

INTEL DIVERSITY & INCLUSION

MID-YEAR REPORT 2016

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A LETTER FROM OUR LEADERS

In January 2015, when Intel first announced its goal to achieve full representation of women and underrepresented minorities in our U.S. workforce by 2020, we deliberately set a high bar for ourselves. We knew then, as we do now, that great progress—and the hard work required to achieve it—can only be driven by great expectations. The journey we've embarked on since has ignited a profound and enduring commitment to creating and sustaining a culture of diversity and inclusion that we're confident will propel us to a new era of innovation.

In the first half of 2016, Intel underwent a significant restructuring initiative to accelerate our evolution from a PC company to one that powers the cloud and billions of smart, connected computing devices. We are intensifying our focus on—and investing more in—high-growth areas such as the Cloud, Internet of Things, Memory, and FPGA technology. As we shift our focus toward these growth businesses for greater impact, we are also aligning our people, our places, and our projects to this strategy. This company-wide, global restructuring has resulted in some fluctuations in our year-to-date hiring, representation, and exit data, which is reflected in the report and data addendum.

What hasn't changed is our commitment to diversity and inclusion at Intel—and our goal of reaching full representation of women and underrepresented minorities in our U.S. workforce by the year 2020. Diversity and inclusion are fundamental to Intel's growth and transformation and are a critical part of our strategy going forward. Intel, along with the tech industry, takes on some of the most complex challenges in the world. We must meet these challenges with a diversity of thought, perspective, and solutions. Without an in-

clusive environment, we can't realize Intel's vision and reach our true potential as a company.

In 2016 we continued to build on the progress we made last year. We made additional gains in diverse representation, retention, and hiring. We launched new programs to improve retention of our diverse talent and foster a culture of diversity and inclusion, both inside Intel and in our ecosystem. And we've continued to learn and adjust as we go.

One of the biggest learnings we've had this year was that, while there are positive trends in the hiring of underrepresented minorities and our representation of women, we have a ways to go on our journey to making Intel a truly inclusive place. Through data we've gathered, conversations we've had with employees around the world, and new initiatives we've launched, we know we have more work to do to make Intel a place where every employee can bring their full selves to work, and where everyone is heard, valued, and feels they belong.

We are proud of our accomplishments and the progress we've made towards our goals in the first half of 2016, and we are determined to continue that progress in this important work in the months and years ahead. We will continue our rigor and focus on progression and retention by making the culture and workplace one where everyone feels respected and safe, while also applying the same level of intent and energy engaging our male majority population.

Driving change of this magnitude isn't easy, but it is always worth it. The journey continues. And our commitment to this important work is unwavering.



BRIAN KRZANICH
Chief Executive Officer

A handwritten signature in white ink on a dark blue background, reading "Brian Krzanich".

AICHA EVANS

Diversity & Inclusion
Executive Champion
Corporate Vice President



A handwritten signature in white ink on a dark blue background, reading "Aicha Evans".



DANIELLE BROWN
Vice President,
Human Resources and Chief
Diversity & Inclusion Officer

A handwritten signature in white ink on a dark blue background, reading "Danielle Brown".

WORKFORCE DATA SUMMARY

2016 Year-To-Date

In the first half of 2016 we achieved 43.4% diverse hiring (women and underrepresented minorities (URM)) building on the notable success we achieved in 2015 (see Figure A). Meanwhile, the absolute number of diverse hires is 30% more than at this point last year (1654 vs. 1275). Midway through the year, we're also tracking to our overall goal for diverse employees to be retained at parity or better compared with majority populations.

U.S. Hiring - % of All Hires, 2016 Year-To-Date

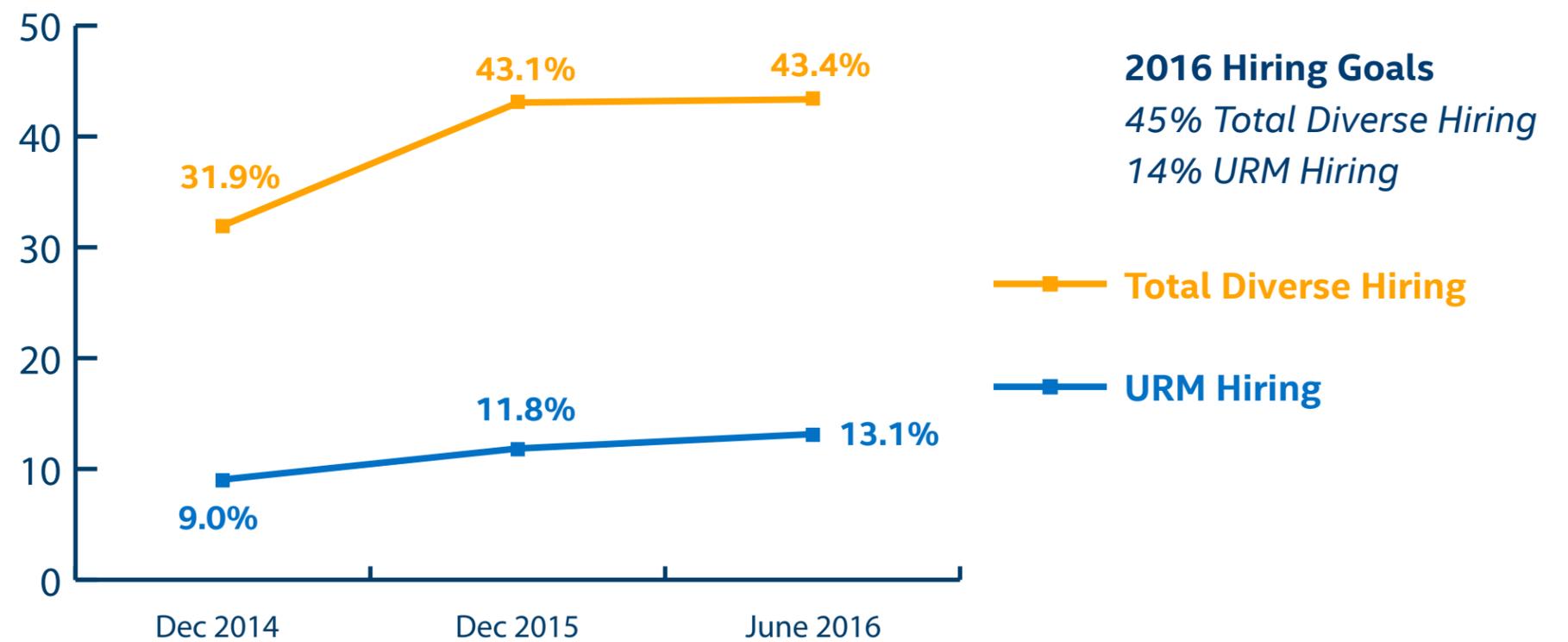


Figure A†: U.S. Diversity Hiring (Women, African American, Hispanic, Native American)

† Refer to [Data Parameters and Definitions](#) on page 23

U.S. Representation of Women Across Career Levels

Women

Representation of women in our workforce has continued to grow impressively this year. Women’s representation currently stands at the highest since 2002 at 25.4%—a 2.4% increase since 2015. We also made steady gains in representation of women in Mid, Senior, and Leadership grades. (see Figure B)

In addition, representation of technical women rose to 21.2%—up 5.5% since 2015, while representation of non-technical women fell slightly to 49.5%. Meanwhile, our retention rate among women was 1.5% better than the majority population.

We’re also proud to announce the addition of a second woman, electrical engineering professor Dr. Tsu-Jae King Liu, to Intel’s board of directors.

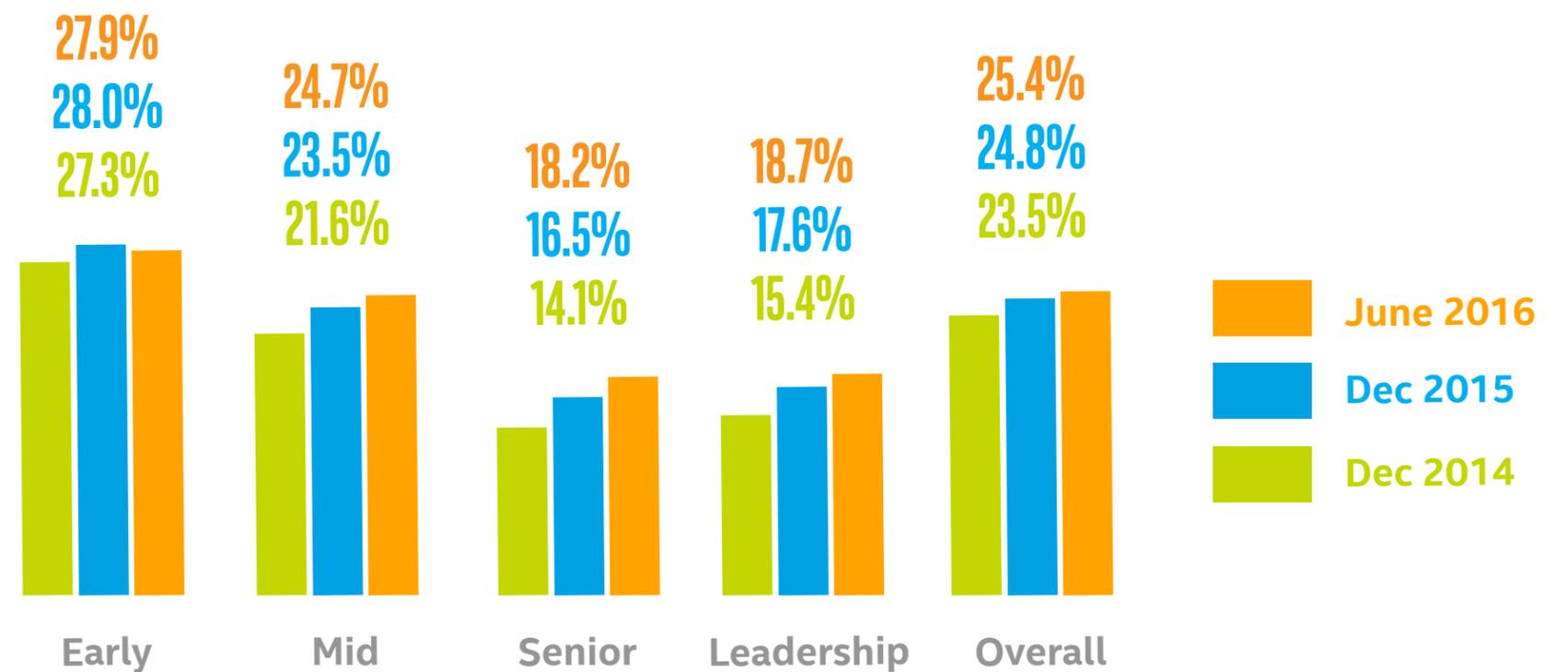


Figure B†: U.S. Women Representation Across Career Levels

† Refer to [Data Parameters and Definitions](#) on page 23

Underrepresented Minorities

Our hiring of underrepresented minorities grew to 13.1% in 2016—an 11% increase over last year. The absolute number of underrepresented minority hires increased by 35% since our 2015 Mid-Year Report, just one year ago. We also made gains in representation of underrepresented minorities at the Mid, Senior, and Leadership grades. (see Figure C & D) Still, we have much work to do as overall representation remained relatively flat at 12.3%, compared to 12.4% in 2015.

URM Hiring



Figure C†: U.S. Hiring of Underrepresented Minorities

URM Representation

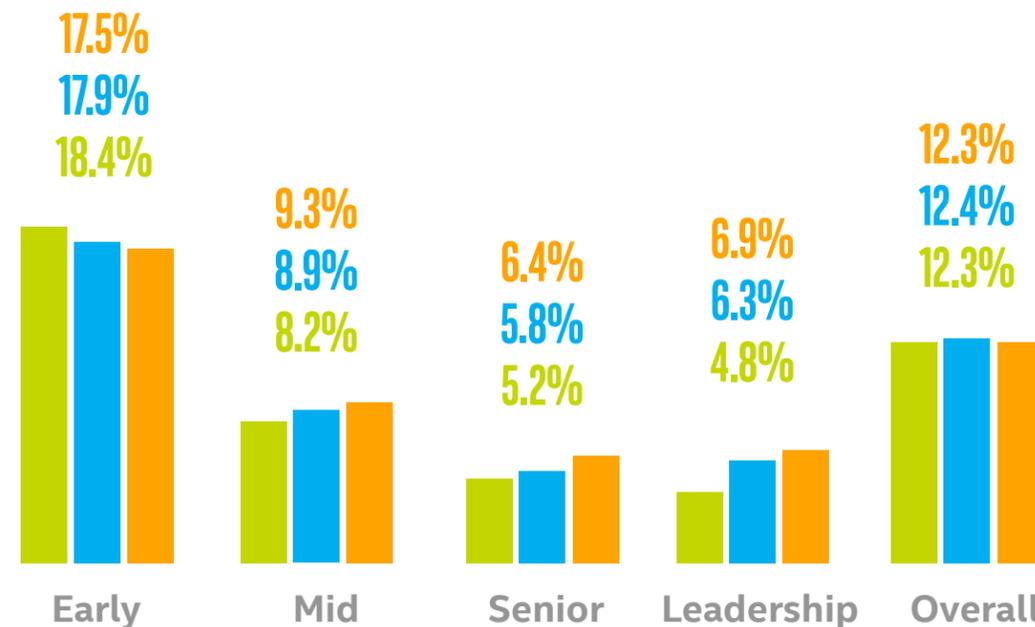


Figure D†: U.S. URM Representation Across Career Levels

† Refer to [Data Parameters and Definitions](#) on page 23

U.S. Hiring and Representation of URM[†]s Across Ethnicity

Our hiring of African Americans grew to 4.7%, while representation grew to 3.7%. Among Hispanics, hiring grew to 8.1%, while representation fell to 8.0%. And among Native Americans, hiring grew to 0.3%, while representation increased to 0.6%. (see Figure E)

While we closed gaps to market availability in non-technical African American and Native American representation—which stand at 5.1% and 0.8%, respectively—we have additional work to do for our non-technical Hispanic population, which stands at 9.8%.



African American Hiring



Hispanics Hiring



Native American Hiring



African American Representation



Hispanics Representation



Native American Representation



Figure E[†]: U.S. Representation and Hiring of African Americans, Hispanic, & Native Americans

† Refer to [Data Parameters and Definitions](#) on page 23

In the first half of 2016, we also expanded our pay equity analysis work to evaluate pay equity across race and ethnicity. We found that we are currently at 99% pay equity for underrepresented minorities. When segmented by race/ethnicity, the figures are: African Americans at 99%, Hispanics at 98% and Native Americans at 98%. Within the next quarter, we will address all pay gaps in accordance with our usual practice, with the aim of reaching 100% pay parity (see Figure F).

U.S. Pay Equity Across URM[†]s

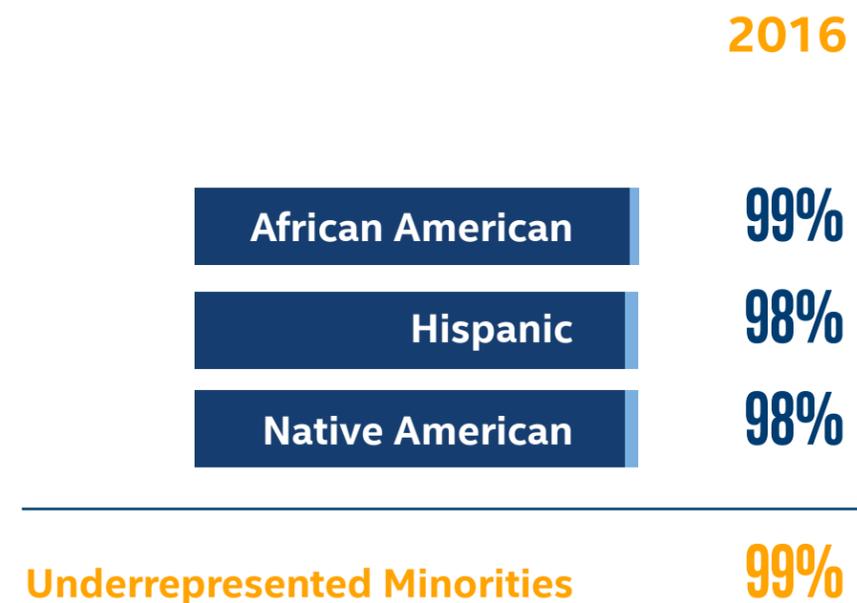


Figure F[†]: U.S. Pay Equity of African Americans, Hispanic, & Native Americans

† Refer to [Data Parameters and Definitions](#) on page 23

WORKFORCE DIVERSITY PROGRAMS

How Intel's Intern Programs Help Advance Our Diversity Goals

Across Intel, intern programs have proven to be among the best hiring channels for college graduates—especially for entry-level positions. On average, these employees outperform their peers and have higher retention rates throughout their careers—even more so among diverse hires. This year, more than 45% of Intel's intern class were female and/or underrepresented minorities.

Our Work Experience (Bachelor's degree) and Graduate Intern (Masters and PhD degrees) Programs are an important source of diverse talent for Intel's future. By utilizing these programs, managers are better equipped to plan and staff for the long term, while improving their prospects for hiring a more diverse workforce.

By increasing investments in our scholarship programs, guaranteeing internships, and converting successful interns into full-time employees upon graduation, we help ensure that we retain the great talent we're investing in.

Proactive Retention Model: Introducing the Retention WarmLine

In Q1 2016 Intel introduced a new service to U.S. employees: the Retention WarmLine. The immediate goal is to provide employees with the support they need if and when they find themselves struggling with issues or concerns about staying in their current job or leaving Intel altogether. Retaining key talent is important to Intel, and we want to help before employees feel they've run out of options. Eventually, the goal is to be able to identify patterns, locate problem areas, and address issues proactively and systemically.

The Retention WarmLine is a confidential service that connects employees, within two business days, to a Retention Advisor who will offer real-time support and guidance through different options available.

Employees can use the WarmLine when they're experiencing:

- Lack of progression
- Lack of integration
- Isolation
- Job skills mismatch or no development plan
- Strained relationship with their manager

Submissions for help can also be requested on behalf of someone else.

Dedicated Retention Advisors work with employees who submit a request to the WarmLine. Each Advisor serves as a single point of contact from initiation through closure for each and every case they're assigned to. Advanced case management software is used to track and prioritize cases.

The team has found that a lot of people don't have much of a network to reach out to, and some employees feel isolated because they work in geographically scattered teams. So the Retention Advisors extend a hand and let employees know they always have someone to talk to and help them out if they're going through a rough patch.

PIPELINE DIVERSITY

Through transformative education initiatives, scholarships, and internship opportunities that offer real-world experience and technical skills, Intel is paving the way for more women and underrepresented minorities to enter and succeed in engineering and computer science careers. In the first half of 2016, Intel's investments in programs and partnerships that help advance this goal have shown positive impact on our talent pipeline development goals and hiring projections.

Scholars Enter Our Workforce

Our scholars internship program provides underrepresented minority scholars with an immersive experience at an Intel campus and opportunities to contribute to valuable work assignments. In the summer of 2016, a variety of Intel business units are hosting more than 55 scholars with the purpose of preparing them for hire and full-time employment at Intel. These scholars bring a wealth of knowledge and are coming to us from the Diversity in Technology investments we've made with partners such as The National GEM Consortium, Georgia Institute of Technology, CODE2040, and the Semiconductor Research Corporation.

Raising Awareness of Career Possibilities

Intel and Rebecca Minkoff are partnering to spread awareness of how women can blend technology with other passions to become makers and creators of the digital future. As partners, we've set a goal to expand the pipeline of future female engineers with the "Unleash Your Creativity with Technology" platform and to help the technology industry come closer to realizing gender parity.

In May 2016, we marked a year of partnership with the Oakland Unified School District (OUSD). During this first year, the OUSD–Intel partnership redesigned engineering and computer science pathways to expand the curriculums to four-year programs and enhance the rigor of the coursework. Together, we're raising awareness of the opportunities available for students through career academies, work-based learning opportunities, a new mentoring program with Intel employees, and—for the first time ever—a paid summer internship program for 29 Oakland High School students.

Broadening Our Reach

As we shared in our 2015 Annual Report, Intel is leading the effort to introduce a computer science program to three high schools in Arizona's Navajo Nation through the Next Generation of Native American Coders program. In addition, we're providing computer labs at these schools to enable students to extend their learning with hands-on experiences. To increase the opportunities for Latinos in high-tech careers, we've expanded our support of the Hispanic Foundation of Silicon Valley's Latinos in Technology Scholarship program. These additional investments bring our number of pipeline development programs to eight, with a total investment of \$25M.

CREATING AN INCLUSIVE CULTURE

This year we made important progress on our initiatives to encourage a more inclusive culture both inside and outside of Intel.

Multicultural Retention & Progression: Research Study and Strategy

Retention and progression of our African American, Hispanic and Native American employees is an important factor in reaching full representation. As a result, earlier this year, the Global Diversity and Inclusion team launched a study of Multicultural Representation and Progression to better understand the root cause behind these challenges and the cultural barriers to retaining and progressing underrepresented minorities. The results of the study were shared with our CEO and executive leadership team in June, and many of the strategies recommended are already being implemented.

The research team surveyed 15,000 employees, spoke to over 450 employees in 1:1 interviews and focus groups and conducted a comprehensive quantitative analysis of employee exits, progression through the pipeline, and performance management audits.

The research revealed that our underrepresented minorities at Intel have a different experience from their non-underrepresented minority counterparts and

that experience is leading to challenges with retention and progression. We also learned that our URMs are underrepresented in people management roles at Intel; moreover, when URMs are in these roles, they hire, create, and lead more diverse teams. Additionally, our research showed that white and Asian males are notably less likely to agree that diverse teams lead to better team outcomes. We know that it's not enough to engage just underrepresented minorities and women to change Intel's culture. We absolutely must engage white and Asian male counterparts and allies.

One example of a big strategic shift resulting from the study is the way we approach internal movement. Internal movement is the infrastructure that supports progression, retention and development of our own talent pipeline. We have implemented a three-step process around inclusive hiring practices that we know works and have used this process externally to help meet our diversity hiring goals. However, we were approaching internal movement much less rigorously. The data shows that extending this process internally will help us meet our retention and progression goals faster. First, managers need to open requisitions for open positions. By opening requisitions, our managers will gain broader access to Intel talent and employees across the company, not just people in their personal networks. Second, we ask that managers interview a diverse slate of candidates for that req. Finally, those candidates should also be in-

terviewed by a diverse team of interviewers to get different perspectives on the candidates.

Our focus for the second half of 2016 is the complete implementation of our recommended strategies to address the retention and progression of our underrepresented minorities and the engagement of our male allies.

Intel I³ Leadership Symposium: Bringing Communities Together to Foster Inclusion

In June, Intel held a first-of-its-kind event called the I³ Leadership Symposium. The event was designed to drive inclusion in all that we do and deliver an impactful experience for senior level employees focused on leadership development, business acumen, networking and advancement. This event consolidated several internal conferences into one single experience for senior women, senior underrepresented minority employees, majority male allies, and more than 68 employee resource group leaders, ranging from Intel's Veterans Network to our NextGen Leadership Group. The goals were to inspire and activate our leaders on Intel's growth and future direction, build and strengthen professional networks and sponsorship relationships and increase understanding of business imperatives to drive leaders' progression and advancement. We welcomed over 850 global leaders to San Jose for

the 3-day event which included a first ever diversity and inclusion awards ceremony, interactive sessions with industry thought leaders networking and closed with a reside chat with our CEO Brian Krzanich. Bringing our diversity communities and leaders together proved to be a huge step forward in fostering greater inclusion and building cross-community networks, and we will continue this program in 2017.

LGBTQ Initiatives: Improved Health Benefits for Transgender and Transitioning Employees

In 2015, we announced an expansion of family benefits in the U.S., giving our employees greater control over their fertility coverage and adoption assistance. Since then, we have assessed our benefits offerings and found additional opportunities to support our Intel family by expanding benefits for transgender employees. We are updating our healthcare coverage for transgender employees, effective immediately and retroactive to the start of 2016, to cover all gender reassignment procedures recognized as medically necessary by WPATH (World Professional Association for Transgender Health) standards, without a lifetime maximum benefit.

All Gender Restrooms at U.S. Sites

Intel's policy is, and has long been, that anyone can use any restroom that corresponds to the gender with which they identify, regardless of their birth-assigned gender. Now, one multi-stall restroom in each building at major U.S. sites is designated as an all gender restroom. Anyone may use an all gender restroom, regardless of gender identity or expression. We provide all gender restrooms for the convenience, comfort and inclusion of our employees, contractors and guests.

Intel also joined 67 other major companies in signing an amicus brief submitted by the Human Rights Campaign to challenge a component of North Carolina's H.B. 2 law. We filed the brief in support of the U.S. Department of Justice's request for a preliminary injunction against enforcement of section 1.3 of the bill. This particular section of H.B. 2 mandates that transgender people use only those bathroom facilities that correspond to the gender on their birth certificates in all government-owned buildings, including airports and public schools.

IGLOBE Ally Week at Intel India

Intel India celebrated its first IGLOBE Ally Week in April, 2016—the culmination of a long journey that began with discussions in 2013 to launch an IGLOBE chapter in India.

Leaders and allies gathered at IGLOBE café booths to show their support, distribute “Ally” stickers, and raise awareness of the importance of LGBTQ inclusion in the workplace by discussing pertinent issues with employees.

The event proved to be a great success, with 377 employees signing up to show their support for this worthy goal: “To drive a safe, open, and productive work community for all employees in India, without regards to sexual orientation, gender identity or gender expression.”

Hack Harassment

At the beginning of the year, we announced Hack Harassment, a collaborative initiative to reduce the prevalence and severity of online harassment, led by us along with, Born This Way Foundation, Recode, and Vox Media. Since then, we've cultivated real solutions by sponsoring anti-harassment challenges at hackathons, spurring collaboration among influencers, experts, and organizations, and elevating the conversation through a presentation at the 2016 Code Conference in June. We also successfully launched the Hack Harassment Pledge.

Hackathons and #HackHarassment challenge

As a first step toward these goals, the initiative worked with Major League Hacking to sponsor challenges at hackathons hosted this spring at Rutgers University, Pennsylvania State University, and University of California, Davis. Based on the reception of Hack Harassment at these events and the final winners, the initiative is forming a mechanism to continue engaging with the teams.

#Stoptheviolence: Starting the dialogue about race-and identity-based violence

On July 8, Intel's Global Diversity & Inclusion team and Intel's Leadership Councils released a statement internally and externally, speaking out against the race- and identity-based violence that continues to impact our communities. Creating a truly inclusive culture means that we must stop to recognize when some of our employees are hurting and create a safe space for them to reflect, be heard, and heal. It means we create space at work to discuss issues that are tough and often uncomfortable such as the topic of racial injustice and race-and identity-based violence. We recognize that when an employee is experiencing grief or trauma, and it is not acknowledged or heard, it impacts their experience in the workplace.

We are in the process of rolling out a three-phase strategy to continue this work. First, we are making sure our employees are supported at Intel. In early July, we held the first in a series of community gatherings that we are calling "Blue Rooms." The Blue Room creates a safe space for employees to be heard, share how they are feeling, and discuss difficult topics that affect us. We will continue to hold Blue Rooms across our major U.S. sites to continue the conversation. The second phase is dedicated to expanding the conversation and planning for ac-

tion. Throughout July and continuing in August, we will invite more employees to join the conversation, to listen, and learn from one another. The third and final phase is about action. In the coming weeks and months, we'll work on creating skills based volunteer projects for the community, share our learnings and our stories internally and externally, and look at how to form partnerships with, and offer resources to, fellow travelers who share our concern and commitment for action.

INVESTING IN DIVERSITY: SUPPLIER AND INTEL CAPITAL

Improving Supplier Diversity

Between January and June in 2016, Intel has spent \$125 million with our diverse suppliers, and is on track to reach our goal of \$400 million this year. Each year, we are increasing our spend incrementally until we achieve \$1 billion in annual spending by 2020. We've also fostered greater diversity in the high tech supply chain by helping to develop diverse suppliers capable of supporting the industry. This year we sponsored three minority-owned businesses in our supply chain to attend the Kellogg School of Management Minority Program, created in association with the National Minority Supplier Development Council. Additionally, we're sponsoring two women-owned businesses to attend the Tuck School of Business for an executive education program developed with the Women's Business Enterprise National Council. Our aim is to build a robust development program that includes education, consultation, and possible investments in association with Intel Capital.

In addition, Intel's Investment Policy Committee, which holds fiduciary responsibility over Intel's U.S. retirement plans, has invested over \$2.5B with minority- and women-owned and managed firms.

Intel Capital Diversity Fund Announces New Leadership and Investments

The Diversity Fund enters its second year with a new leadership team: Trina Van Pelt and Christine Herron are now co-heads of the groundbreaking venture capital fund. Van Pelt also oversees Intel Capital's investment and M&A activity for the Internet of Things, and Herron boasts a wealth of experience as an early- and growth-stage venture investor.

Along with the dual appointments, Intel Capital also announced the sixth investment from the Diversity Fund: CognitiveScale, an Austin startup that delivers a new class of AI-powered cognitive cloud software to help Global 2000 clients discover and act on complex, multi-structured data.

Announced in June 2015, the Intel Capital Diversity Fund will invest \$125M over five years in technology startups founded or led by women and underrepresented minorities. The largest fund of its kind by far, it has invested more than \$25M to date.

CLOSE AND SECOND HALF FOCUS

In the second half of 2016, we are focusing on three key areas to continue driving progress to our goals.

First, we will continue our work to foster a culture and environment of inclusion at Intel. We'll be introducing initiatives and programs to make Intel a place where every employee feels respected, heard, and connected to the broader Intel community. We want Intel to be a place where employees can bring their full selves to work. As we learned in the first half of the year through our multicultural retention and progression study, we need to do this work for all, with a particular focus on the experience of our employees of color.

We'll also continue our rigor and focus on retention and progression. We will continue scaling our Warm-Line and retention case management system, and use the data we gather to design targeted and holistic retention strategies.

Finally, we need to take an intentional approach and apply more energy in our engagement of our male majority population. We know, and the data shows, that we cannot drive change at the scale we need without engaging our larger population of allies in this work. This will be a critical focus for us in the second half of the year.

We look forward to sharing our results and progress with you in early 2017. We remain committed to our goal of reaching full workforce representation by 2020 and to making Intel a truly inclusive place.

APPENDIX: DATA PARAMETERS AND DEFINITIONS

1. Changes in percentages are calculated using the following formulas:

Mid-Year 2016 to Annual Report 2015 Comparison:
 $(\% \text{ in June 2016} - \% \text{ in Dec 2015}) / \% \text{ in Dec 2015}$.

Mid-Year 2016 to Mid-Year 2015 Comparison: $(\% \text{ in June 2016} - \% \text{ in June 2015}) / \% \text{ in June 2015}$.

- Example, Dec 2015 Women Representation = 24.8% of employees and June 2016 Women Representation = 25.4% of employees. $(25.4\% - 24.8\%) / 24.8\% = 2.4\%$ increase.

- Our raw data set, with most of the raw figures we used to make the calculations in this report, are included in the report Addendum.

2. Full representation (or full workforce representation) is the point at which Intel's workforce in the United States matches the supply of skilled talent available (market availability) for current roles at Intel.

3. Market availability measures how many skilled people exist in the external U.S. labor market as well as in Intel's own internal market.

- This is a different measure from demographic representation. For example, while women are approximately 50% of the population (demographic representation), U.S. women make up 22.7% in aggregate of the external labor force that is consistent with the technical jobs Intel is trying to fill, making Intel's

market availability 22.7% for technical women. More specifically, in our Technical Senior/Leadership levels our Market availability is 17.2%.

- Market availability for various positions and grades fluctuates and is calculated based on data from multiple sources, including university graduation data from the National Center for Education Statistics, the U.S. Census Bureau, internal company data, and other sources. All of this data is then aggregated into career-level groupings/job categories for this report and other internal reporting purposes.

4. Numbers may not add to 100% due to rounding, or uncategorized employees.

5. 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.

6. Data is U.S. workforce only, unless otherwise noted.

7. Ethnicity categories use EEO-1 Ethnicity definitions.

8. Parity is the quality or state of being equal or equivalent.

9. Data does not include Altera or subsidiaries.

10. Data labeled "Current" or "June 2016" is from

June 27, 2016, unless noted otherwise.

11. Data labeled "Dec 2015" was published in the "Intel Diversity and Inclusion Annual Report 2015" on February 3, 2016.

12. Data labeled "June 2015" and "Dec 2014" was published in Intel's 2015 Mid-Year Diversity & Inclusion report "Intel Diversity in Technology" on August 12, 2015.

13. Definition of "Technical" is based on Intel internal job codes and reflects technical job requirements.

14. Early Grade = salary grades 2 to 6 and equivalent grades and Non-Exempt grades; Mid = salary grades 7 to 9 and equivalent grades; Senior = salary grades 10 and 11 and equivalent grades; Leadership = salary grades 12+ and equivalent grades, Vice President and above, and Intel Fellows and Senior Fellows.

15. Underrepresented Minority = African American, Hispanic, and Native American.

16. Total Diverse Population = All Females + Underrepresented Minority Males (this prevents double counting of Underrepresented Minority Females).

17. Total Diverse Counterpart Population = Asian males and White males.