INTEL DIVERSITY IN TECHNOLOGY

Mid-Year Report 2015
August 12, 2015

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A LETTER FROM OUR EXECUTIVE TEAM

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We are pleased to share Intel's Diversity in Technology 2015 mid-year report, as well as a supplemental Addendum that details Intel's workforce in total. Together, these reports summarize results across our workforce demographics and diversity programs, and offer the most comprehensive view of a tech industry's workforce shared publicly to date. We believe this sets a new standard for transparency that is critical to improve both our results and the process to achieve full inclusion in our industry.

In January at the Consumer Electronics Show, Intel made a bold declaration, the first of its kind in the tech industry. We committed to reaching full representation of women and underrepresented minorities in our U.S. workforce by 2020. And, we said we'd invest $300 million to accelerate diversity and inclusion across the technology industry at large. Since then, we've made additional commitments in support of our Diversity & Inclusion initiative in the areas of supplier spending, venture investing, partnerships, and education.

The first six months of this initiative have been a journey of hard work and learning for our company, from our executive leadership to our employees around the world, and our team leading this effort. We have applied a classic engineering problem-solving approach to this issue, no different from how we solve seemingly impossible technical challenges.

Together, we've made a lot of progress towards our 2020 goal. We are pleased with the entire Intel team's commitment to success: we are making a difference.

We're proud to be part of an incredible force in the technology industry, with many companies stepping in to join this movement and transform our workforces. The collective energy and effort focused on making our industry a more diverse and inclusive one is something we are encouraged to witness.

Through this journey, one thing remains very clear: Intel is "all in" and fully committed to achieving the bold declaration we made to the world back in January. We look forward to keeping you posted on our progress and our learning.

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EXECUTIVE SUMMARY

We are pleased to share Intel's Diversity in Technology 2015 mid-year report, as well as a supplemental Addendum that details Intel's workforce in total. These reports summarize results across our workforce demographics and diversity programs overall as part of a comprehensive Diversity and Inclusion Initiative that launched in January of this year.

Our early momentum is strong. Over the past six months, we have achieved our overall annual hiring goal and made progress in retention. We have embraced the bold diversity vision we set ourselves and made headway in improving the pipeline of qualified diverse students and in making the gaming industry more inclusive. We also challenged ourselves to use our spending and capital resources in the area of diverse suppliers and technology startups. In this short period of time, we have made positive, measurable progress across these areas.

Our early strides encourage us, yet we know many challenges remain in achieving our 2020 goals especially with respect to retention of employees, continuing the early momentum on hiring, and working with schools and colleges to increase the number of qualified candidates. We remain convinced that these problems require an industry-wide approach and welcome our industry colleagues in joining us to solve these and other challenges ahead that affect us all.

Intel currently exceeding overall year 1 hiring goal with 43.3% diversity hires.			
	Hires	**Hiring %**	**Goal**
Total Diverse[2] Counterpart	1,669	56.7%	
Total Diverse[2]	1,275	43.3%	40.0%
Women	1,035	35.2%	31.0%
African American	139	4.7%	4.4%
Hispanic	222	7.5%	8.4%
Native American	9	0.3%	0.6%
Total	**2,944**	**100%**	

Footnote:
2. Defined as women, African American (or Black), Hispanic, and Native American

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OUR VISION FOR DIVERSITY AND INCLUSION IN THE TECH INDUSTRY

Diversity at Intel has been a continual journey. We were one of the first to release our EEO1 data in 2002 and led two of the industry's largest studies on Women in Tech to deeply understand the realities of career progression for women in tech. Intel was one of the first to establish Employee Resource Groups and continues to support an extensive, global network of employee communities that reach far beyond our current focus populations, including Asian, LBGTQ, diverse abilities, and veterans.

By the end of 2014, our representation of women, African Americans, Hispanics, and Native Americans was 23.5%, 3.4%, 8.3%, and 0.5%, respectively. At this same time, in leadership[1] levels, our representation of women and underrepresented minorities[3] was 15.4% and 4.8% respectively. This was good progress, but not enough.

We are proud to be the first company to publicly commit to a representation goal and an aggressive timeline within which that goal will be achieved. To achieve this goal, we have implemented measurable programs directly tied to compensation for all employees and managers, and we have invested significant executive time in learning how to lead in a diverse and inclusive environment. We believe that this set of leadership actions is among some of the boldest moves yet by a technology company to address lack of diversity in the workplace.

Intel has taken a broad view of diversity and inclusion by committing to five core programs:

- Achieve full workforce representation through focused hiring and retention programs
- Grow the pipeline of technical talent for the industry at large
- Improve diversity in our supply chain and vendors
- Invest in diverse entrepreneurs of emerging technologies
- Support women in gaming

This comprehensive vision reflects Intel's belief that diversity drives better business results and a more vibrant technology industry.

"We believe that creating a fully diverse and inclusive workplace is fundamental to how we deliver business results. As technology and markets continue to evolve, building and growing a workforce that is fully representative of the customers we serve and communities in which we operate is paramount to our success."

- Brian Krzanich, Chief Executive Officer, Intel

Footnote:
1. Defined as Vice President and above, Fellow and Senior Fellow
3. Defined as African American (or Black), Hispanic, and Native American

SUMMARY OF MID-YEAR RESULTS

Intel's Diversity and Inclusion initiative is a multi-year journey. And in typical Intel fashion, we have established an aggressive stretch goal by 2020. Our goal for this first year of the initiative is to establish a foundation from which we intend to accelerate progress, in both workforce representation and diversity programs overall.

Despite the challenge to show progress against a very large employee base, in only six months, we are proud to show early, positive momentum towards achieving our long-term goals. Since the end of 2014, we have driven shifts in our employee demographics aligned to the goal of achieving full workforce representation in the U.S. by 2020. Specifically, the following changes in our employee base have been realized:

- This report, together with the Addendum, sets a new standard for transparency in workforce demographics and provides a platform for the industry to collaborate on our common problems and drive real results.
- Since December 2014, we have increased our total workforce population of women, African Americans, Hispanics, and Native Americans.
- We have realized increased representation for women and African Americans.
- Women and underrepresented minorities in leadership[1] positions have grown in total workforce population and in representation.

Programmatically, there are also numerous early signs of momentum and positive progress.

- We are currently tracking to 43.3% diverse[2] hires in the United States, which exceeds our goal of 40% for 2015.
- Our hiring efforts have delivered strong results with 35.2% women and 4.7% African Americans relative to 24.1% and 3.5% populations, respectively.
- Retention goals are also on track, with retention equal to the majority population for both women and for our underrepresented minority[3] populations in total.
- We committed to spending $1 billion with diverse-owned businesses for Intel's global supply chain by 2020. To date, $117 million has been committed against a first year goal of $250 million.
- We formed the Intel Diversity in Technology Fund that represents $300 million in committed funding to invest in diverse entrepreneurs, grow the tech pipeline, invest in women in gaming, and drive innovative hiring and retention programs. To date, $29.5 million has been committed, including $17 million for four equity deals that Intel has closed. There have been well over 1,200 inquiries received and vetted since the original announcement of the Fund in January.

Changes in Intel's U.S. Workforce Representation for Women and Underrepresented Minorities[3,4]				
	December 2014	July 2015	% Representation in December	% Representation in July
Women	11,836	12,916	23.5%	24.1%
African American or Black	1,734	1,878	3.4%	3.5%
Hispanic	4,199	4,454	8.3%	8.3%
Native American	251	266	0.5%	0.5%
Leadership[1]				
Women	51	68	15.4%	17.1%
Underrepresented Minorities[3]	16	24	4.8%	6.0%

Footnote:

1. Defined as Vice President and above, Fellow and Senior Fellow

2. Defined as women, African American (or Black), Hispanic, and Native American.

3. Defined as African American (or Black), Hispanic, and Native American.

4. Data reflects the integration of McAfee into Intel processes, systems and structure as McAfee is no longer considered a subsidiary. The overall effect of McAfee was close to neutral. There was a 0.2% improvement in overall female representation and a 0.1% reduction in overall Hispanic representation.

McAfee driven increases Overall: Women (800), Hispanic (215), Black (127), Native American (11)

McAfee driven increases Leadership: Women (1), Hispanic (3), Black (0), Native American (0)

MID-YEAR SUMMARY BY PROGRAM

Intel is a data-driven company. We have a long history of setting aggressive goals, and establishing internal methods of accountability to drive towards those goals. Our commitment to diversity is no different. We have established measurable programs to track progress across all of our five core programs.

Monitoring and Accountability

Monitoring and accountability are two foundational strengths of Intel's culture. We monitor all new hires and employee exits from Intel via a dashboard which tracks progress for women and underrepresented minorities compared to their majority counterparts within each Intel business group and organization. This Dashboard is distributed weekly to the CEO and the executive team, and regularly distributed to Intel Vice Presidents and Fellows. Also included in the Diversity Dashboard is a summary of progress on key programs and investments.

Hiring goals are part of the Annual Performance Bonus for all employees, a cornerstone of Intel's compensation program. The hiring goal for 2015 is 40% of new hires are diverse and the retention goal is set as exits from Intel are equal to or less than the majority of the population.

MID-YEAR SUMMARY BY PROGRAM

Hire a More Diverse Employee Base

Our 2015 hiring goal is that 40% of our new employees will be diverse[2]. These candidates are some of the most competitive talent to secure and graduation rates in the skills and degrees for which we hire are low, so we are pleased that we are currently exceeding this goal with 43.3% of our new hires to date being diverse. Of the new employees Intel hired for the first half of 2015, 35% were women, 4.7% were African American (Black), 7.5% were Hispanic, and 0.3% were Native American. For women and African Americans, we are hiring at rates well above current workforce representation.

To balance hiring, we have increased focus on advancing our inclusive culture by utilizing fair processes and practices, such as rigorous reviews of annual appraisal parity and pay audits, as well as by increasing investments in our manager and leader capabilities to ensure that the unique skills and experiences of our entire workforce are fully leveraged. These programs inspire an inclusive and collaborative community and a vibrant culture in which our employees thrive. We also recognize that with a diverse workforce comes a need for diverse benefits. To meet this need, we support of all of our employees through offering customized services, benefits, and resources that are suited to individual needs, which vary throughout their lives.

Increase in Diversity at Senior Levels

Senior[5] Women — Dec. 2014: 14.1%, Jul. 2015: 15.7% (11% Increase)

Senior[5] African American — Dec. 2014: 1.24%, Jul. 2015: 1.48% (19% Increase)

Number and Percentage by Date			
December 2014	July 2015	December 2014	July 2015
432	562	38	53
14.07%	15.67%	1.24%	1.48%
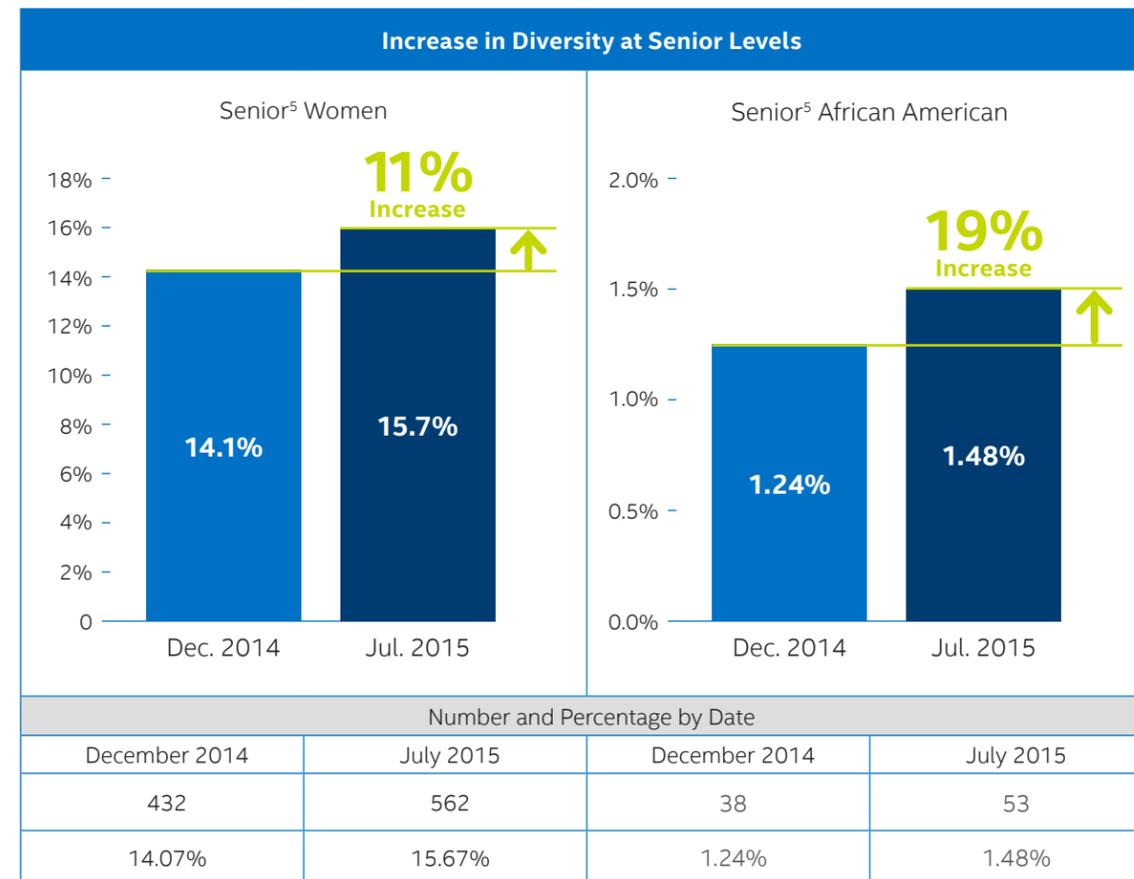
Footnote:
2. Defined as women, African American (or Black), Hispanic, and Native American
5. Defined as Grades 10-11, the top 6.7% of the U.S. workforce under VP and Fellows

MID-YEAR SUMMARY BY PROGRAM

Reach Full Representation by 2020

The foundation of Intel's commitment to diversity is the stated goal to achieve full representation of women and underrepresented minorities[3] in Intel's U.S. workforce by 2020. Full representation will be achieved when Intel's workforce is representative of the talent available in the U.S. This also includes a more balanced representation in senior leadership and our Board of Directors. In order to measure our progress, Intel sets market availability goals for the jobs for which we hire. These goals are based upon the talent pool that is currently available with the skills and degrees needed in our workforce. We periodically conduct in-depth availability studies to ensure that our goals are accurate. Data scientists use a combination of data from resources such as the National Center for Education Statistics, U.S. Census Bureau and Intel's own internal workforce available for progression to determine the market availability.

Approximately 85% of our workforce is technical. We believe it is critical to reflect the nature of our business and the demands of the technology industry in our workforce demographics.
We are working with the Anita Borg Institute and the Information Technology Industry Council (ITIC) to define the industry gold standard for a diverse technical workforce. Our intention is to measure ourselves against this workforce diversity standard for our year-end reporting. We have also committed to work with the Anita Borg Institute and the ITIC to share and refine this workforce diversity standard with the technology industry at large.

To this end, the table below summarizes Intel's U.S. workforce for gender and for underrepresented minorities[3], across the career grade bands and for technical vs. non-technical positions.

This table summarizes progress toward market availability[6] for the strategic populations we are focused on: women, African Americans (Black), Hispanics, and Native Americans.

U.S. Workforce Representation as of July 2015		Technical		Non Technical		Career Stage			
	Total U.S. Workforce	Representation	Market Availability	Representation	Market Availability	Early Grade	Mid Grade	Senior Grade	Leadership
Gender									
Female	24.1%	19.4%	22.7%	50.0%	50.4%	27.2%	22.7%	15.7%	17.1%
Male	75.9%	80.5%	@MA	50.0%	@MA	72.7%	77.2%	84.3%	82.9%
Ethnicity									
Black or African American	3.5%	3.3%	4.5%	4.3%	5.0%	4.9%	2.7%	1.5%	2.3%
Hispanic	8.3%	8.0%	8.4%	9.9%	10.0%	12.3%	5.8%	3.8%	3.5%
Native American	0.5%	0.5%	0.6%	0.5%	@MA	0.8%	0.2%	0.4%	0.3%

- ■ Increase in representation of 0.2% or greater since December 2014
- ■ Increase in representation between 0.1% and 0.2% since December 2014
- □ Increase less than 0.1% or no increase in representation since December 2014
- ■ Decrease in representation since December 2014

- Numbers may not add to 100% due to rounding, or uncategorized employees
- Calculations regarding market availability and progress against market availability changes continuously as a result of changes in the composition of Intel's workforce.

Footnote:
3. Defined as African American (or Black), Hispanic, and Native American
6. Calculations regarding market availability and progress against market availability changes continuously as a result of changes in the composition of Intel's workforce.

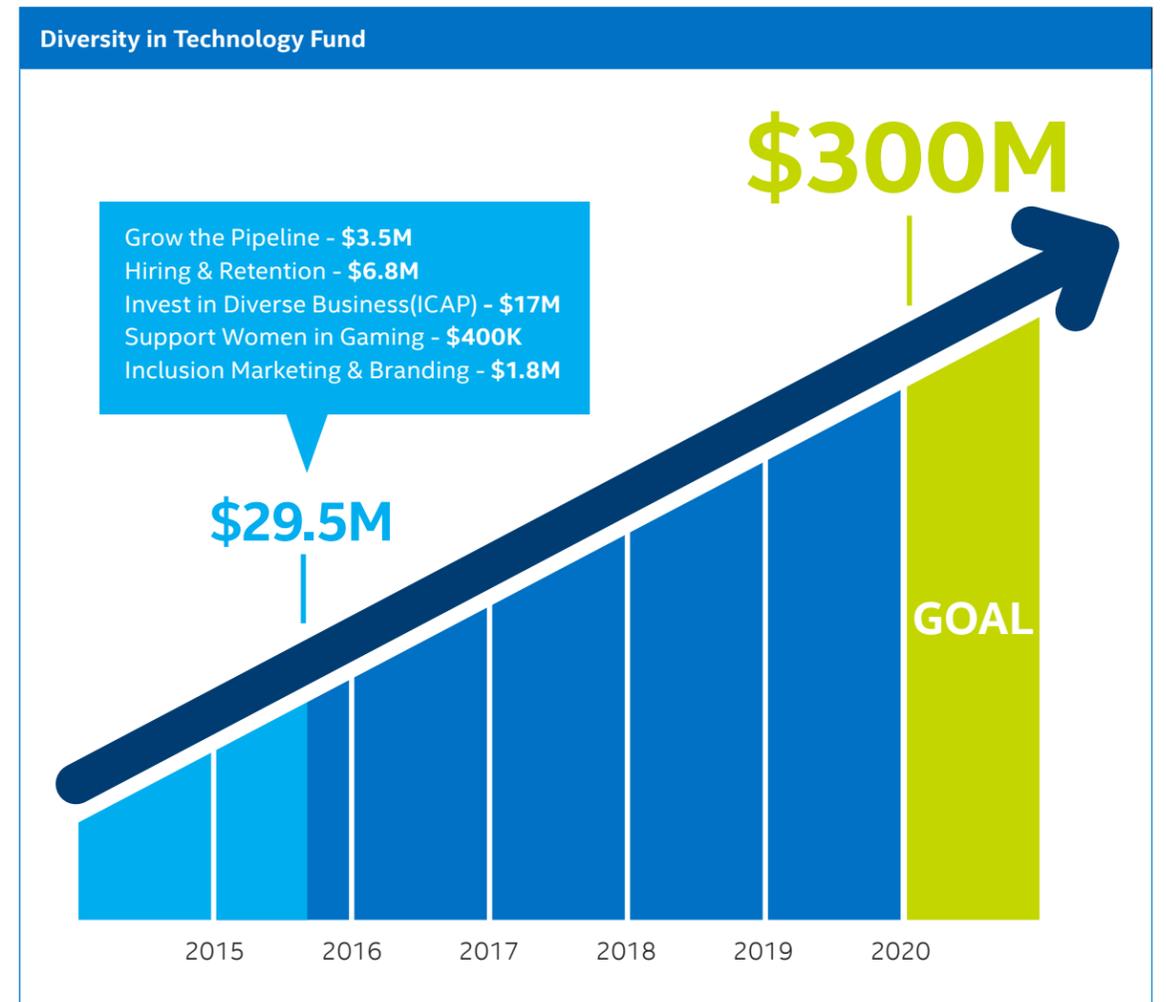# MID-YEAR SUMMARY BY PROGRAM

Grow the Pipeline of Technical Talent

Intel and the Oakland Unified School District have signed a Memorandum of Understanding to invest $5 million over the next five years to implement a change in the education system to increase the number of students graduating from college with technical degrees in Computer Science and Engineering. Our aim is to increase the number of these students graduating with these technical degrees from 100 to 600 over the next five years.

"We look forward to really creating a national model right here in Oakland that shows how to build 21st century pathways to help students from all backgrounds excel in their careers, particularly careers in computer science and engineering."

– Antwan Wilson, Superintendent of the Oakland Unified School District

To facilitate this goal, Intel has entered into agreements with the National GEM Consortium and Georgia Tech to increase scholarship funding to underrepresented populations overall and specifically to provide Oakland students with early exposure to engineering via summer immersion programs.

Intel will also focus volunteer efforts to bring local Intel employees into the classrooms as teachers, mentors, project coaches, and technical experts. Intel will closely monitor and support students from Oakland who enter into technical degrees and on successful completion will offer them employment.

Our aim is to identify at least one key program per major Intel site in the U.S. and bring the same effort and focus to bear as we have done with the Oakland school district.
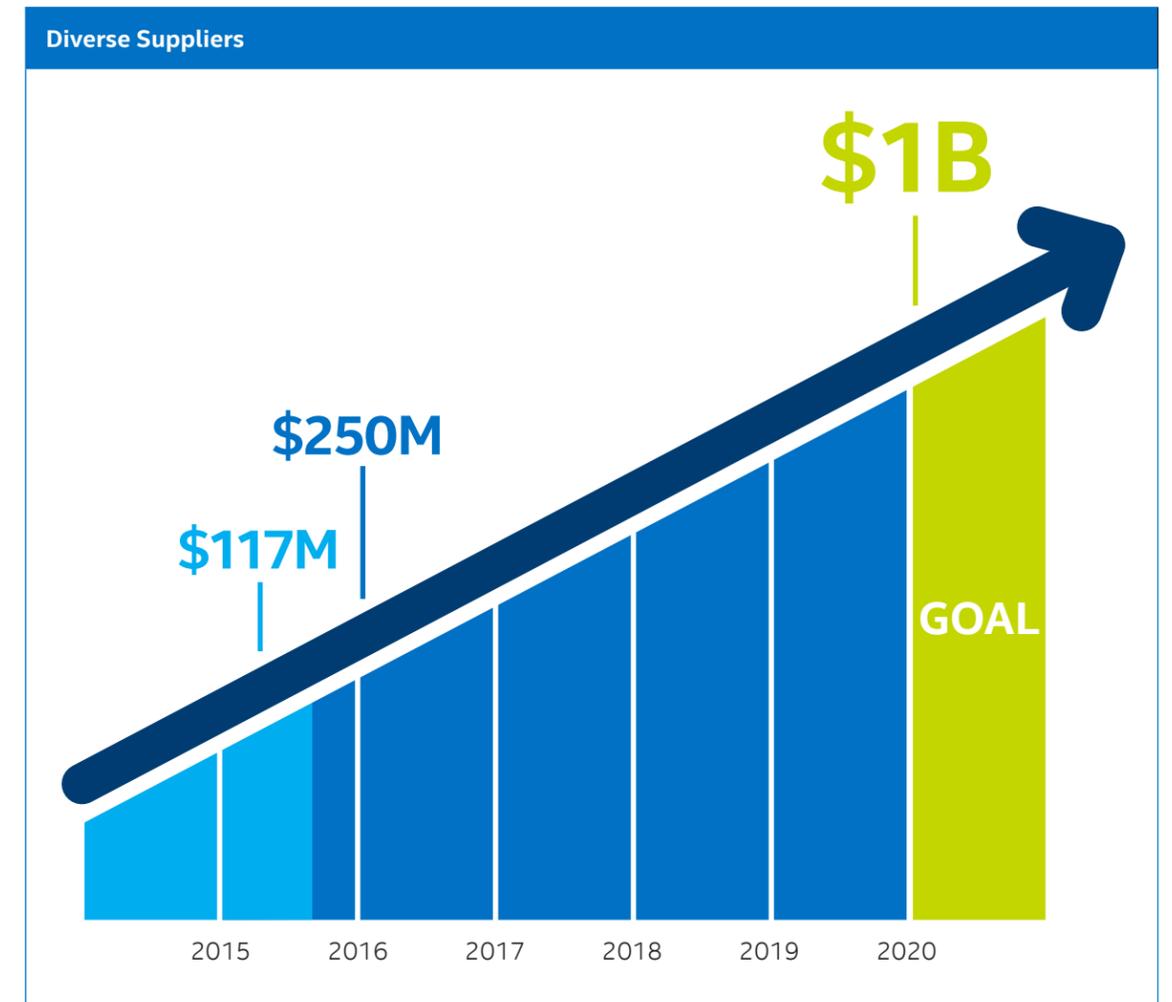
Diversity in Technology Fund

$300M

Grow the Pipeline - **$3.5M**
Hiring & Retention - **$6.8M**
Invest in Diverse Business(ICAP) - **$17M**
Support Women in Gaming - **$400K**
Inclusion Marketing & Branding - **$1.8M**

$29.5M

GOAL

2015   2016   2017   2018   2019   2020

MID-YEAR SUMMARY BY PROGRAM

Improve Supplier Diversity

We have committed to spend $1 billion in annual spending by 2020 with diverse-owned businesses across the supply chain. Our 2015 goal is $250 million in spending, which represents a 67% increase from our 2014 spending of $150M. To date, Intel has spent $117 million with diverse-owned businesses.

We are tracking approximately $600 million in diverse supplier spending, with opportunities primarily in the Indirect Services segment. While Indirect Services is important for our corporation to operate, it is not core to our industry. Therefore, we have also committed to developing more diverse businesses in technology, where there is less representation, by collaborating with our Intel Capital partners. In this way, we will expand the presence of qualified diverse suppliers in our base and increase representation in the tech sector through supplier development and mentoring initiatives.

We will also encourage our large suppliers to maximize inclusion of diverse-owned businesses and expand diversity into broader areas of the supply chain through strategic alliances.
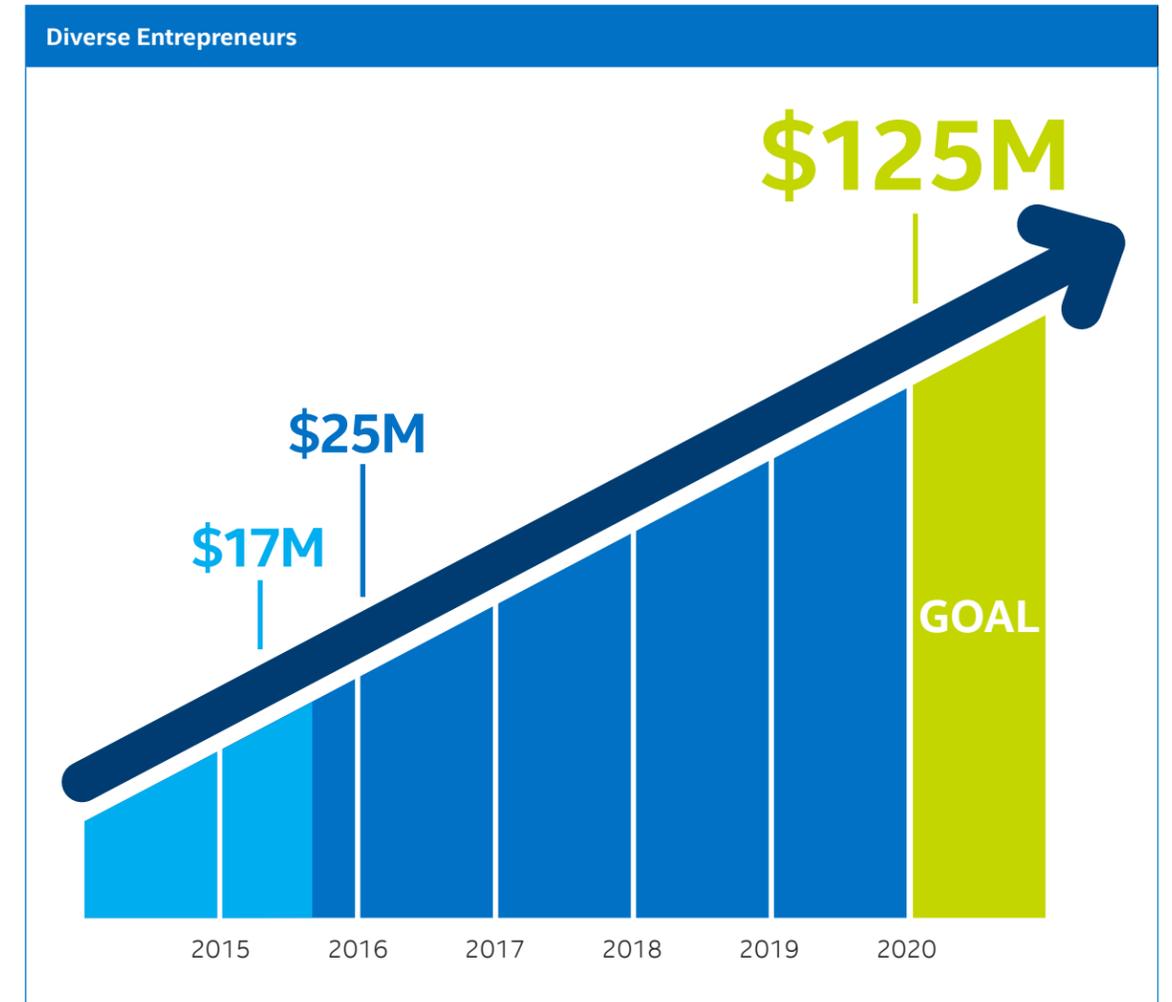

Diverse Suppliers

$1B

$250M

$117M

GOAL

2015 2016 2017 2018 2019 2020

MID-YEAR SUMMARY BY PROGRAM

Invest in Diverse Businesses

The Intel Capital Diversity Fund, announced in June 2015, identifies and invests in women- and minority-led businesses. As part of Intel Capital, the largest private venture engine in the industry, the Intel Capital Diversity Fund focuses $125 million over five years on technology startups across a broad spectrum of innovative industries whose founder/CEO, or at least three members of its senior management team, is a woman or underrepresented minority. This fund is the largest of its kind in the country by a significant margin, further underscoring Intel's broad leadership commitment to diversity and inclusion in all aspects of its business. During the recent White House Demo Day focused on inclusive entrepreneurship, Intel was highlighted as the top institutional investor involved in startup efforts.

To date, nearly $17 million has been invested in four firms: Brit + Co., CareCloud, Mark One, and Venafi. This represents 13% of the total fund. Later this year, two additional investments are expected to be announced as part of the Intel Capital Diversity Fund. In addition, two of the eight startups in the recently announced Intel Education Accelerator are led by women and/or underrepresented minorities. Startups selected for that program are eligible for up to $100,000 in seed funding from Intel Capital.

Diverse Entrepreneurs

MID-YEAR SUMMARY BY PROGRAM

Support Women in Gaming

Similar to the larger tech sector, the video game industry mirrors a large gender disparity. A 2015 survey by the International Game Developers Association (IGDA) reported that 69% of its members were male. Intel has made several diversity-related investments in support of gaming this year, including:

- We partnered with the IGDA to bring female students to the Game Developer Conference in San Francisco and paired these students with mentors to immerse them into the industry.
- We sponsored Girls Make Games to help them expand their camps to more cities.
- The Two5Six festival created the Intel Two5Six Scholar Program, which is a game-design seminar for female students.
- We sponsored programs at the Nordic Games, E3 and Gamescom conferences.

We also focused on increasing inclusiveness among players and within gaming content. Intel and the Electronic Sports League brought a women's tournament to the finals of the Intel Extreme Masters competition in Katowice, Poland. We also announced lead sponsorship of CLG Red, the world champion female Counterstrike team. Our initial efforts have focused on bringing together gaming companies and developers to kick off the conversation and form alliances.

PATH FORWARD

This mid-year report reflects approximately six months of positive effort toward a multi-year goal. We are learning what works and what requires more focus. The path forward is clear.

- We will continue our focus on hiring, measuring progress, and evolving our processes to ensure we keep setting the standard for the industry which help us achieve our goals overall.
- We will continue to reinforce the many business practices that have been in place for years to ensure fairness and equity, including ensuring a diverse slate of candidates for open positions.
- We will continue our annual audit of performance review and promotion results to ensure parity.
- We will expand the scope of our annual compensation audit and drive pay parity, including additional audit of pay and benefits.
- We will leverage data analytics and our diversity dashboard and other reporting to provide early trends, inside and outside of the company.
- We will continue to partner with key organizations and universities to scale pipeline programs that will grow more diverse talent in Computer Science and Engineering.
- We will continue to collaborate across our industry to identify ways to create a more inclusive environment, like supporting Lean In women's circles.

Expanding Our Retention Efforts

Building on this foundation of best practices, we intend to broaden our efforts, specifically around retention. Retention is a key issue for our industry at large. It is no surprise that Intel also faces challenges retaining key talent. While we are currently tracking to our goal of retention at parity, we would close our representation gaps even faster if we could improve retention at the same rate we have improved hiring.

Industry research indicates that diverse employees may experience isolation, often don't have access to networks and are often negatively impacted by workplace culture. Over the past decade, Intel has provided training in areas of unconscious bias and micro inequities to thousands of managers and employees around the world. We have learned that awareness is an important first step but that training alone doesn't drive behavior change.

As we expand our efforts focused on improving retention, we will pursue three key paths:

- Evaluate and expand our benefits and services to deliver customizable benefits that motivate and excite our employees.
- Design a comprehensive retention framework to specifically address the issues of isolation, lack of networks, and culture.
- Reach our entire management population with development training aimed at culture change and creating a climate of inclusion for all of our employees.

It will take some time to show significant improvements in all these areas, but our vision is clear: we want all employees motivated, inspired, and engaged every day in achieving Intel's vision.

For more information, visit intel.com/diversity

Data Parameters

• Calculations regarding market availability, representation, and progress against market availability are subject to constant updating as a result of changes in the composition of Intel's workforce due to factors like hiring, exits, promotions and business reorganizations, as well as external data such as Census information, graduation rates and the availability of individuals with the degrees and experience for which Intel hires. The market availability data for the populations currently included in our 2020 goal reflects an aggregation of the various job grades that Intel tracks and is presented in this manner to better reflect the various stages of career progression at Intel.
• Numbers may not add to 100% due to rounding, or uncategorized employees.
• Employees listed as "unknown" chose to not self-identify their race on the date that representation data was pulled. Intel complies with federal regulations and uses post-employment records to identify the gender, race and ethnicity of individuals who do not self-identify. These updates are done on a monthly basis.
• Data is U.S. workforce, December 27, 2014 to July 9, 2015, unless marked otherwise.
• Data includes workforce changes as a result of the integration of McAfee on July 1, 2015.
• Data does not include subsidiaries.
• Definition of "Technical" or "Tech" reflects Intel internal job codes which have technical job requirements.