

INTEL CORP  
Form DEF 14A  
April 03, 2009

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**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of**  
**the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- |  |  |
|--|--|
| <input type="checkbox"/> Preliminary Proxy Statement           | <input type="checkbox"/> <b>Confidential, for Use of the Commission Only</b> |
| <input type="checkbox"/> Definitive Proxy Statement            | <b>(as permitted by Rule 14a-6(e)(2))</b>                                    |
| <input type="checkbox"/> Definitive Additional Materials       |  |
| <input type="checkbox"/> Soliciting Material under Rule 14a-12 |  |

**INTEL CORPORATION**

(Name of the Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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(4) Date Filed:

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**INTEL CORPORATION**  
**2200 Mission College Blvd.**  
**Santa Clara, CA 95054-1549**  
**(408) 765-8080**

April 3, 2009

Dear Stockholder:

We look forward to your attendance in person, virtually via the Internet, or by proxy at the 2009 Annual Stockholders Meeting. We will hold the meeting at 8:30 a.m. Pacific Time on Wednesday, May 20, 2009 at Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, California 95054. One of the steps we have taken this year to reduce operating expenses is to hold the meeting at an Intel building rather than at a rented facility, and only stockholders will be allowed to attend the meeting in person. In addition, unlike prior years, there will be no food service at the meeting. We are offering a live webcast of the annual meeting for our stockholders at [www.intc.com](http://www.intc.com) where you will be able to vote electronically and submit questions during the meeting.

We also are pleased to be furnishing proxy materials to stockholders primarily over the Internet. We believe that this process expedites stockholders' receipt of proxy materials, significantly lowers the costs of our annual meeting, and conserves natural resources. On April 3, 2009, we mailed our stockholders a notice containing instructions on how to access our 2009 Proxy Statement and 2008 Annual Report and vote online. The notice also included instructions on how you can receive a paper copy of your annual meeting materials, including the notice of annual meeting, proxy statement, and proxy card. If you received your annual meeting materials by mail, the notice of annual meeting, proxy statement, and proxy card from our Board of Directors were enclosed. If you received your annual meeting materials via e-mail, the e-mail contained voting instructions and links to the annual report and the proxy statement on the Internet, both of which are available at [www.intel.com/intel/annualreports](http://www.intel.com/intel/annualreports).

At this year's annual meeting, the agenda includes the following items:

<b>Agenda Item</b>	<b>Board Recommendation</b>
Election of Directors	<b>FOR</b>
Ratification of Ernst & Young LLP as our independent registered public accounting firm	<b>FOR</b>
Amendment and extension of the 2006 Equity Incentive Plan	<b>FOR</b>
Approval of an employee stock option exchange program	<b>FOR</b>
Advisory vote on executive compensation	<b>FOR</b>
Stockholder proposal: Cumulative voting	<b>AGAINST</b>
Stockholder proposal: Human right to water	<b>AGAINST</b>

Please refer to the proxy statement for detailed information on each of the proposals and the annual meeting. Your Intel stockholder vote is important, and we strongly urge you to cast your vote.

If you are a stockholder of record, meaning that you hold shares directly with Computershare Investor Services, LLC (registered holders), the inspector of elections will have your name on a list, and you will be able to gain entry with a form of government-issued photo identification, such as a driver's license, state-issued ID card, or passport. Stockholders holding stock in brokerage accounts (street name or beneficial holders) will need to bring a copy of a brokerage statement reflecting their stock ownership as of the record date.

Sincerely yours,

Craig R. Barrett  
*Chairman of the Board*

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**INTEL CORPORATION  
2200 Mission College Blvd.  
Santa Clara, California 95054-1549**

**NOTICE OF 2009 ANNUAL STOCKHOLDERS MEETING**

<b>TIME AND DATE</b>	8:30 a.m. Pacific Time on Wednesday, May 20, 2009
<b>PLACE</b>	Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, CA 95054
<b>INTERNET</b>	Attend the annual meeting online, including submitting questions, at <i>www.intc.com</i>
<b>AGENDA</b>	<p>Elect a Board of Directors</p> <p>Ratify Ernst &amp; Young LLP as our independent registered public accounting firm</p> <p>Amend and extend the 2006 Equity Incentive Plan</p> <p>Approve an employee stock option exchange program</p> <p>Hold an advisory vote on executive compensation</p> <p>Act on stockholder proposals, if properly presented at the meeting</p> <p>Transact other business that may properly come before the annual meeting (including adjournments and postponements)</p>
<b>RECORD DATE</b>	March 23, 2009
<b>MEETING ADMISSION</b>	You are entitled to attend the annual meeting only if you were an Intel stockholder as of the close of business on March 23, 2009 or hold a valid proxy for the annual meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your ownership as of the record date will be verified prior to admittance into the meeting. If you are not a stockholder of record but hold shares through a broker, trustee, or nominee, you must provide proof of beneficial ownership as of the record date, such as an account statement or similar evidence of ownership. If you do not provide photo identification and comply with the other procedures outlined above, you will not be admitted to the annual meeting, but can attend the meeting via the webcast available at <i>www.intc.com</i> .
<b>VOTING</b>	<p>Please vote as soon as possible to record your vote promptly, even if you plan to attend the annual meeting in person or on the Internet. You have three options for submitting your vote before the annual meeting:</p> <p>Internet</p>

Phone

Mail

By Order of the Board of Directors

Cary I. Klafter  
*Corporate Secretary*

Santa Clara, California  
April 3, 2009

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**INTERNET AVAILABILITY OF PROXY MATERIALS**

We are furnishing proxy materials to our stockholders primarily via the Internet. On April 3, 2009, we mailed to our stockholders a Notice of Internet Availability containing instructions on how to access our proxy materials, including our proxy statement and our annual report. The Notice of Internet Availability also instructs you on how to access your proxy card to be able to vote through the Internet or by telephone. Other stockholders, in accordance with their prior requests, have received e-mail notification of how to access our proxy materials and vote via the Internet, or have been mailed paper copies of our proxy materials and a proxy card or voting form.

Internet distribution of our proxy materials is designed to expedite receipt by stockholders, lower the cost of the annual meeting, and conserve natural resources. However, if you would prefer to receive printed proxy materials, please follow the instructions included in the Notice of Internet Availability. If you have previously elected to receive our proxy materials electronically, you will continue to receive these materials via e-mail unless you elect otherwise.

**ATTENDING THE ANNUAL MEETING**

**Attending in person**

Doors open at 8:00 a.m. Pacific Time

Meeting starts at 8:30 a.m. Pacific Time

Proof of Intel Corporation stock ownership will be required to attend the annual meeting

You do not need to attend the annual meeting to vote if you submitted your proxy in advance of the annual meeting

Security measures may include bag search, metal detector, and hand-wand search

The use of cameras is not allowed

**Attending and participating via the Internet**

*www.intc.com*

Webcast starts at 8:30 a.m. Pacific Time

Stockholders may vote and submit questions while attending the meeting on the Internet

Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted at *www.intc.com*

Anyone can view the annual meeting live via the Internet at *www.intc.com*

Webcast replay available until June 20, 2009

**QUESTIONS**

**For questions regarding**

**Contact**

Annual meeting

Intel Investor Relations, (408) 765-1480

Stock ownership

Computershare Investor Services, LLC  
*www.computershare.com/contactus*  
(800) 298-0146 (within the U.S. and Canada) or  
(312) 360-5123 (outside the U.S. and Canada)

Voting

D. F. King & Co., Inc.  
(800) 967-7921 (within the U.S. and Canada) or  
(212) 269-5550 (outside the U.S. and Canada)

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**INTEL CORPORATION**  
**2200 Mission College Blvd.**  
**Santa Clara, CA 95054-1549**

**PROXY STATEMENT**

Our Board of Directors solicits your proxy for the 2009 Annual Stockholders Meeting and at any postponement or adjournment of the meeting for the purposes set forth in Notice of Annual Stockholders Meeting. The 2009 Annual Stockholders Meeting will be held at 8:30 a.m. Pacific Time on Wednesday, May 20, 2009 at Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, CA 95054 and on the Internet at *www.intc.com*. We made this proxy statement available to stockholders beginning on April 3, 2009.

**Record Date** March 23, 2009

**Quorum** Majority of shares outstanding on the record date must be present in person or by proxy

**Shares Outstanding** 5,584,662,628 shares of common stock outstanding as of March 23, 2009

**Voting by Proxy** Internet, phone, or mail

**Voting at the Meeting** Stockholders can vote in person or via the Internet during the meeting. Stockholders of record will be on a list held by the inspector of elections. Beneficial holders must obtain a proxy from their brokerage firm, bank, or other stockholder of record and present it to the inspector of elections with their ballot. Stockholders attending via the Internet will need to follow the instructions at *www.intc.com* in order to vote or submit questions at the meeting. Voting in person or via the Internet by a stockholder will replace any previous votes submitted by proxy.

**Polls Close** 9:30 a.m. Pacific Time on May 20, 2009

**Changing Your Vote** Stockholders of record may revoke their proxy at any time before the polls close by submitting a later-dated vote in person or electronically at the annual meeting, via the Internet, by telephone, by mail, or by delivering instructions to our Corporate Secretary before the annual meeting. If you hold shares through a bank or brokerage firm, you may revoke any prior voting instructions by contacting that firm.

**Votes Required to Adopt Proposals** Each share of our common stock outstanding on the record date is entitled to one vote on each of the 11 director nominees and one vote on each other matter. To be elected, directors must receive a majority of the votes cast (the number of shares voted for a director nominee must exceed the number of votes cast against that nominee). Approval of each of the other matters on the agenda requires the affirmative vote of the majority of the shares of common stock present or represented by proxy.

**Effect of Abstentions and Broker** Shares not present at the meeting and shares voting abstain have no effect on the election of directors. For each of the other proposals, abstentions have the same effect as negative votes.

- Non-Votes** Broker non-votes (shares held by brokers that do not have discretionary authority to vote on a matter and have not received voting instructions from their clients) have no effect.
- Voting Instructions** If you complete and submit your proxy voting instructions, the persons named as proxies will follow your instructions. If you submit proxy voting instructions but do not direct how to vote on each item, the persons named as proxies will vote as the Board recommends on each proposal. The persons named as proxies will vote on any other matters properly presented at the annual meeting in accordance with their best judgment. We have published rules about when to submit agenda items for the annual meeting, and we have not received timely notice of any other matters that may be properly presented for voting at the annual meeting.
- Voting Results** We will announce preliminary results at the annual meeting. We will report final results at *www.intc.com* and in our Form 10-Q for the second quarter of 2009.

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**PROPOSAL 1: ELECTION OF DIRECTORS**

Our nominees for the election of directors at the annual meeting include 10 independent directors, as defined in the applicable rules for companies traded on The NASDAQ Global Select Market\* (NASDAQ), and our Chief Executive Officer (CEO). Stockholders elect all directors annually. At the recommendation of our Corporate Governance and Nominating Committee, our Board has selected the nominees listed below to serve as directors for the one-year term beginning at our annual meeting on May 20, 2009 or until their successors, if any, are elected or appointed.

Unless you direct otherwise through your proxy voting instructions, the persons named as proxies will vote all proxies received for the election of each nominee named in this section. If any director nominee is unable or unwilling to serve as a nominee at the time of the annual meeting, the persons named as proxies may vote for a substitute nominee chosen by the present Board to fill the vacancy. In the alternative, the proxies may vote just for the remaining nominees, leaving a vacancy that may be filled at a later date by the Board. Alternatively, the Board may reduce the size of the Board. We have no reason to believe that any of the nominees will be unwilling or unable to serve if elected as a director.

Intel's Bylaws require that in order to be elected, a director nominee must receive a majority of the votes cast with respect to such nominee in uncontested elections (the number of shares voted for a director nominee must exceed the number of votes cast against that nominee). Each of our director nominees is currently serving on the Board. If a nominee who is currently serving as a director is not re-elected, Delaware law provides that the director would continue to serve on the Board as a holdover director. Under our Bylaws and Corporate Governance Guidelines, each director submits an advance, contingent, irrevocable resignation that the Board may accept if stockholders do not elect the director. In that situation, our Corporate Governance and Nominating Committee would make a recommendation to the Board about whether to accept or reject the resignation, or whether to take other action. The Board would act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date that the election results were certified.

*Director Changes in 2008 and 2009.* In May 2008, D. James Guzy retired at age 72 in accordance with the Board's retirement age policy. In January 2009, Dr. Craig R. Barrett, Chairman of the Board, announced his intention to retire as Chairman and member of the Board in May 2009 at the annual stockholders' meeting. Dr. Jane E. Shaw, if re-elected, will become the new Chairman of the Board beginning in May 2009. In March 2009, Carol A. Bartz resigned as a member of the Board in connection with her taking a new job as CEO of Yahoo! Inc., and the Board elected Mr. John J. Donahoe and Mr. Frank D. Yeary to the Board.

**The Board recommends that you vote FOR the election of each of the following nominees.**

*Ambassador Charlene Barshefsky, age 58*

Intel Board member since 2004

2001 – present, Senior International Partner at

Wilmer Cutler Pickering Hale and Dorr LLP, multinational law firm, Washington, D.C.

1997 – 2001, United States Trade Representative, chief trade negotiator, and principal trade policy maker for the United States, and a member of the President's cabinet

Member of American Express Company, Estée Lauder Companies, and Starwood Hotels & Resorts Worldwide Boards of Directors

*Susan L. Decker, age 46*

Intel Board member since 2006

2007 2009, President of Yahoo! Inc., global

Internet company, Sunnyvale, California

2006 2007, Executive Vice President of the Advertiser and Publisher Group of Yahoo! Inc.

2000 2007, Executive Vice President of Finance and Administration, and Chief Financial Officer of Yahoo! Inc.

Member of Berkshire Hathaway Inc. and Costco Wholesale Corporation Boards of Directors

*John J. Donahoe*, age 49

Intel Board member since 2009

2008 present, President and Chief Executive Officer of eBay, Inc., online marketplace, San Jose, California

2005 2008, President of eBay Marketplaces

2000 2005, Worldwide Managing Director, Bain & Company

*Reed E. Hundt*, age 61

Intel Board member since 2001

1998 present, Principal of Charles Ross Partners, LLC, private investor and advisory service, Washington, D.C.

1998 present, independent adviser to

McKinsey & Company, Inc., worldwide

management consulting firm, Washington, D.C.

1993 1997, Chairman of Federal Communications Commission

Member of Data Domain, Inc. and Infinera Corporation Boards of Directors

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*Paul S. Otellini, age 58*

Intel Board member since 2002  
2005 present, President and Chief Executive Officer of Intel Corporation  
2002 2005, President and Chief Operating Officer  
Member of Google, Inc. Board of Directors  
Joined Intel 1974

*James D. Plummer, age 64*

Intel Board member since 2005  
1999 present, Dean of the School of Engineering at Stanford University, Stanford, California  
1978 present, Professor of Electrical Engineering at Stanford University  
Member of National Academy of Engineering  
Member of International Rectifier Corporation and Leadis Technology, Inc. Boards of Directors

*David S. Pottruck, age 60*

Intel Board member since 1998  
2005 present, Chairman and Chief Executive Officer of Red Eagle Ventures, Inc., private equity firm, San Francisco, California  
2004 present, Senior Fellow at Wharton School of Business Center for Leadership and Change Management  
2005 2008, Chairman of Eos Airlines  
1984 2004, served in various capacities at The Charles Schwab Corporation, including President, Chief Executive Officer, and member of the Board of Directors

*Jane E. Shaw, age 70*

Intel Board member since 1993  
1998 2005, Chairman and Chief Executive Officer of Aerogen, Inc., specialty medical device company, Mountain View, California  
Member of McKesson Corporation Board of Directors

*John L. Thornton, age 55*

Intel Board member since 2003  
2003 present, Professor and Director of Global Leadership at Tsinghua University, Beijing, China  
1981 2003, served in various capacities at Goldman Sachs Group, Inc., including President, Co-Chief Operating Officer, and member of the Board of Directors  
Member of HSBC Holdings plc, China Unicom (Hong Kong) Limited, Ford Motor Company, and News Corporation Boards of Directors

*Frank D. Yeary, age 45*

Intel Board member since 2009  
2008 present, Vice Chancellor, University of California, Berkeley, California  
2004 2008, Managing Director, Global Head of Mergers and Acquisitions, Citigroup Investment Banking

*David B. Yoffie, age 54*

Intel Board member since 1989  
1993 present, Professor of International Business Administration, Harvard Business School, Cambridge, Massachusetts  
1981 present, member of Harvard University faculty

## CORPORATE GOVERNANCE

### Board Responsibilities and Structure

The Board oversees, counsels, and directs management in the long-term interests of the company and our stockholders. The Board's responsibilities include:

selecting and evaluating the performance of the CEO and other senior executives;

planning for succession with respect to the position of CEO and monitoring management's succession planning for other senior executives;

reviewing and approving our major financial objectives and strategic and operating plans and other significant actions;

overseeing the conduct of our business and the assessment of our business risks to evaluate whether the business is being properly managed; and

overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with law and ethics.

The Board believes that different people should hold the positions of Chairman of the Board and CEO to aid in the Board's oversight of management. In May 2008, the Board designated Dr. Shaw as our Lead Independent Director. We anticipate that Dr. Shaw will become Chairman of the Board beginning in May 2009. The duties of non-executive Chairman of the Board include:

presiding over all meetings of the Board;

preparing the agenda for Board meetings with the Corporate Secretary and in consultation with the CEO and other members of the Board;



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calling and presiding over meetings of the independent directors;

managing the Board's process for annual director self-assessment and evaluation of the Board; and

presiding over all meetings of stockholders.

The Board and its committees met throughout the year on a set schedule, held special meetings, and acted by written consent from time to time as appropriate. The Board held four regularly scheduled sessions for the independent directors to meet without management present, and the Lead Independent Director led those sessions in 2008. Dr. Shaw will lead these sessions in her capacity as Chairman of the Board following the annual meeting. Board members have access to all of our employees outside of Board meetings, and the Board has a program that encourages each director to visit different Intel sites and events worldwide on a regular basis and meet with local management at those sites and events.

**Board Committees and Charters**

The Board delegates various responsibilities and authority to different Board committees. Committees regularly report on their activities and actions to the full Board. The Board currently has, and appoints the members of, standing Audit, Compensation, Corporate Governance and Nominating, Executive, and Finance Committees. The Board has determined that each member of the Audit, Compensation, Corporate Governance and Nominating, and Finance Committees is an independent director in accordance with NASDAQ standards.

Each of the Board committees has a written charter approved by the Board, and each committee conducts an annual evaluation of the committee's performance. We post each charter and the charter describing the position of Lead Independent Director on our web site at [www.intel.com/intel/finance/corp\\_docs.htm](http://www.intel.com/intel/finance/corp_docs.htm). Each committee can engage outside experts, advisers, and counsel to assist the committee in its work. The following table identifies the current committee members.

<b>Name</b>	<b>Audit</b>	<b>Compensation</b>	<b>Corporate Governance and Nominating</b>	<b>Executive</b>	<b>Finance</b>
Craig R. Barrett				ü	
Charlene Barshefsky					ü
Susan L. Decker	ü		ü		
John J. Donahoe	ü				
Reed E. Hundt		Chair	ü		
Paul S. Otellini				ü	
James D. Plummer	ü				ü
David S. Pottruck		ü			ü
Jane E. Shaw	Chair			Chair	ü
John L. Thornton		ü	ü		
Frank D. Yeary	ü				
David B. Yoffie		ü	Chair		
<b>Number of Committee Meetings Held in 2008</b>	7	3	4	4	3

*Audit Committee.* The Audit Committee assists the Board in its general oversight of our financial reporting, financial risk assessment, internal controls, and audit functions, and is responsible for the appointment, retention,

compensation, and oversight of the work of our independent registered public accounting firm. The Board has determined that each member of the Audit Committee, with the exception of Dr. Plummer, meets the U.S. Security and Exchange Commission (SEC) qualifications to be an audit committee financial expert, including meeting the relevant definition of an independent director. The Board determined that each Audit Committee member has sufficient knowledge in reading and understanding the company's financial statements to serve on the Audit Committee. The responsibilities and activities of the Audit Committee are described in detail in Report of the Audit Committee and the Audit Committee's charter.

*Compensation Committee.* The Compensation Committee has authority for reviewing and determining salaries, performance-based incentives, and other matters related to the compensation of our executive officers, and administering our stock option plans, including reviewing and granting stock options to our executive officers. The Compensation Committee also reviews and determines various other compensation policies and matters, including making

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recommendations to the Board and to management related to employee compensation and benefit plans, making recommendations to the Board on stockholder proposals related to compensation matters, and administering the employee stock purchase plan.

The Compensation Committee is responsible for executive compensation, and the Corporate Governance and Nominating Committee recommends the compensation for non-employee directors.

The Compensation Committee can designate one or more of its members to perform duties on its behalf, subject to reporting to or ratification by the Compensation Committee.

Since 2005, the Compensation Committee has engaged the services of Professor Brian Hall of the Harvard Business School to advise the committee with respect to executive compensation philosophy, cash and equity incentive design, the amount of cash and equity compensation awarded, and committee process. The Compensation Committee selected Professor Hall, and he reports directly to the Compensation Committee and interacts with management at the direction of the Compensation Committee. Professor Hall has not performed work for Intel other than pursuant to his engagement by the committee.

During 2008, Professor Hall's work with the Compensation Committee included:

advice and recommendations on the cash and equity compensation programs and instruments;

advice on an employee stock option exchange program (see Proposal 4); and

recommendations for Chairman and CEO compensation.

The Compensation Committee has continued to engage Professor Hall in 2009 to advise it with regard to executive compensation programs, review and analysis of compensation data, and related matters.

The CEO makes a recommendation to the Compensation Committee on the base salary, annual incentive cash baselines, and equity awards for each executive officer other than himself, based on his assessment of each executive officer's performance during the year and his review of compensation data gathered from compensation surveys. For more information on the responsibilities and activities of the Compensation Committee, including the committee's processes for determining executive compensation, see Compensation Discussion and Analysis, Report of the Compensation Committee, and Executive Compensation in this proxy statement, and the Compensation Committee's charter.

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee reviews and reports to the Board on a periodic basis with regard to matters of corporate governance and corporate responsibility, such as environmental, sustainability, workplace, and stakeholder issues. The committee also reviews and assesses the effectiveness of the Board's Corporate Governance Guidelines, makes recommendations to the Board regarding proposed revisions to the Guidelines and committee charters, reviews the policy related to the implementation of a poison pill, and makes recommendations to the Board regarding the size and composition of the Board and its committees. In addition, the committee makes recommendations to the Board regarding the agendas for our annual meetings, reviews stockholder proposals, makes recommendations to the Board for action on such proposals, and reviews and makes recommendations concerning compensation for our non-employee directors. The Corporate Governance and Nominating Committee's charter describes the responsibilities and activities of the committee in detail.

The Corporate Governance and Nominating Committee is responsible for reviewing with the Board, from time to time, the appropriate skills and characteristics required of Board members in the context of the current makeup of the Board. This assessment includes issues of diversity in numerous factors such as age; understanding of and experience in manufacturing, technology, finance, and marketing; and international experience and culture. The committee reviews these factors, and others considered useful by the committee, in the context of an assessment of the perceived needs of the Board at a particular point in time. As a result, the priorities and emphasis of the committee and of the Board may change from time to time to take into account changes in business and other trends, as well as the portfolio of skills and experience of current and prospective Board members. The committee establishes procedures for the nomination process and recommends candidates for election to the Board.

Consideration of new Board candidates typically involves a series of internal discussions, review of information concerning candidates, and interviews with selected candidates. Board members typically suggest candidates for nomination to the Board. In 2008, we employed a professional search firm in connection with seeking Board candidates; however, neither of our new directors was identified by this search firm. Our CEO first suggested Mr. Donahoe as a prospective Board candidate, and one of our independent directors suggested Mr. Yeary. The committee considers candidates proposed by stockholders and evaluates them using the same criteria as for other candidates. A stockholder

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seeking to suggest a prospective nominee for the committee's consideration should submit the candidate's name and qualifications to our Corporate Secretary. The Corporate Secretary's contact information can be found in *Other Matters; Communicating with Us*.

*Executive Committee.* The Executive Committee may exercise the authority of the Board between Board meetings, except to the extent that the Board has delegated authority to another committee or to other persons, and except as limited by applicable law.

*Finance Committee.* The Finance Committee reviews and recommends matters related to our capital structure, including the issuance of debt and equity securities; banking arrangements, including the investment of corporate cash; and management of the corporate debt structure. In addition, the Finance Committee reviews and approves finance and other cash management transactions. The Finance Committee appoints the members of, and oversees, the Retirement Plans Investment Policy Committee, which sets the investment policy and chooses investment managers for the company's domestic profit sharing and retirement plans. Mr. Pottruck is chairman of the Retirement Plans Investment Policy Committee, whose other members are Intel employees.

*Attendance at Board, Committee, and Annual Stockholders' Meetings.* The Board held six meetings in 2008. We expect each director to attend every meeting of the Board and the committees on which he or she serves as well as the annual stockholders' meeting. In 2008, each director attended the 2008 Annual Stockholders' Meeting, with the exception of Dr. Shaw. All directors attended at least 75% of the meetings of the Board and the committees on which they served in 2008.

*Director Independence.* Each of the non-employee directors qualifies as independent in accordance with the published listing requirements of NASDAQ: Ambassador Barshefsky, Ms. Decker, Mr. Donahoe, Mr. Hundt, Dr. Plummer, Mr. Pottruck, Dr. Shaw, Mr. Thornton, Mr. Yeary, and Dr. Yoffie. Because Mr. Otellini is employed by Intel, he does not qualify as independent.

The NASDAQ rules have objective tests and a subjective test for determining who is an independent director. Under the objective tests, a director cannot be considered independent if he or she:

is an employee of the company; or

is a partner in, or an executive officer of, an entity to which the company made, or from which the company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year.

The subjective test states that an independent director must be a person who lacks a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board has not established categorical standards or guidelines to make these subjective determinations, but considers all relevant facts and circumstances.

In addition to the Board-level standards for director independence, the directors who serve on the Audit Committee each satisfy standards established by the SEC providing that to qualify as independent for the purposes of membership on that committee, members of audit committees may not accept directly or indirectly any consulting, advisory, or other compensatory fee from the company other than their director compensation.

*Transactions Considered in Independence Determinations.* In making its independence determinations, the Board considered transactions occurring since the beginning of 2006 between Intel and entities associated with the independent directors or members of their immediate family. All identified transactions that appear to relate to Intel

and a family member of, or entity with a known connection to, a director are presented to the Board for consideration.

None of the non-employee directors was disqualified from independent status under the objective tests. In making its subjective determination that each non-employee director is independent, the Board reviewed and discussed additional information provided by the directors and the company with regard to each director's business and personal activities as they may relate to Intel and Intel's management. The Board considered the transactions in the context of the NASDAQ objective standards, the special standards established by the SEC for members of audit committees, and the SEC and U.S. Internal Revenue Service (IRS) standards for compensation committee members. Based on all of the foregoing, as required by NASDAQ rules, the Board made a subjective determination that, because of the nature of the director's relationship with the entity and/or the amount involved, no relationships exist that, in the opinion of the Board, would impair the director's independence. The Board's independence determinations included reviewing the following transactions.

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Ambassador Barshefsky is a partner at the law firm of Wilmer Cutler Pickering Hale and Dorr LLP. Intel paid this firm less than 1% of this firm's revenue in 2008, 2007, and 2006 for professional services. Ambassador Barshefsky does not provide any legal services to Intel, and she does not receive any compensation related to our payments to this firm. Ambassador Barshefsky's husband is an officer of American Honda Motor Co., Inc. (which is wholly owned by Honda Motor Co., Ltd.). Intel and the Intel Foundation participated in loans to Honda Finance Corp., a subsidiary of Honda Motor Co., Ltd., in 2006, 2007, and 2008 by purchasing short-term debt instruments as part of our cash management portfolio.

Ms. Decker, Mr. Donahoe, Mr. Hundt, Dr. Plummer, Mr. Pottruck, Dr. Shaw, Mr. Thornton, Mr. Yeary, Dr. Yoffie, or one of their immediate family members have each served as a trustee, director, employee, or advisory board member for one or more colleges or universities. Intel has a variety of dealings with these institutions, including:

sponsored research and technology licenses;

charitable contributions (matching and discretionary);

fellowships and scholarships;

facility, engineering, and equipment fees; and

payments for training, event hosting, and organizational participation or membership dues.

Payments to each of these institutions (including discretionary contributions by Intel and the Intel Foundation) constituted less than the greater of \$200,000 or 1% of that institution's 2008 annual revenue.

With the exception of Mr. Donahoe, Mr. Pottruck, Mr. Yeary, and Dr. Yoffie, each of our non-employee directors is, or was during the previous three fiscal years, a non-management director of another company that did business with Intel at some time during those years. These business relationships were as a supplier or purchaser of goods or services, licensing or research arrangements, or financing arrangements in which Intel or the Intel Foundation participated as a creditor.

*Code of Conduct.* It is our policy that all employees must avoid any activity that is or has the appearance of being hostile, adverse, or competitive with Intel, or that interferes with the proper performance of their duties, responsibilities, or loyalty to Intel. Our Code of Conduct contains these policies and applies to our directors (with respect to their Intel-related activities), executive officers, and other employees.

Each director and executive officer must inform our Board when confronted with any situation that may be perceived as a conflict of interest with Intel, even if the person does not believe that the situation would violate our Code of Conduct. If in a particular circumstance the Board concludes that there is or may be a perceived conflict of interest, the Board will instruct our Legal department to work with our relevant business units to determine if there is a conflict of interest and, if there is, how the conflict should be resolved.

Any waivers of these conflict rules with regard to a director or an executive officer require the prior approval of the Board or the Audit Committee. Our Code of Conduct is our code-of-ethics document. We have posted our Code of Conduct on our web site at [www.intc.com](http://www.intc.com) under the Corporate Governance & Ethics section.

*Communications from Stockholders to Directors.* The Board recommends that stockholders initiate communications with the Board, the Chairman, or any committee of the Board in writing to the attention of our Corporate Secretary at the address set forth in Other Matters; Communicating with Us. This process will assist the Board in reviewing and

responding to stockholder communications in an appropriate manner. The Board has instructed our Corporate Secretary to review such correspondence and, at his discretion, not to forward items if he deems them to be of a commercial or frivolous nature or otherwise inappropriate for the Board's consideration.



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*Corporate Governance Guidelines.* The Board has adopted a set of Corporate Governance Guidelines. The Corporate Governance and Nominating Committee is responsible for overseeing the Guidelines and annually reviews them and makes recommendations to the Board concerning corporate governance matters. The Board may amend, waive, suspend, or repeal any of the Guidelines at any time, with or without public notice, as it determines necessary or appropriate in the exercise of the Board's judgment or fiduciary duties.

We have posted the Guidelines on our web site at *www.intc.com* under the "Corporate Governance & Ethics" section. Among other matters, the Guidelines include the following items concerning the Board:

Independent directors may not stand for re-election after age 72, and management directors, other than former CEOs, may not stand for re-election after age 65. Corporate officers may continue as such no later than age 65.

Directors are limited to service on four public company boards, including Intel's but excluding not-for-profit and mutual fund boards. If the director serves as an active CEO of a public company, the director is limited to service on three public company boards, including Intel's.

The CEO reports at least annually to the Board on succession planning and management development.

The Chairman of the Board manages a process whereby the Board and its members are subject to annual evaluation and self-assessment.

The Board will obtain stockholder approval before adopting any poison pill. If the Board later repeals this policy and adopts a poison pill without prior stockholder approval, the Board will submit the poison pill to an advisory vote by Intel's stockholders within 12 months from the date that the Board adopts the poison pill. If the company's stockholders fail to approve the poison pill, the Board may elect to terminate, retain, or modify the poison pill in the exercise of its fiduciary responsibilities.

In addition, the Board has adopted a policy committing not to issue shares of preferred stock to prevent an unsolicited merger or acquisition.

**Table of Contents****DIRECTOR COMPENSATION**

The general policy of the Board is that compensation for independent directors should be a mix of cash and equity-based compensation. Intel does not pay management directors for Board service in addition to their regular employee compensation. The Corporate Governance and Nominating Committee, which consists solely of independent directors, has the primary responsibility for reviewing and considering any revisions to director compensation. The Board reviews the committee's recommendations and determines the amount of director compensation.

Intel's Legal department, Corporate Secretary, and Compensation and Benefits Group in the Human Resources department support the committee in setting director compensation and creating director compensation programs. In addition, the committee can engage the services of outside advisers, experts, and others to assist the committee. During 2008, the committee did not use an outside adviser to aid in setting director compensation.

To assist the committee in its annual review of director compensation, Intel's Compensation and Benefits Group provides director compensation data compiled from the annual reports and proxy statements of companies that the Board uses as its peer group for determining director compensation. The director peer group consists of companies within the Standard & Poor's 100 Index (S&P 100) and technology companies generally considered comparable to Intel. The committee targets cash and equity compensation at the median of the peer group. The director peer group consists of the following companies:

<b>Company</b>	<b>Reported Fiscal Year</b>	<b>Revenue (\$ in billions)</b>	<b>Net Income (Loss) (\$ in billions)</b>	<b>Market Capitalization on March 3, 2009 (\$ in billions)</b>
American International Group Inc.	12/31/08	11.1	(99.3)	1.2
Bank of America Corporation	12/31/08	72.8	4.0	18.3
Chevron Corporation	12/31/08	273.0	23.9	117.3
Cisco Systems Inc.	7/26/08	39.5	8.1	84.0
Dell Inc.	2/1/08	61.1	2.9	17.8
Hewlett-Packard Company	10/31/08	118.4	8.3	67.9
International Business Machines Corporation	12/31/08	103.6	12.3	117.8
Johnson & Johnson	12/28/08	63.7	12.9	131.8
JP Morgan Chase & Co.	12/31/08	67.3	5.6	78.4
Microsoft Corporation	6/30/08	60.4	17.7	141.2
Motorola, Inc.	12/31/08	30.1	(4.2)	7.5
The Procter & Gamble Company	6/30/08	83.5	12.1	136.7
Texas Instruments Incorporated	12/31/08	12.5	1.9	18.1
Wal-Mart Stores, Inc.	1/31/08	374.5	12.7	185.9
<b>Intel 2008</b>	12/27/08	37.6	5.3	68.3
<b>Intel 2008 Peer Group Percentile Rank</b>		21st	37th	38th

After reviewing peer group director compensation data in June 2008, the committee did not recommend any changes to director compensation, as the current level of compensation was deemed competitive. The Board followed the recommendation of the committee and determined that no changes would be made to non-employee director compensation in 2008. The Board recognizes that the market capitalization for many of the peer group companies has changed significantly since June 2008, and the Board will review the composition of the peer group again in 2009.

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Non-employee director compensation consists of the following elements:

annual cash retainer of \$75,000

annual restricted stock unit (RSU) grant with a market value of approximately \$145,000

Audit Committee chair annual fee of \$20,000

all other committee chair annual fees of \$10,000 per committee

non-chair Audit Committee member annual fee of \$10,000

Lead Independent Director annual RSU grant with a market value of approximately \$30,000

The following table details the total compensation of Intel's non-employee directors for the year ended December 27, 2008.

**Director Summary Compensation for Fiscal Year 2008**

Name	Fees Earned		Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total (\$)
	or Paid in Cash (\$)	Stock Awards \$(1)	(\$)(2)	(\$)(3)	
Charlene Barshefsky <sup>(4)</sup>	75,000	117,200			192,200
Carol A. Bartz <sup>(5)</sup>	85,000	41,400			126,400
Susan L. Decker	75,000	89,600			164,600
D. James Guzy <sup>(6)</sup>	47,500				47,500
Reed E. Hundt <sup>(7)</sup>	85,000	261,100			346,100
James D. Plummer	85,000	112,600		20,000	217,600
David S. Pottruck	95,000	137,800			232,800
Jane E. Shaw	100,000	166,300			266,300
John L. Thornton	75,000	122,100		10,000	207,100
David B. Yoffie	90,000	137,800		10,000	237,800

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Total	812,500	1,185,900	40,000	2,038,400
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