



Reinventing^{the} Communications Industry

Craig Barrett :: Chief Executive Officer

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Agenda

Perspective

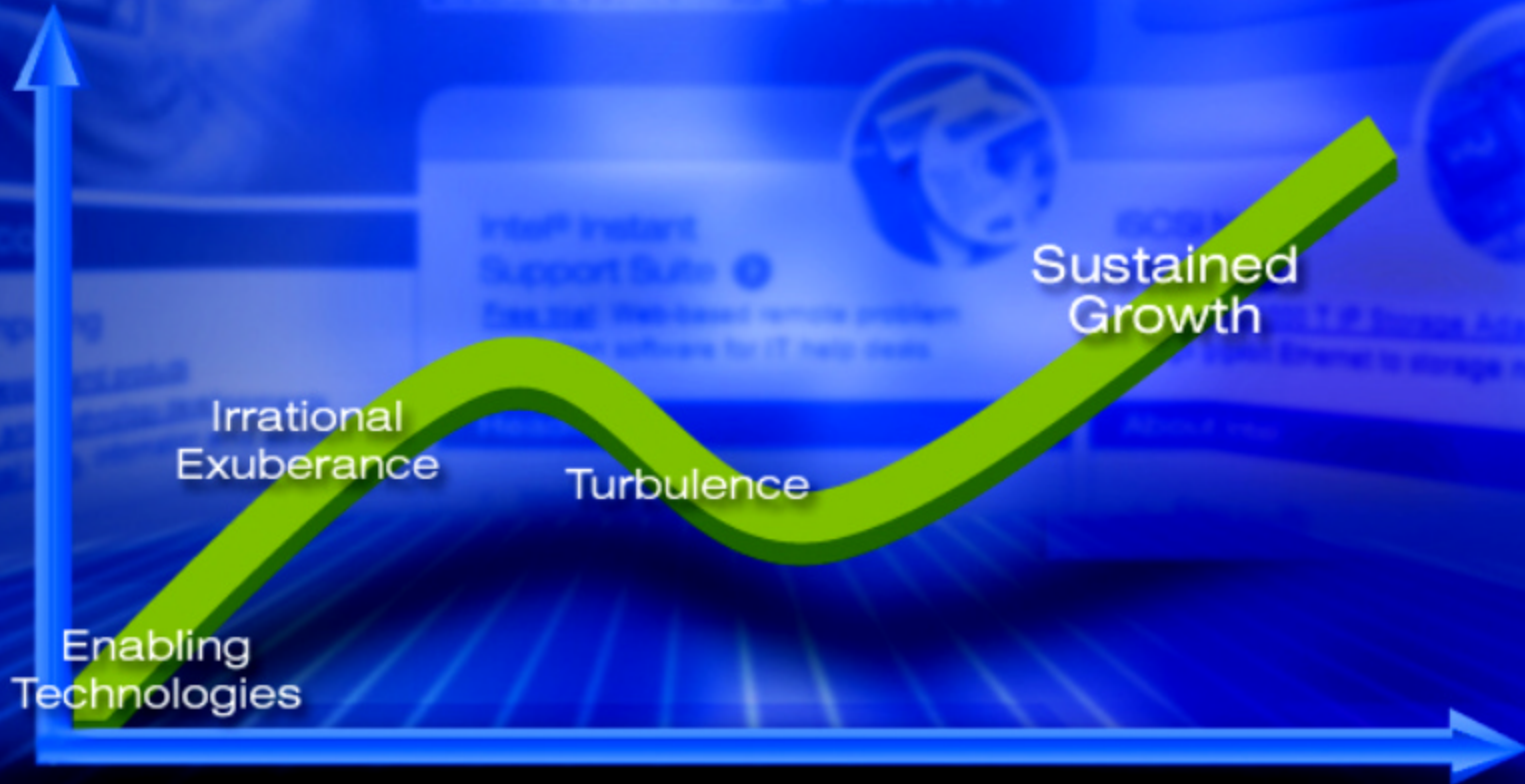
The Network Ahead

Growth Inhibitors

Communications Innovation

Perspective: History of Innovation

Growth



Time

Perspective: Turbulence Fallout

- Accelerating price competition
- Market capitalization decline
- Industry Consolidation
- Bankruptcies

Perspective: 10 Years of Change in One Year

Headcount

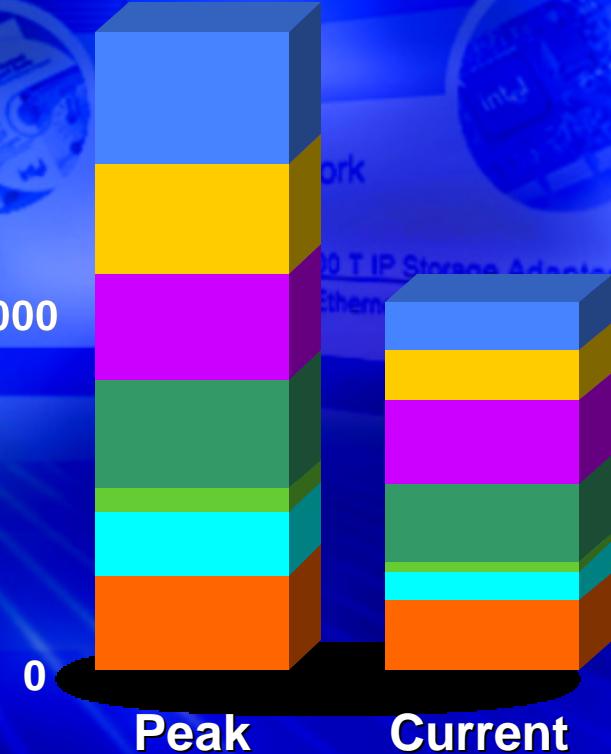
Research and
Development

800,000

\$M
30,000

400,000

15,000



The background of the slide is a screenshot of the Intel website from around 2005. It features a blue color scheme with various navigation links like 'Products', 'Support', and 'Home Computing'. There are also promotional banners for 'Just Got Mobile' and 'Find Intel Products'. The Intel logo is visible in the bottom left corner.

Perspective: The Mess We Have Created

- Competing for the same customers
- 3G licenses
- Broadband
- Flat text Internet
- Non-interoperable devices
- Lack of new applications

The background is a blue-tinted screenshot of the Intel website. It features various elements like a navigation bar with 'Products' and 'Support' buttons, a search bar, and several content sections including 'Home Computing', 'Intel® Instant Support Suite', and 'iSCSI Network Storage'. There are also images of Intel processors and a CD-ROM.

Perspective:
We Have a Dilemma

Our past investments
are not profitable

We need new investments
to generate growth

Since our past investments are
not profitable, we stop investing



Business the old way
is gone forever

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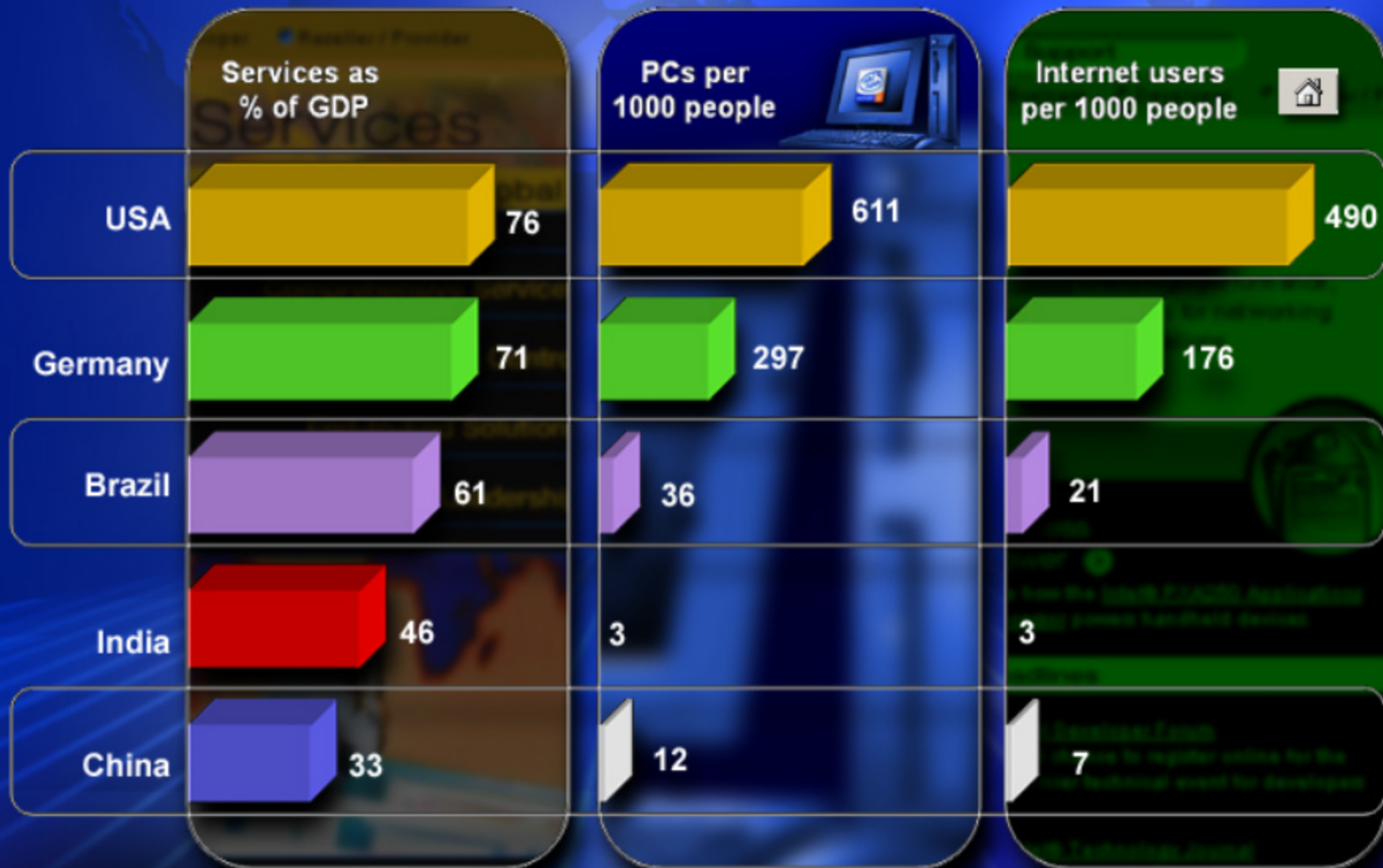
The Network Ahead: Knowledge Economies

The World's Economies are
Dependent on Information Technology

Connecting Everyone, Anytime
and Anyplace in the World



The Network Ahead: Build-Out Around the World



The Network Ahead: Value of Internet Connections



The Network Ahead: Internet Growth in the Enterprise

Average Terabits per Day

WE ARE HERE

1,600,000

120,000

800,000

40,000

0

1999

2000

2001

2002

2003

2004

2005

2006

Forecast

Forecast



Sources: IDC 2002 and ICG Market Analysis

The Network Ahead:

Future of Computing and Communications

Merging of
computing and
communications
in every device



The Network Ahead:

Merged Computing and Communications

- Wireless laptops
- Cellular voice + data
- Softswitches
- Media Gateways
- Radio on a chip

The Network Ahead: Opportunities Everywhere

- Long haul
- Metro
- FTTH
- DSL
- Wireless



It is a bright future,
but it is not guaranteed

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Growth Inhibitors: No New Spending Unless New Revenue

ROIC is the current focus



Growth Inhibitors: Delivering Customer Value

IP



Hardware

Protocols

Software

Usage
Models

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Growth Inhibitors: Broadband

- Broadband needs to become a priority
- We need real broadband
- Risk and reward must be in balance

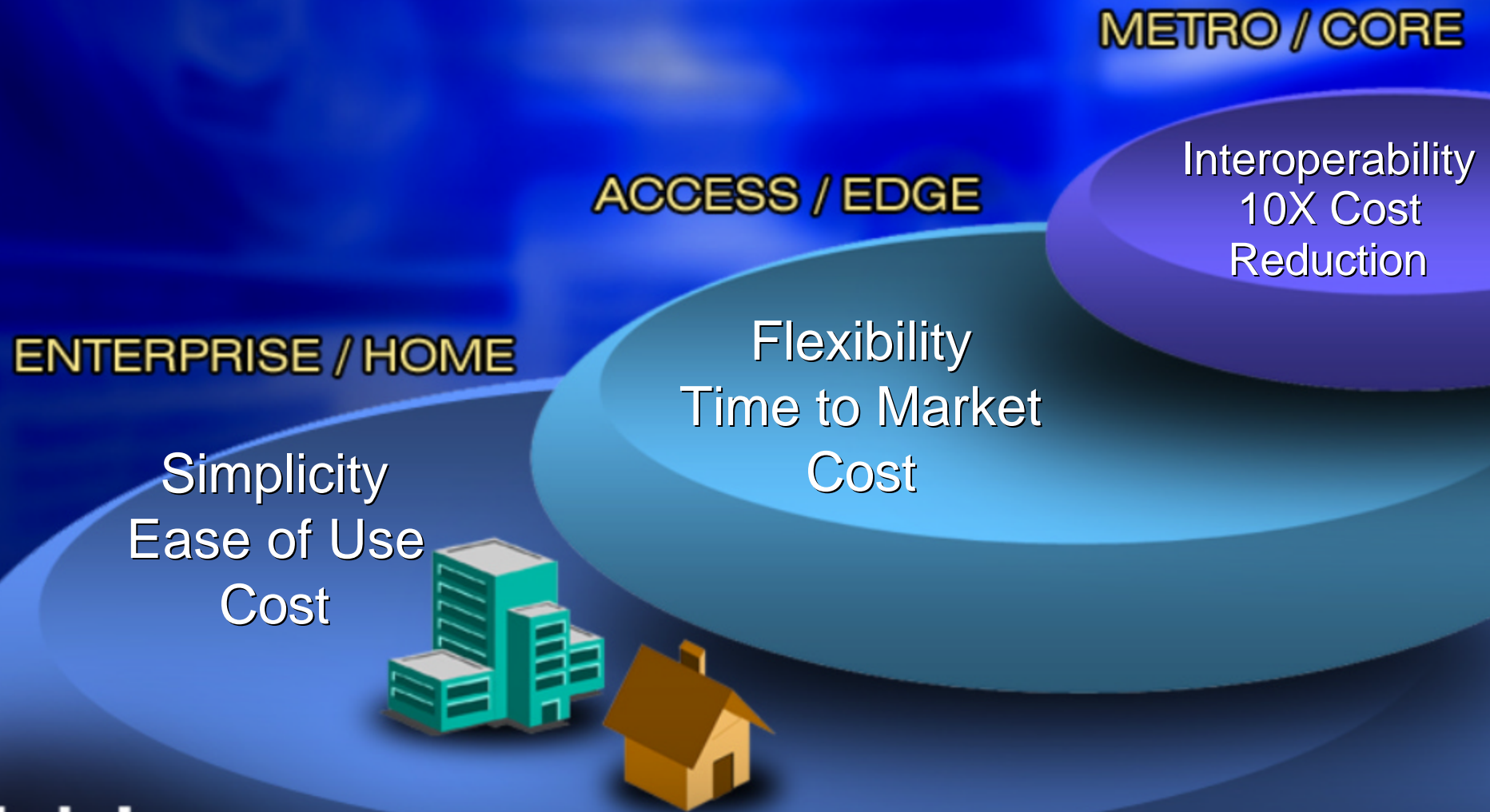



Growth Inhibitors: Digital Media

- Technical Solutions
- Fair use rights
- Business Models
- Government support



Growth Inhibitors: Cost Effective Infrastructure





Customer value
and cost effective
infrastructure
equals ROIC

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Communications Innovation: Mother Nature

1970-80s

Today

Computer
Industry



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Communications Innovation: Mother Nature

1970-80s

Today

Future

Computer
Industry

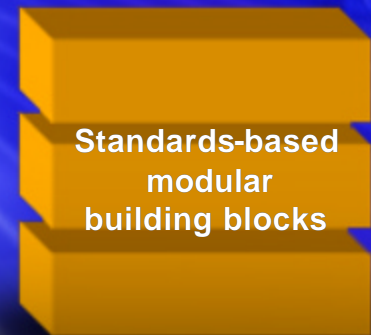


Comm.
Industry

Proprietary,
purpose-built
systems



Standards-based
modular
building blocks



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United States
Products
Computing

Get a Powerful Desktop
Without the
Get even more power to
never before with the Mok
4 Processor - M.

Within Intel.com

Home Computing

Research processors and products
Discover news and technology developments
Access technical tools, information and advice

Wireless
Power

New high-performance
processing for modular

Headlines

2001 Annual Report

Communications Innovation: Silicon Technology

- 90nm technology
- MEMS
- Flash and logic integration
- Electrical and optical integration



Communications Innovation: Standards Based Architecture

- Optical modules
- Ethernet
- Network processing
- Advanced Telecom Compute Architecture
- Wireless handsets
- Performance primitives

Communications Innovation: Solutions

Intel
Building
Blocks



Industry
Partners



Innovation leads
to reinvention

intel.

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