







Performance inside

2007 Annual Report

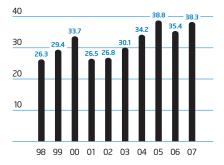
Financial Results



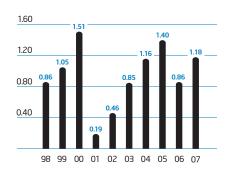
"2007 was a breakthrough year for innovation at Intel. We realized the benefits of our investments in new products and our ongoing efforts to drive efficiencies. We entered 2008 with the best combination of products, silicon technology, and manufacturing leadership in our history."

Paul S. Otellini, President and Chief Executive Officer

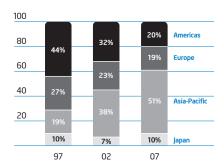
Net Revenue Dollars in billions



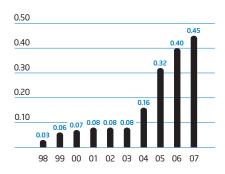
Diluted Earnings Per ShareDollars, adjusted for stock splits



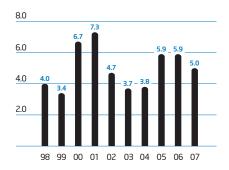
Geographic Breakdown of Revenue Percent



Dividends Per Share PaidDollars, adjusted for stock splits

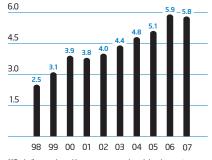


Capital Additions to Property, Plant and Equipment Dollars in billions



Research and Development**

Dollars in billions



**Excluding purchased in-process research and development

Financial results for 2006 and thereafter include the effects of share-based compensation. Financial results for years up to and including 2001 include the effects of goodwill amortization. Past performance does not guarantee future results. This Annual Report to Stockholders contains forward-looking statements, and actual results could differ materially. Risk factors that could cause actual results to differ are set forth in the "Risk Factors" section and throughout our 2007 Form 10-K, which is included in this Annual Report.



On the cover:

40 years of moving technology forward

Since it was founded in 1968, Intel has been challenging the status quo. Each new generation of Intel processors offers higher performance, better energy efficiency, and more capabilities—unlocking new possibilities for people around the world. Shown left to right are five generations of Intel processors: 45nm Hi-k metal gate Intel® Core™2 processor (2007); Intel® Pentium® 4 processor (2000); Intel® Pentium® processor (1993); Intel® processor (1985); and 4004 microprocessor (1971).

Letter From Your CEO



In 2007, we continued to focus on extending our product leadership; leveraging our world-class process technology and manufacturing capabilities; and creating a more efficient, customer-oriented Intel. Our fiscal year results reflect the significant progress we have made in all of these areas.

Revenue in 2007 was \$38.3 billion, up 8% over 2006. Our operating income was \$8.2 billion, up 45% over 2006. Net income for 2007 was \$7 billion, up 38% over 2006. Our cash dividend payout reached a record \$2.6 billion, and we announced a 13% increase in our cash dividend beginning in the first guarter of 2008.

Renewed focus on core strengths

We have renewed our focus on leveraging two core strengths that distinguish Intel from the rest of our industry: the Intel® architecture and our unmatched ability to bring cutting-edge technologies to market year after year. As part of renewing our focus, we have divested several smaller operations—including those related to application processing, optical, and certain telecom products—and are contributing the assets of our NOR flash memory business to a newly formed independent company, Numonyx. At the same time, we are investing in new areas where we believe the application of highly integrated Intel architecture affords large growth opportunities, such as:

- Energy-efficient, low-cost mobile Internet devices and ultra-mobile PCs that enable people to communicate, enjoy digital media, and access the Internet wirelessly.
- New types of consumer electronics devices that combine entertainment functions with Internet connectivity.
- Scalable, high-performance visual computing solutions that integrate vivid graphics and supercomputing performance for scientific, financial services, and other compute-intensive applications.
- Low-cost PCs designed to meet the needs of first-time computer users, particularly in emerging markets.

Advancing corporate responsibility

More and more, the global need for energy efficiency is affecting everything we do—from how we build and operate our facilities to how we design our products. We topped *Corporate Responsibility Officer* magazine's "10 Best Corporate Citizens by Industry 2007" list for technology hardware companies, and were the Technology Market Supersector Leader of the Dow Jones Sustainability Index for the seventh consecutive year. Such recognition acknowledges our global health and safety, community, and education programs, as well as our efforts to reduce our impact on the environment.

Ground-breaking products and processes

We have established a roadmap for sustained technology leadership through our "tick-tock" strategy of introducing a new silicon process technology approximately every two years and ramping the next generation of microarchitecture in the intervening years. Our 45-nanometer (nm) processors, launched in November 2007, were designed from the ground up with energy efficiency in mind. As of the end of February 2008, we offered more than 30 of these processors, which are built using Intel 45nm Hi-k metal gate silicon technology, an entirely new transistor composition that minimizes electrical leakage and enables us to continue the pace of innovation. They boast nearly twice the transistor density—up to 820 million transistors for quad-core processors—compared to previous chips built on our 65nm technology, and have set a number of records on key industry performance benchmarks, while consuming less power. These eco-friendly processors are also manufactured using a lead-free process.

We are on track to ship our new, highly innovative microarchitecture—code-named "Nehalem"—in 2008, extending our lead in both performance and power. We have also already demonstrated our 32nm process technology, scheduled for introduction in 2009.

Strong demand for our products

Throughout 2007, we saw robust demand for our products across multiple business segments and geographies. In November 2006, we launched the industry's first quad-core processors, and by the end of 2007, we had shipped more than 6 million quad-core units. In 2007, we completed our transition to the Intel® Core™ microarchitecture, delivering its energy-efficient performance benefits across our entire desktop, mobile, and server processor lines.

Our integrated platforms—which combine Intel processors and other technologies to address specific user needs—continue to provide value that customers can't get elsewhere. Platform products such as those built with Intel® Centrino® processor technologies have enabled us to take advantage of the worldwide shift from desktop to mobility products, contributing to revenue growth in that segment of 19% year over year.

Building on 40 years of innovation

We have also made significant progress on improving efficiency across all of our business operations. For example, during 2007 we achieved our goal to reduce the amount of time it takes to process wafers in our factories by 50%. We recognized savings of about two and a half billion dollars in 2007 and expect additional savings in 2008 as a result of our ongoing efficiency efforts. In addition, our 2007 customer survey results indicate significant improvements in our customer service and responsiveness.

I am extremely proud of our employees, and as we approach our 40th anniversary in July 2008, I have no doubt that they will continue to carry on Intel's unwavering commitment to moving technology forward and creating products that change people's lives.

Paul S. Otellini, President and Chief Executive Officer

Letter From Your Chairman



Our competitive position is the strongest it has been in years. Demand for our industryleading products and manufacturing technologies helped drive strong revenue and earnings growth in 2007, and our efforts to increase operational efficiencies resulted in substantial

savings. We repurchased more than 111 million shares of stock, reported a record cash dividend payout, and announced a 13% increase in our cash dividend.

Despite these positive results and an approximate 32% increase in our stock price during 2007, we saw our stock price fall subsequent to year-end, due in part to market concerns about a slowdown in the U.S. economy and a potential slowing computer marketplace. We have an increasingly international business profile—with about 70% of our products going to non-U.S. markets—but our stock price continues to be closely coupled to the U.S. economic outlook.

Our strategy has been, and continues to be, to invest in new products, technologies, and business efficiencies regardless of the ups and downs of economic cycles. Currently, we are investing to further expand our business in emerging markets and to develop products for market segments that we believe offer growth opportunities, such as mobile Internet devices, consumer electronics, advanced graphics, and low-cost PCs.

Looking back on 2007, I am reminded of the profound effects that our industry has on people across the globe. Through the Intel World Ahead Program, we are seeing examples of these effects. This program integrates and extends our efforts to provide people in emerging markets with technology training and access to affordable, connected PCs to improve education, healthcare, and economic development. On a recent trip to Baramati, a village in western India, I saw how technology is changing communities. The schools have few computers, but the villagers' desire for technology is strong. Local authorities have turned school buses into traveling computer labs, bringing technology to different schools on various days. I asked a 10-year-old girl what her favorite subject was, and she responded, "Tuesday." She said Tuesday was the day the PC bus came to her school, and it was the highlight of her week.

We also collaborate with business and government organizations, such as the World Economic Forum and the United Nations, to help expand the positive impact that technology can have globally. Together, we are not only working to improve lives, but also sowing the seeds for our future business—a true win-win proposition.

I believe we are well-positioned to continue to lead our industry in both business and corporate responsibility. We entered 2008 with what I believe is the best combination of products, silicon technology, and manufacturing leadership in our history. Our investments should allow us to take advantage of new growth opportunities worldwide.



2007 Highlights



Intel 45nm Hi-k metal gate silicon technology:

One of the "Best inventions of the year."

TIME Magazine



Core Strengths

We are investing in new product areas, such as mobile Internet devices and ultra-mobile PCs, that leverage two of our core strengths: Intel® architecture and our cutting-edge manufacturing technology.



Platform Advantage

By combining Intel® processors and other technologies in platform products, we provide added value that customers can't get elsewhere, allowing us to take advantage of trends such as the worldwide shift to mobility.



Technology Impact

Through the Intel World Ahead Program, we continue to demonstrate the impact that our technology can have on improving education, healthcare, economic development, and governance microarchitecture, including those for around the world.



Energy Efficiency

The global need to reduce power usage contributed to strong demand throughout the year for our products based on the energy-efficient Intel® Core™ compute-intensive server applications.

Corporate Directory**

BOARD OF DIRECTORS

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Ambassador Charlene Barshefsky 5

Senior International Partner Wilmer Cutler Pickering Hale and Dorr LLP

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lane E. Shaw 1t 5 Retired Chairman and Chief Executive Officer Aerogen, Inc. A specialty pharmaceutical company

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David B. Yoffie 2 3t 4t 6 Max and Doris Starr Professor of International **Business Administration** Harvard Business School

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Gordon E. Moore Co-Founder

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Andrew S. Grove Senior Advisor

- ¹ Member of Audit Committee
- ² Member of Compensation Committee
- 3 Member of Corporate Governance and Nominating
- ⁴ Member of Executive Committee
- ⁵ Member of Finance Committee
- 6 Lead Independent Director
- † Committee Chairman

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D. Bruce Sewell Senior Vice President General Counsel

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Robert B. Crooke Vice President General Manager, Business Client Group

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Shmuel Eden Vice President General Manager Mobile Platforms Group Ron Friedman

Vice President General Manager, Mobility Microprocessor Group

Ravi lacob Vice President Treasurer

Renee J. James Vice President General Manager, Software and Solutions Group

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Brian M. Krzanich Vice President General Manager, Manufacturing and Supply Chain

Justin R. Rattner Vice President Director, Corporate Technology Group Intel Chief Technology Officer

Stacy J. Smith Vice President Chief Financial Officer

Stephen L. Smith Vice President Director, Digital Enterprise Group Operations

William A. Swope Vice President General Manager. Corporate Affairs Group

Richard G. A. Taylor Vice President Director, Human Resources

Cary I. Klafter Corporate Secretary

APPOINTED VICE PRESIDENTS

Corporate Technology Group

Joseph D. Schutz Director, Microprocessor Technology Lab

Abel Weinrib Corporate Technology Group

Donald M. Whiteside Technical Policy and Standards

Digital Enterprise Group

John D. Barton

General Manager Platform Validation Engineering

Rani N. Borkar Director, Enterprise Microprocessor Group

Diane M. Bryant General Manager, Server Platforms Group

Gregory Bryant General Manager, Digital Office Platform Division

Daniel J. Casaletto Director, Microprocessor Architecture and Planning Douglas L. Davis

General Manager, Embedded and Communications Group

James A. Johnson General Manager. Visual Computing Group

Thomas R. Macdonald General Manager, Platform Components Group

Rory M. McInerney Enterprise Microprocessor Group

Prasad L. Rampalli End-User Platform Integration

Clemente J. Russo

Director, Boards Strategy Sunil R. Shenoy

General Manager, Enterprise Microprocessor Group Kirk B. Skaugen

General Manager, Server Platforms Group

Ton Steenman General Manager, Embedded and Communication Processor Division

Digital Health Group Patricia N. Perry

General Manager, Healthcare Information Technology

Digital Home Group

Bradley D. Daniels Director, Engineering

Jeffrey P. McCrea General Manager, Consumer PC Platform Group

Finance and Enterprise Services

lames G. Campbell Corporate Controller

Ron G. Hurle General Manager, IT Operations and Services

John N. Johnson Chief Information Officer

Christina S. Min Controller, Sales and Marketing Group

Nanci S. Palmintere Director,

Global Tax and Trade Corine Perez

Digital Enterprise Group

Controller,

Ogden M. Reid Director. Human Resources Legal Services and Compensation and Benefits

Dianne L. Rudolph Program Manager, Structure and Efficiency

Kevin Sellers Director, Investor Relations

Jacklyn A. Sturm Controller, Technology and Manufacturing Group

Janice F. Wilkins Director, Internal Audit

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Angela Biever Managing Director, Consumer Internet Sector

Kevin M. Corbett Managing Director, Media and Entertainment Sector

Keith R. Larson Managing Director, Manufacturing, Memory and

Curt I. Nichols Managing Director, Digital Home Sector

Sriram Viswanathan Managing Director, Mobility Sector General Manager. WiMAX Program Office

Legal and Corporate Affairs

Anne B. Gundelfinger Associate General Counsel Director, Global Public Policy

Cary I. Klafter Director, Corporate Legal

Suzan A. Miller Deputy General Counsel

Steven R. Rodgers Associate General Counsel Director, Litigation

Mobility Group

Gil G. Frostig Director, Technology Capabilities and Operations

Richard Malinowski General Manager, Client Components Group

W. Eric Mentzer General Manager, Graphics Development Group

Rama K. Shukla Director, Mobile Platform Program Office

Gadi Singer Assistant General Manager, Ultra Mobility Group

Shane D. Wall Director, Ultra Mobility Business Planning, Architecture and Software

Elenora Yoeli CPU Design Manager, Ultra Mobility Group

Sales and Marketing Group

L. Wilton Agatstein, Jr. General Manager, Emerging Markets Platform Group

Iohn A. Antone Director. New Channels and Operations

Paul Bergevin General Manager.

Global Communications Group Nancy J. Bhagat

Director, Integrated Marketing

Corporate Directory (continued)

(Sophia) Lee Fang Chew General Manager, Strategic Planning and Engagements

Deborah S. Conrad Director, Team Apple

Laura G. Crone Director, Global Accounts - Sun Microsystems

Tammy L. Cyphert Director of Operations, Intel Americas, Inc.

Steve Dallman General Manager, Worldwide Reseller Channel Organization

Iohn E. Davies General Manager, Intel World Ahead Program

Gordon G. Graylish Assistant General Manager, Europe, Middle East, Africa

Gerald J. Greeve Director, Intel World Ahead Program

Donald J. MacDonald General Manager, Global Marketing

Christian Morales General Manager, Europe, Middle East, Africa

Stuart C. Pann General Manager, Customer Fulfillment, Planning and Logistics

Gregory R. Pearson President, Intel Americas, Inc.

Thomas A. Rampone General Manager, Channel Platforms Group

Arthur W. Roehm Director. Global Accounts - Dell

Navin Shenov General Manager, Asia-Pacific

Robert P. Swinnen

Co-President, Intel K.K. (Japan) Xu (lan) Yang

General Manager, Intel China Ltd.

Kazumasa Yoshida Co-President, Intel K.K. (Japan)

Software and Solutions Group

Ricardo I. Echevarria General Manager. **Enterprise Solution Sales**

Douglas W. Fisher General Manager, Systems Software Division

Elliot D. Garbus General Manager, Developer Relations Division

Jonathan Khazam

General Manager, Client Solutions Software Division David O'Meara Managing Director, Havok

Wen-Hann Wang General Manager, Software and Solutions and Product Development, China

Technology and Manufacturing Group

Mostafa Aghazadeh Director, Chandler Assembly Technology Development

David A. Baglee Co-Executive Officer, IM Flash Technologies LLC***

Pena Bai Director, Derivative Logic Technology Development

Nasser Bozorg-Grayeli Director, Assembly and Test Technology Development

Craig C. Brown Director, Direct Materials

Robert E. Bruck General Manager, Technology Manufacturing Engineering

Peter Charvat Director, Portland Technology Development Patterning and Manufacturing

Andrew A. Chien Director, Intel Research

Maxine Fassberg General Manager, Intel Israel Fab 28 Plant Manager

Steven R. Grant General Manager, iA Custom Foundry

Gulsher S. Grewal Fab D1DR Plant Manager

Timothy G. Hendry Fab 11X Plant Manager

Franklin B. Jones General Manager, Customer Fulfillment, Planning and Logistics

Jerry W. Knoben General Manager, Systems Manufacturing

Michael C. Mayberry Director, Components Research

Patricia A. McDonald Fab 20 Plant Manager

Kaizad R. Mistry Director, Logic Technology

Integration lames R. OHara General Manager,

Ireland Operations Fab 10/14 Plant Manager Sanjay D. Panditji

Director, Systems Technologies

Sunit Rikhi Advanced Design, Logic Technology Development

***49% owned by Intel Corporation, 51% owned by Micron Technology, Inc. Babak Sabi

Director. Corporate Quality Network

Neil R. Tunmore Director, Corporate Services

loshua M. Walden General Manager, Assembly and Test

Randy L. Wilhelm General Manager, NAND Products Group

Chiang Yuan Yang Director, Technology, Intel Mask Operation

Siva K. Yerramilli Director, Design and Technology Solutions

SENIOR FELLOWS

Corporate Technology Group

Kevin C. Kahn Director, Communications Technology Lab

lustin R. Rattner

Director, Corporate Technology Group Intel Chief Technology Officer

Digital Enterprise Group

Peter D. MacWilliams Staff Platform Architect

Stephen S. Pawlowski Chief Technology Officer, General Manager, Architecture and Planning

Software and Solutions Group

Bryant E. Bigbee Director, Systems Software

Technology and Manufacturing Group

Mark T. Bohr Director, Process Architecture and Integration

Yan A. Borodovsky Director, Advanced Lithography

Robert S. Chau Director, Transistor Research and Nanotechnology

Richard L. Coulson Director, I/O Architecture

Eugene S. Meieran Director, Manufacturing Strategic Support

lan A. Young Director, Advanced Circuits and Technology Integration

FELLOWS

Corporate Technology Group

Shekhar Y. Borkar Director, Microprocessor Technology Lab

Vivek K. De Director. Circuit Technology Research James P. Held

Director, Tera-Scale Computing Research

Stephen R. Mooney Director, I/O Research

Mario J. Paniccia Director, Photonics Technology Lab

Krishnamurthy Soumyanath Director, Communications Circuits Laboratory

Digital Enterprise Group

Matthew J. Adiletta Director, Communication Infrastructure and Architecture

Ajay V. Bhatt Chief I/O Architect, Architecture and Planning Group

John H. Crawford Director, Computer Architect

Joel S. Emer Director, Microarchitecture Research

Tryggve Fossum Director Microarchitecture Development

Glenn J. Hinton Director, IA-32 Microarchitecture Development

Raiesh Kumar Director, Circuit and Low Power Technologies

P. Geoffrey Lowney Director, Compiler and Architecture Advanced Development

Rajendra S. Yavatkar Director, System-on-Chip Architecture

Digital Health Group Eric Dishman

Director, Product Research and Innovation

Digital Home Group C. Brendan S. Traw

Chief Technology Officer

Legal and Corporate Affairs

David B. Papworth Director, Microprocessor Product Development

Mobility Group

Siavash M. Alamouti Chief Technology Officer, Mobile Wireless Group

Simcha Gochman Director, Future Mobile CPU Architecture

Thomas A. Piazza Director, **Graphics Architecture**

Shreekant Thakkar Director, Ultra Mobility Group Platform Architecture

Ofri Wechsler Director, Mobility Microprocessor Architecture

Software and Solutions Group

Boris A. Babayan Director, Architecture

Shivnandan D. Kaushik Director, Systems Software

David J. Kuck Director, Parallel and Distributed Solutions

Seckin Unlu Director, Enterprise Performance

Technology and Manufacturing Group

Gregory E. Atwood Director, Communication Technology Development

Albert Fazio Director, Memory Technology Development

Paolo A. Gargini Director, Technology Strategy

Tahir Ghani Director, Transistor Technology and Integration

Knut S. Grimsrud Director, Storage Architecture

William J. Grundmann Director, Computer-Aided Design Research

Karl G. Kempf Director, **Decision Technologies**

Kelin J. Kuhn Director, Logic Device Technology

Shiuh-Wuu Lee Director, Advanced Circuit Modeling and Simulation

lose A. Maiz Director, Logic Technology Quality and Reliability

Neal R. Mielke Director, Reliability Methods

Devadas D. Pillai Director, Operational **Decision Support Technology**

Valluri R. Rao Director, Analytical and Microsystems Technologies

George E. Sery Director, Device Technology Optimization

Swaminathan Sivakumar Director, Lithography

Gregory F. Taylor Director, Mixed Signal Circuit Technology

Clair Webb Director, Circuit Technology

Kevin X. Zhang Director, Advanced Memory Circuits and Technology Integration

Investor Information

Investor materials. www.intc.com —Intel's Investor Relations home page on the Internet contains background on our company and our products, financial information, frequently asked questions, and our online annual report, as well as other useful information. For investor information, including additional copies of our Annual Report/10-K, 10-Qs, or other financial literature, visit our web site at www.intc.com or contact Computershare Investor Services, LLC by phone at (800) 298-0146 (U.S. and Canada) or (312) 360-5123 (worldwide), or by e-mail through Computershare's web site at www.computershare.com/contactus; or call Intel at (408) 765-1480 (U.S.); (44) 1793 403 000 (Europe); (852) 2844 4555 (Hong Kong); (81) 298 47 8511 (Japan). Intel on NASDAQ. Intel's common stock trades on The NASDAQ Global Select Market* under the symbol INTC.

stockholders to reinvest dividends and purchase Intel common stock on a weekly basis. For more information, contact Intel's transfer agent, Computershare Investor Services, LLC, by phone at (800) 298-0146 (U.S. and Canada) or (312) 360-5123 (worldwide), or by e-mail through Computershare's web site at www.computershare.com/contactus. Transfer agent and registrar. Computershare Investor Services, LLC, 250 Royall Street, Mail Stop 1A, Canton, MA 02021 USA. Stockholders may call (800) 298-0146 (U.S. and Canada) or (312) 360-5123 (worldwide), or send e-mail through Computershare's web site at www.computershare.com/contactus with any questions regarding the transfer of ownership of Intel stock.

Direct stock purchase plan. Intel's Direct Stock Purchase Plan allows

Independent registered public accounting firm. Ernst & Young LLP, San Jose, California, USA.

Corporate responsibility. Intel brings technology, vision, and hands-on commitment to advancing people's lives and sustaining the planet. Intel remains a recognized world leader in corporate responsibility. We seek continuous improvement in the way the company is governed internally for the benefit of our stockholders, employees, communities, and other stakeholders. Our Corporate Responsibility web site at www.intel.com/go/responsibility includes our latest Corporate Responsibility Report, which details our performance on a wide variety of environmental, health, and safety issues, including social and community programs as well as Intel's workplace. The web site also includes our Corporate Governance Guidelines and Code of Conduct.

Intel is a recognized leader in sustainability for the way we responsibly manage our operations and design environmentally friendly products. We believe that technology is fundamental to finding solutions to the world's environmental challenges. In 2007, we announced initiatives to: construct the industry's first 45nm LEED-certified "green fab" in Chandler, Arizona; manufacture our 45nm processors using a lead-free process; and partner with Google and others to launch the Climate Savers Computing Initiative. In addition, the U.S. Environmental Protection Agency recently recognized Intel as the largest purchaser of green power in the history of its Green Power Partnership program.

We strive to operate with uncompromising integrity and to be an asset to our communities. We believe that our business success depends on our ability to continue to be a trusted, responsible, open, and engaged corporate citizen. Community involvement is, and has been, a key part of Intel culture at every site at which we operate. More than one-third of our employees around the world contribute hundreds of thousands of volunteer hours each year to support local education and environmental programs, and build stronger communities through long-term relationships.

Through our education initiatives, we collaborate with educators and governments worldwide to advance 21st century education and prepare young people for success. Focused on improving teaching and learning through the effective use of technology and advancing math, science, and engineering education, Intel invests approximately \$100 million annually in programs in more than 50 countries. In 2007, Intel reached more than 1 million teachers through our Intel® Teach Program, and we launched the online version of the Intel Teach curriculum at the 2007 Clinton Global Initiative conference. Since its inception in 1998, Intel Teach has reached more than 5 million teachers in over 40 countries, and we plan to reach 8 million more by 2011. Complete information is available at www.intel.com/education.

The Intel World Ahead Program aims to enhance lives by accelerating access to uncompromised technology for everyone, everywhere. Focused on developing communities, the program integrates and extends our efforts to use technology to help people improve their lives. We are working with governments, development organizations, and community groups to advance progress in four main areas: accessibility, connectivity, education, and localized content. Our goal is to not only extend affordable access but also develop PCs tailored to local needs, drive critical connectivity, cultivate sustainable local capabilities, and provide the education needed to make a difference in people's lives. More information is available at www.intel.com/intel/worldahead.

In 2007, Intel received more than 50 awards and recognitions around the world for our work in the community, education, and overall corporate citizenship. Corporate Knights, Inc. again named Intel one of the 100 Most Sustainable Corporations in the World; Intel was the Technology Market Supersector Leader of the Dow Jones Sustainability Index for the seventh consecutive year and the only U.S.-based company named a Supersector leader; and Intel topped Corporate Responsibility Officer magazine's exclusive "10 Best Corporate Citizens by Industry 2007" list in the Technology Hardware category. The Intel® brand. The Intel brand is consistently ranked as one of the most recognizable and valuable brands in the world. It represents our commitment to moving technology forward and is the embodiment of what we make possible for people everywhere. As the world leader in semiconductor technology, we relentlessly focus on industry leadership, innovation, and growth. Our microprocessors and innovative technologies help extend what technology can do for people.



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For stock information, earnings and conference webcasts, annual reports, and corporate governance and historical financial information, visit www.intc.com