



BACKGROUNDER

About Intel Capital

With an overall strategy to enable innovation, Intel Capital seeks out and invests in promising technology companies worldwide. We focus on established and new technologies that help to develop industry standard solutions, drive global Internet growth, facilitate new usage models, and advance the computing and communications platforms.

As part of Intel Corporation, Intel Capital calls on some of its best and brightest to evaluate prospective investments, offer business and technology guidance to our portfolio companies, and provide unrivaled access to the latest developments in the industry. We are among the largest venture capital entities in the world with offices in established and emerging markets around the world.

Since 1991, Intel Capital has invested more than US\$6 billion in approximately 1,000 companies in more than 40 countries. In that timeframe, about 157 portfolio companies have gone public on various exchanges around the world and another 187 have been acquired by other companies.

In **2006** alone, Intel Capital invested about U.S. \$1.07 billion in about 163 deals including 91 new deals. Approximately 60 percent of its dollar investments were made outside the United States. With a total of 37 exits, eight of Intel Capital's portfolio companies went public via IPO and 29 were acquired.

In **first half (January-June) 2007**, Intel Capital invested in 87 deals worldwide, including 36 new deals. Intel Capital invested US\$236.1M, including \$186.7M invested in new deals. Approximately 62% of Intel Capital's dollars invested were in companies based outside the U.S. In total, Intel Capital invested in 32 international deals.

The Intel Capital investment portfolio includes technology and related companies worldwide and is valued at approximately **US\$1.89 billion**, as of June 30, 2007.

Intel Capital's goal is to achieve both strategic alignment with Intel Corporation and a strong financial return for its investments. The reason is related to the strategic investment focus: If a company furthers the larger strategic goal of advancing

computing and communications platforms, then it is also likely to be financially successful. Conversely, if the company fails to develop its market segment, then it will not help Intel's strategic goals. Intel Capital does not disclose specific financial results from its strategic investments, but the program has contributed billions in cash to Intel in its 16 year history.

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. Investments are often made in companies that provide local language content or services via the Internet or that help improve or optimize the Internet infrastructure in a given region.
- **Gap Fillers:** Investments are made in companies that sell technology that Intel needs to help market or produce its products. For example, Intel Capital invests in semiconductor equipment companies and process technology companies to fund next-generation technology development. Accelerating their product development helps Intel move to new manufacturing process generations every two to three years.
- **Eyes and Ears:** Intel Capital makes small investments in emerging technologies that might be useful in three to five years, but aren't necessarily related to a current Intel business. These include investments in MEMS, nanotechnology and biotechnology.

International Investing

Intel Capital has dramatically expanded its non-U.S. investing over the past few years. Non-U.S. investing has increased from less than 5 percent of Intel Capital's investment dollars in 1998 to about 60 percent of dollars in 2006. Excluding a \$600M investment in Clearwire during 2006, about 40 percent of Intel Capital's dollar investment were in North America, about one-third in Asia, and the rest in companies based in Central and Eastern Europe, Russia, Israel, Western Europe, Middle East, and Latin America.

Intel Capital has invested in companies headquartered in more than 40 different countries, on five continents. Investments are often made in companies that provide local language content or services via the Internet or that help improve or optimize the Internet infrastructure in a given region. Through these investments, Intel is able to support evolving computer and communications usage requirements and technology trends across many cultures and languages.

Investment Funds

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

- The **Intel® Digital Home Fund** is a \$200 million investment program initiative that was announced in January 2004. The investment program

targets companies developing hardware and software, as well as connectivity and supporting technologies, that enable people to enjoy digital content – including music, photos and video – on multiple devices in the home and beyond.

- The \$500 million **Intel® Communications Fund**, one of Intel Capital's investment program initiatives, was announced in September 1999 and focuses on accelerating Intel voice and data communications and wireless networking initiatives. This investment program targets companies developing basic communications and semiconductor components and boards, real-time operating systems, software tools and utilities, system level hardware and software, and wireless network services and channels. Intel Capital, through the Intel Communications Fund has made investments in 17 countries on five continents.
- Launched in June 2005, the **Intel Capital China Technology Fund** is a U.S. \$200 million venture capital fund that invests in Chinese technology companies developing innovative hardware, software, and services. The Intel Capital China Technology Fund will be used to invest in companies that complement Intel's technology initiatives and to further build out the Internet infrastructure in China. The fund will also provide local businesses with capital to help nurture important technologies and products developed in China.
- The **Intel Capital Middle East and Turkey Fund**, announced in November 2005, is a \$50 million venture capital fund for investment in technology companies developing innovative hardware, software, local content, and services throughout the Middle East and Turkey. The Fund will invest in companies that complement Intel's technology initiatives to further build out the Internet infrastructure in this emerging region.
- The **Intel Capital India Technology Fund**, announced in December 2005, is a US\$250 million venture fund that invests in Indian technology companies to help stimulate local technological innovation and the continued growth of India's Information Technology (IT) industry.
- The **Intel Capital Brazil Technology Fund** is a US\$50 million dollar venture capital 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. Intel Capital's investments are intended to help stimulate technological innovation and growth of Brazil's rapidly developing entrepreneurial community.

Intel Capital Differentiated Advantages

Most every venture capital firm boasts many of the same benefits: Knowledgeable personnel, technology insights, and access to financial capital. 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:

- **Technology Expertise & Access:** Intel is technology. We play a lead role in the continued rise of technology around the world, employing thousands of researchers and spending billions of dollars per year on R&D to discover and drive the evolution of most every industry of the ecosystem. And our portfolio companies have access to these vital resources – the people, the business units, and the information that Intel uses to harness the future. Portfolio companies are privy to our architecture roadmaps, they can gain access to our manufacturing and engineering knowledge, and they can benefit from the work of our labs and fabs.
- **Global Reach:** With offices more than 25 countries, Intel Capital calls on a vast network of resources in established and growing markets around the world. We have technology and business insights into these markets, contacts with local customers and suppliers, and the ability to match our portfolio companies with customers and partners across oceans and continents.
- **Worldwide Customer Access:** As markets emerge and infrastructures evolve, access to the global marketplace is critical. But how can a small or start-up company get their products in front of a buyer ten thousand miles away? Because of its global presence, Intel Capital is well connected with customers in every major market in the world and we are eager to share our contacts with our portfolio through personal introductions and programs such as Intel Capital Technology Days and the Intel Capital CEO Summit.
- **Brand:** Intel is among the most recognized brands in the world. To the industry at large, 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.

Intel Capital introduced its **IP Access Program** in 2006, which allows Intel Capital portfolio companies an economical means to easily acquire licenses to certain Intel patents. This opportunity, with terms only available to Intel Capital portfolio companies, may bring value to portfolio company customers and in future liquidity events.

The goal of the program is to remove uncertainties to the license terms and conditions and streamlining the process, making it easy and cost effective for interested companies to acquire licenses. The license terms and conditions are simple and only available to Intel Capital portfolio companies, as and where permitted by law or existing contractual obligations.

Quick Facts:**2006 Investment Activity**

In 2006, Intel Capital invested in 163 deals worldwide, including 91 new deals. Intel Capital invested a total of \$1.07 billion, including a \$600M investment in Clearwire; of the remaining \$470M invested, \$421M was invested in new deals. In 2006 Intel Capital had a total of 37 exits, with 8 of its portfolio companies going public via IPO and 29 being acquired.

Intel Capital invested in innovative technology companies in 26 different countries worldwide. Excluding Clearwire, about 60 percent of its dollar investments were in companies based outside the U.S. In total, Intel Capital invested in 78 international deals outside the U.S., about 48% of total deals in 2006.

These were divided regionally based on dollars as follows:

- 16% China, Taiwan, & Korea
- 16.5% India, Japan, & Southeast Asia
- 8% Central & Eastern Europe, Russia, Israel
- 19% Western Europe, Middle East
- 0.5% Latin America, Mexico
- 40% North America

International Investments

Since 1991, Intel Capital has invested more than US\$6 billion in nearly 1,000 companies. Intel Capital has invested in companies headquartered in more than 40 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, the United Arab Emirates, the United Kingdom, and the United States.

Recent Exits (2005-2007)***Initial Public Offerings***

- VMware (U.S.)
- 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)
- Actions Semiconductor (China)
- Ikanos Communications (United States)
- Sasken Communications (India)

- India Infoline (India)
- China TechFaith Wireless Communications (China)

Mergers and Acquisitions

- ArchPro (acquired by Synopsis) – U.S.
- CircleLending (acquired by Virgin USA) – U.S.
- Epichem (acquired by Sigma-Aldrich) – U.S.
- Mediabiotic (acquired by Macrovision) – U.S.
- Jungo (acquired by NDS) – Israel
- Topio (acquired by Network Appliance) – Israel
- Pollex Mobile Holdings (acquired by MediaTek) – China
- Gtek (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
- AppIQ (acquired by HP) – U.S.
- TryMedia Systems (acquired by Macrovision) – U.S.
- J-Boss (acquired by Red Hat) – United States

Intel Capital Technology Days

In 2006, Intel Capital hosted 53 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 full day of customer briefings, technology presentations, and demo showcase – preceded by an informal dinner with the customer's senior executives. Recent 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, PowerLeader, Procter & Gamble, SAIC, Satyam Consulting, SKT, Sony Ericsson, Sprint, Target, Telefonica, TeliaSonera, and Time Warner Cable.

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