



BACKGROUNDER

Investing in Global Innovation

Intel Capital, Intel's global investment organization, makes equity investments in innovative technology start-ups and companies worldwide. Intel Capital is stage agnostic and invests in a broad range of companies offering hardware, software and services targeting enterprise, home, mobility, health, consumer Internet, semiconductor manufacturing, and cleantech. As of December 27, 2008, the Intel Capital investment portfolio is valued at approximately **US\$1.874 billion**.

Investment Facts

Since 1991, Intel Capital has invested more than US\$7.5 billion in approximately 1,000 companies in 45 countries. In that timeframe, 168 portfolio companies have gone public on various exchanges around the world and 212 were acquired or participated in a merger.

In **2008**, Intel Capital invested about US\$1.59 billion, including a \$1 billion investment in Clearwire. Of the remaining \$590 million, \$436 million was in new investments. Intel Capital made 169 investments worldwide including 62 new investments and 107 follow-on investments in portfolio companies. Excluding Clearwire, about 62% of its dollar investments were made outside North America. With a total of 21 exits, 2 portfolio companies completed IPOs and 19 were acquired, either through a purchase or a merger.

Intel Capital's goal is to achieve both strategic alignment with Intel Corporation and a strong financial return for its investments. Intel Capital does not disclose specific financial results from its investments, but the program has contributed billions in cash to Intel in its 18 year history.

Notable Investments

Intel Capital has made a number of well known investments around the globe. These include Actions Semiconductor, Bellrock Media, Broadcom, CNET, CitrixSystems, Clearwire, Elpida Memory, FPT, India Infoline.com, Inktomi, Insyde Software, Integrant Technologies, Marvell, MySQL, NIIT, PCCW, Red Hat, Rediff.com, Research in Motion, Sasken, SiRF, Smart Technologies, Sohu.com, Techfaith, VA Linux, and WebMD.

International Investing

Intel Capital has dramatically expanded its non-U.S. investing. International investing increased from less than five percent of Intel Capital's investment dollars in 1998 to about 62 percent in 2008 (excluding Clearwire). About 38 percent of invested dollars were in North America, about 31 percent in Asia, and the rest in companies based in Central and Eastern Europe, Russia, Israel, Western Europe, the Middle East, and Latin America. Intel Capital has invested in companies headquartered in more than 40 different countries on five continents.

Investment Categories

Intel Capital typically makes four types of investments:

- **Ecosystem:** A number of Intel Capital investments are made in technologies that support the final products in which Intel's products are used. These companies' products complement and help drive demand for Intel products.
- **Market Development:** Intel Capital invests in companies that help accelerate the adoption of technology in emerging markets.
- **Gap Fillers:** Investments are made in companies that sell technology that Intel needs to help market or produce its products.
- **Eyes and Ears:** Intel Capital makes small investments in emerging technologies that might be useful in three to five years, but are not necessarily related to a current Intel business.

Investment Funds

To provide investment focus on specific technologies critical to Intel's efforts, several specialized funds have been developed.

- The \$500 million **Intel® Communications Fund**, announced in September 1999, focuses on accelerating Intel voice and data communications and wireless networking initiatives.
- The **Intel Capital India Technology Fund** (December 2005) is a \$250 million fund that invests in Indian technology companies to help stimulate local technological innovation and the continued growth of India's Information Technology industry.
- The \$500 million **Intel Capital China Technology Fund II** (April 2008) invests in Chinese companies developing innovative hardware, software, and services. It is used to invest in companies that complement Intel's technology initiatives and to further build out Internet infrastructure in China.
- The **Intel® Digital Home Fund** is a \$200 million fund launched in January 2004. It targets companies developing hardware and software as well as connectivity and supporting technology that enable people to enjoy digital content on multiple devices in the home and beyond.
- The **Intel Capital Brazil Technology Fund** is a \$50 million fund to promote technology growth in Brazil. Creation of the fund recognizes Brazil's position as South America's largest economy and its increasing importance as a technology leader.
- The **Intel Capital Middle East and Turkey Fund**, announced in November 2005, is a \$50 million fund for investment in companies developing innovative hardware, software, local content, and services throughout the Middle East and Turkey.

Intel Capital Differentiated Advantages

What sets Intel Capital apart is a collection of important value-add benefits that other firms are unlikely to match. These differentiating factors enhance our relationships with entrepreneurs, opening doors to new markets, customers, alliances, co-investors, and emerging technologies.

Among the key benefits of working with Intel Capital are:

- **Brand:** Intel is among the most recognized brands in the world. Intel connotes quality, integrity, and innovation. It's a cachet that opens doors for us and our portfolio companies, a sort of coin of the realm in places near and far with customers and co-investors around the globe.
- **Worldwide Customer Access:** As markets emerge and infrastructures evolve, access to the global marketplace is critical. Intel Capital is connected with customers in every major market in the world and we are eager to share our contacts with our portfolio through personal introductions.
- **Global Reach:** With offices more than 25 countries, Intel Capital calls on a vast network of resources in markets around the world. We have insights into these markets, contacts with local customers and suppliers, and the ability to match our portfolio companies with customers across oceans and continents.
- **Technology Expertise & Access:** Intel plays a lead role in the continued rise of technology around the world. Our portfolio companies are privy to our architecture roadmaps, gain access to our manufacturing and engineering knowledge, and they can benefit from the work of our labs and factories.

The Intel Capital **IP Access Program** allows our portfolio companies an economical means to easily acquire licenses to certain Intel patents. This program, with terms only available to Intel Capital portfolio companies, may bring value to portfolio company customers and in future liquidity events.

Recent Awards

- **ChinaVenture Top 10 VC (2008):** Intel Capital won the "Top 10 VC in 2008" award from ChinaVenture for the third consecutive year.
- **Go4Venture (2007):** Intel Capital topped list of European investors in 2007 by an independent London-based corporate finance advisory firm.
- **ChinaVenture Top 10 VC Funds (2007):** Intel Capital named to Top 10 VC Funds at the Piper Jaffray & ChinaVenture Investment Conference.
- **AlwaysOn DealMaker List (2007):** Selected as #1 Corporate VC; Arvind Sodhani, President of Intel Capital, selected as #1 Corporate Investor.
- **Entrepreneur Magazine (2007):** #14 on "Top 100 VC Firms for Early Stage Investing" list.
- **Dow Jones Venture Capital Report (2006):** Intel Capital ranked #1 in two categories, "Most Active Corporate Investor" and "Most Active IT Investor."

Quick Facts

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2008 investments were divided regionally based on dollars as follows:

- 17% China, Taiwan, Korea
- 14% India, Japan, Southeast Asia
- 4% Central & Eastern Europe, Russia, Israel
- 24% Western Europe, Middle East
- 3% Latin America, Mexico
- 38% North America (excludes US\$1 billion in Clearwire)

International Investments

Intel Capital has invested in companies based in 45 different countries including: Argentina, Australia, Belgium, Brazil, Canada, China, Chile, Costa Rica, the Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Singapore, Sweden, Switzerland, Taiwan, Ukraine, United Arab Emirates, United Kingdom, and the United States.

Recent Exits (2006-2008)

Initial Public Offerings

- A8 Music Group (China)
- Xener Systems (Korea)
- Intellon (U.S.)
- Lotes (Taiwan)
- Entropic (U.S.)
- Kingsoft (China)
- VMware (U.S.)
- Tri Chemical Laboratories (Japan)
- Neng Tyi Industries (Taiwan)
- NetIndex (Japan)
- nTels (Korea)
- Clearwire (U.S.)
- Mellanox Technologies (U.S. and Israel)
- FPT (Vietnam)
- Sonda (Chile)
- TLI Inc. (Korea)
- R Systems (India)
- Mobile Top (Korea)

Mergers and Acquisitions

- StrataLight Communications (acquired by Opnext) – U.S.
- Managed Objects (acquired by Novell) – U.S.
- Jabber (acquired by Cisco) – U.S.
- DATAlegro (acquired by Microsoft) – U.S.
- MySQL (acquired by Sun Microsystems) – Sweden
- NetCentrum (acquired by Warburg Pincus) – Czech Republic
- Cloakware (acquired by Irdeto) – U.S.
- ADA Cellworks (acquired by GTL International) – India
- Navini Networks (acquired by Cisco) – U.S.
- LGC Wireless (acquired by ADC) – U.S.
- POWERPRECISE (acquired by Texas Instruments) – U.S.
- ClearShape (acquired by Cadence) – U.S.
- ArchPro (acquired by Synopsis) – U.S.
- CircleLending (acquired by Virgin USA) – U.S.
- Epichem (acquired by Sigma-Aldrich) – U.S.
- Mediabolic (acquired by Macrovision) – U.S.
- Jungo (acquired by NDS) – Israel
- Topio (acquired by Network Appliance) – Israel
- Pollex Mobile Holdings (acquired by MediaTek) – China
- Gteko (acquired by Microsoft) – Israel
- Mobile 365 (acquired by Sybase) – U.S.
- Atom Entertainment (acquired by Viacom MTV Networks) – U.S.
- ALIS Corporation (acquired by Carl Zeiss SMT) – U.S.
- LSI ZSP Digital Processor Unit (acquired by VeriSilicon) – U.S./China
- Subex Systems and Azure Solutions (merger) – India/U.K.
- Integrant Technologies (acquired by Analog Devices) – Korea
- Passave (acquired by PMC-Sierra) – Israel
- LANDesk (acquired by Avocent) – U.S.
- Netcentrex SA (acquired by Comverse) – France
- Engana (acquired by Optium Corporation) – Australia
- OpenEra (spin-out of India Telecom) – India

Intel Capital Technology Days

In 2008, Intel Capital hosted **65** Intel Capital Technology Days (ITDs) with leading customers around the world. The standard ITD model brings about 10 portfolio companies to the host customer's premise for a day of introductions, customer briefings, technology presentations, and demo showcases.

Previous ITD hosts include Alcatel, Asustek, AT&T, BT, CapitalOne, Comcast, CSC, Founder Technologies, Halliburton, IBM China Lab, Infosys, ITOCHU, Lenovo, Microsoft, NASDAQ, NBC Universal, NDS, Paramount, PowerLeader, Procter & Gamble, SAIC, Satyam Consulting, SKT, Sony Ericsson, Sprint, Target, Telefonica, TeliaSonera, and Time Warner Cable.

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