

intel.<sup>®</sup>

# We are an industry leader

and a catalyst for technology innovation and products that revolutionize the way we live. We are committed to harnessing the breadth and scale of our reach to have a positive effect on business, society, and the planet.

## Our purpose

is to create world-changing technology that enriches the lives of every person on earth.

## Our vision

is to be the trusted performance leader that unleashes the potential of data.

# Introduction to Our Business

Intel put the Silicon in Silicon Valley, and today our technology remains at the core of the most exciting, life-changing innovations on the planet.

We are an industry leader, creating world-changing technology that enables global progress and enriches lives. We stand at the brink of several technology inflections—AI, 5G network transformation, and the rise of the intelligent edge<sup>1</sup>—that together will shape the future of technology. Silicon and software drive these inflections, and Intel is at the heart of it all with data emerging as a transformational force in this era where an explosion of devices permeates all our interactions. That data must be moved, stored, and processed faster and more securely than ever before. We are unleashing the potential of data to unlock value for people, business, and society on a global scale.

With a clear, shared purpose, we are inspired to create, innovate, and push the boundaries of technology. Our commitment to corporate responsibility and to creating an inclusive environment for our amazing people supports our ambitions and makes us stronger. When every employee has a voice and a sense of belonging, Intel can be more innovative, agile, and competitive.



"This era of distributed intelligence plays to Intel's strengths, and we are responding with the most diverse portfolio, greatest scale and strongest brand in the industry. I'm proud of the progress that we have made evolving our culture and sharpening our execution to deliver customers a predictable cadence of leadership products. Today, Intel is positioned to go to the next level of performance."

— Bob Swan, Chief Executive Officer

<sup>1</sup> Intel's definition is included in "Key Terms" within the *Financial Statements and Supplemental Details*.

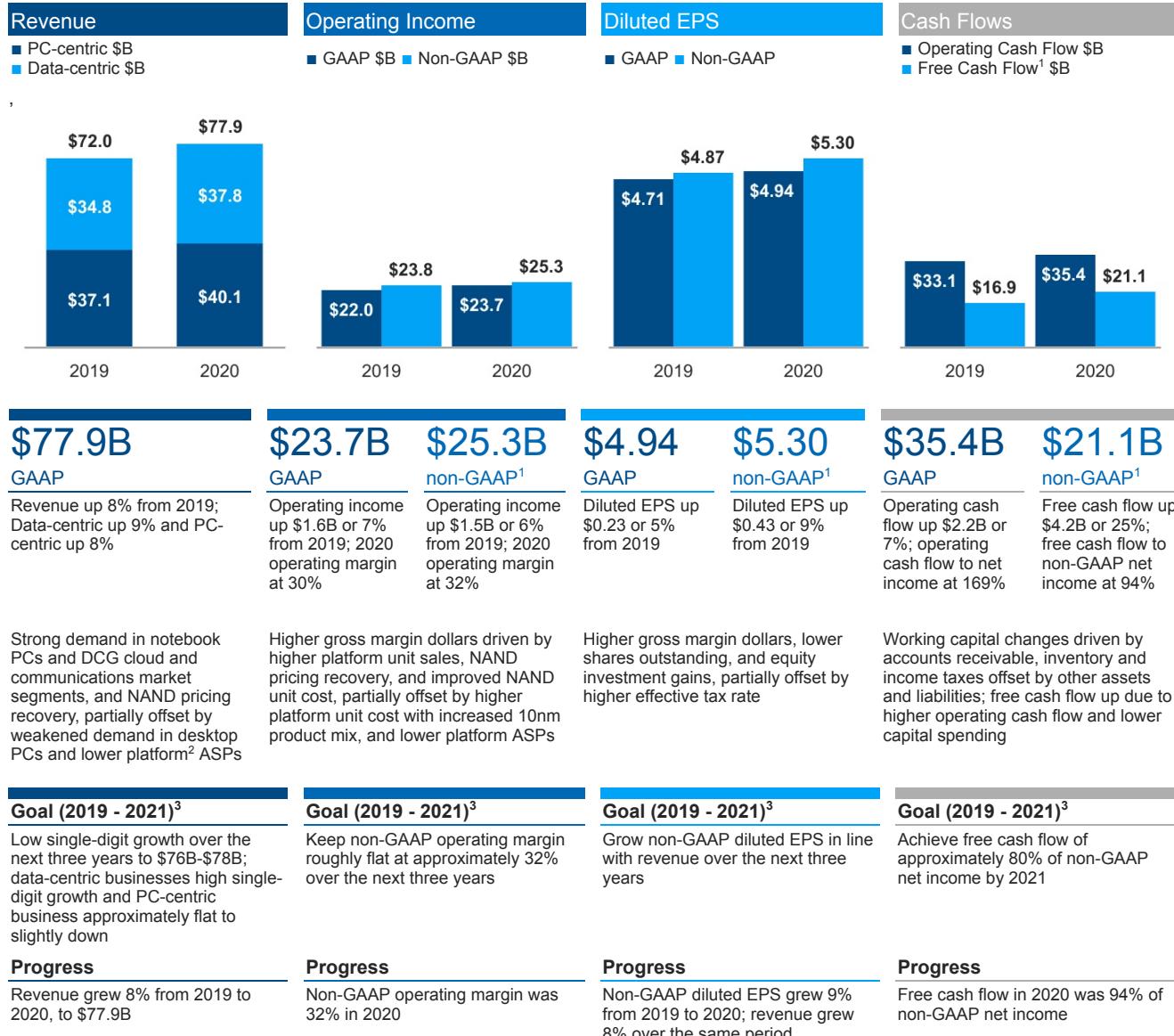
# A Year in Review

We achieved record revenue of \$77.9 billion, with 49% from our data-centric businesses, amid the effects of the COVID-19 pandemic. The dynamic of work and learn from home resulted in strong demand for notebook PCs, while demand for desktop PCs weakened. Demand in the DCG cloud service providers market segment grew, while enterprise and government declined on macroeconomic weakness. We shipped a higher volume of 10nm products than we had anticipated at the beginning of the year. The increased mix of 10nm, combined with a higher portion of revenue from lower margin adjacent businesses, offset higher platform revenue and drove a decline in gross margin of 3 percentage points. We invested \$13.6 billion in R&D, reduced our spending to 25.3% of revenue, and signed an agreement to divest our NAND memory business. We made capital investments of \$14.3 billion, and generated \$35.4 billion cash from operations and \$21.1 billion of free cash flow. We also returned \$19.8 billion to stockholders, including \$5.6 billion in dividends and \$14.2 billion in buybacks.



*"We achieved record revenue for the fifth consecutive year and maintained a strong balance sheet and liquidity position. Our results amid the challenges of a global pandemic and an uncertain economy reflect the importance of our technology and the resilience of our employees around the world."*

—George Davis, Chief Financial Officer



<sup>1</sup> See "Non-GAAP Financial Measures" within MD&A.

<sup>2</sup> See "Our Products" within MD&A.

<sup>3</sup> 2019-2021 goals were announced during the May 2019 Investor Meeting.

The COVID-19 pandemic has changed the lives of our employees, our customers, and our community. We are proud of how our team has responded, showing resilience, innovating in real time, and demonstrating the tremendous value of our worldwide manufacturing network to customers and partners around the world. Additionally, we launched our Pandemic Response Technology Initiative, which supports essential workers, hard-hit businesses, and students of all ages with Intel-funded projects led by employees along with our global customers and partners. We have learned vital lessons about the critical role technology can play, and has played, in so many areas during the pandemic—from healthcare and telehealth, to remote learning, to innovative technology solutions to help businesses safely reopen. Most importantly, as a company, we have learned to operate with more empathy, agility, and velocity. We look at our products not for what we know they can do, but for what they might be able to do in a changed world.

## Data-Centric Businesses Expand with New Opportunities

### Data-centric portfolio for 5G network infrastructure

We introduced a broad, data-centric portfolio for 5G network infrastructure, including the Intel® Atom® P5900, our first Intel® architecture-based 10nm SoC for wireless base stations; a next-generation structured ASIC for 5G network acceleration; new 2nd Gen Intel® Xeon® Scalable processors; and the Intel® Ethernet 700 Series Network Adapter with hardware-enhanced Precision Time Protocol, the first 5G network-optimized Ethernet NIC.



### Ice Lake server processors

We are now shipping the 10nm-based 3rd Gen Intel Xeon Scalable processors (previously referred to as Ice Lake), which include several architectural, process technology, and platform innovations for performance, security, and operational efficiency.

### Moovit acquisition

We acquired Moovit for \$915 million to accelerate Mobileye's MaaS offering. Moovit is known for its urban mobility application and brings Mobileye closer to achieving our plan to become a complete mobility provider, including robotaxi services.

### Planned divestiture of NAND memory business

We signed an agreement with SK hynix Inc. (SK hynix), to divest our NAND memory business, including our NAND memory fabrication facility in Dalian, China and certain related equipment and tangible assets (Fab Assets), our NAND SSD business (NAND SSD Business), and our NAND memory technology and manufacturing business (NAND OpCo Business).

### xPU era with oneAPI and discrete GPUs

We launched discrete GPUs, including the Intel® Iris® Xe MAX GPU for laptops and the first discrete Intel® Server GPU. These are milestone additions to our expanding portfolio of xPUs. We also announced the Gold release of Intel® oneAPI Toolkits, supporting Intel CPUs, GPUs, and FPGAs, which are now available for local installation and for Intel® DevCloud. We are expanding the Intel DevCloud to support the new Intel Iris Xe GPU hardware, including Intel Iris Xe MAX GPU for public access and Intel Iris Xe-HP for select developers.

### 7nm-based CPU products

We announced in July that our 7nm-based CPU product timing would be delayed and that the primary driver was the yield of our 7nm manufacturing process. We will continue to invest in our future process technology roadmap and advanced packaging technologies to differentiate our products, provide manufacturing optionality and deliver a predictable cadence of leadership products to our customers.

## 2030 RISE Strategy and Corporate Responsibility Goals



We created our **RISE** strategy and established our 2030 corporate responsibility goals (2030 goals), through which we aim to leverage our leadership position in the global technology ecosystem to create a more **responsible, inclusive, and sustainable** world, **enabled** through our technology and the expertise and passion of our employees.

Our RISE strategy and 2030 goals are deeply rooted in our corporate purpose and aligned with our business strategy to enable us to create value for our customers, investors, employees, and other stakeholders over the next decade and beyond.

## PC-Centric Business Innovates

### 11th Gen Intel® Core™ processors

We launched our new processor family for laptops, 11th Gen Intel Core processors with Intel® Iris® Xe graphics leveraging our new 10nm SuperFin process technology. The 11th Gen Intel Core processors optimize power efficiency with leading performance and responsiveness while running at significantly higher frequencies versus prior generations.



### Intel® Evo™ platforms

We introduced the Intel Evo platform brand for designs based on 11th Gen Intel Core processors with Intel Iris Xe graphics. Devices with the Intel Evo platform brand are verified, measured, and tested against specification



and key experience indicators as part of the next edition of our laptop innovation program, Project Athena.



# Our Strategy

Our strategy is to play a larger role in our customers' success by delivering a predictable cadence of leadership products.

The world is changing and driving the need for exponentially more computing. First we experienced the PC era, followed by the mobile and cloud era. We are now entering the era of distributed intelligence, where computing is pervasive and so many things in our lives—our homes, our cars, our hospitals, and our cities—now function like computers. In this world of distributed intelligence, our three fastest growing opportunities are AI, 5G network transformation, and the intelligent and autonomous edge.

We have a history of transforming to capitalize on market shifts, and we are in the midst of another significant transformation to position ourselves and our customers for growth. With our focus on execution and re-energized culture as a force multiplier, we are transforming from a CPU to a multi-architecture xPU company, from silicon to platforms, and from a traditional IDM to a new, modern IDM. Our priorities are to strengthen our core, extend our reach, and redefine our position in the industry. Our capital provides a foundation to invest in our growth and to supplement and strengthen our capabilities. We are thoughtfully deploying capital and focusing our investment in differentiated technologies where we can play a bigger role in the success of our customers and deliver attractive returns to our stockholders.

## Our Priorities



### Improve Execution to Strengthen Our Core

We have made changes that help position us to sharpen our operational excellence and process technology. We have streamlined our product roadmaps, evolved our technical organization to drive greater transparency and accountability, and exited businesses to enable focus on our core strategy.

**Technical talent.** Our leadership team has deep technical, engineering, and business expertise and is focused on our opportunities. We are re-energizing our culture to drive better business outcomes for our customers by instilling a growth mindset, increasing accountability around shared company goals, implementing new operational protocols, and renewing a sense of purpose and value to create an environment for innovation and growth.

**Continuous innovation.** To deliver leadership products, we continue to innovate across all of the areas that are key to product leadership: process and packaging, architecture, memory, interconnect, security, and software. With these six areas, we are creating innovative xPU platforms that uniquely serve diverse new workload opportunities, and transforming from silicon to platforms to solve customers' problems through complete solutions offerings.

**Predictable cadence.** We have made an architectural shift to die disaggregation that, when combined with our differentiated advanced packaging, creates flexibility to use the process that best serves our customers and supports our ability to deliver on a predictable cadence. Disaggregated design allows us to manufacture different components of a chip on different processes: some components can benefit from the greater performance of the latest process node, while others can leverage lower-cost nodes where differentiated performance is not needed. Through disaggregated design, we mix and match architectures, IP, process nodes, and silicon from our own manufacturing facilities or from external foundries.

**New, modern IDM.** We are investing to transform our traditional IDM model to adapt to an evolving industry. This means creating greater flexibility to use internal or external foundry processes. It requires that we continue to lead advances in silicon technology by leaning into our expertise and manufacturing scale, while evolving to engage with the ecosystem in new and different ways. It also requires that we leverage our disaggregated design capabilities and continue to manufacture new products with significant cost advantage. We will also continue to invest in process technology development to bring to market the future process nodes and advanced packaging capabilities that create product differentiation and customization, while also enabling manufacturing optionality.

Evolving our engagement with the broader silicon manufacturing and design ecosystem involves working as a strategic partner with equipment vendors, EDA providers, and third-party foundries to help enhance the performance of our manufacturing tools, optimize design software for our processes, simplify design, improve efficiency, and standardize components. This also involves increasing the strategic use of third-party IP for standardized components to allow us to focus on differentiating technology, and updating our design methodologies to support movement of our designs to and from external foundries.

## Extend Our Reach to Accelerate Our Growth

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**Diverse product portfolio to capitalize on the fastest growing opportunities.** The proliferation of data analytics, edge computing, and AI is driving a diverse and expanding range of computing applications from edge to cloud. In response, we are innovating to deliver products including a mix of scalar, vector, matrix, and spatial architectures deployed in CPUs, GPUs, accelerators, and FPGAs—unified by an open, industry-standard programming model, oneAPI, to simplify application development.

AI helps our customers make sense of data to unleash its potential. We offer a combination of hardware and software technologies that deliver broad capabilities to support computing, storage, transmission, and tuning in AI. We have taken a multi-architecture approach to AI hardware. Intel Xeon processors provide a foundation for analytics and AI, and software like the OpenVINO™ toolkit significantly simplifies the deployment of solutions. Intel® FPGAs allow customers to access leading AI inferencing performance for their models. Similarly, Intel® Movidius™ Myriad™ VPUs are purpose-built for AI and support diverse approaches for innovation in a wide range of applications, from healthcare to autonomous driving to facial recognition. Habana's Gaudi\* AI training Processor and Goya\* AI Inference Processor offer an easy-to-program development environment to help customers deploy and differentiate their solutions as AI workloads continue to evolve with growing demands on computing, memory, and connectivity.

The transition to 5G and the cloudification<sup>1</sup> of the network present a significant opportunity. 5G connectivity will transform industries from all business sectors and it continues to be a strategic priority across Intel. We are collaborating with ecosystem and vertical industry partners to define, prototype, test, and deliver 5G standards and solutions. Our 5G efforts are focused on network infrastructure and other data-centric opportunities, and our team has developed a valuable IP portfolio of products designed to support 5G network infrastructure, including the Intel Atom P5900 processor, a next-generation structured ASIC for 5G network acceleration, the new 2nd Gen Intel Xeon Scalable processors, and the Intel® Ethernet 700 Series Network Adapter.

Moving compute to the edge, where data is generated and consumed, provides new insight and revenue from previously untapped data. Our portfolio of products and capabilities positions us well to play a larger role in our customers' success. We are investing in processors with features made for edge workloads. We announced new enhanced Internet of Things capabilities, including 11th Gen Intel Core processors, Intel Atom x6000E series processors, Pentium® processors, and Celeron® N and J series processors, bringing new AI, security, functional safety, and real-time capabilities to edge customers. This year, we announced Mobileye\* Supervision™, the EyeQ5\*-based solution that incorporates an end-to-end engine control unit, surround-view camera array, processors, driving policy, and high-definition maps—all derived directly from our ongoing autonomous vehicle program.

## Redefine Our Position in the Industry

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**Solve our customers' problems through solutions and platforms.** We are expanding beyond the CPU to better solve our customers' problems, and not just deliver parts of the solution. With our xPU portfolio, platform vision, IDM capabilities, and scale, we are able to help our customers tackle their own opportunities. We announced the Intel Evo platform brand powered by 11th Gen Intel Core processors with Intel Iris Xe graphics, representing laptop designs supported by Intel's Project Athena innovation program. In addition, we acquired Moovit to accelerate Mobileye's transformation to a full-stack MaaS provider that can provide hardware, software, sensors, integration, and large-scale services. We are actively evaluating opportunities in software, services, and solutions, in AI, network transformation, and intelligent edge.

<sup>1</sup> Intel's definition is included in "Key Terms" within the Financial Statements and Supplemental Details.

# Our Capital

We deploy various forms of capital to execute our strategy in a way that seeks to reflect our corporate values, help our customers succeed, and create value for our stakeholders.

Capital	Strategy	Value
Financial	 <p>Leverage financial capital to invest in ourselves and grow our capabilities, supplement and strengthen our capabilities through acquisitions and strategic investments, and provide returns to stockholders.</p>	We strategically invest financial capital to create long-term value and provide returns to our stockholders in the form of dividends and buybacks.
Intellectual	 <p>Invest significantly in R&amp;D and IP to enable us to deliver a predictable cadence of leadership products that move, store, and process data at scale, and extend our reach to accelerate our growth.</p>	We develop IP to enable next-generation products, create synergies across our businesses, expand into new markets, and establish and support our brands.
Manufacturing	 <p>Invest timely and at a level sufficient to meet customer demand for current technologies and prepare for future technologies as we evolve our IDM model.</p>	Our manufacturing scope and scale enable us to provide our customers and consumers with a broad range of leading-edge products.
Human	 <p>Continue to build a diverse, inclusive, and safe work environment to attract, develop, and retain the talent needed to remain at the forefront of innovation.</p>	Our talented employees enable the development of solutions and enhance the intellectual and manufacturing capital critical to helping our customers win the technology inflections of the future.
Social and Relationship	 <p>Build trusted relationships for both Intel and our stakeholders, including employees, suppliers, customers, local communities, and governments.</p>	We collaborate with stakeholders on programs to empower underserved communities through education and technology, and on initiatives to advance accountability and capabilities across our global supply chain, including accountability for the respect of human rights.
Natural	 <p>Continually strive to reduce our environmental footprint through efficient and responsible use of natural resources and materials used to create our products.</p>	Our proactive efforts help us mitigate climate and water impacts, achieve efficiencies, and lower costs, and position us to respond to the expectations of our stakeholders.

## 2030 RISE Strategy and Corporate Responsibility Goals

Our commitment to corporate responsibility and sustainability leadership is deeply integrated throughout our business. We strive to create an inclusive and positive work environment where every employee has a voice and a sense of belonging, and we are proactive in our efforts to reduce our environmental footprint through efficient and responsible use of natural resources and materials.

We continue to raise the bar for ourselves and leverage our leadership position in the global technology ecosystem to make greater strides in corporate responsibility and apply technology to address social and environmental challenges. Through our new **Rise** strategy and 2030 goals, we aim to create a more **responsible, inclusive, and sustainable** world, **enabled** through our technology and the expertise and passion of our employees. This corporate responsibility strategy is designed to increase the scale of our work through new levels of collaboration with our stakeholders and other organizations; we know that acting alone, we cannot achieve the broad social impact to which we aspire. Details on the results of our 2020 goals and more information on our new 2030 goals are included in our Corporate Responsibility Report<sup>1</sup>.

<sup>1</sup> The contents of our Corporate Responsibility Report are referenced for general information only and are not incorporated by reference in this Form 10-K.



## Financial Capital

Our financial capital allocation strategy focuses on building stockholder value. We have returned 95% of free cash flow to investors over the past five years.

**Cash from Operating Activities \$B**



### Our Financial Capital Allocation Decisions Are Driven by Three Priorities

#### Invest in the Business

Our first allocation priority is to invest in R&D and capital spending to strengthen our competitive position. We are efficiently maintaining our R&D investment as a percentage of revenue and continue to make significant capital investments, increasing our 14nm and 10nm wafer capacity. We also invested in 7nm and future process development. In addition to our own manufacturing capacity, we continue to use third-party foundries to expand the ways we can support our customers.

#### Acquire and Integrate

Our second allocation priority is to invest in companies around the world that will complement our strategic objectives and stimulate growth of data-centric opportunities. We look for acquisitions that leverage and strengthen our capital and R&D investments. In 2020, we completed various acquisitions to expand our product offerings and the markets we serve. Those acquisitions included Moovit, which accelerates our MaaS offering and brings Mobileye closer to achieving our plan to become a complete mobility provider, including robotaxi services. We take action when investments do not meet our criteria, and in 2020 we divested the majority of our Home Gateway Platform division and signed an agreement to divest our NAND memory business.

#### Return Cash to Stockholders

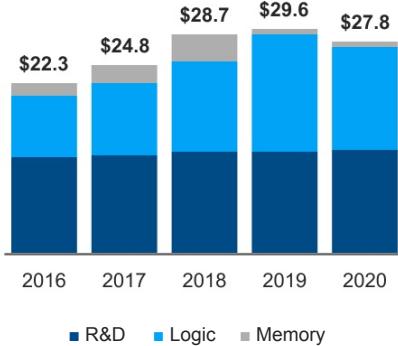
Our third allocation priority is to return cash to stockholders. We achieve this through our dividend and share repurchase programs. In March, we suspended stock repurchases in light of the COVID-19 pandemic and in August we entered into \$10.0 billion in ASR agreements in response to our belief that our stock was trading below its intrinsic valuation at that time. In Q1 2021, we intend to complete the remaining \$2.4 billion of our \$20.0 billion planned repurchases announced in October 2019. During 2020, we paid \$5.6 billion in dividends and repurchased \$14.2 billion in shares. Our approach has reduced diluted shares outstanding over time.

**Diluted Shares Outstanding (In Millions)**

2020	\$1.32	4,232
2019	\$1.26	4,473
2018	\$1.20	4,701

5% CAGR

#### R&D and Capital Investments \$B



#### Acquisitions



#### Cash to Stockholders \$B



<sup>1</sup> See "Non-GAAP Financial Measures" within MD&A.



## Research and Development

R&D investment is critical for enabling us to deliver a predictable cadence of leadership products and extend our reach to accelerate our growth. Successful R&D efforts can lead to new products and technologies or improvements to existing ones, which we seek to protect through our IP rights. We may augment our R&D initiatives by acquiring or investing in companies, entering into R&D agreements, and directly purchasing or licensing technology.

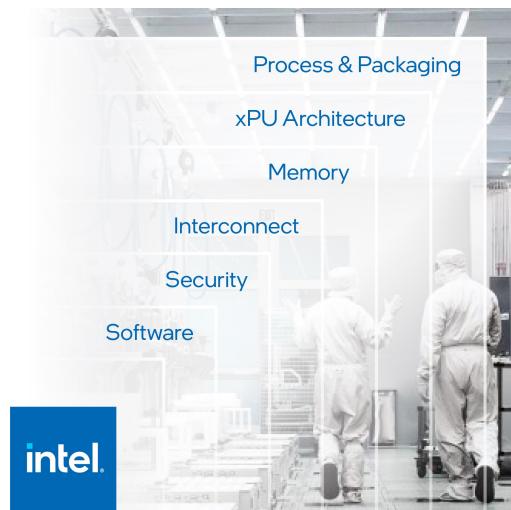
## Areas Key to Product Leadership

Every year we make significant investments in R&D and we have intensified our focus on areas key to product leadership. Our objective is to improve user experiences and value through advances in performance, power, cost, connectivity, security, form factor, and other features with each new generation of products. We are also focused on reducing our design complexity, re-using IP, and increasing ecosystem collaboration to improve our efficiency, including a significant reduction of design rules for future process nodes.

**Process and packaging.** We are creating a new wave of compute engines that mix and match different process technologies and then connect them with high-performance, low-power packaging technologies like EMIB<sup>1</sup> and Foveros<sup>1</sup>, the industry's first implementation of stacked processing components. This disaggregated design approach allows us to manufacture different components of a chip on different processes, giving us the flexibility to use the process that best serves our customers.

- We launched our Intel Core processors with Intel® Hybrid Technology, also referred to as Lakefield, which use Foveros 3D stacking technology to achieve a dramatic reduction in package area.
- We introduced our 10nm SuperFin Technology, a redefinition of the FinFET with new SuperMIM capacitors. It enables the largest single intranode enhancement in our history. We are planning further 10nm intranode enhancements.

**xPU architecture.** The future is a diverse mix of scalar, vector, matrix, and spatial architectures deployed in CPU, GPU, accelerator, and FPGA



sockets, enabled by a scalable software stack and integrated into systems by advanced packaging technology. We are building processors that span four major computing architectures, moving toward an era of heterogeneous computing:

- **CPU.** We started shipping our 11th Gen Intel Core processors, with our next-generation Willow Cove CPU microarchitecture, which includes redesigned caching hierarchy and security enhancements, among other features. These processors also include the next generation of Intel Iris Xe graphics architecture with upgraded 3D performance and media engine capabilities.
- **GPU.** We launched the Intel Iris Xe MAX GPU for laptops and the first discrete Intel Server GPU. We also powered on our next-generation GPU for client, referred to as DG2.
- **Accelerator.** Habana Gaudi accelerators are at the forefront of AI solutions for data centers. Amazon Web Services announced that Habana Gaudi will be used to power future Amazon Elastic Compute Cloud instances.
- **FPGA.** We announced Intel® Stratix® 10 NX and Intel Stratix 10 AX FPGAs, extending our Intel Stratix 10 FPGA family.

**Memory.** With our Intel® Optane™ technology, we are developing products to disrupt the memory and storage hierarchy.

- The Intel Optane DC persistent memory 200 series is available with 3rd Gen Intel Xeon Scalable platforms and will be supported with the Ice Lake server processor. The series is targeted at many workloads, including in-memory AI and analytics, databases, and virtual machine per container density.

**Interconnect.** We deliver leading technologies that scale across all interconnect layers, spanning on-die, on-package, data center, and long-distance networks.

- We have a broad portfolio of data center connectivity products, including Intel® Ethernet, Intel® Silicon Photonics Optical Transceivers, and Intel® Tofino™ P4-programmable Ethernet switch ASICs.
- The new 11th Gen Intel Core processors introduced integrated Thunderbolt™ 4 and USB4. Thunderbolt 4, the next-generation universal cable connectivity solution, delivers increased minimum performance, expanded capabilities, and USB4 specification compliance. Thunderbolt 4 enables docks with up to four Thunderbolt ports and universal cables up to 2 meters in length.

<sup>1</sup> Intel's definition is included in "Key Terms" within the Financial Statements and Supplemental Details.

**Security.** We continue to deliver innovation to the market across foundational security, workload protection, and software reliability. We are working with customers and partners to build a more trusted foundation in a data-centric world.

- The new 11th Gen Intel Core processors include both TME and Intel® Control-flow Enforcement Technology (Intel® CET) security capabilities. TME provides the capability to encrypt the entirety of the physical memory of a system, while Intel CET delivers CPU-level security capabilities to help protect against common malware attack methods that have been a challenge to mitigate with software alone.
- We announced Intel® Trust Domain Extensions (Intel® TDX), which enhance control of data security and IP protection for the cloud tenant while helping maintain the cloud service provider's role of managing resources and cloud-platform integrity.

**Software.** Software unleashes the potential of our hardware platforms across all workloads, domains, and architectures.

- We released the oneAPI open industry specification and launched the Gold release of Intel's oneAPI toolkits in support of our xPU roadmap. Our oneAPI toolkits enable developers to build cross-architecture applications using a single-code base across xPUs that take advantage of unique hardware features and lower software and maintenance cost. Developers can choose the best architecture for the problem they are solving without needing to rewrite software for different architectures and platforms.
- The OpenVINO toolkit brings the full power of our xPU roadmap to the Internet of Things, client, and data center businesses. This complementary production-level toolkit focuses on helping developers deliver high-performance deep learning inference and computer vision across CPU, GPU, and FPGA products.

## IP Rights

We own and develop significant IP and related IP rights around the world that support our products, services, R&D, and other activities and assets. Our IP portfolio includes patents, copyrights, trade secrets, trademarks, mask work, and other rights. We actively seek to protect our global IP rights and to deter unauthorized use of our IP and other assets. For a detailed discussion of our IP rights, see "Intellectual Property Rights and Licensing" within Other Key Information.



***"In addition to pledging funds, Intel gave COVID-19 scientists and researchers free access to our vast worldwide intellectual property portfolio this year in the hope and belief that making this intellectual property freely available to them will save lives. We will continue to invent—and protect—our intellectual property, but we offered it freely to those working to protect people from the pandemic."***

—Steve Rodgers, Executive Vice President and General Counsel



## Manufacturing Capital

We are transforming from a traditional IDM to a modern IDM by investing to lead advances in silicon technology, leaning into our expertise and manufacturing scale, while evolving to engage with the ecosystem and leveraging our disaggregated design capabilities. Unlike many other semiconductor companies, we primarily design and manufacture our products in our own manufacturing facilities and we will continue to integrate engineering and manufacturing to provide new products with significant cost advantage. At the same time, our architectural shift to die disaggregation allows us to mix and match architectures, IP, process nodes, and silicon that creates increasing flexibility for our products.

In developing new generations of manufacturing process technology, we seek to realize the benefits from Moore's Law, a law of economics predicted by our co-founder Gordon Moore more than 50 years ago. Realizing Moore's Law can create economic benefits as we are able to either reduce a chip's cost as we shrink its size, or increase functionality and performance of a chip while maintaining the same cost with higher density. This makes possible the innovation of new products with higher performance while balancing power efficiency, cost, and size to meet customers' needs. Our ability to optimize and apply our manufacturing expertise to deliver more advanced, differentiated products has been foundational to our success and is a continued focus of our investments.



***"The IDM model has been foundational to Intel's success as a global leader in semiconductor manufacturing by enabling product optimization, improved economics, and supply assurance. We are committed to be the supplier of choice for achieving best-in-class performance and to deliver world-changing products on a predictable cadence for our customers."***

—Keyvan Esfarjani, Senior Vice President and General Manager of Manufacturing and Operations

We shipped higher volumes of 10nm products in 2020 than we had anticipated at the beginning of the year. We also launched our 11th Gen Intel Core processors with new 10nm SuperFin Technology.

We announced in July 2020 that our 7nm-based CPU product timing would be delayed and that the primary driver was the yield of our 7nm manufacturing process. We will continue to invest in our future process technology roadmap and advanced packaging technologies to differentiate our products, provide manufacturing optionality and deliver a predictable cadence of leadership products to our customers.



***"Our goal is to enable leadership products for Intel by delivering predictable process and packaging technology innovation."***

—Ann Kelleher, Senior Vice President and General Manager of Technology Development

## Network and Supply Chain

Our global supply chain supports internal partners across architecture, product design, technology development, manufacturing and operations, sales and marketing, and business units, with the goal of enabling product and process leadership, industry-leading total cost of ownership, and uninterrupted supply for our customers. Our supply chain ecosystem comprises thousands of suppliers globally. Our worldwide site expansion projects remained on track despite disruptions from the COVID-19 pandemic. In addition to our own manufacturing capacity, we continue to use third-party foundries to expand the ways in which we can support our customers. These third-party solutions complement our manufacturing and provide additional flexibility. Our world-class safety standards and supply chain operations, including our robust risk management and crisis response model, have to date allowed our worldwide factory and supply chain network to continue to operate safely and with mostly on-time deliveries despite the pandemic.



***"As Intel pursues an expanded data-centric market, our collaboration with our wide-ranging supplier ecosystem is deeper, more vibrant, and farther reaching than ever. Together with the ecosystem, we are focused on enabling technology advancements to deliver uninterrupted supply of leadership products to our customers."***

—Dr. Randhir Thakur, Corporate Vice President and Chief Supply Chain Officer

The majority of our logic wafer manufacturing is conducted in the U.S. We have 10 manufacturing sites—six are wafer fabrication, three are assembly/test facilities, and our Costa Rica site added in 2020 is a test-only site. The following map shows our present factory sites and the countries where we have a significant R&D and/or sales presence. In response to COVID-19, we quickly made operational changes and adopted measures to enable a continued safe environment for our employees and operation of our manufacturing sites.

Our manufacturing facilities are primarily used for silicon wafer manufacturing, assembling, and testing of our platform and memory products. We operate in a network of manufacturing facilities integrated as one factory to provide the most flexible supply capacity, allowing us to better analyze our production costs and adapt to changes in capacity needs. Our new process technologies are transferred identically from a central development fab to each manufacturing facility. After transfer, the network of factories and the development fab collaborate to continue driving operational improvements. This enables fast ramp of the operation, fast learning, and better quality control.



Our NAND memory fabrication facility in Dalian, China is included in the transaction entered into with SK hynix to divest our NAND memory business, and is part of the NAND assets held for sale as of December 26, 2020. Our Intel Optane memory business is expressly excluded from this transaction. The next generations of Intel Optane technology and SSDs are being developed in New Mexico following the sale of our non-controlling interest in IMFT to Micron Technology, Inc. (Micron) in 2019. We will continue to purchase product manufactured by Micron under our supply agreement, which includes the next generation of Intel® 3D XPoint™ technology.



## Human Capital

Culture is critically important to Intel's success. We are re-energizing our culture to deliver on our corporate purpose and to attract, develop, and retain top talent needed to build transformative products and services that help our customers succeed in an increasingly data-driven world. We invest in our highly-skilled global workforce of 110,600 people by seeking to create a diverse, inclusive, and safe work environment where our employees can learn, innovate, and deliver their workplace best every day.

Our values—fearless, inclusion, customer-obsessed, one Intel, truth and transparency, and quality—guide how we make decisions, treat each other, and serve our customers. All employees are responsible for upholding these values, the Intel Code of Conduct, and Intel's Global Human Rights Principles, which form the foundation of our policies and practices and ethical business culture.



*"People with diverse perspectives, experiences, and input are critical to Intel's innovation, playing important roles in key projects and programs across the company. An essential element of our growth strategy is to build a culture that empowers and inspires employees to collaborate and create, as we strive to become the most inclusive workplace on the planet."*

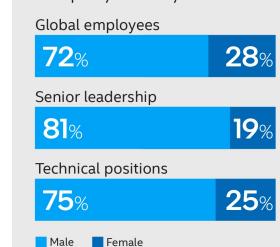
—Sandra Rivera, Executive Vice President and Chief People Officer

### Inclusion

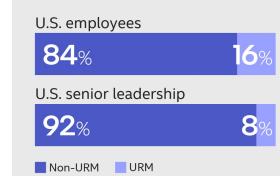
Diversity and inclusion are core to Intel's values and instrumental in driving innovation and delivering stronger business growth. We achieved our 2020 goal of full representation in our U.S. workforce two years ahead of schedule, the result of an integrated strategy focused on hiring, retention, and progression. We are proud of what we have accomplished to advance diversity and inclusion, but we recognize we still have work to do, including beyond the walls of Intel. Our RISE strategy and 2030 goals set our global ambitions for the next decade, including doubling the number of women in senior leadership; exceeding 40% female representation in technical roles, including engineering positions and other roles with technical job requirements; increasing the percentage of employees who self-identify as having a disability to 10%; and ensuring accountability for embedding inclusive leadership practices across our business. Our goals also include doubling the number of underrepresented minorities in U.S. senior leadership. To drive accountability, we continue to link a portion of our executive and employee compensation to diversity and inclusion metrics.

Today's greatest challenges require a shared commitment to a plan and meaningful action. That is why we have committed our scale, expertise, and reach through our comprehensive RISE strategy to work with customers and other stakeholders to accelerate the adoption of inclusive business practices across industries. We are creating and implementing a Global Inclusion Index and convening a coalition of companies to focus on unified goals and metrics that will be shared through the index. This collective effort will allow the industry to more clearly identify actions needed to advance progress. We will also continue to collaborate on initiatives that expand the diverse pipeline of talent for our industry, advance social equity, make technology fully inclusive, and expand digital readiness for millions of people around the world.

#### 2020 Global Employees by Gender<sup>1</sup>



#### 2020 URM<sup>2</sup> in the U.S.



### Compensation and Benefits

We strive to provide pay, benefits, and services that help meet the varying needs of our employees. Our total rewards package includes market-competitive pay, broad-based stock grants and bonuses, an employee stock purchase plan, healthcare and retirement benefits, paid time off and family leave, parent reintegration, fertility assistance, flexible work schedules, sabbaticals, and on-site services. Since 2019, we have achieved gender pay equity globally and we continued to maintain race/ethnicity pay equity in the U.S. We achieve pay equity by closing the gap in average pay between employees of different genders or race/ethnicity in the same or similar roles after accounting for legitimate business factors that can explain differences, such as location, time at grade level, and tenure. We also advanced transparency in our pay and representation data by publicly releasing our EEO-1 survey pay data in 2019. Although the U.S. Equal Employment Opportunity Commission did not require employers to file EEO-1 survey pay data in 2020 due to COVID-19, we felt it was important to continue collecting the data and to disclose it publicly in 2020. We believe that our holistic approach toward pay equity, representation, and creating an inclusive culture enables us to cultivate a workplace that helps employees develop and progress in their careers at all levels.

To aid and support employees during COVID-19, we are investing more than \$100 million in additional benefits, including special recognition for employees working on site. We also put in place a telecommuting reimbursement program to help employees required to work from home improve their workspaces, and increased flexibility in our leave programs to support employees caring for children and others.

<sup>1</sup> Senior leadership refers to salary grades 10+ and equivalent grades. While we present male and female, we acknowledge this is not fully encompassing of all gender identities.

<sup>2</sup> The term underrepresented minority (URM) is used to describe diverse populations, including African American, Hispanic, and Native American employees in the U.S.

## Growth and Development

We invest significant resources to develop the talent needed to remain at the forefront of innovation and make Intel an employer of choice. We offer extensive training programs and provide rotational assignment opportunities. We implemented a new performance management system to support our culture evolution and to increase focus on continuous learning and development. Through our regular Employee Experience Surveys, employees can voice their perceptions of the company and their work experience, including learning and development opportunities. Our undesired turnover rate was 4% in 2020.

## Health, Safety, and Wellness

Our commitment in Intel's Environmental, Health, and Safety Policy is to provide a safe and injury-free workplace. We continually invest in programs designed to improve physical, mental, and social well-being. We provide access to a variety of innovative, flexible, and convenient health and wellness programs, including on-site health centers, which were increasingly critical this year for our essential workers who have worked on site since the start of the COVID-19 pandemic. Throughout our response to COVID-19, our priority has remained protecting the health and safety of our employees. Intel's Pandemic Leadership Team—which has been in place for 15 years—regularly reviews and adapts our policies based on evolving research and guidance related to the virus. In support of our 2030 goals, we will continue to build our strong safety culture and drive global expansion of our corporate wellness program through continued employee education and engagement activities.



## Social and Relationship Capital

We are committed to engaging in corporate responsibility and sustainability initiatives that support our communities and help us develop trusted relationships with our stakeholders. Proactive engagement with our stakeholders and investments in social impact initiatives, including those aligned with the United Nations Sustainable Development Goals, advance our position as a leading corporate citizen and create shared value for Intel, our global supply chain, and our communities.

**Economic and social.** The health of our business and local economies depends on continued investments in innovation. We provide high-skill, high-paying jobs around the world. Many of these are manufacturing and R&D jobs located in our own domestic and international factories. We also benefit economies through our R&D ecosystem spending, sourcing activities, consumer spending by our employees, and tax payments. We make sizable capital investments and provide leadership in public-private partnerships to spur economic growth and innovation.

We stand at the forefront of new technologies that are increasingly being used to empower individuals, companies, and governments around the world to solve major societal challenges. We also aim to empower people through education and advance social initiatives to create career pathways into the technology industry. This has included our global Intel AI for Youth program, scaled in partnership with governments and institutions to empower youth with digital readiness and AI skills, as well as our multi-year partnerships with historically black colleges and universities in the U.S. aimed at increasing the number of African Americans who pursue electrical engineering, computer engineering, and computer science fields. Our employees and retirees actively share their expertise through volunteer initiatives in the communities where we operate. These efforts contributed more than 10 million hours of service over the past decade, and our new goals include a commitment to volunteer an additional 10 million hours by 2030. In 2020, we volunteered 910 thousand hours. COVID-19 presented challenges for in-person volunteering, resulting in lower reported volunteer hours compared to prior years. However, we saw an outpouring of support from employees for virtual volunteering, donations, and innovative technology projects to support our communities. In April, we announced the Pandemic Response Technology Initiative, a commitment of \$50 million to combat COVID-19. Our focus is to leverage our technology, expertise, resources, and our global ecosystem, to accelerate access to technology that can combat the current pandemic and get ahead of future pandemics through scientific discovery, enable remote learning for students, and aid in economic recovery. To date, we have partnered with many organizations on numerous projects across sectors, including technology, healthcare, education, industrial, retail, transportation, and academia.

**Human rights commitment.** We are committed to maintaining and improving processes to avoid human rights violations related to our operations, supply chain, and products. We have established an integrated approach to managing human rights across our business, including board-level oversight and the involvement of senior-level Management Review Committees. We also meet throughout the year with external stakeholders and experts on human rights to continue to inform and evolve our human rights policies and oversight processes. While we do not always know nor can we control what products our customers create or the applications end users may develop, we do not tolerate our products being used to violate human rights. Where we become aware of a concern that Intel products are being used by a business partner in connection with abuses of human rights, we restrict or cease business with the third party until we have high confidence that Intel's products are not being used to violate human rights. As a result, in 2020 we restricted certain sales based on our Human Rights Principles that would have otherwise been considered lawful.

## Supply Chain Responsibility

We actively manage our supply chain to help reduce risk, improve product quality, achieve environmental and social goals, and improve overall performance and value creation for Intel, our customers, and our suppliers. To drive responsible and sustainable practices throughout our supply chain, we have robust programs to educate and engage suppliers that support our global manufacturing operations. We actively collaborate with other companies and lead industry initiatives on key issues such as improving transparency around climate and water impacts in the global electronics supply chain and, as part of our RISE strategy, we will advance collaboration across our industry on responsible minerals sourcing.

Over the past decade, we have directly engaged with our suppliers to verify compliance and build capacity to address risks of forced and bonded labor and other human rights issues. We perform supplier audits and identify critical direct suppliers to engage through capability-building programs, which help suppliers build sustainability acumen and verify compliance with the Responsible Business Alliance and our Code of Conduct. The suppliers covered by these audits represent 78% of cash payments made to managed suppliers. We also engage with indirect suppliers through our programs on forced and bonded labor, responsible minerals, and supplier diversity. Although COVID-19 presented travel and safety challenges in 2020 that impacted our ability to complete as many in-person supplier audits as in the previous year, we continued to engage with our suppliers and communicate our expectations and requirements. To achieve our 2030 goals, we will significantly expand the number of suppliers covered by our engagement activities to deepen accountability for human rights.

Our commitment to diversity and inclusion also extends to our suppliers. We believe a diverse supply chain supports greater innovation and value for our business. We achieved our 2020 goal to reach \$1 billion in annual spending with diverse-owned suppliers and our new 2030 goals include doubling this figure over the next decade. Beginning in 2021, we will not retain or use outside law firms in the U.S. that are average or below average on diversity for their equity partners. We are applying a similar rule to firms used by our tax department, including non-legal firms.



## Natural Capital

Driving to the lowest environmental footprint possible helps create efficiencies, lower costs, and respond to the needs of our stakeholders. We invest in conservation projects and set company-wide environmental targets to drive reductions in greenhouse gas emissions, energy use, water use, and waste generation. We build energy efficiency into our products to help our customers lower their own emissions and energy costs, and we collaborate with policymakers and other stakeholders to use technology to address environmental challenges. We achieved our 2020 greenhouse gas goal, reducing our emissions 39% on a per unit basis from 2010 levels. Through our 2030 goals we will continue to drive to higher levels of operational efficiency, including a further 10% reduction in our carbon emissions on an absolute basis even as we continue to grow. Our 2030 strategy and goals also focus on improving product energy efficiency and increasing our "handprint"—the ways in which Intel technologies can help others reduce their footprints, including Internet of Things solutions that enable intelligence in machines, buildings, supply chains, and factories, and make electrical grids smarter, safer, and more efficient.

## Climate and Energy

We focus on reducing our own climate impact, and over the past two decades have reduced our direct emissions and indirect emissions associated with energy consumption. We achieved our 2020 energy goal, saving more than 4.5 billion kWh since 2012 by investing in energy conservation projects in our global operations. In 2020, we conserved more than 155 million kWh of energy in support of our new 2030 goal to conserve an additional 4 billion kWh of energy over the next 10 years. In addition to conserving energy, we invest in green power and on-site alternative energy projects that provide power directly to our buildings. We continue to link a portion of our executive and employee compensation to corporate responsibility metrics. In 2020, these included a climate-related metric to use 75% renewable energy globally during the year, which supports our 2030 goal to achieve 100% renewable energy use across our global manufacturing operations. In 2020, we signed on to RE100, a global coalition of businesses committed to 100% renewable electricity use.

We are committed to transparency around our carbon footprint and climate risk and use the framework developed by the TCFD to inform our disclosure on climate governance, strategy, risk management, and metrics and targets. For governance and strategy, we follow an integrated approach to address climate change, with multiple teams responsible for managing climate-related activities, initiatives, and policies. Strategies and progress toward goals are reviewed with senior executives and the Intel Board of Directors' Corporate Governance and Nominating Committee. We describe our overall risk management processes in our Proxy Statement, and describe our climate-related risks and opportunities in our annual Corporate Responsibility Report, the Intel Climate Change Policy, and "Risk Factors" within this Form 10-K. In addition to what is included within this Form 10-K, results of our 2020 goals and information on our 2030 goals, are included in our Corporate Responsibility Report. Our Corporate Responsibility Report includes a mapping of our disclosure to the TCFD, the Sustainability Accounting Standards Board framework, and our CDP Climate Change Survey, all available on our website.<sup>1</sup>

## Water Stewardship

Water is essential to the semiconductor manufacturing process. We use ultrapure water to remove impurities from our silicon wafers, and we use fresh and reclaimed water to run our manufacturing facility systems. Over the past decade, our sustainable water management efforts and partnerships have enabled us to conserve billions of gallons of water, and through our 2030 goals we have committed to conserve an additional 60 billion gallons in this decade. As part of this commitment, we plan to achieve net positive water use globally. In 2020, we linked a portion of our executive and employee compensation to our target to conserve more than 5 billion gallons of water in our operations and fund new water restoration projects in collaboration with environmental and community partners that restore more than 1 billion gallons of water during the year to local watersheds.



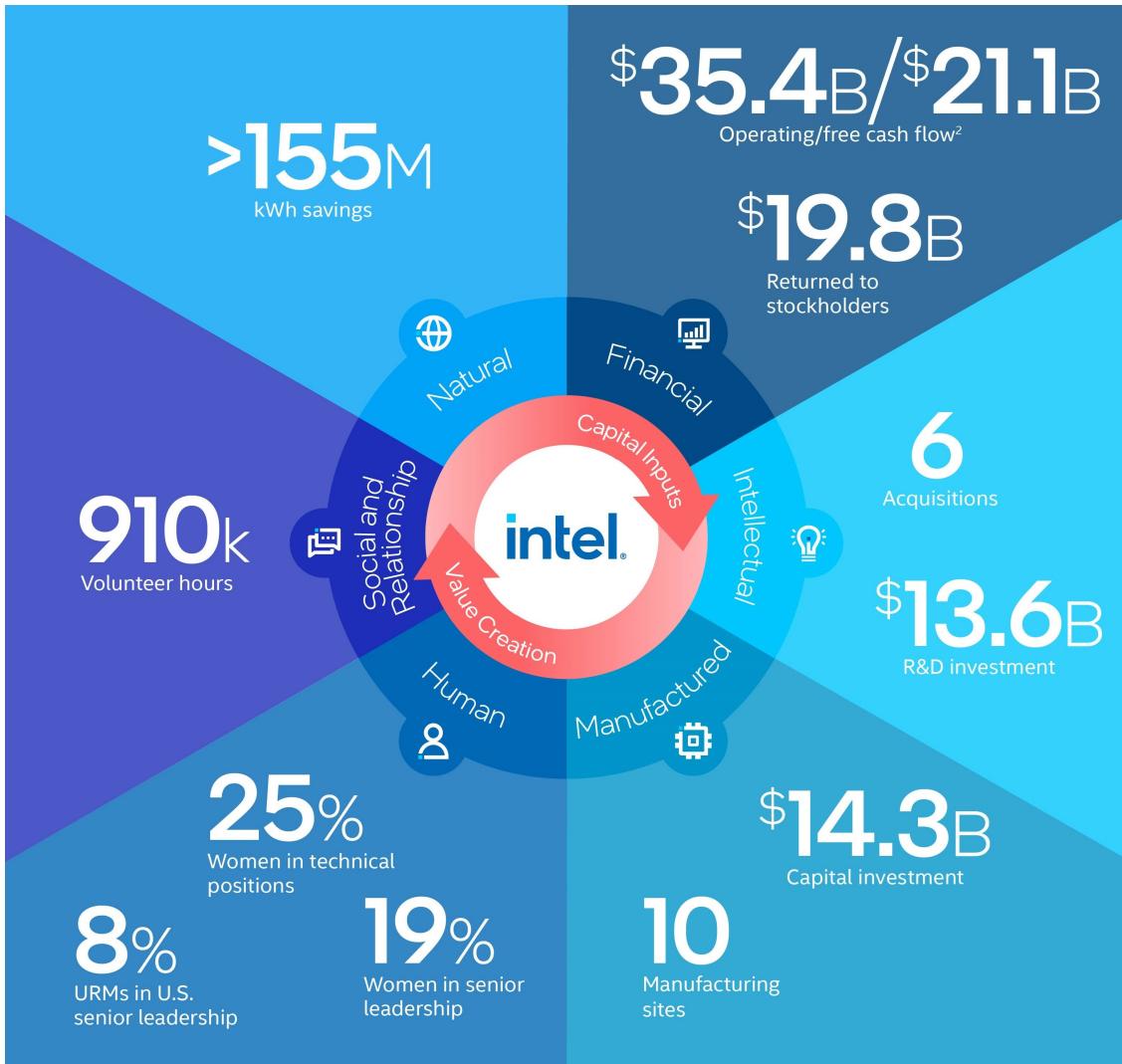
<sup>1</sup> The contents of our website and our Corporate Responsibility Report, Climate Change Policy, and CDP Climate Change Survey are referenced for general information only and are not incorporated by reference in this Form 10-K.

## Circular Economy and Waste Management

We have long been committed to waste management, recycling, and circular economy strategies that enable the recovery and productive re-use of waste streams. We achieved our 2020 waste management goals, reaching a 93% recycle rate for our non-hazardous waste and sending zero hazardous waste to landfills.<sup>1</sup> Our 2030 goals include a target of zero total waste to landfill, as well as implementation of circular economy strategies for 60% of our manufacturing waste streams in partnership with our suppliers. This can include reuse of waste streams directly in our own operations or enabling reuse of our waste streams by other industries.

## Value We Create

Each of our six forms of capital plays a critical role in our long-term value creation. We consider numerous indicators in determining the success of our capital deployment in creating value. Highlights of value created in 2020 are as follows:



<sup>1</sup> We define zero hazardous waste to landfill as 1% or less.

<sup>2</sup> See "Non-GAAP Financial Measures" within MD&A.