

GROWTH

AT THE PLATFORM LEVEL



PAUL S. OTELLINI • PRESIDENT & COO

intel

accelerating “GHz and More”

Starting in 2001, progressive shift
to integrating value added features into CPU Si...

HT

PERFORMANCE...Hyper-Threading

EM64T

ADDRESSABILITY...Extended Memory 64

VT

CLIENT VIRTUALIZATION...Vanderpool

ST

SERVER VIRTUALIZATION...Silverdale

LT

SECURITY...LaGrande

Driven by shifts in the way
people are “computing”



Next: moving from logical to physical PARALLELISM

Accelerating parallelism based on user needs

CLIENTS Broad multi-core deployment will drive usage shifts
2nd Core: new uses / better perf: GUI, rendering, security, firewall

- Digital Home: High Definition, PVR, gaming, video (multiple formats)
- Digital Office: multi-task (virus scan, security, encryption, Outlook*)
- Longhorn* users will see better performance with multi-core

SERVERS Increased performance with more parallelism
– Software, environments...

driving PARALLELISM

architectural alignment with silicon & software

Phase 1: Hyper-Threading: Enabling for broad parallelism

Phase 2: Add Multi-Core in '05; *Unique Products* in DT, Mobile, Svr

All CPU development on Multi-Core

Software & Tools: Threading Tools, Compilers, VTune*

	2004*	2006*
Clients (perf)	55% (HT)	>50% (Multi-Core)
Servers (IA-32)	100% (HT)	100% (Multi-Core)
Servers (IPF)	n/a	>90% (Multi-Core)

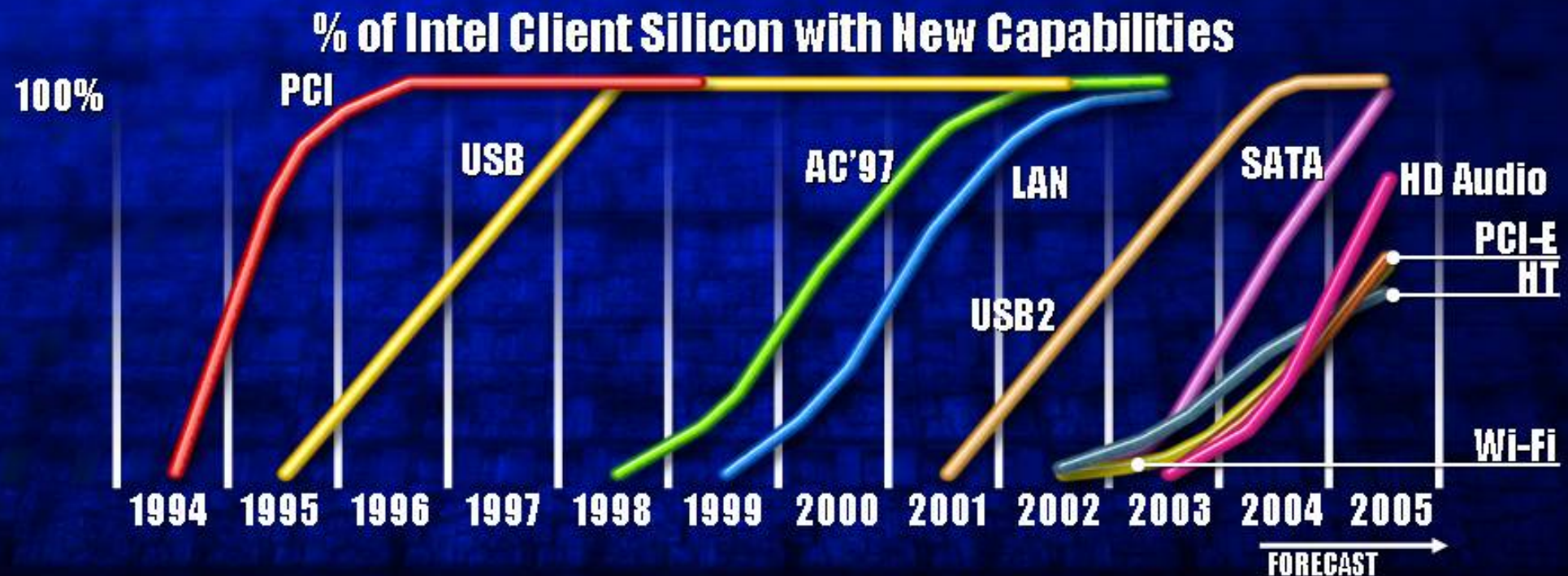
RESULT Increasing performance
in better thermal & acoustic envelopes

beyond parallelism

adding value to the PLATFORM

Win the A/V experience: **Media, Graphics & Audio**

Wireless: Multiple Standards; Everywhere



The next advance: **Virtualization & Security** (VT, ST, LT)

digital HOME

TREND
#1

Convergence

PC + Comms + CE

Design Cycles

Global Market

Interoperability

Simple

Content



digital HOME

TREND
#2

**Move to 10'
interface**

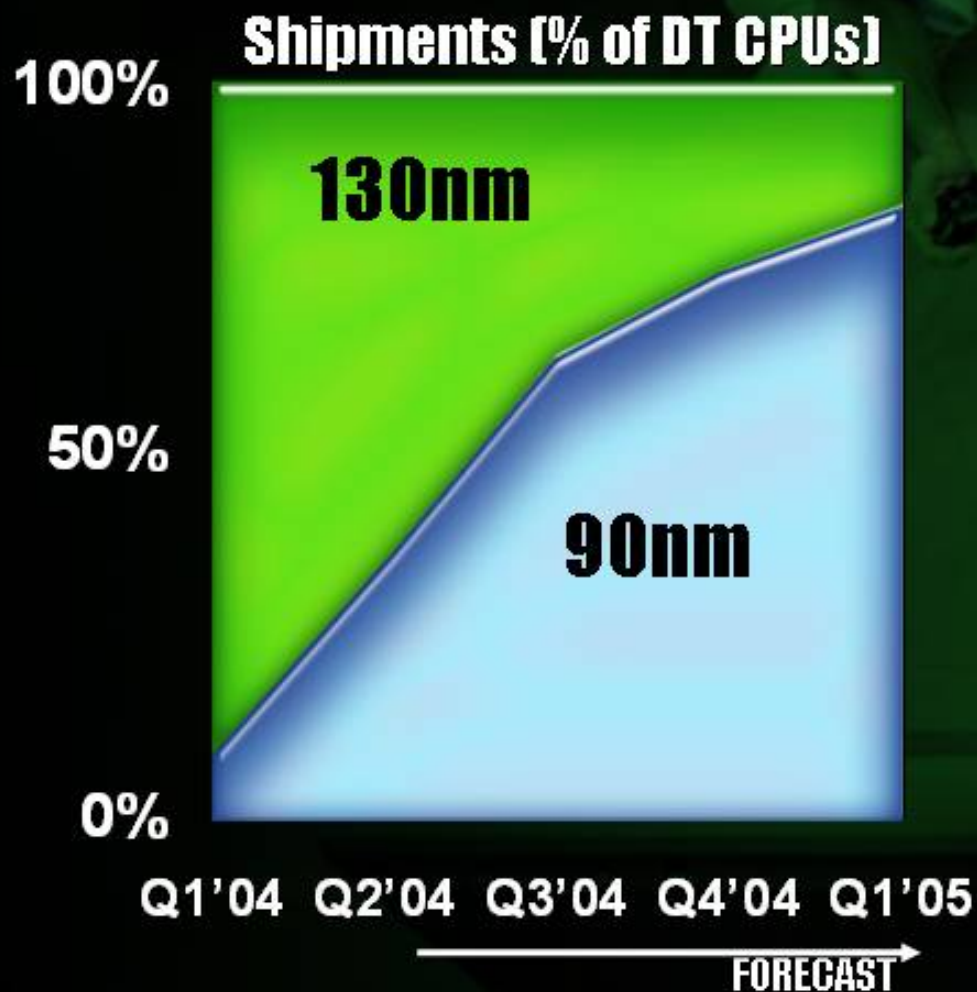
2'

10'

The NEXT Usage Model

digital HOME

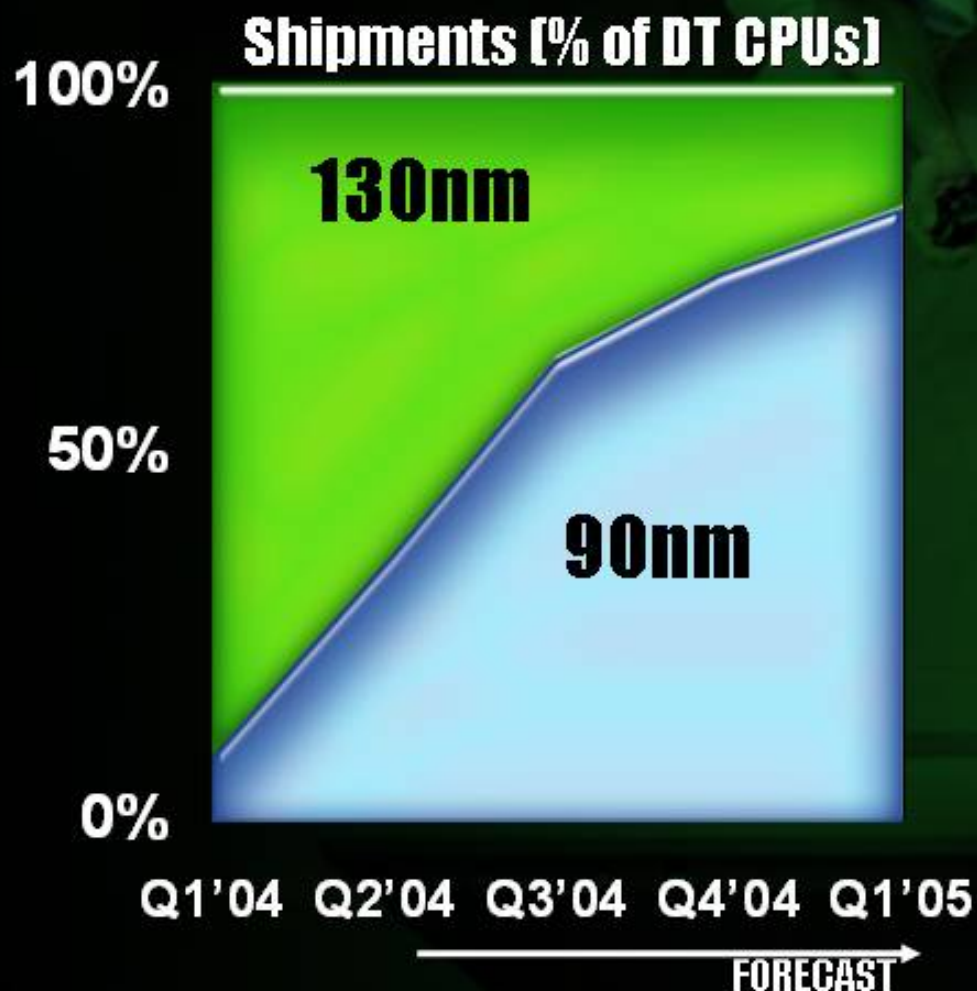
Prescott Family: New Features



2004
XD (security)
AAC (acoustics)
2MB cache

digital HOME

Prescott Family: New Features



2004
XD (security)
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FUTURE
EM64T
Dual Core
Enhanced SpeedStep®
VT
LT
65nm

digital HOME

leading with converged platform:

Prescott + Grantsdale + Wi-Fi

Grantsdale Chipset

- 50% DT shipments by YE
- New capabilities for home and enterprise

Graphics: Now #1 MSS¹

Wireless AP: #1 MSS '05²

RAID: #1 MSS in '03¹

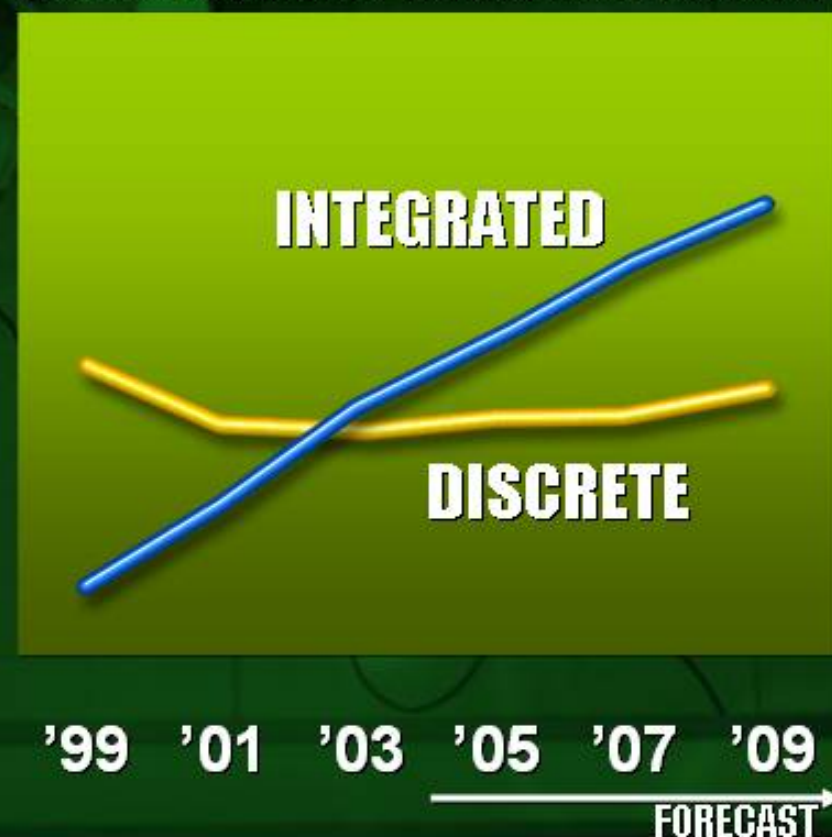
Mu
300

200

100

0

Client Graphics Shipments (Units)³



INNOVATE & INTEGRATE

Lower total BOM cost; raise Intel BOM%



digital HOME

products & ecosystem

2004

Getting the Digital Home into *production*

- **DHWG: 1.0 spec in June: 1st products Q4'04**
- **DTCP/IP: 1st products 2H'04**
- **EPC: begin ramp in Q2; all geos & Tier 1 OEMs in Q3**
- **Mobile: All OEMs ship Dothan-based DH SKUs**
- **CEG: >1Mu in '04 (Thompson, Samsung, Huawei...)**

mobile internet CLIENT



BC
ONE YEAR AGO

2003
FORECAST

2004
FORECAST

HOTSPOTS¹

35K

60K

ACCESS POINTS^{2,3}

7M

11M

802.11 CLIENTS⁴

21M

32M

mobile internet CLIENT



BC
ONE YEAR AGO

AC
TODAY

	2003 FORECAST	2004 FORECAST	2003 ACTUAL	2004 FORECAST	INCREASE '03 fcast vs. actual
HOTSPOTS¹	35K	60K	100K	150K	186%
ACCESS POINTS^{2,3}	7M	11M	9M	14M	30%
802.11 CLIENTS⁴	21M	32M	36M	54M	71%

THE 2004 – 2007* NOTEBOOK OPPORTUNITY
TAM = 227 Mu⁵

mobile internet CLIENT



Ramp

- >\$3B (including family) revenue
- '04 Goal: 250% YoY unit growth
- 90nm Dothan launched
- Build >1Mu Dothan in Q2²
- #1 client Wi-Fi supplier Q3'04²

World is going mobile...

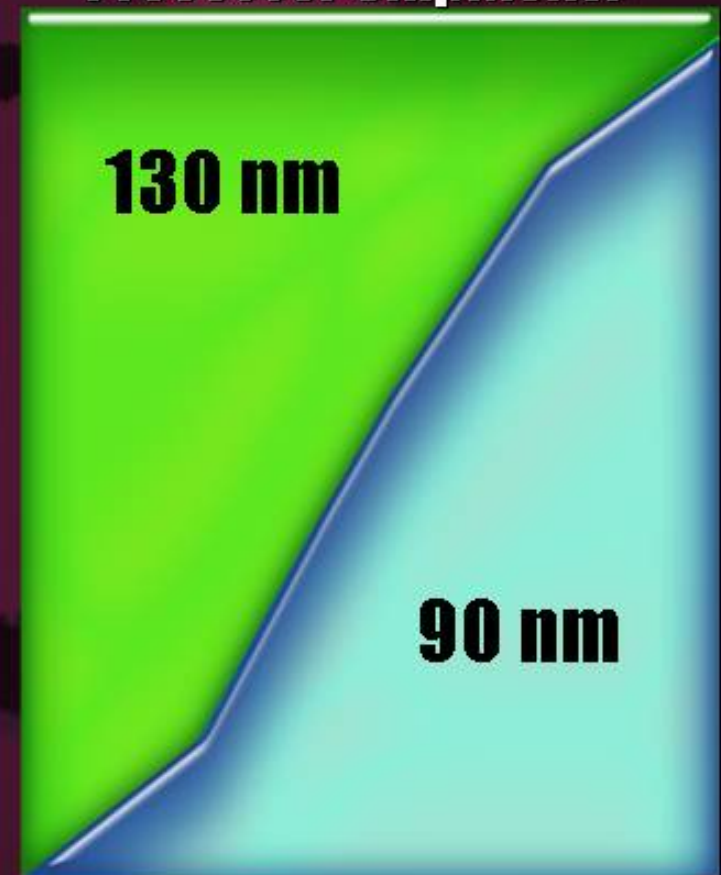
- >30% of clients in '08³
- APAC: fastest Intel® Centrino™ Mobile Technology adopter: >44%¹

100%

Intel® Pentium® M Processor Shipments⁴

50%

0%



Q1'04 Q2'04 Q3'04 Q4'04 Q1'05

FORECAST

mobile internet CLIENT

Whitebook & Channel Growth

Strong Channel Growth

- '03: record mobile CPU units
- '04: forecast 2X growth YoY
- >30 Channel SKUs

Intel® Centrino™ Mobile Technology

- Great enterprise penetration
- '04 focus: consumer, SMB, retail

Intel Centrino Mobile Technology

% Performance Mobile CPU Unit Shipments



mobile internet CLIENT

Leading the Mobile Market Segment

Next: Sonoma Platform

More *consumer* appeal:

- HD audio, graphics, TV out

High bandwidth *WLAN*

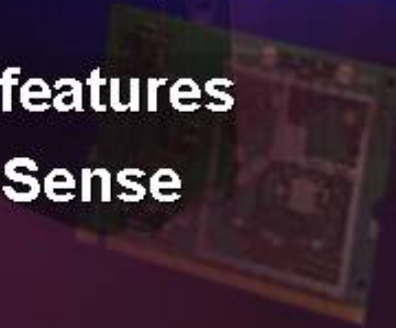
- 802.11 a/b/g, security, improved UI

Best *performance* in mobility

- PCI-Express*, ExpressCard*, DDR-2

Battery saving PLATFORM features

- Display Savings, Light Sense



mobile internet CLIENT

'05-'06—Innovate on Mobility

Dual core CPU design

- Optimized for low power

WLAN / WWAN enabling

- WiMAX, 3G =  options

Improve security & management

- LT, VT = better platform integrity

Power saving techniques

- Extending voltage & frequency scaling x-platform



digital ENTERPRISE

2004: Grow the platform

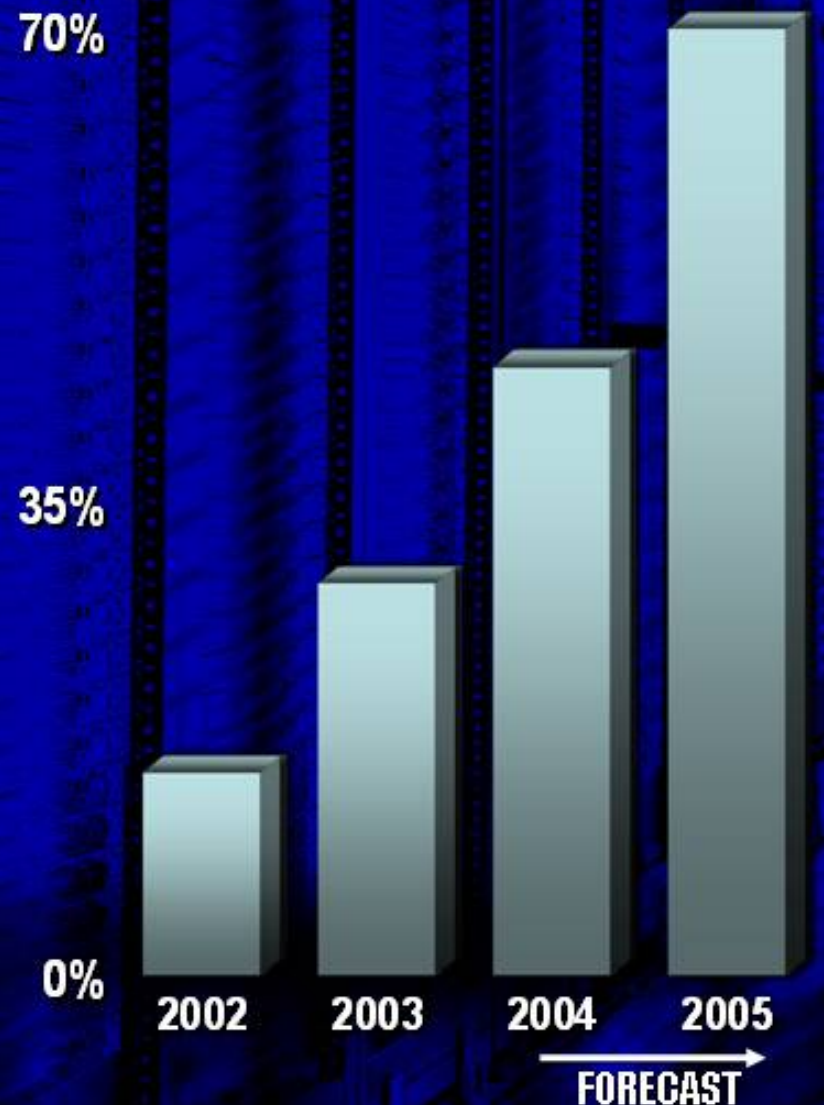
6 of last 9 qtrs = record revenue

Xeon™ DP & MP ASP growing
– up last 4 quarters (YoY)

2004 Targets






- EM64T: intro mid-year
- >40% Fortune 100 deploy Itanium®
- OEM Blade designs: top to bottom
- PCI-E slots in 80% of DP servers

Intel Server Chipset MSS (Units)



winning the enterprise

the **PLATFORM** advantage

	POWER MANAGEMENT	PERFORMANCE	PLATFORM TECHNOLOGY	RELIABILITY	VIRTUALIZATION	INFRASTRUCTURE & COMPILERS
2004 2005	Demand-based Switching System Power Management	 Dual Core HT  Foxton	PCI-Express DDR II FB-DIMM	 MCA Memory Mirroring  Pellston Sparing ECC	ST VMM Support	64-bit porting optimized for EM64T & Itanium
2006+	Data Center Power Management	Multi-core Capacity On-demand	Common Platform	 Lockstep	ST Gen 2	Enhanced Threading & dynamic optimization

Technology differentiation achieved via R&D investment



Itanium® 2 Processors

powering the fastest US supercomputer

~20 TFLOPs – 4,096 CPUs – #2 in the World

Lawrence Livermore National Laboratory
Thunder - April 2004

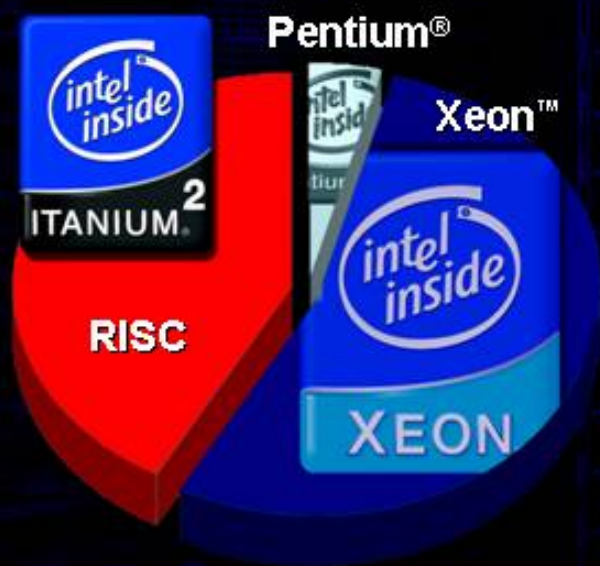
*Other names and brands may be claimed as the property of others

Itanium® Processor Family

building on SUCCESS

Si *Opportunity* to displace RISC

Up to \$2B TAM for RISC CPUs



New Itanium Milestones

- 8 of 9 RISC vendors sell Itanium-based servers¹
- New price points: servers from \$2,100²
- >50% increase in apps & tools in past 6 mos. (>1,600)

New enterprise adoptions:

Morgan Stanley

- 1,000 systems (200 deployed)
- apps: simulations, databases

Itanium® processor building on SUCCESS

*“Eventually one billion transistors,
or electronic switches, may crowd
a single chip, 1,000 times more
than possible today.”*

National Geographic, 1982

Itanium® processor building on SUCCESS

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or electronic switches, may crowd
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National Geographic, 1982

**Montecito
1.7B transistors**

Next Generation – Montecito

DC and Multithreaded: 4X performance increase

>3X increase platform bandwidth

Higher frequency, lower power

24MB Cache

2005 Introduction

winning the Enterprise with SOLUTIONS

1 vertical at a time

Transform industries as trusted advisors

- Business alliances, Ecosystem enabling
- Scale: >2K solutions/enabling heads, 1K partners to >3K EUs

'00-'03 Success:

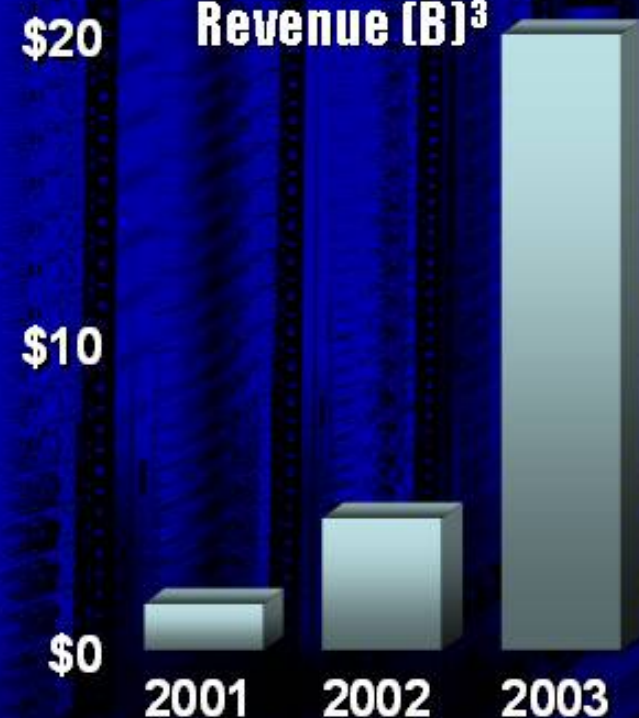
Finance & Manufacturing

- Top 10 Banks¹: 24% → 66% MSS
- Top 10 Manufacturing¹: 28% - 62% MSS²

Next Focus

- Healthcare, Government, Telco

**Intel Influenced Ecosystem
Revenue (B)³**



EMERGING MARKETS

MATURE MARKETS



DRIVING WORLDWIDE GROWTH

winning EMERGING markets

Tremendous Intel revenue growth

- 33% CAGR ('00 → '03)

But NOT at lower ASPs:

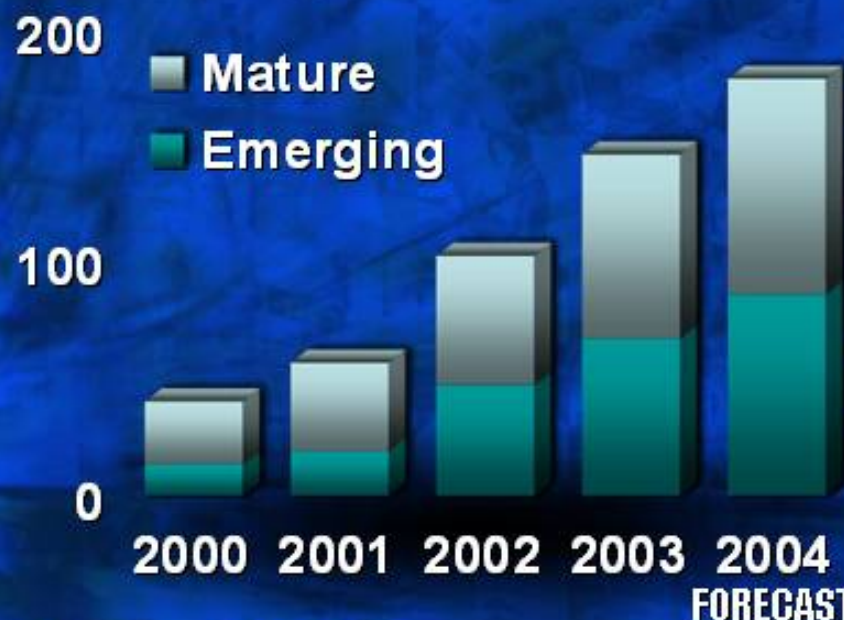
- Expect EM DT volume (as a % of Total DT) to grow 5 pts. ('02 → '04)
- but... DT CPU ASPs were ~ flat

EMERGING MARKETS

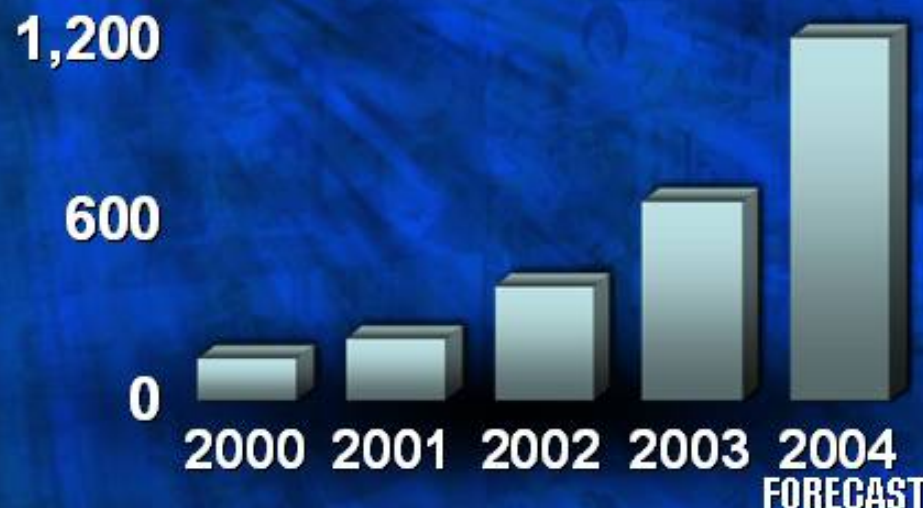
Turbo Program

- All product lines, all geos
- *1st mover* leadership in Technology & Brand

Worldwide System Builders ('000s)



10X'ing EM City Coverage in 4 years



EUROPE

Employee Purchase Programs
Potential 1.5M incremental PCs in 2004



Home Computing Initiatives:
www.uk2.com/employeebuying.co.uk

The best kept secret in
cost-neutral employee
benefits

BENELUX

EGYPT

FRANCE

HUNGARY

ROMANIA

SOUTH AFRICA

SPAIN

SWEDEN

TURKEY

UK

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SPAIN

SWEDEN

TURKEY

UK

ASIA

“Citizen PC” Projects



THAILAND
2X PC
penetration
in 1 year

THAILAND
& MALAYSIA
Match-make



MALAYSIA
“One Home, One PC”
Project



NEXT: Laos, Indonesia, Viet Nam

growing MATURE markets

enterprise

CLIENTS

Ignite I (2003): Clear success in driving corporate refresh

- >10M incremental biz client units (15% YoY)

Ignite II: Scale thru industry alliances & increased focus in small biz

- focus on increasing NB penetration

SERVERS

Expand Small & Large marketing; Launch “Medium” Campaign

Itanium® 2 & Xeon™ Solutions marketing: Expand with ISVs & OEMs

Scale 25 New Itanium 2 “Blueprints”: DB, BI, ERP, CRM, SCM...

growing **MATURE** markets

consumer: usage adoption & premium product demand generation

1. Mass media to generate pull

- WW TV ('03) ~ \$1B in Intel related ads
- Media companies alliances



EMEA Experience Zones



In-store display

2. Trial-based marketing

- >2K event days ww;
- >1M hands-on trials
- Increase purchase intent by ~63%¹

WINNING

MARKET SEGMENTS ARE CHANGING

Segmenting by *platform*, not by *product*

Accelerating need for new “converged” capabilities

FOR INTEL, THIS WILL CREATE OPPORTUNITIES

1. New *successes* in adjacencies
2. *Growth* in existing businesses

WHY WE WILL WIN:

Standards always win over time...

All technology moves towards “Moore’s Law”

Innovation, Scale and Reach



2004 INTEL SPRING ANALYST MEETING



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