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Intel’s World-Class Supply Chain

Recognized by the Industry and our Peers

Gartner Top 25 Supply Chains

Source: AMR/Gartner

"...Impacted by natural disasters, such as the Japanese earthquake and tsunami, and massive flooding in Thailand, Intel “improved multi-tier supply chain visibility and advanced networking management capabilities to be agile in the face of disruptions.”

—Debra Hofman, Gartner’s managing VP"
Intel's Supply Network
Lockdown on antivirus in TMEA Lab

Integrated supplier scan

A/T supplier initiated BCP

Factory shut down for 3 days

Chemical sub-supplier bankruptcy

Uncontrolled resin recipe change 25 PNs affected

AT Factory

Lockdown on anti virus in TMEA Lab

CRAC unit leak caused flooding. Threat mitigated in 2 days

Chemical sub-supplier bankruptcy

Uncontrolled resin recipe change 25 PNs affected

Integrated supplier scan

16 products affected

Plant inoperable
Supplier plant unable to restart after PM. 30 PNs affected

San Diego Fire

Chengdu Earthquake

Malware Virus

Japan Earthquake

THAILAND FLOOD

Intel Resilience: Stronger with Complexity and Volatility
Intel Crisis Management Strategy

Emergency Management
- "Focus on People & Property"
- Site Emergency Response Teams (ERT)
- Site Emergency Operations Center (EOC)
- Corporate Emergency Operations Center (CEOC)

Business Continuity
- "Focus on Product & Process"
- Business Unit Assessment Process (Risk Analysis)
- Business Unit Preparation Process (BC Plan)
- Business Unit BC Plan Test Process (Drill)

Redundancy and Expansion Capacity are built into our factories where possible.
Resiliency in Action: 3/11/11

Earthquake, Tsunami and Nuclear Crisis. Cost $210B. 15,840 Fatalities Reported

**Logistics:**
- ~7,000 DNs at risk

**Equipment:**
- >3K capital & peripheral shipments.
- 40,000 Spares & 3174 NTM (Non-Trivial Many) line items reviewed
- Contacted 160 Suppliers

**Raw Material**
- ~60 Suppliers; Primary exposure: sub-suppliers
- ~365 materials assessed
Reflection on what went well

<table>
<thead>
<tr>
<th>Measures</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Procedures/Processes</td>
<td>• Effective cross-group (internal &amp; external) alignment&lt;br&gt;• Globally dispersed team—60 on the ground</td>
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<tr>
<td>Management of Information</td>
<td>• Daily alignment, prioritization, info share with customers, suppliers, factories, &amp; internal stakeholders&lt;br&gt;• Single Voice communication</td>
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<tr>
<td>Suppliers</td>
<td>• Solid Supplier relationships was critical to getting fast information on status and recovery response to minimize impact.&lt;br&gt;• Rapid Identification &amp; Mitigation of Supply Line Risks</td>
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<td>Site/Employees</td>
<td>• EOC operation &amp; emphasis that safety of employees and families is top priority&lt;br&gt;• IT tools supported emergency communication and working remotely&lt;br&gt;• Car pool to rescue stranded employees, Extra paid leave, Mental health advice, BKM sharing by Chengdu fire, Get Together Day, Blankets, Living supplies for employee.</td>
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<td>Buildings/Seismic</td>
<td>• Japan’s robust seismic building codes mitigated losses&lt;br&gt;• Expertise provided for rebuilding Tsukuba facility which dramatically shortened the recovery time.</td>
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Crisis management worked well, no employees injured, supply not interrupted
## Learning and Improvements

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| Procedures/Processes      | • Process improvements being implemented by all major CMT’s to improve their response capability.  
                            • Opportunity to drill alternative logistics (destinations / routes) & Implement global transport sub-team early in crisis management process  
                            • Global shipment visibility/tracking system critical                                                                                 |
| Management of Information | • Improve communication protocols (including confidentiality/ IP disclosure mgmt.)  
                            • Improve Information management : Formalize / script crisis communications for quick decision making                                     |
| Suppliers                 | • Sub-supplier risk identification and risk management is key focus  
                            • Establish stronger collaboration to achieve supply chain transparency  
                            • Increased Geographic Diversification                                                                                                      |
| Site/Employees            | • Fully utilize 3 sites to back up each other. Assume the worst case scenarios for EOC drills  
                            • Redundant efforts to contact EE’s, travelers and expats (Global Emergency Notification System)  
                            • Lack of process for integrating on-site or nearby subsidiary employees.                                                                  |
| Buildings/Seismic         | • Conduct performance assessments at facilities located within seismic locations (OR, SC)  
                            • Apply lessons learned from Japan experience                                                                                                 |
Resilient Supply Chain

Preparing for the Unthinkable

“Bad companies are destroyed by crises; good companies survive them; great companies are improved by them.”

- Andy Grove