

Look Inside.™

Letter From Your CEO



I am very excited to be Intel's sixth CEO. In my first letter to you, I would like to share how we are building on Intel's strengths to accelerate innovation and drive growth. But first, let's look at the results for fiscal year 2013. Intel delivered revenue of \$52.7 billion, net income of \$9.6 billion, and earnings per share of \$1.89. Client computing products generated \$33 billion in revenue and approximately \$12 billion in operating profits. Our datacenter business revenue grew to more than \$11 billion, driven by rising demand for cloud services, high-performance computing, storage, and networking. We generated almost \$21 billion in cash from operations and returned \$6.6 billion to our stockholders in the form of dividends and share repurchases.

These are solid results in a time of rapid industry transformation, but we must do better. We are refocusing our efforts to reignite growth by driving Intel innovation to market faster.

Leading in the pursuit of Moore's Law

The relentless pursuit of Moore's Law is Intel's foundation and continues to be our driving force. We lead the industry as the only semiconductor manufacturer in the world offering Tri-gate transistors and 22-nanometer (nm) technology-based products. The benefits of Moore's Law can be seen across our product lines in the form of higher performance, lower energy requirements, and lower cost per transistor. In 2013, we introduced our 4th generation Intel® Core™ processors, which deliver the largest generation-over-generation gain in battery life in Intel's history, and a new family of low-power Intel® Atom™ processor-based System-on-Chips (SoCs) designed for high-performance mobile devices. We will continue this manufacturing leadership as we begin production of our 5th generation Intel Core processors (code-named "Broadwell") on our next-generation 14nm process technology this year.

Accelerating mobility

The world of mobile client computing is expanding to include not only notebook computers and tablets, but also 2 in 1 devices that combine the best features of notebooks and tablets. We are taking aggressive steps to move swiftly in all of these market segments and to grow with them. Last year, we established a footprint in the tablet market with the shipment of more than 10 million microprocessors, and for 2014 we have set an aggressive goal to increase that number to 40 million. We also made significant advances in our 3G and 4G (LTE) communications capabilities in 2013. This year we are driving faster integration of these communications technologies into our SoCs.

Reinvigorating innovation

We are reinvigorating innovation at Intel and bringing it to market faster. For example, in September 2013 we introduced Intel® Quark™ technology. This technology is designed for applications in fast-growing markets such as wearables and the "Internet of Things," where the priorities are extremely small size and very low power consumption. We also announced innovative products such as the Intel® Galileo development board, the first Intel architecture-based Arduino-compatible board to support the maker and education communities; and the Intel® Edison development platform, a general-purpose computer housed in a tiny form factor designed to enable rapid innovation by inventors, entrepreneurs, and product designers. Neither of these products was on our roadmaps before mid-2013. You will continue to see a faster pace of innovation moving forward.

Our commitment to corporate responsibility

Corporate responsibility is an enduring Intel value that delivers returns for our company, stockholders, and society. In 2013, we continued to expand education opportunities for millions of students around the world, we were again the largest voluntary purchaser of green power in the U.S., and our employees donated more than 1 million volunteer hours to their communities. I am especially proud of our leadership in the area of "conflict minerals." We have worked for five years to ensure that our products do not contain tantalum, tin, tungsten, or gold that finances or benefits armed groups in the Democratic Republic of the Congo (DRC) and adjoining countries. In 2013, we accomplished our goal to manufacture microprocessors that are DRC conflict-free.

Prepared for the opportunities ahead

I believe we have great opportunities ahead of us. Intel has leading products and technologies for growing markets, a strong workforce, and a heritage of leadership in driving Moore's Law. We have sharpened our product focus and are accelerating the pace of our innovation. I look forward to growing stockholder return by delivering industry-leading products for a dynamic and changing marketplace and ensuring that "If it computes, it does it best with Intel."



Brian M. Krzanich, Chief Executive Officer

Letter From Your Chairman



When I joined Intel in the early 1980's, the company was respected as an innovator whose founders had developed a strong and ethical culture. As the decade progressed, Intel faced life-threatening challenges, including a shortage of capital, operating losses and fierce competition. With tough-minded strategies and a determination to lead, the company adapted and built a vibrant future with its core values intact. In technology, those who continue to innovate create new opportunities. In the years since, I have seen this pattern of regeneration often repeated. Today is another defining time for Intel, with big issues, big possibilities, and a resilient culture.

Intel enters 2014 with leadership positions in important business segments, including client computing, the data center, software, embedded systems, and NAND flash memory. These businesses generated significant financial results in 2013, indicated by high levels of profits, strong cash generation, and a healthy balance sheet. This performance enabled Intel to deliver tangible value for stockholders, with \$4.5 billion paid in dividends and \$2.1 billion spent to repurchase shares, bringing the cumulative return to stockholders from dividends and repurchases to \$125 billion.

While these accomplishments are notable, we need to do more.

It is imperative that we move swiftly to be more competitive in the market for tablets. We must also protect and grow Intel's core businesses while at the same time pursuing new opportunities for growth. And we need to do more to provide the integrated solutions customers increasingly seek.

Just as important, we must never forget what Moore's Law tells us about the future: computing devices will continually get smaller, lower cost, and higher performing, and can also be more mobile. The tablet is an extension of our history, and we should have recognized its potential sooner.

These considerations were top of mind in 2013 as the Board of Directors searched for a new CEO. We wanted someone who would look at markets from a fresh perspective. We needed to be a leaner, more agile company attuned and reacting to the world around it. And we needed a renewed focus on accountability and results—and to see things as they are, not as we hope they would be. As always, we insisted on a person who would put Intel's success and stockholder return first.

The challenges Intel faces are not new. Every year, nay-sayers predict that technology has reached its limits and opportunities have diminished. Yet innovation never stops, and technology continues to transform the way people go about their lives. I believe the opportunities are as big and interesting as at any time in Intel's history.

Before the microprocessor was invented, Intel founder Gordon Moore predicted that integrated electronics would one day be available throughout all of society. Even today Gordon is surprised to see this technology extend beyond anything he and his colleagues imagined. You see technology everywhere, and silicon is the foundation.

As technology has become more pervasive, the responsibility for how it is made and deployed has become more important. The people who work at Intel share the public's concerns about safety, security, privacy and sustainability. They are highly motivated by the prospect that the products they make can be used to improve the way people live. The question, "What is good for our business?" is answered with an eye to what is good for the people who own our shares, the people who use our products, and the people who work with us around the world.

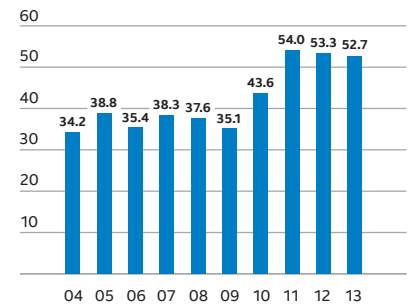
Our clarity on this front has allowed the five Intel CEOs with whom I've worked to make more confident strategic decisions, because they know what matters to the company. Nothing gives me greater confidence in our future.

Andy D. Bryant, Chairman of the Board

Financial Results

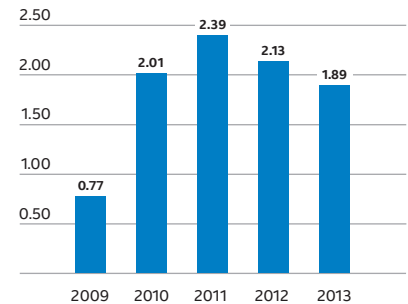
Net Revenue

Dollars in billions



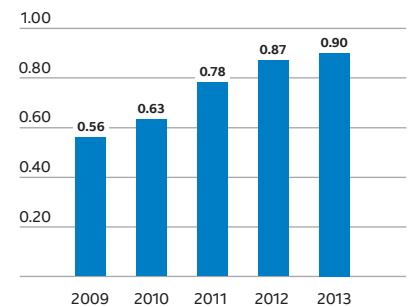
Diluted Earnings Per Share

Dollars



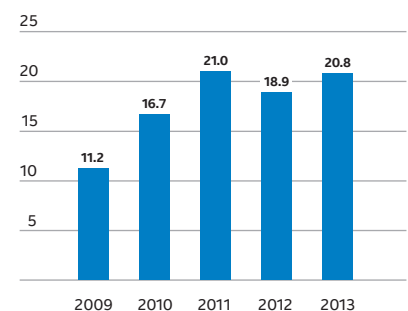
Dividends Per Share Paid

Dollars



Cash from Operations

Dollars in billions



BOARD OF DIRECTORS

Ambassador Charlene Barshefsky^{5†}

Senior International Partner
Wilmer Cutler Pickering Hale and Dorr LLP
A multinational law firm

Andy D. Bryant⁴

Chairman of the Board

Susan L. Decker^{1 3† 4†}

Principal
Deck3 Ventures LLC
A consulting and advisory firm

John J. Donahoe^{2 3}

President and Chief Executive Officer
eBay Inc.
A global online marketplace

Reed E. Hundt^{1 3 5}

Principal
REH Advisors LLC
A strategic advice firm

Brian M. Krzanich⁴

Chief Executive Officer

James D. Plummer^{1 5}

John M. Fluke Professor of
Electrical Engineering
Frederick E. Terman Dean
of the School of Engineering
Stanford University

David S. Pottruck^{2† 4}

Chairman and Chief Executive Officer
Red Eagle Ventures, Inc.
A private equity firm

Frank D. Yeary^{† 5}

Executive Chairman
CamberView Partners, LLC
A corporate advisory firm

David B. Yoffie^{2 3†}

Max and Doris Starr
Professor of International
Business Administration
Harvard Business School

¹ Member of Audit Committee

² Member of Compensation Committee

³ Member of Corporate Governance
and Nominating Committee

⁴ Member of Executive Committee

⁵ Member of Finance Committee

[†] Committee Chairman

EXECUTIVE OFFICERS

Andy D. Bryant

Chairman of the Board

William M. Holt

Executive Vice President,
General Manager,
Technology and Manufacturing Group

Renee J. James

President

Thomas M. Kilroy

Executive Vice President,
General Manager,
Sales and Marketing Group

Brian M. Krzanich

Chief Executive Officer

A. Douglas Melamed

Senior Vice President,
General Counsel

Stacy J. Smith

Executive Vice President,
Chief Financial Officer

For additional listing of Intel senior management,
please visit: <http://www.intel.com/newsroom/bios>

Investor Information

Intel on NASDAQ. Intel's common stock trades on The NASDAQ Global Select Market* under the symbol INTC.

Investor materials. Intel's Investor Relations web site contains background on our company and our products, financial information, frequently asked questions, and our online annual report, as well as other useful information. For investor information, including additional copies of our annual report/10-K, 10-Qs, or other financial literature, visit our web site at www.intc.com or call Intel at (408) 765-1480 (U.S.); (44) 1793 403 000 (Europe); (852) 2844 4555 (Hong Kong); (81) 298 47 8511 (Japan).

Direct stock purchase plan. Intel's Direct Stock Purchase Plan allows stockholders to reinvest dividends and purchase Intel common stock on a weekly basis. For more information, contact Intel's transfer agent, Computershare Investor Services, LLC, by phone at (800) 298-0146 (U.S. and Canada) or (312) 360-5123 (worldwide), or by e-mail through Computershare's web site at www.computershare.com/contactus.

Transfer agent and registrar. Computershare Investor Services, LLC, 250 Royall Street, Canton, MA 02021 USA. Stockholders may call (800) 298-0146 (U.S. and Canada) or (312) 360-5123 (worldwide), or send e-mail through Computershare's web site at www.computershare.com/contactus with any questions regarding the transfer of ownership of Intel stock.

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

The Intel® brand. The Intel® brand is consistently ranked as one of the most recognizable and valuable brands in the world. It represents our commitment to moving technology forward to connect and enrich the lives of every person on earth. As the world leader in computing innovation, Intel designs and builds the essential technologies that serve as the foundation for the world's computing devices.

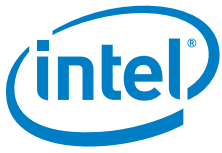
Corporate responsibility and integrated value. As a global technology and business leader, we are committed to doing the right things, the right way. Our corporate responsibility activities create value for Intel by helping to mitigate risk, save costs, protect our brand value, and develop new market opportunities. In addition to the corporate responsibility content included in this Annual Report, more detailed information is available in Intel's annual Corporate Responsibility Report. Prepared using the Global Reporting Initiative's Sustainability Reporting Guidelines, the report outlines our strategic priorities and performance on a range of environmental, social, and governance factors, including workplace practices, community engagement, and supply chain responsibility. The report and supporting materials are available at www.intel.com/go/responsibility.

Caring for our people. At the heart of our business success are our employees. One of the six Intel Values is "Great Place to Work," which reinforces the strategic importance of investing in our people. We support this value by cultivating a safe, respectful, and ethical work environment that enables employees to thrive both on the job and in their communities. In 2013, Intel was again named to Fortune magazine's Best Companies to Work For list. More information is available at www.intel.com/jobs.

Caring for the planet. Intel is a recognized leader in sustainability for the ways we work to minimize the environmental impacts of our operations and design products that are increasingly energy efficient. In 2013, for the sixth year in a row, Intel was the largest voluntary purchaser of green power according to the U.S. Environmental Protection Agency. We also continued to collaborate with others to drive global standards for products and manufacturing that ensure energy-efficient performance. More information is available at www.intel.com/go/environment.

Inspiring the next generation. In line with our vision to "connect and enrich the life of every person on Earth," Intel® technologies, products, and social impact programs are helping to empower people to create positive change. From fostering entrepreneurship and advancing education in communities around the world, to expanding opportunities for girls and women, we are committed to creating shared value for Intel, our stakeholders, and society. More information is available at www.intel.com/betterfuture.

Governance and ethics. Intel is committed to the highest standards of business ethics and corporate governance. Intel is a member of the United Nations Global Compact LEAD program and has in place Human Rights Principles to reinforce our commitment to corporate citizenship. We are also committed to promoting effective governance and responsibility in our supply chain, and working collaboratively with others in our industry through the Electronic Industry Citizenship Coalition. We are a leader in the area of "conflict minerals" where we have worked extensively to develop conflict-free supply chains for Intel and our industry and to ensure our products do not contain tantalum, tin, tungsten, or gold that finances or benefits armed groups in the Democratic Republic of the Congo and adjoining countries. Our Corporate Governance Guidelines, Code of Conduct, and other related policies are available at www.intel.com/go/governance.



www.intel.com

News and information about Intel® products and technologies, customer support, careers, worldwide locations, and more.

www.intc.com

Stock information, earnings and conference webcasts, annual reports, and corporate governance and historical financial information.
