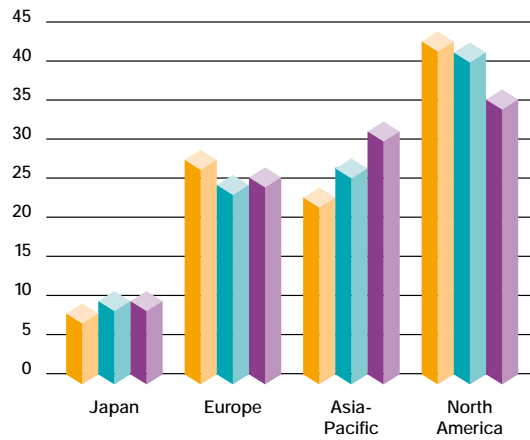www.intel.com/pressroom/kits/manufacturing

Technology

Intel Revenues and Income
(dollars in billions)
◆ Net Revenues   ◆ Net Income

Intel Geographic Breakdown of Revenues
◆ 1999   ◆ 2000   ◆ 2001   (percent)

Computing

Communications
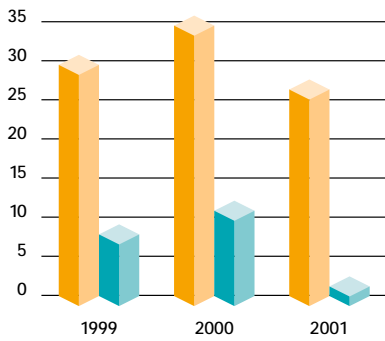
Intel manufacturing sites around the world

"*Don't be encumbered*

by the past. Go off and do

something wonderful."

—**Robert Noyce**, *Intel Co-founder*

Executive Summary & Key Indicators

Each of our stakeholder groups has different and growing information needs. This citizenship report attempts to cover the points of interest to various Intel stakeholders: our employees, communities, shareholders, legislators, educators and non-governmental organizations. The report addresses many of the primary components of the global reporting initiative (GRI) guidelines, with additional descriptions and supporting metrics where appropriate.

This report covers programs and results from 2001. However, since this is our first report, much of the content on principles and practices goes even further back in time. We address Intel worldwide operations and cover key efforts in community outreach; external education initiatives; and environment, health and safety. We also cover other efforts related to corporate responsibility, such as supply chain management, organizational health and great place to work programs, diversity, and corporate culture and values.

To provide meaningful trends, we have included three years of data wherever possible. Where additional data is available from other Intel Web sites, we have called that out as well. In addition, we have incorporated key goals and results from 2001 throughout the report.

2002 Goals

Environment

- Recycle 45% of the chemical waste generated from our worldwide facilities.

- Recycle 60% of the solid waste generated from our worldwide facilities.

- Offset at least 25% of our total incoming fresh water supply needs with reclaimed water and more efficient systems.

- Incorporate energy-efficiency design requirements into our design and procurement processes.

- Register all of our semiconductor facilities worldwide to ISO 14001.

Health and Safety

- Be the world-class benchmark for employee health and safety performance.

Education and Charitable Contributions

- Install 25 new Intel Computer Clubhouses, increasing our global presence from 15% to 25%.

- Deliver Intel® Teach to the Future teacher development program to 500,000 teachers worldwide.

Workplace and Diversity

- Redesign our performance review system to strengthen meritocracy, reduce cycle time and better support Intel's strategic objectives.

- Keep our undesired turnover below market rates in all of our markets.

- Regardless of business conditions, retain or increase representation of women and under-represented minorities in key technical positions.

- Hire diverse technology college graduates in the U.S. at a level higher than availability.

- Continue support of Historically Black Colleges and Universities (HBCUs) via donations, retention, and/or enrollment grants and hiring goals.

- Increase spending with minority and women-owned suppliers, and ensure inclusive bidding process.
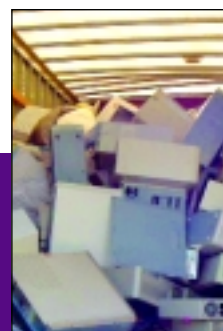
Computer recycling

Intel's Mission

To do a great job for our customers, employees and stockholders by being the preeminent building block supplier to the worldwide Internet economy

Intel's Values

- *Customer Orientation*
- *Discipline*
- *Risk-Taking*
- *Results Orientation*
- *Quality*
- *Great Place to Work*

Intel's Vision, Mission and Values

The Intel corporate values statement—first defined as long ago as the early 1970s—provides a template that guides our business behavior as well as our personal interactions in the workplace. Our values statement quickly conveys to employees and stakeholders what Intel is all about—what we value. The first day on the job for every Intel employee begins with an introduction to Intel's mission, objectives and values, as well as training on the 40+ behaviors that exemplify those values. As a constant reminder, every employee badge is emblazoned with the values, and posters listing the mission and values are displayed throughout our workplaces.

The interpretation of our mission, objectives and values means that Intel must…supply products that are performance and price competitive, of high quality, and when the customer wants them…offer competitive compensation and opportunities for continuous professional development…deliver a good return on stockholders' investments…and work hard, as a global citizen, to achieve the goals of the triple bottom line.

"Our values are timeless and do not depend on business conditions."

—Andy Grove, *Intel Chairman*

Intel always strives

to conduct business with

uncompromising integrity

and professionalism.

Policies, Organization & Management

Intel's Principles for Responsible Business

In 2001, the Intel Board of Directors approved a high-level set of business principles, based on long-standing internal policies that summarize our commitment to being a responsible corporate citizen. These principles define a minimum set of ethical standards for all Intel employees worldwide and are meant to reflect cultural differences in international locations. Intel adheres to strict standards of honesty and conducts business with uncompromising integrity and professionalism. These principles:

- Reflect a corporate decision on how we perform global activities.

- Are relevant to all Intel employees worldwide.

- Are approved and managed by Intel's Management Committee.

- Are reviewed on a regular basis.

Intel is committed to applying internal management systems and reporting structures to ensure adherence to these principles across our organization.

Accordingly,

- Intel respects, values and welcomes diversity in its workforce, its customers, its suppliers and the global marketplace. Intel will comply with applicable laws and provide equal employment opportunity for all applicants and employees without regard to race, color, religion, sex, national origin, ancestry, age, disability, veteran status, marital status, sexual orientation or gender identity. This applies to all areas of employment. Intel also provides reasonable accommodation to disabled applicants and employees to enable them to apply for and to perform the essential functions of their jobs.

- Intel will provide a workplace free of sexual harassment as well as harassment based on race, color, religion, sex, national origin, ancestry, age, disability, veteran status, marital status, sexual orientation or gender identity. We will not tolerate such harassment of employees by managers, co-workers or non-employees in the workplace.

- Intel will achieve high standards of environmental quality and product safety, and provide a safe and healthful workplace for our employees, contractors and communities. We will comply with applicable environmental, health and safety regulatory requirements as a minimum and implement programs and processes to achieve greater protection, where appropriate. We seek a workplace free of occupational injury and illness. We are committed to conserving natural resources, and reducing the environmental burden of waste generation and emissions.

- Intel expects its suppliers to comply with applicable laws concerning occupational health, safety and environmental protection; to strive for a workplace free of occupational injuries and illnesses; and to engage in manufacturing that minimizes impact to the environment and the community. We expect suppliers to maintain progressive employment practices and comply with applicable laws, including, at a minimum, those covering non-discrimination, child labor, minimum wages, employee benefits and work hours.

- Intel respects the privacy of consumers, customers and employees. Intel is committed to user privacy in our products and services. We support consumer choice and informed consent.

- Intel will provide a secure business environment for the protection of our employees, products, materials, equipment, systems and information.

Systems

- Intel prohibits bribes and kickbacks, either directly or through a third party.

- Intel encourages competition, which benefits consumers by prohibiting unreasonable restraints on trade. Intel competes vigorously while at the same time adhering to both the letter and spirit of anti-trust laws.

- Intel recognizes and respects the right of our employees to support or oppose representation or association with outside organizations. We believe that outside representation is not necessary to be treated fairly, with dignity and respect, and to receive competitive wages and benefits. We are committed to treating our employees fairly and providing them with safe jobs and competitive wages and benefits.

- We are committed to continuous improvement in our performance and to sharing the knowledge that we gain with our employees, customers, suppliers, shareholders, the communities in which we live and work, the scientific community, government and industry.

www

To learn more about our business principles and corporate responsibility, visit:
www.intel.com/intel/finance/social.htm

Corporate Governance

The majority of Intel's Board of Directors is independent and receives no consulting, legal or other fees from Intel other than compensation. The board appoints committee members, and four of these committees—Audit, Nominating, Compensation and Corporate Governance—consist exclusively of independent directors. At least annually, the board reviews Intel's strategic long-range plan, business unit initiatives, capital projects, budget matters, and the performance of the chief executive officer and other senior management personnel.

Our Corporate Governance Guidelines reflect Intel's mission, values and business principles.

www

To view our Corporate Governance Guidelines, visit:
www.intel.com/intel/finance/corp_gov.htm

Equity, Quality and Productivity in the Workplace

Intel's Great Place to Work Value is Evident in Our Human Resource Management Systems

- We recognize and reward accomplishments.

Meritocracy—evaluation based on accomplishments, not on length of service or personal connections—is the foundation of Intel's management systems. Annual written reviews for all employees include 360-degree feedback. Success is shared across the board; every Intel employee is eligible for stock options and stock purchase programs, and all employees receive two annual bonuses based on the company's performance.

- We promote a challenging work environment that develops our diverse workforce.

We believe one of Intel's greatest strengths is the breadth and depth of the diversity of our facilities around the world. We support opportunities and activities that allow people to explore, support, and celebrate their unique backgrounds and interests. Training and education opportunities are plentiful, and continuous improvement is intrinsic to Intel's workplace culture.

- We manage performance fairly and firmly.

Employees are given clear performance objectives and are held accountable for results. When business conditions demand a workforce reduction strategy, Intel tries to avoid layoffs by moving employees into our innovative redeployment program (see Redeployment box on page 14).

- We are open and direct.

Intel's open workspaces are symbolic of our belief in the importance of open and direct communication. We believe that all employees need to have in-depth knowledge about our business so they can make informed decisions. Regular open forums, quarterly business update meetings and accessibility to any level of management, including the CEO and Chairman, ensure that employees have information they need and are encouraged to ask questions. The long-standing Write To Know program, where employees can anonymously ask challenging questions and receive prompt responses, demonstrates Intel's commitment to two-way, open and direct communication.

- We work as a team, with respect and trust for each other.

Our egalitarian work environment puts employees on an equal footing. Intel does not have executive dining rooms or reserved parking spaces. Our emphasis is on contributions made by the individual, not on a job title or a position on the organization chart. Employees work side-by-side, on an informal, first-name basis, to achieve common goals.

- We strive to achieve the highest standards of excellence—and to continuously improve.

A commitment to world-class quality underscores all of Intel's management systems. Our quality system architecture encompasses both management processes and a framework for consistent product and service quality support in a marketplace known for high-velocity change.

The Intel Quality Award, introduced in 1991, recognizes business groups that have reached high levels of sustained excellence while demonstrating our six core values. Recipients share their successful approaches and solutions, and serve as role models for other organizations as they search for ways to increase the company's competitiveness.

The organizations applying for this prestigious internal award use a self-assessment tool, based on the Malcolm Baldrige National Quality Award criteria, to provide an in-depth assessment of all aspects of the business, including operational processes, leadership systems, strategic planning, data systems, employee development and well-being, finances and business results. This tool is used to create measurable, continuous improvement plans in a systematic and sustained way to help Intel meet new challenges.

" Most of the managers I have come in contact with are exceptional in their understanding of and ability to communicate goals and values."

Intel Global Employee Survey, 2000

Intel's Great Place to Work value includes the commitment to "Be an asset to our communities worldwide."

Beginning in 2001, each Intel business group also developed and implemented an Operational Excellence Plan designed specifically to address key business opportunities and challenges unique to their business. Many Operational Excellence plans were based on the output of the self-assessments noted above.

Accountability with Stakeholders

With Shareholders

Shareholders are increasingly interested in a company's social responsibility philosophy and track record as well as its financial bottom line. Since 1996, Intel has proactively communicated with individuals and investment groups concerned about environmental and other social issues. Every year Intel conducts more than a dozen major investor presentations, completes about 30 rigorous surveys from investment groups and non-governmental corporate monitors around the world, and fields inquiries from thousands of individuals both inside and outside the company.

Many fund and index managers who predicate their investment recommendations on the environmental and social, as well as financial, performance of a company have analyzed Intel and qualified us as meeting their "social responsibility" selection criteria. These funds include:

- Dow Jones Sustainability Index* "Sustainability Leader in Technology Market Sector"
- FTSE4Good* U.S. and Global 100 Indices 2001
- Citizen's Index*
- Calvert Social Index*
- Domini 400 Social Index*
- KLD-Nasdaq Social Index*
- Innovest Group "AA" Ranking

With Government Officials

Intel works with local and national legislators around the world on a variety of corporate responsibility issues. In 2001, we played an active role in engaging the European Commission as they debated the future direction of corporate social responsibility (CSR) in the European Union. Intel representatives attended the Belgian European Union Presidency Conference on CSR and shared ideas during meetings with European Commissioners for Enterprise and Information Society as well as Employment and Social Affairs.

We also work with government officials on other important policy issues, including broadband deployment, privacy and cyber-security, education, benefits and workforce development, trade issues, digital rights management, and energy and environmental policy.

16

We welcome the opportunity to share our experiences and views with government officials to build understanding and work through issues related to corporate responsibility.

With Our Communities

Intel routinely meets with local groups near our manufacturing sites to discuss community or environmental programs. That practice, formalized in the mid-1990s with the introduction of Community Advisory Panels, is now a standard part of the way we maintain communications with neighboring communities at our major locations.

In 1997, we conducted our first Community Perception Survey to gauge stakeholder perceptions of Intel's social responsibility, work environment and economic environment. The survey is now a formal planning tool for managing stakeholder relationships at each of Intel's manufacturing sites.

With Our Customers

Our success depends on working closely with our customers. Our Vendor of Choice (VOC) system helps Intel create value for our customers and rewards our employees for excellence in customer service. Each quarter, we rate our VOC performance, and every Intel employee is eligible to receive an additional day of pay as part of their twice-yearly cash bonus when our VOC rating is 90% or higher.

With Our Suppliers

We believe that the best way to promote excellent supplier performance is to select the best suppliers and work with them cooperatively. Since 1993, we have held annual Supplier Days during which more than 700 suppliers gather to discuss Intel's expectations. We have developed and implemented a supplier assessment process for monitoring environmental, health and safety performance as well as human resource practices such as adherence to age and work-hour standards. Working with members of Semiconductor Equipment and Materials International (SEMI), Intel helped incorporate these criteria into a Standardized Supplier Quality Assessment tool that all companies in our industry can utilize. In 2001, Intel performed more than 200 assessments of our suppliers worldwide using this tool, and we expect that the continued use of this assessment will raise the performance of all of our suppliers.

In 2001, Intel introduced its environmental product content specifications for suppliers. These specs identify materials that should not be used in Intel products or in its outsourced operations.

www

For more information on this specification, visit:
http://supplier.intel.com/ehs/environmental.htm

In addition, for more than three years, Intel has asked our paper and paper-packaging suppliers to eliminate the purchase of materials from old growth or ancient forests.

www

For more information on supply chain management, visit:
http://supplier.intel.com

How Intel Chooses a Site

Intel continuously researches global sites for potential future expansion. Our comprehensive site selection process evaluates several criteria, including the land's physical characteristics, local utility infrastructure, transportation capabilities, technical workforce, construction and supplier capabilities, human and labor rights, permitting and investment conditions, and risk assessment of security issues such as corruption, terrorism, crime and political instability.

> **" Intel has become
> a corporate leader
> in environmental
> stewardship—and
> one of the EPA's
> greatest partners. "**
>
> **—Christie Whitman,** *Administrator,*
> *U.S. Environmental Protection Agency*

Income Before Taxes and Net Income
(dollars in billions)

◆ Income Before Taxes   ◆ Net Income
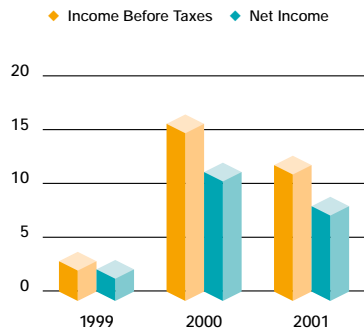
Diluted Earnings Per Share
(dollars adjusted for stock splits)
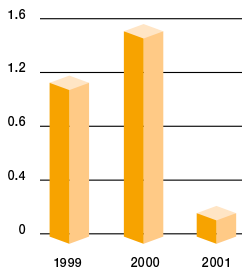
**Return on Average
Stockholders' Equity**
Percent

Intel's Global Citizenship Performance
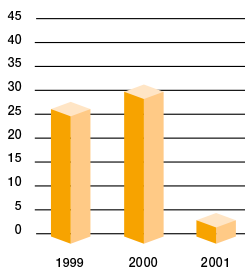
Traditional Bottom Line: Economic Performance

In 2001, the high-tech industry was characterized by high inventory levels and manufacturing over-capacity. Parts of the high-tech infrastructure had been built ahead of anticipated demand, leading many companies to cut back on their technology expenditures. In addition, the dot-com collapse contributed to market declines that affected all areas of the high-tech industry.

All this made for a pretty bleak year for Intel financially. Revenues for 2001 were $26.5 billion, down 21% from 2000. Including acquisition-related costs of $2.5 billion, net income for 2001 was $1.3 billion, down 88% from $10.5 billion in 2000. Excluding these costs, net income was $3.6 billion, down 70% from 2000.

Our sales came from an increasingly international market. We ended 2001 with nearly two-thirds of our sales generated outside the Americas. However, sales were lower in all regions than they were in 2000, reflecting the worldwide reach of the downturn.

The history of technology revolutions is told in cycles of boom, bust and build-out. Despite the recent downturn, we are confident that we will see decades of future growth in Internet-related technologies. Here at Intel, we are staying the course. Guided by our vision of the ongoing digital revolution, we continue to introduce new products and invest for the future so that we will be ready to ride the wave of recovery.

Capital Additions to Property, Plant and Equipment

◆ Machinery and equipment
◆ Land, buildings and improvements
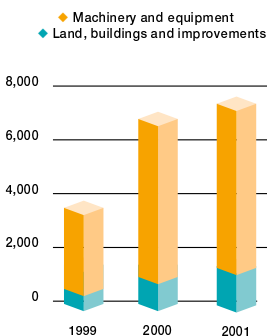
Bottom Line for a Sustainable Future: Environmental, Health and Safety Excellence

Our goal is to have a positive social and economic impact on our communities, employees, suppliers and stockholders while reducing our environmental footprint. We believe that making our products in a safe and environmentally sensitive manner is an integral component of our business success. We consider environmental, health and safety issues early in the development process, rather than relying on end-of-the-pipe solutions. We partner with our materials suppliers to select chemical processes that are more benign to human health and the environment. We also partner with equipment suppliers to design safety and environmental features into our manufacturing tools. We work hard to reduce the emissions from our factories, to minimize our use of natural resources, and to maintain an injury- and illness-free environment for all of our employees and contractors.

Each year presents increasing challenges to achieving these goals. A brief description of our goals and progress is presented here.

Research and Development*
(dollars in millions)
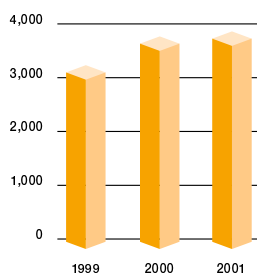
*Excluding purchased in-process research and development

Objectives for 2001	Performance in 2001
Recycle 45% of the hazardous waste generated by U.S. facilities and 15% of the regulated waste from non-U.S. facilities.	Recycled 58% of the hazardous waste generated by U.S. facilities and 35% of the regulated waste from non-U.S. facilities.
Recycle 65% of the solid waste generated by U.S. facilities and 35% of the solid waste from non-U.S. facilities.	Recycled 71% of the solid waste generated by U.S. facilities and 42% of the solid waste from non-U.S. facilities.

"Our environmental, health and safety [EHS] performance is just as important to us as our economic success— you can't have one without the other. The successes we've had in our EHS programs are most impressive when you go to a developing economy. That is where you really see how much of an impact our overall EHS philosophy has with our employees and in our facilities."

—**Craig Barrett**, *Intel CEO, Safety & Health magazine*

Intel's EHS performance is driven by three long-range strategic goals:

- Be an environmental, health and safety leader in our communities and our industry.

- Prevent all injuries in the workplace.

- Reduce the environmental footprint of our products, processes and operations.

Several key initiatives and performance indicators are outlined below.

www

For a full summary of Intel's environmental performance, read our Environmental, Health and Safety Report on the Internet at: www.intel.com/go/ehs

Global Climate Change

Intel continues to work toward meeting our goal to reduce perfluorocarbon (PFC) emissions 10% below our 1995 baseline by 2010. Although achieving this goal presents significant technical challenges and requires a reduction in PFC emissions of more than 95% per silicon wafer, a team of engineers continues to identify new chemical processes that should reduce our emissions of PFCs as well as the cost of manufacturing wafers.

Product Ecology

Lead-Free Products

Intel's ongoing efforts to reduce lead in our products resulted in the development of

Carbon Equivalents from PFCs and Energy

◆ PFCs ◆ Energy   (million metric tons)

Total Worldwide Waste Generated/Recycled

◆ 1999 ◆ 2000 ◆ 2001   (tons)
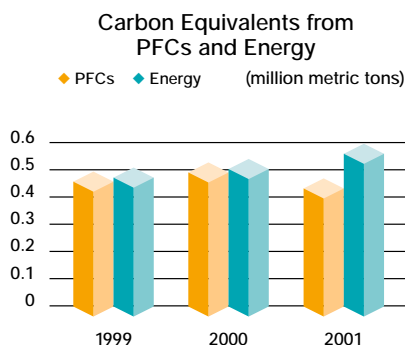
our first lead-free memory products in 2001. These efforts involve many scientific, technological and economic challenges, and demand cooperation among various members of our supply chain, as well as with government agencies and other companies in the semiconductor industry.

www

For more information on lead-free solutions, visit: http://developer.intel.com/research/silicon/leadfree.htm

Packaging Reductions

Packaging presents a challenge and opportunity to improve environmental performance. Intel teams have redesigned packaging for boxed Intel® Celeron® processors, eliminating 50% of the material and avoiding the disposal or more than 1.3 million pounds of packaging waste.

Energy-Efficient Products

Many PC manufacturers have introduced Intel's Instantly Available Personal Computer (IAPC) technology to the global marketplace. PCs equipped with the IAPC technology consume as much as 71% less energy per year than PCs without the technology. IAPC won the Technical Innovation award from the U.S. EPA's Energy Star* program.

www

For more information on Intel's energy-efficient laptop and server technologies, visit: www.intel.com/intel/other/ehs/Energy.htm
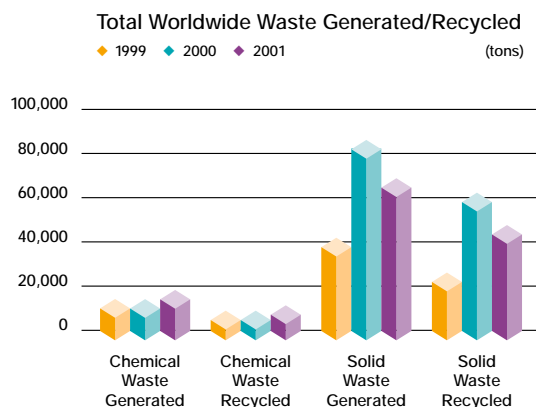
Wafer Recycling

Working with solar power suppliers, Intel has recycled 3 million scrap wafers into 2.4 million solar cells since 1999. These cells, in turn, have the capacity to generate approximately 11.4 million kilowatt-hours of emission-free power each year. An equivalent amount of energy produced using fossil fuels would generate more than 11,000 tons per year of greenhouse gases.

www

For additional information, visit:
www.intel.com/intel/other/ehs/
R_R_Initiatives.htm

Product Recycling and Reuse Initiatives

The fate of used technology has received increasing attention worldwide. Intel's Students Recycling Used Technology (StRUT) program and computer recycling events are efforts to keep old computers and related equipment out of landfills by putting them to good use in schools and in the community. Students learn to evaluate, repair and refurbish donated computers. Today, more than 140 schools and 3,000 students participate in StRUT, resulting in the diversion of more than 30,000 computers from landfills. In 2001, Intel held computer recycling events at four U.S. locations. Since 1999, nearly 6,000 people participated in the events and dropped off more than 422,000 pounds of computer-related equipment.

www

For more information on reuse and recycling initiatives, visit:
www.intel.com/intel/other/ehs/
R_R_Initiatives.htm

Environmental Education

Intel has worked with Conservation International since 1997 to deliver computer technology to isolated field projects, allowing scientists around the world to communicate as they assess threats to biodiversity. In 2001, the Investigate Biodiversity Web site was developed to extend that opportunity to young scientists. Now high-school students can "look over" the shoulders of scientists on exotic eco-research. The site also provides students with an opportunity to study ecological hotspots.

www

For more information, visit:
http://investigate.conservation.org

Water Management

Water is a key natural resource; it is also a vital part of semiconductor manufacturing. Our communities expect our best efforts in water conservation and reuse, and we remain committed to that goal. In 2001, approximately 2.5 billion gallons of our total water came from onsite, reused sources. Reusing water can have a significant impact on our total water use. A few examples of our water conservation efforts follow.

New Mexico

In New Mexico, Intel has invested more than $15 million in programs aimed at reducing, recycling and reclaiming water, including the High Recovery Reverse Osmosis Process and the Process Reclaim Water system. Our goal is to hold fresh water use at or below historical usage levels, even as we expand our facilities and increase production.

Managing water in New Mexico

Water Use
(gallons in millions)

	6,000	4,000	2,000	0
1999				
2000				
2001				
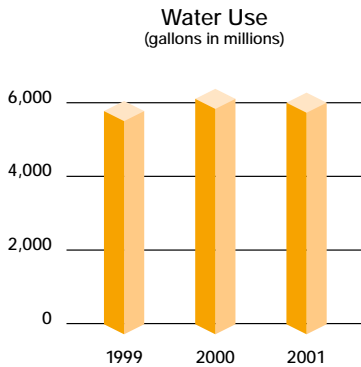
Intel's worldwide water use has been increasing at a rate less than our production growth. In 2001, Intel used approximately 15.3 million gallons per day. This level is approximately in line with water use in 1997. Numerous conservation projects at Intel sites worldwide contribute to the management of water use.

Arizona

Intel's facilities in Chandler, Arizona return about 1.5 million gallons a day of process rinse water to a city program that treats it using reverse osmosis. Once it meets the drinking water standards of the U.S. EPA, the water is re-injected into the underground aquifer, where the community's water supply originates. Intel also uses state-of-the-art systems to reuse water repeatedly in cooling towers, scrubbers and other mechanical systems.

Israel

Intel's Fab 18 in Israel returns 1.2 million cubic meters of water to local irrigation systems each year and has added a step in its water-cleaning process that will recycle even more. This recycling effort has not only helped Israel meet its need for agricultural water, but is also a significant contribution to Israel's world leadership in water recycling. The country recycles an astounding 75% of its wastewater.

(www)

For a full report on Intel's environmental performance and future challenges, visit: www.intel.com/go/ehs

Recordable Case Rate Benchmarks
(per 100 employees)

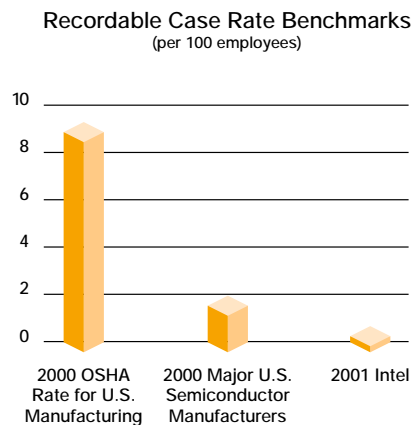|	10	8	6	4	2	0
2000 OSHA Rate for U.S. Manufacturing						
2000 Major U.S. Semiconductor Manufacturers						
2001 Intel						

Health and Safety

Despite our solid historical results, we continue to improve our health and safety performance. In 2001, we reduced our already world-class OSHA recordable rate by an additional 33% to 0.19 injuries per 100 employees. These numbers represent the prevention of injury and illness for thousands of employees and contractors each year, and make Intel one of the safest places to work on the planet.

Health Research

The semiconductor industry has been asked for several years to provide better evidence that our fabrication facilities are safe for our employees. Our routine monitoring and surveillance indicate an exceptional work environment, but we owe it to our employees to address any doubts raised in the press or by industry critics. Intel and other Semiconductor Industry Association (SIA) members continue to follow the recommendations of an independent Scientific Advisory Committee. The committee, established in 2000 to evaluate cancer risk among wafer fabrication workers, issued the following recommendations in 2001:

- Conduct a feasibility assessment to determine if a meaningful historical research study, with adequate numbers of participants, can be conducted. If it can, conduct it in such a way that cancer rates for wafer fabrication workers would be compared to those for individuals in the general population.

Intel Recordable and Lost-Day Case Rates

◆ Recordable Rate   ◆ Lost-Day Case Rate

	0.30	0.25	0.20	0.15	0.10	0.05	0
1999							
2000							
2001							
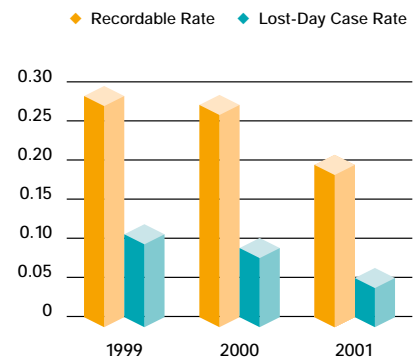
- If feasible, adopt health surveillance activities, such as the collection and analysis of data regarding work areas, exposures and health outcomes. The surveillance system can be used by the industry as an "early warning device" for possible work-related illness.

In addition to adopting the committee's recommendations, Intel and the SIA plan to create a prevention program through more rigorous standardized screening of manufacturing chemicals that could have adverse health effects.

Occupational Health and Wellness

In 2001, Intel occupational health nurses partnered with MayoClinic.com to provide a reliable resource for employee health information, resulting in a 70% increase in utilization. The team drafted frequent health and productivity communications, including resources for employees coping with the 9/11 attacks.

The direction of Intel's occupational health program was enhanced to include a focus on absence and disability management, while maintaining our high occupational health standards. We expect a return on investment from this enhancement to exceed $15 million in savings.

Supplier Safety Award

To recognize and promote safety among our suppliers, Intel launched the Supplier Safety Leadership Award in 2001. This award, co-sponsored by the National Safety Council, is presented annually to construction and equipment suppliers that demonstrate a commitment to safety excellence. The award recognizes management support, EHS program implementation, performance indicators and management systems. The first Supplier Safety Leadership Awards were presented to Hitachi High Technologies, Hitachi Kokusai and TEL.

(WWW)

For a full report on Intel's environmental performance and future challenges, visit: www.intel.com/go/ehs

---

"Without our employees, there is no technology. The rest of it doesn't exist."

—**Gordon Moore,** *Intel Co-founder*

Intel's safety performance is 45 times better than that of the average U.S. manufacturing company and 12 times better than the average in the semiconductor industry, possibly the lowest rate in any industry.

Objectives in 2001	Performance in 2001
Raise $1 million for K–12 education through the Intel® Volunteer Matching Grant Program.	Intel employees donated almost 147,000 volunteer hours and raised $1.4 million for local schools.
Expand our global community education network for underserved youth.	Opened 25 Intel® Computer Clubhouses, bringing the worldwide total to 42, almost halfway to our ultimate goal of 100.
Help improve student learning by training teachers to use technology more effectively in the classroom.	Trained 300,000 teachers in 25 countries through the Intel® Teach to the Future program.
Support graduate students in research fields related to Intel's business.	Contributed more than $1.6 million in one-year fellowships, equipment and mentor support to Ph.D. students.
Support university programs focused on retaining women and under-represented minorities in technical fields.	Provided $425,000 in financial support to programs at six major universities.
Establish relationships with engineering and computer science programs at Historic Black Colleges and Universities (HBCUs).	Provided $440,000 in financial and equipment support to Clark Atlanta University, Howard University, and North Carolina A&T.

Bottom Line of Social Responsibility: Supporting Our Employees and the Community

Intel® Innovation in Education Initiative

Intel believes that the same spirit of innovation that drives the global economy can also achieve dramatic results in the classroom. Intel continues to create and fund innovative education programs, and work with governments, educators and students to harness the power of technology, so that no student is left behind.

In 2000–2001, Intel contributed almost $225 million to improve education around the world. The Intel® Innovation in Education initiative focuses on improving mathematics, science and engineering education in more than 20 nations on five

Intel International Science and Engineering Fair

continents. Through our initiative, teachers develop the skills to integrate technology into their classrooms, and young people in underserved communities gain access to technology and technology skills in neighborhood centers. We also reward and encourage our future scientists and engineers at both the high school and university level.

In addition to Intel's long-standing graduate fellowship program, we provide financial support and equipment to various university programs focused on retaining women and minorities, and provide college scholarships to students—especially women and minorities—entering technical degree programs in colleges near our U.S. sites. In 2001, more than 200 Intel employees around the world served as volunteer mentors to female college students through the MentorNet program.

Intel Science Talent Search

Contributions to the Community (U.S.)					
	Total Cash Gifts	**Cost value of total in-kind giving**	**Value of cash gifts to programs that primarily benefit minorities**	**In-kind giving to programs that primarily benefit minorities**	**Value of cash gifts to programs that primarily benefit women**	**In-kind giving to programs that primarily benefit women**
2001	$55,704,002	$29,794,496	$5,503,698	$670,272	$1,526,457	$67,062
2000	$67,109,115	$43,099,403	$4,864,119	$319,126	$1,886,198	$37,847
1999	$41,914,287	$57,278,858	$1,773,158	$203,431	$716,432	—

These totals do not include the contributions made by employees to United Way campaigns at all U.S. sites, which raised more than $4.5 million in 2001 to help community-based organizations.

> *"The Intel Computer Clubhouse is a space dedicated to nourishing creativity in young people. We use technology as…a means for communicating what we want to say to each other and to our community about ourselves. The Computer Clubhouse enables young people to be actively and consciously involved in their own development and the development of their community."*
>
> —**Gavin Byrne**, *Intel Computer Clubhouse Coordinator, Ireland*

Fair Play Summer Camp

Encouraging the Next Generation of Scientists and Inventors

Because improving science and math education is a key focus for Intel, we sponsor two competitions for high school students: the Intel Science Talent Search (Intel STS) and the Intel International Science and Engineering Fair (Intel ISEF). The Intel ISEF provides the world's best young scientists from all over the world with an opportunity to share ideas and showcase their projects and inventions. The Intel STS is the country's oldest and most prestigious science competition for high school seniors. These competitions help us encourage students and teachers who are achieving excellent results in science education.

Intel Computer Clubhouse

An Intel Computer Clubhouse is a magical learning environment where young people aged 10–18 work after school with peer and adult mentors to explore their personal interests and use cutting-edge technology and software. The Computer Clubhouse learning model, developed by the MIT Media Lab and the Museum of Science, Boston, helps build technological fluency, teamwork, problem-solving skills and self-esteem. Through Clubhouse-to-College, students have access to tools and guidance to pursue advanced education. In Clubhouse-to-Career, youth get experience in applying their skills in real-world employment settings as they prepare for jobs and internships in local companies.

Involved in the Community

In addition to financially supporting education, Intel makes significant gifts of cash, products and services to nonprofit organizations whose programs improve the quality of life in the community, celebrate diversity, enhance opportunities for youth, support basic human service needs, and protect and conserve the environment.

A Summer Camp Gift

Intel employee Sue Hiscox has provided fourth- and fifth-graders at Oregon's William Walker Elementary School with two years of funding for a summer camp, thanks to Intel's Matching Gift program. "My husband and I both believe strongly that good education is the key to the future," she says. Intel matched her donation, dollar for dollar. In 2001, Intel employees gave Matching Gifts totaling $3,342,545 to schools and other charitable organizations.

**Intel India
Computer Clubhouse**

Intel CEO Craig Barrett was honored in November 2001 by the National Alliance of Business with its Founders Award for his significant leadership and commitment in fostering education and workforce excellence.

Sharing Employee Time and Talent

Wearing their signature blue Intel Involved shirts, employees participated in a wide variety of corporate-sponsored volunteer activities in 2001. Employees volunteered 237,147 hours—nearly 6,000 workweeks—of community service at our sites around the world. They picked up garbage in parks and dug out trails in open space preserves. They painted the homes of the elderly and tutored children living in homeless shelters. They bought and wrapped holiday gifts for poor families, and removed litter from the highway. In thousands of ways, they improved the quality of life in the communities where they live and work.

Impressive Start for Intel Involved in India

In the first two months of the Intel Involved program in India, more than 150 employees donated 600 hours to help local orphanages and to plant a forest in the heart of Bangalore. Employees donated clothes, books and toys for the orphanages and organized fun events where the children received gift packs filled with educational materials donated by the Intel Involved crew. When employees learned that the youngsters needed lessons in English, math and Hindi, the Intel volunteers returned for teaching duties. Another 70 Intel employees and family members planted 450 tree saplings to create a mini forest in the city's downtown. Projects planned for 2002 include blood donation, computer donation, and teaching and mentoring projects for school children.

Intel Employees Respond to 9/11

After an initial donation of $1 million by the Intel Foundation to help victims of the September 11 attacks, more than 6,500 Intel employees donated over $1 million, which, when matched by the company, resulted in a total donation of nearly $3.5 million—the largest single disaster relief donation ever made by the Intel Foundation.

Intel's Operation Unity provided several kinds of assistance, including:

- Communication Centers: Two mobile technology/communication centers, including one at Ground Zero for the Office of Emergency Management and e-mail/Internet service to relief workers, emergency service personnel and nonprofit organizations.

- Assistance to Law Enforcement Agencies: Laptops for the U.S. Secret Service and the Port Authority of New York, to assist their field investigation at the World Trade Center.

- Business Recovery: A repository of available information and services to assist more than 600 businesses through a dedicated Web site.

Valuing Our Employees

Intelligence. Innovation. Creativity. These are the principles that drive us and help us every day to create a workplace where good ideas are rewarded. Our employees tell us time and again that what keeps them at Intel is the chance to do challenging work with smart people—and be rewarded fairly based on strong principles of meritocracy.

Intel is not trendy, not apt to adopt the "program of the month." Most of our workplace programs have been long-term commitments. The personal values of our founders—egalitarianism and meritocracy—helped to shape a company that lives its values and believes in the strength of a diverse workforce, a company that seeks to be an asset to the global communities in which it operates. All these factors have helped to keep Intel's turnover rate very low—about 5.5% worldwide in 2001 and lower since then.

"One of the things I like most about this [Computer Clubhouse] project is that it links a top-class company like Intel, which has made a fantastic commitment to this country, with a local community in a very genuine and innovative way. There is a lot of rhetoric about business and social responsibility; I say well done to Intel for putting the practice well ahead of the rhetoric."

—**Bertie Ahern**, *Prime Minister, Ireland*

Workplace Communication Goals

- Communicate honestly and openly.
- Share business information and strategic plans with employees.
- Harness the brainpower and ideas of all employees.

We achieve these goals in various ways:

- Keeping Our Employees Informed About the Business: Since the mid-1980s, Intel has held quarterly Business Update Meetings (BUMs) to inform employees about business results and product plans—and to elicit their questions and concerns. In 2001, four out of five Intel employees around the world participated regularly in BUMs.

- Direct Communication with Intel Executives: During 2001, CEO Craig Barrett visited 14 major U.S. sites and a number of Intel sites outside the U.S. He also broadcast two company-wide speeches: one after the September 11 attacks and one in December. Other Executive Staff members held employee forums at 15 sites.

Encouraging Employees to Ask Tough Questions

Open communication is a cornerstone of the Intel culture. Our Open Door Policy encourages employees to go directly to their managers to resolve all concerns promptly and honestly. If an employee doesn't feel comfortable raising an issue with a direct manager, we encourage the employee to raise it to another manager, such as the department head or division general manager, up to and including the Executive Office. Employees may also raise issues by contacting their group HR representative or the on-call assistance center.

Employees also can direct issues or questions to the Write To Know program, in existence for many years, which allows employees to ask challenging questions anonymously. Questions are forwarded from a confidential e-mail account to the appropriate person at Intel; answers are sent personally to the questioner. Some questions of general interest are published in a weekly electronic newsletter sent to all employees. In 2001, Write To Know answered 2,920 employee questions, and in 2000, a total of 2,279 employees received answers to their questions.

"The generosity of Intel employees continues to amaze us. They always seem to be there when we need them most."

—**Camille Casteel,** *Superintendent, Chandler [Arizona] Unified School District*

Intel's Open Door Policy was cited as a Best Practice by the U.S. Employment Opportunity Commission.

Inside the e-Corporation: Intel's B2E Program

Intel's goal is to be a 100% e-Corporation—outside and inside. The primary vehicle of our Business to Employee (B2E)—program is Circuit, Intel's employee intranet portal, which gets about 1 million hits a day. Circuit is the number 1 choice of employees, their primary source for news and information on business, product and technology innovations; community outreach; and general workplace services and resources. Monthly usage includes more than 200,000 payroll-related transactions, more than 100,000 Intel University class registrations, 10,000 audio bridge scheduling transactions, and almost 10,000 conference room scheduling transactions.

Circuit received the Silver Medal award from the League of American Communications Professionals. **"…Circuit News gives employees a terrific selection of news and company developments…. Editorial quality is equal to that of any top-tier newspaper."**

Rewards Based on Work

Intel's environment is a meritocracy—rewards are based on your work. We are one of a few global companies with bonus and recognition programs open to all employees, regardless of their level in the organization. Through two bonus programs, employees receive additional pay based on the performance of the company and of their business unit. The 2001 total payout to employees was $512 million. Through the Employee Cash Bonus Program alone, employees received roughly 10.8 additional days of pay (4.2% of annual eligible income).

In addition, Intel contributed 8% of each eligible employee's annual earnings to an employee profit-sharing account, a program that has been in existence since 1988.

Keeping Intel employees challenged and excited about their work is a critical function of Intel's sabbatical program, one of the most generous in any industry. After every seven years of work, Intel employees earn eight weeks off, with full pay and benefits, in addition to normal vacation and personal time off. In 2001, 3,243 full-time Intel U.S. employees took a sabbatical. Sabbaticals are also an opportunity for employees to "try on" new roles and gain new experiences and visibility while filling in for an absent colleague or manager.

Employee Recognition and Reward Goals

- Inspire excellence to the highest level.
- Recognize and reward the employees who role-model Intel's values.

Excelling at one or more of our six core values can earn employees recognition through our formal awards programs, which define Intel's commitment to excellence in the marketplace and workplace:

- The Intel Quality Awards (IQA) challenge our business groups to attain high levels of excellence through continuous improvement. By sharing their solutions and successful approaches, IQA recipients serve as role models to help other Intel organizations boost their overall performance to values and increase the company's competitiveness.

- The Intel Achievement Award (IAA), the company's highest honor for personal or team accomplishment, recognizes employees for outstanding accomplishments that have significantly improved corporate operations while demonstrating excellence in performance to Intel's values. The highly coveted award is given to less than 1% of the worldwide Intel population.

Intel Employee Returns to Family Homeland

Lila Ibrahim is a first generation Arab-American who recently took her sabbatical in a Lebanese village where her father had grown up in an orphanage. "I thought I'd use my background in high-tech and do something to help children," she says.

The Intel Foundation agreed to match employee donations from more than 50 of Lila's friends. With the $25,000 she raised, Lila outfitted a lab with 19 new computers. "I told the students the lab was made possible by strangers across the world who cared about them. I get e-mails telling me, 'We want to make you and your friends proud.' No matter where you go in the world, the thirst for knowledge and education is universal. Every small ounce of emotion you give, you get back 100 times…. A new generation [has] been given the tools to succeed. Who knows where this will take them?"

Continuously Improving Our Products, Workplace and People

Ten percent of Intel employees change jobs within Intel every year—meaning that 10% of our workforce reinvents itself every year. Intel provides training solutions to make it easy for employees to sharpen their skills and keep learning. Managers and employees together work on professional and personal development plans. We encourage employees to continually focus on their professional and personal growth.

Professional and Personal Growth Goals

- Encourage Intel employees to seek continuous professional and personal growth.

- Help Intel employees achieve their full potential.

Last year, Intel delivered 5 million hours of education and training for an average of 45 hours per employee of internal training. Training covers a broad range: technical and non-technical job-related classes, classroom and Web-based programs, personal development programs for all employees, and management/leadership development programs. For employees interested in degrees or certification programs, Intel invested more than $15 million in tuition reimbursement.

At Intel, we believe teaching is a way of learning, so the majority of our instructors are employee volunteers—some 10,000 of them around the company. Senior managers are required to serve as volunteer instructors.

"At Intel, open communication is a way of life. The Open Door Policy provides employees with a method for raising their concerns and having those concerns addressed openly and honestly."

—Patricia Murray,
Vice President, Human Resources

Intel University			
	1999	2000	2001
Classes Offered	5,500	6,000	7,000
Sessions Delivered	35,000	46,000	50,000
Students Served	435,000	684,000	667,000

Objectives in 2001	Performance in 2001
Increase global reach of Intel employee development programs.	Increased number of sites served from 72 in 1999, to 95 in 2000, and to 103 in 2001.
Increase the use of distance learning to reach more employees effectively.	Increased percentage of courses delivered via e-learning modes from 15% in 1999, to 21% in 2000, and to 28% in 2001.
Develop strategies to improve our leadership pipeline.	Developed strategy, staffed leadership development program office and piloted first new leadership class.

> **The most powerful aspect of the Intel Quality Award process is that it promotes our values and culture— the soul and heart of our organization.**
>
> —**Craig Barrett**, *Intel CEO*

Continuous Improvement is in the Hands of the Business Units

Intel works hard to consistently monitor the effectiveness of its workplaces and to seek ideas for continuous improvement. Our Technology and Manufacturing Group, the largest business group at Intel, has pioneered a process called Employee Relations Self Assessment (ERSA), which integrates continuous improvement into the business. Indicators track progress in improving management practices and employee relations, and the overall goal is to demonstrate improvement from each year's prior results. The ERSA assessment tool has five categories:

- Management commitment
- Organizational responsibility
- Fairness, equity and employee development
- Appropriate conditions of employment
- Awareness of the business climate

Recruiting and Retaining a Diverse Workforce

Intel seeks to attract, welcome and retain the most talented people worldwide. Because we know that diversity is an essential ingredient of innovation and excellent business performance, we strive to provide an environment in which employees from a wide variety of backgrounds are valued and rewarded. The unique points of view and the opportunities that result from diversity in our employees, communities, customers, suppliers and other partners are fundamental to our role as a technology leader and a global citizen.

Objectives in 2001	Performance in 2001
Conduct organizational assessments in Intel's major business group.	100% (26 teams) conducted ERSA.
Continuously increase the percentage of sections scored as excellent.	Sections scored as excellent increased from 13% in 1998, to 17% in 1999, to 30% in 2000, and to 36% in 2001.

U.S. Workforce Demographics in 2001											
		Male					Female				
	Total	White	Black	Hispanic	Asian/ Pacific Islander	Native American/ Alaskan	White	Black	Hispanic	Asian/ Pacific Islander	Native American/ Alaskan
Board of Directors	11	9 82%	0	0	1 9%	0	1 9%	0	0	0	0
Corporate Officers	32	22 69%	0	0	6 19%	0	4 12%	0	0	0	0
Top 50 in Total Comp.	50	39 78%	0	1 2%	5 10%	0	5 10%	0	0	0	0
Officials and Managers	6,181	3,789 61%	97 1.6%	220 3.5%	568 9.2%	19 0.3%	1,038 16.8%	31 0.5%	65 1.1%	140 2.3%	6 0.1%
Total Workforce	54,219	25,968 48%	1,286 2.4%	3,322 6%	7,815 14.4%	288 0.5%	8,988 16.6%	423 0.8%	1,316 2.4%	2,563 4.7%	123 0.2%

Not all columns add up to 100% because of rounding and a small percentage of respondents who refused to identify gender or ethnic background.

- 42% of people hired in 2001 resulted from employee referrals.
- 19% of Intel's management employees in 2001 were people of color.
- 22% of Intel's management employees in 2001 were women.

Equal Opportunity Employment

Intel supports equal employment opportunity for all applicants and employees, regardless of non-job-related factors, including—but not limited to—race, color, religion, gender, gender identity, national origin, ancestry, age, marital status, sexual orientation, veteran status and disability. Intel also makes reasonable accommodations for disabled employees. This policy applies to all aspects and stages of employment, from recruiting through retirement. It also prohibits harassment of any individual or group. All of Intel's 23 major business groups have affirmative action plans in place and dedicated teams that are charged with statistical analysis of our recruiting, hiring, retention, advancement and compensation efforts.

After making solid progress toward our goal of hiring more under-represented minorities and women in key technical positions, forward momentum stalled somewhat in 2001 due to the business downturn and Intel's very limited external hiring. However, increasing representation of women and minorities remains an important long-term goal despite short-term business conditions. We are committed to maintaining the current levels of representation and avoiding erosion of the gains we have made over the last few years.

www

For more information on diversity at Intel, visit:
www.intel.com/jobs/diversity

"An emphasis on personal development is one of Intel's strengths. We are all given opportunities to excel and grow."

—Comment from Intel Global Employee Survey

Employees Hired at Intel (U.S.)			
Year	Total # of Employees Hired	Total # of Minority Employees Hired	Total # of Women Employees Hired*
2001	4,774	43%	20%
2000	15,564	33%	26%
1999	4,851	35%	28%

Minorities include African Americans, Hispanics, Asians/Pacific Islanders, and Native Americans/Alaskans.

*Including white and minority women.

Objectives in 2001

Hire women and under-represented minorities at availability in technical positions at specified grade levels.

Performance in 2001

Exceeded hiring goals with under-represented minorities; fell short by a small margin with hiring women in technical positions.

Internship Program Provides Real-World Skills

Stephanie Clerge first came to Intel as an intern in 1994; she spent a total of four summers with Intel. When she received her B.S. in engineering from Stanford in 1999, Clerge sent her resume to a number of companies. "I felt I had a lot of options," she says. "I'm not sure those options would have existed without my internship at Intel."

Now as an Intel employee, Clerge is an Arizona fab supervisor. She also serves as president of the Network of Intel African Americans. This year, Clerge was honored at the Black Engineer of the Year Conference for her efforts to foster career opportunities for people of color in engineering, science and technology.

Clerge is typical of many of our employees who start their careers as Intel interns. While they finish their education, interns work at Intel to gain valuable skills and experience. In 2001, there were 1,007 interns at U.S. facilities and 994 worked at other sites around the world. Permanent job offers were extended to 42% of the interns eligible to work at Intel, and 75% of them accepted positions in our company.

Integrating Diversity at Intel

During 2001, Intel made significant strides in the effort to integrate diversity into existing business systems, processes and expectations of all employees. Specifically we:

- Hired a new Corporate Global Diversity Manager, who is responsible for overall strategy and linking of efforts across the country and around the world.

- Provided ongoing executive counsel through a Management Review Committee.

- Modified performance evaluation and succession planning systems to help develop, promote and retain talented minorities.

Stephanie Clerge

- Incorporated diversity principles into all management and new hire training.

- Communicated Intel's strategic objectives related to diversity through our inaugural Annual Diversity Summit, which drew more than 800 U.S employees from 10 Intel sites.

Employee Groups Celebrate Diversity

One way that we encourage and validate our respect for diversity is through our network of employee groups, which gives employees opportunities to get together for support, networking and integration. The company offers space for meetings, study or prayer; support staff; and funding for activities. In exchange, employee groups help recruit, integrate and mentor employees, and educate the entire Intel workforce through celebrations, bulletin board displays and intranet sites. Senior managers are encouraged to act as champions or sponsors for employee groups.

Intel looks to our key suppliers to mirror our efforts and create a diverse supplier base through the value chain.

Diversity in Our Supply Chain

Intel is committed to sourcing from a diverse base of world-class suppliers. Our long-term goal is to build a diverse supply base to promote economic development within our communities. Our spending with diverse suppliers is not yet at the levels we would like, however. Our Supplier Diversity Program aims to educate all Intel employees about the value of supplier diversity. Our goal is to give all suppliers equal access to Intel purchasing opportunities.

To enlarge the pool of suppliers, we work with local communities and offer training for local business owners as well as business school scholarships. Organizations that have honored Intel's leadership in supplier diversity programs include the Executive Office of the U.S. Government and the U.S. Hispanic Chamber of Commerce. We look forward to reporting on improved performance in the coming years.

In 2001, Intel-sponsored employee networking and support groups increased from 9 groups with 45 chapters to 17 groups with 82 chapters.

Does Intel Have…	
Domestic partner benefits for same-sex partners?	Yes
Non-discrimination policy that includes sexual orientation?	Yes
Non-discrimination policy that includes gender identity?	Yes
Corporate diversity manager and staff?	Yes
Diversity goals included as part of manager evaluation?	Yes
Employee support and networking groups?	Yes
Diversity training?	Yes
Supplier diversity program?	Yes
Affirmative Action plans in place for business groups?	Yes

Intel Employee Groups in 2001	
ACI	Asian Cultural Integration
ARABIC	Arab Intel Community
AVI	American Veterans at Intel
IBCN	Intel Bible Based Christian Network
IBA	Intel Bangladesh Association
IDAN	Intel Diverse Abilities Network
IGLOBE	Intel Gay, Lesbian, Bisexual & Transgender Employees
IJC	Intel Jewish Community
IINDIA	Intel India Employees
ILN	Intel Latino Network
IMEG	Intel Muslim Employee Group
IMN	Intel Mother's Network
INAN	Intel Native American Network
IVG	Intel Vietnamese Group
NIA	Network of Intel African Americans
RCGN	Recent College Graduate Network
WIN	Women at Intel Network
Additional Employee Groups are expected to be formed in 2002.	

Intel is proud of the many awards and honors it has earned in the area of corporate good citizenship. In the area of environmental performance, we have received more than 50 international awards for our achievements since 1998. Other awards have recognized our accomplishments in education, charitable donations, community involvement, quality, diversity and workplace improvement. The following are a few of the honors related to global citizenship that were awarded to Intel during 2001.

Environmental, Health and Safety Awards

- Green Cross for Safety Medal from the National Safety Council for commitment to workplace safety and corporate citizenship "that every company would do well to emulate."

- 2001 Akira Inoue Award for Outstanding Achievement in Environment, Health and Safety from the Semiconductor Equipment and Materials International organization. The award committee complimented CEO Craig Barrett for his role as a "forceful proponent of responsibility" throughout the semiconductor industry.

- Green Zia Environmental Excellence Award from the New Mexico Environment Department—the first bestowed upon a company—for the fully integrated environmental management system at Intel's New Mexico site that has reduced waste generation and prevented pollution.

- The prestigious 2001 Malaysia Prime Minister's National Health and Safety Excellence Award based on an extensive onsite audit by the Malaysian Department of Occupational Safety & Health and the National Safety & Health Council.

- Costa Rica's National Safety Award (Preventico) for the third year in a row.

- Institutional Award from the Philippines Department of Labor and Employment's Occupational Safety and Health Center for the "exemplary compliance" of Intel Philippines in meeting occupational and safety health standards with outstanding programs.

Recognition of Intel as a Global Citizen

- Technical Innovation Award from the U.S. Environmental Protection Agency's Energy Star* program for the development of Intel's Instantly Available Personal Computer technology, which allows PCs to consume as much as 71% less energy per year.

Community Awards

- Spirit of Caring Award, Valley of the Sun (Arizona) United Way.
- Rookie of the Year Award for Excellence in Partnership, Austin (Texas) Independent School District.
- Outstanding Business of the Year Award (second consecutive year) for Water Conservation Leadership in the Sudbury-Assabet-Concord Watershed (Massachusetts).
- Outstanding Corporate Neighbor, Rio Rancho (New Mexico) Chamber of Commerce.
- Outstanding Business Leadership and Service Award, Riverton (Utah) Chamber of Commerce.
- Community Service Award 2001, Costa Rican–American Chamber of Commerce.
- Corporate Partner of the Year, Big Brothers, Big Sisters (Arizona).
- "BIG" Award for Community Impact, Colorado Springs Chamber of Commerce.
- eBusiness Award for Outstanding Contribution to the Community, Tacoma (Washington).
- Israel Role Model Award, Israel National Council for Social Development.

Diversity Awards

- Corporate Sponsor of the Year, Society of Hispanic Professional Engineers (Silicon Valley, California).
- Community Responsibility Corporation of the Year, Hispanic Chamber of Commerce (Sacramento, California).
- Successful Partnership Award, National Council of Negro Women.

- Corporation of the Year Award, National Black MBA Association (Phoenix, Arizona).
- President's Choice Award, Alliance Partner and Corporate Partner of the Year Awards for leadership in supplier diversity, National Alliance of Women Business Owners (Arizona).

Best Employer/Corporate Awards

- The Points of Light Foundation selected Intel as its Corporate/Business Partner winner for its International Year of the Volunteer activities.
- Community Service Golden Torch Award from the National Society of Black Engineers for Intel's Computer Clubhouse Network initiative.
- The *Asian Wall Street Journal* and the *Far Eastern Economic Review* added Intel to the "Best 20 Employers in Asia" list (#2 in Malaysia and #13 in Asia overall).
- The *Far Eastern Economic Review* ranked Intel as #8 on its "Most Admired Companies in the Region" list.
- *Fortune* ranked Intel #49 on its "100 Best Companies to Work for in America" list and #9 on "America's Most Admired Companies" list.
- *Business Ethics* magazine ranked Intel #18 on its "100 Best Corporate Citizens" list.
- Harris Interactive/Reputation Institute ranked Intel #4 on its "Best Corporate Reputations" list.
- The *Financial Times* named Intel one of the "Top 10 Most Respected Companies" for our "unique methodology," resulting in shareholder and customer value as well as good environmental performance.
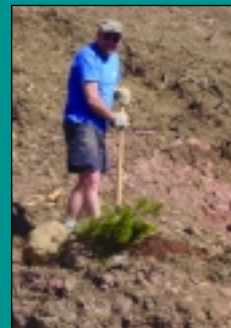
Tree planting

"Intel has demonstrated that it is a leader in environmental management."

—**Gary Johnson**,
Governor, New Mexico

Intel around the world

United States and Canada

Intel Corporation
Robert Noyce Building
2200 Mission College Boulevard
P.O. Box 58119
Santa Clara, CA 95052-8119
USA
Phone
General information: (408) 765-8080
Customer support: (800) 628-8686

Europe

Intel Corporation (UK) Ltd.
Pipers Way
Swindon
Wiltshire SN3 1RJ
UK
Phone
England: (44) 1793 403 000
France: (33) 1 4694 7171
Germany: (49) 89 99143 0
Ireland: (353) 1 606 7000
Israel: (972) 2 589 7111
Italy: (39) 02 575 441
Netherlands: (31) 20 659 1800
Ireland: (353) 1 606 7000

Asia-Pacific

Intel Semiconductor Ltd.
32/F Two Pacific Place
88 Queensway, Central
Hong Kong, SAR
Phone: (852) 2844 4555

Japan

Intel Kabushiki Kaisha
P.O. Box 300-8603 Tsukuba-gakuen
5-6 Tokodai, Tsukuba-shi
Ibaraki-ken 300-2635
Japan
Phone: (81) 298 47 8511

South America

Intel Semicondutores do Brasil
Av. Dr Chucri Zaidan, 940-10th floor
Market Place Tower II
04583-906
Sao Paulo-SP-Brasil
Phone: (55) 11 3365 5500

For more information

To learn more about Intel Corporation, visit
our site on the Internet at www.intel.com

intel. ®