

INTEL CORP  
Form DEF 14A  
April 04, 2011

**Table of Contents**

**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:

☐ Preliminary Proxy Statement

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under Rule 14a-12

☐ **Confidential, for Use of the Commission Only**  
**(as permitted by Rule 14a-6(e)(2))**

**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.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

---

**Table of Contents**

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

April 4, 2011

Dear Stockholder:

We look forward to your attendance in person, virtually via the Internet, or by proxy at the 2011 Annual Stockholders Meeting. We will hold the meeting at 8:30 a.m. Pacific Time on Thursday, May 19, 2011. You may attend and participate in the annual meeting via the Internet at [www.intc.com](http://www.intc.com) where you will be able to vote electronically and submit questions during the meeting. Only stockholders who use their control number to log on to the meeting will be able to vote electronically and submit questions during the meeting. Stockholders also may attend the meeting in person at Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, California 95054. Only stockholders showing proof of ownership will be allowed to attend the meeting in person.

We also are pleased to furnish proxy materials to stockholders primarily over the Internet. This process expedites stockholders' receipt of proxy materials, while significantly lowering the costs of our annual meeting and conserving natural resources. On April 4, 2011, we mailed our stockholders a notice containing instructions on how to access our 2011 Proxy Statement and 2010 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 proxy statement and the annual report 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>
Amendment and extension of the 2006 Stock Purchase Plan	<b>FOR</b>
Advisory vote on executive compensation	<b>FOR</b>
Advisory vote on the frequency of holding future advisory votes on executive compensation	<b>N/A</b>

Please refer to the proxy statement for detailed information on each of the proposals and the annual meeting. Your vote is important, and we strongly urge you to cast your vote. For most items being put to a vote, including the election of directors, if you do not provide voting instructions via the Internet, by telephone, or by returning a proxy card or voting instruction card, your shares will not be voted. We encourage you to vote promptly, even if you plan to attend the annual meeting.

Sincerely yours,

Jane E. Shaw  
*Chairman of the Board*

---

**Table of Contents**

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

**NOTICE OF 2011 ANNUAL STOCKHOLDERS MEETING**

<b>TIME AND DATE</b>	8:30 a.m. Pacific Time on Thursday, May 19, 2011
<b>PLACE</b>	Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, CA 95054
<b>INTERNET</b>	Attend the annual meeting online, including voting and submitting questions, at <i>www.intc.com</i>
<b>AGENDA</b>	<p>Elect the 10 director nominees named in the proxy statement</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>Amend and extend the 2006 Stock Purchase Plan</p> <p>Hold an advisory vote on executive compensation</p> <p>Hold an advisory vote on the frequency of holding future advisory votes on executive compensation</p> <p>Transact other business that may properly come before the annual meeting (including adjournments and postponements)</p>
<b>RECORD DATE</b>	March 21, 2011
<b>VOTING</b>	<p>Please vote as soon as possible to record your vote, even if you plan to attend the annual meeting in person or via the Internet. Your broker will NOT be able to vote your shares with respect to the election of directors and most of the other matters presented at the meeting, unless you have given your broker specific instructions to do so. We strongly encourage you to vote. You have three options for submitting your vote before the annual meeting:</p> <p>Internet</p> <p>Phone</p> <p>Mail</p>

By Order of the Board of Directors

Cary I. Klafter  
*Corporate Secretary*

Santa Clara, California  
April 4, 2011

---

## TABLE OF CONTENTS

	<b>Page</b>
<u>Internet Availability of Proxy Materials</u>	4
<u>Attending the Annual Meeting</u>	4
<u>Questions</u>	4
<u>Proxy Statement</u>	5
<u>Proposal 1: Election of Directors</u>	6
<u>Corporate Governance</u>	10
<u>Director Compensation</u>	17
<u>Director Compensation for Fiscal Year 2010</u>	18
<u>Outstanding Equity Awards for Directors at Fiscal Year-End 2010</u>	20
<u>Security Ownership of Certain Beneficial Owners and Management</u>	22
<u>Certain Relationships and Related Transactions</u>	23
<u>Compensation Discussion and Analysis</u>	24
<u>Report of the Compensation Committee</u>	38
<u>Executive Compensation</u>	39
<u>2010 Summary Compensation Table</u>	39
<u>Grants of Plan-Based Awards in Fiscal Year 2010</u>	42
<u>Outstanding Equity Awards at Fiscal Year-End 2010</u>	44
<u>Option Exercises and Stock Vested in Fiscal Year 2010</u>	46
<u>Pension Benefits for Fiscal Year 2010</u>	46
<u>Non-Qualified Deferred Compensation for Fiscal Year 2010</u>	47
<u>Employment Contracts and Change in Control Arrangements</u>	48



<u>Other Potential Post-Employment Payments</u>	48
<u>Changes to Executive Compensation Programs for 2011</u>	50
<u>Report of the Audit Committee</u>	52
<u>Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm</u>	54
<u>Proposal 3: Approval of Amendment and Extension of the 2006 Equity Incentive Plan</u>	56
<u>Proposal 4: Approval of Amendment and Extension of the 2006 Stock Purchase Plan</u>	64
<u>Proposal 5: Advisory Vote on Executive Compensation</u>	68
<u>Proposal 6: Advisory Vote on the Frequency of Holding Future Advisory Votes on Executive Compensation</u>	69
<u>Additional Meeting Information</u>	69
<u>Other Matters</u>	70
<u>Stockholders Sharing the Same Last Name and Address</u>	71
<u>Exhibit A: Intel Corporation 2006 Equity Incentive Plan</u>	A-1
<u>Exhibit B: Intel Corporation 2006 Stock Purchase Plan</u>	B-1

---

**Table of Contents**

**INTERNET AVAILABILITY OF PROXY MATERIALS**

We are furnishing proxy materials to our stockholders primarily via the Internet. On April 4, 2011, we mailed most of 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 vote via the Internet or by telephone. Other stockholders, in accordance with their prior requests, 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 paper copies of 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.

**Important Notice Regarding the Availability of Proxy Materials for  
the Annual Stockholders Meeting to be Held on May 19, 2011:**

The Notice of 2011 Annual Stockholders Meeting and Proxy Statement, and  
2010 Annual Report and Form 10-K are available at [www.intel.com/intel/annualreports](http://www.intel.com/intel/annualreports).

**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 and photo identification 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

There will be limited food service at the meeting

**Attending and participating via the Internet**

[www.intc.com](http://www.intc.com); we encourage you to sign on prior to the meeting

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](http://www.intc.com)

Anyone can view the annual meeting live via the Internet at [www.intc.com](http://www.intc.com)

Webcast replay available until June 30, 2011

## QUESTIONS

<b>For questions regarding</b>	<b>Contact</b>
Annual meeting	Intel Investor Relations, (408) 765-1480
Stock ownership for registered holders	Computershare Investor Services, LLC <a href="http://www.computershare.com/contactus">www.computershare.com/contactus</a> (800) 298-0146 (within the U.S. and Canada) or (312) 360-5123 (worldwide)
Stock ownership for beneficial holders	Please contact your broker, bank, or other nominee
Voting	D. F. King & Co., Inc. (888) 605-1957 (within the U.S. and Canada) or (212) 269-5550 (worldwide)

**Table of Contents**

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

**PROXY STATEMENT**

Our Board of Directors solicits your proxy for the 2011 Annual Stockholders Meeting and at any postponement or adjournment of the meeting for the matters set forth in Notice of 2011 Annual Stockholders Meeting. The 2011 Annual Stockholders Meeting will be held at 8:30 a.m. Pacific Time on Thursday, May 19, 2011 via the Internet at [www.intc.com](http://www.intc.com) and at Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, CA 95054. We made this proxy statement available to stockholders beginning on April 4, 2011.

**Record Date** March 21, 2011

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

**Shares Outstanding** 5,385,157,638 shares of common stock outstanding as of March 21, 2011

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

**Voting at the Meeting** We encourage stockholders to vote in advance of the annual meeting, even if they plan to attend the meeting. Stockholders can vote in person or via the Internet during the meeting. Stockholders of record who attend the annual meeting in person may obtain a ballot from the inspector of elections. Beneficial holders who attend the annual meeting in person must obtain a proxy from their broker, bank, or other nominee prior to the date of the annual meeting and present it to the inspector of elections with their ballot. Stockholders attending the annual meeting via the Internet should follow the instructions at [www.intc.com](http://www.intc.com) in order to vote or submit questions at the meeting. Voting in person or via the Internet by a stockholder during the meeting will replace any previous votes.

**Polls Close** 9:15 a.m. Pacific Time on May 19, 2011

**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 broker, bank, or other nominee, you may revoke any prior voting instructions by contacting that firm or by voting during the meeting via the Internet.

**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 10 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 at the meeting.

<b>Effect of Abstentions and Broker Non-Votes</b>	Shares not present at the meeting and shares voting <b>abstain</b> have no effect on the election of directors. For each of the other proposals, abstentions have the same effect as negative 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. If you are a beneficial holder and do not provide specific voting instructions to your broker, the organization that holds your shares will not be authorized to vote on most items being put to a vote, including the election of directors. Accordingly, we encourage you to vote promptly, even if you plan to attend the annual meeting.
<b>Voting Instructions</b>	If you complete and submit your proxy voting instructions, the persons named as proxies will follow your instructions. If you are a stockholder of record and 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. However, because the Board is not making a recommendation on Proposal 6, regarding the frequency of holding future advisory votes on executive compensation, your shares will not be voted on that proposal unless you specifically indicate your preference on that matter. The persons named as proxies will vote on any other matters properly presented at the annual meeting in accordance with their best judgment. Our Bylaws set forth requirements for advance notice of nominations and agenda items for the annual meeting, and we have not received timely notice of any such matters that may be properly presented for voting at the annual meeting, other than the items from the Board of Directors described in this proxy statement.
<b>Voting Results</b>	We will announce preliminary results at the annual meeting. We will report final results at <i>www.intc.com</i> and in a filing with the U.S. Securities and Exchange Commission (SEC) on Form 8-K.

**Table of Contents**

**PROPOSAL 1: ELECTION OF DIRECTORS**

Upon the recommendation of our Corporate Governance and Nominating Committee, our Board has nominated the 10 persons listed below to serve as directors. Our nominees for the election of directors at the annual meeting include nine independent directors, as defined in the applicable rules for companies traded on The NASDAQ Global Select Market\* (NASDAQ), and our Chief Executive Officer (CEO).

Each director's term runs from the date of his or her election until our next annual stockholders' meeting, or until his or her successor, if any, is elected or appointed. 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.

Our 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 re-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 2010.* In May 2010, John L. Thornton retired as a member of the Board, and the size of the Board was reduced to 10 at that time.

**Board Composition**

As a large technology company, Intel is a complex organization that operates on a global scale and encompasses research, manufacturing, and marketing functions in a context characterized by rapidly evolving technologies, exposure to business cycles, and significant competition. As discussed below under Board Committees and Charters, the Corporate Governance and Nominating Committee is responsible for reviewing and assessing with the Board the appropriate skills, experience, and background that we seek in Board members in the context of our business and the existing composition of the Board. Independence; understanding of and experience in manufacturing, technology, finance, and marketing; international experience; gender and ethnic diversity; and age are factors that the Board annually evaluates in assessing the Board's skills, experience, and background. The committee and the Board review and assess the effectiveness of their practices for consideration of diversity in nominating director candidates by periodically analyzing the diversity of skills, experience, and background of the Board as a whole, and, based on that analysis, determining whether it may be desirable to add to the Board a director with a certain type of background, experience, personal characteristics, or skills, or a combination thereof, to further advance the Board's goal of creating and sustaining a Board that can appropriately support and oversee the company's activities.

We believe that our business accomplishments are a direct result of the efforts of our employees around the world, and that a diverse employee population will result in a better understanding of our customers' needs and better products tailored to meet those needs. Our success with a diverse workforce also informs our views about the value of a board

of directors that has persons of diverse skills, experiences, and backgrounds. Intel's commitment to diversity is reflected on our Diversity web site at [www.intel.com/about/companyinfo/diversity](http://www.intel.com/about/companyinfo/diversity), in our Corporate Responsibility Report under Social Factors, found at [www.intel.com/go/responsibility](http://www.intel.com/go/responsibility), and, at the Board level, in our Corporate Governance Guidelines, found at [www.intel.com/go/governance](http://www.intel.com/go/governance).

Listed below are the skills and experience that we consider important for our directors to have in light of our current business and structure. The directors' biographies that follow the list note each director's relevant experience, qualifications, and skills relative to this list.

*Senior Leadership Experience.* Directors who have served in senior leadership positions are important to us, as they bring experience and perspective in analyzing, shaping, and overseeing the execution of important operational and policy issues at a senior level. These directors' insights and guidance, and their ability to assess and respond to situations encountered in serving on our Board, may be enhanced if their leadership experience was developed at

**Table of Contents**

businesses or organizations that operated on a global scale, faced significant competition, or involved technology or other rapidly evolving business models.

*Public Company Board Experience.* Directors who have served on other public company boards can offer advice and insights with regard to the dynamics and operation of a board of directors; the relations of a board to the CEO and other management personnel; the importance of particular agenda and oversight matters; and oversight of a changing mix of strategic, operational, and compliance-related matters.

*Business Development and Mergers and Acquisitions (M&A) Experience.* Directors who have a background in business development and in M&A transactions can provide insight into developing and implementing strategies for growing our business through combination with other organizations. Useful experience in this area includes consideration of make versus buy, analysis of the fit of a proposed acquisition with a company's strategy, the valuation of transactions, and management's plans for integration with existing operations.

*Financial Expertise.* Knowledge of financial markets, financing and funding operations, and accounting and financial reporting processes is important because it assists our directors in understanding, advising, and overseeing Intel's capital structure, financing and investing activities, financial reporting, and internal control of such activities.

*Industry and Technical Expertise.* Because we are a technology, hardware, and software provider, education or experience in relevant technology is useful in understanding our research and development efforts, competing technologies, the various products and processes that we develop, our manufacturing and assembly and test operations, and the market segments in which we compete.

*Brand Marketing Expertise.* Directors who have brand marketing experience can provide expertise and guidance as we seek to maintain and expand brand and product awareness and a positive reputation.

*Government Expertise.* Directors who have served in government positions can provide experience and insight into working constructively with governments around the world and addressing significant public policy issues, particularly in areas related to Intel's business and operations, and support for science, technology, engineering, and mathematics education.

*Global Expertise.* Because we are a global organization with research and development, manufacturing, assembly and test facilities, and sales and other offices in many countries, and with a majority of our revenue coming from sales outside the United States, directors with global expertise can provide a useful business and cultural perspective regarding many significant aspects of our business.

*Legal Expertise.* Directors who have legal education and experience can assist the Board in fulfilling its responsibilities related to the oversight of Intel's legal and regulatory compliance, and engagement with regulatory authorities.

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

<b>Name</b>	<b>Position with the Company</b>	<b>Age as of the Record Date</b>	<b>Intel Board Member Since</b>
Ambassador Charlene Barshefsky	Director	60	2004
Susan L. Decker	Director	48	2006
John J. Donahoe	Director	50	2009



## Edgar Filing: INTEL CORP - Form DEF 14A

Reed E. Hundt	Director	63	2001
Paul S. Otellini	Director, President, and Chief Executive Officer	60	2002
James D. Plummer	Director	66	2005
David S. Pottruck	Director	62	1998
Jane E. Shaw	Director, Chairman of the Board	72	1993
Frank D. Yeary	Director	47	2009
David B. Yoffie	Director	56	1989

### **Directors Principal Occupation, Business Experience, Qualifications, and Directorships**

**Ambassador Charlene Barshefsky** has been a director of Intel since 2004 and a Senior International Partner at Wilmer Cutler Pickering Hale and Dorr LLP, a multinational law firm in Washington, D.C., since 2001. Prior to joining the law firm, Ambassador Barshefsky served as the United States Trade Representative, chief trade negotiator, and principal trade policy maker for the United States and a member of the President's cabinet from 1997 to 2001. Ambassador Barshefsky is also a director of American Express Company, Starwood Hotels & Resorts Worldwide, and Estée Lauder Companies; served on the board of directors of the U.S. Council on Foreign Relations; and is a trustee of the Howard Hughes Medical Institute.

**Table of Contents**

Ambassador Barshefsky brings to the Board significant international experience acquired prior to, during, and after her tenure as a United States Trade Representative. As the chief trade negotiator for the United States, Ambassador Barshefsky headed an executive branch agency that operated on an international scale in matters affecting international trade and commerce. Ambassador Barshefsky's position as Senior International Partner at a multinational law firm also brings to the Board continuing experience in dealing with foreign governments, focusing on market access and the regulation of business and investment. Through her government and private experience, Ambassador Barshefsky provides substantial expertise in doing business in China, where Intel has significant operations. As a director for other multinational companies, Ambassador Barshefsky also provides cross-board experience.

**Susan L. Decker** has been a director of Intel since 2006. She currently is a private investor and advisor, and was an Entrepreneur-in-Residence at Harvard Business School in Cambridge, Massachusetts, from 2009 to 2010, where she was involved in case development activities and helped develop and teach the Silicon Valley Immersion Program for Harvard Business School. Ms. Decker served as President of Yahoo! Inc., a global Internet company in Sunnyvale, California, from 2007 to 2009; Executive Vice President of the Advertiser and Publisher Group of Yahoo! Inc. from 2006 to 2007; and Executive Vice President of Finance and Administration, and Chief Financial Officer (CFO) of Yahoo! Inc. from 2000 to 2007. Prior to joining Yahoo!, Ms. Decker was with the Donaldson, Lufkin & Jenrette investment banking firm for 14 years, most recently as the global director of equity research. Ms. Decker is also a member of Berkshire Hathaway Inc. and Costco Wholesale Corporation boards of directors and a member of those companies' nominating and governance committees. Ms. Decker also served as a member of the board of directors of Pixar Animation Studios from 2004 to 2006.

Ms. Decker's experience as president of a global Internet company provides expertise in corporate leadership, financial management, and Internet technology. In her role as a CFO, Ms. Decker was responsible for finance, human resources, legal, and investor relations functions, and she played a significant role in developing business strategy, which experience supports the Board's efforts in overseeing and advising on strategy and financial matters. Ms. Decker also provides brand marketing experience from her role as senior executive of Yahoo's Advertiser and Publisher Group. In addition, Ms. Decker's 14 years as a financial analyst and having served on the Financial Accounting Standards Advisory Council for a four-year term from 2000 to 2004 enable her to offer valuable perspectives on Intel's corporate planning, budgeting, and financial reporting. As a director for other multinational companies, Ms. Decker also provides cross-board experience.

**John J. Donahoe** has been a director of Intel since 2009 and President and CEO of eBay Inc., a global online marketplace in San Jose, California, since 2008. Mr. Donahoe joined eBay in 2005 as President of eBay Marketplaces, and was responsible for eBay's global e-commerce businesses. In this role, he focused on expanding eBay's core business, which accounts for a large percentage of the company's revenue. Prior to joining eBay, Mr. Donahoe was the Worldwide Managing Director for Bain & Company, a global management consulting firm based in Boston, Massachusetts, from 2000 to 2005, where he oversaw Bain's 30 offices and 3,000 employees. In addition to serving on eBay's board of directors, Mr. Donahoe is on the board of trustees of Dartmouth College.

Mr. Donahoe brings senior leadership, strategic, and global expertise to the Board from his current position as CEO of a major Internet company and his prior work as a management consultant and leader of a global business consulting firm. In his role at eBay, Mr. Donahoe oversaw a number of strategic acquisitions, bringing business development and M&A experience to the Board. Mr. Donahoe also provides technical and brand marketing experience from his role as a leader of global e-commerce businesses.

**Reed E. Hundt** has been a director of Intel since 2001 and a principal of REH Advisors LLC, a strategic advice firm in Washington, D.C., since 2009. Mr. Hundt was an independent adviser to McKinsey & Company, Inc., a worldwide management consulting firm in Washington, D.C., from 1998 to 2009, and Principal of Charles Ross Partners, LLC, a

private investor and advisory service in Washington, D.C., from 1998 to 2009. Mr. Hundt served as Chairman of the U.S. Federal Communications Commission (FCC) from 1993 to 1997 and was a member of Barack Obama's Presidential Transition Team from 2008 to 2009. From 1982 to 1993, Mr. Hundt was a practicing attorney with Latham & Watkins, a multinational law firm, in the firm's Los Angeles, California and Washington, D.C. offices. Within the past five years, Mr. Hundt has served as a member of the board of directors of Infinera Corporation and Data Domain, Inc., and numerous private companies.

As an independent adviser to a worldwide management consulting firm and an investor in telecommunications companies on a worldwide basis, Mr. Hundt has significant global experience in communications technology and the communications business. Mr. Hundt also has significant government experience from his service as Chairman of the FCC, where he helped negotiate the World Trade Organization Telecommunications Agreement, opening markets in 69 countries to competition and reducing barriers to foreign investment. Mr. Hundt's legal experience enables him to provide perspective

## **Table of Contents**

and oversight with regard to the company's legal and compliance matters, and his board service with numerous other companies, including on their audit committees, provides cross-board experience and financial expertise.

**Paul S. Otellini** has been a director of Intel since 2002 and President and CEO since 2005. Mr. Otellini has been with Intel since 1974 and has also served as Intel's Chief Operating Officer (COO) from 2002 to 2005; Executive Vice President and General Manager, Intel Architecture Group, from 1998 to 2002; and Executive Vice President and General Manager, Sales and Marketing Group, from 1996 to 1998. Mr. Otellini is a member of the board of directors of Google Inc.

As our CEO and a senior executive officer with over 35 years of service with Intel, Mr. Otellini brings to the Board significant senior leadership, sales and marketing, industry, technical, and global experience as well as a unique perspective of the company. As CEO, Mr. Otellini has direct responsibility for Intel's strategy and operations. Mr. Otellini's service on the board of Google enables him to offer cross-board and industry expertise related to governance of a major global Internet company.

**James D. Plummer** has been a director of Intel since 2005 and a Professor of Electrical Engineering at Stanford University in Stanford, California since 1978, and the Dean of the School of Engineering since 1999. Dr. Plummer received his PhD degree in Electrical Engineering from Stanford University. Dr. Plummer has published over 400 papers on silicon devices and technology, has won numerous awards for his research, and is a member of the U.S. National Academy of Engineering. Dr. Plummer also directed the Stanford Nanofabrication Facility from 1994 to 2000. Dr. Plummer is a member of the board of directors of International Rectifier Corporation. Within the past five years, Dr. Plummer has served as a member of the board of directors of Leadis Technology, Inc. and on the Technical Advisory Board of Cypress Semiconductor.

As a scholar and educator in the field of integrated circuits, Dr. Plummer brings to the Board industry and technical experience directly related to our company's semiconductor research and development, and manufacturing. Dr. Plummer's board service with other public companies, including on their audit committees, provides cross-board experience and financial expertise.

**David S. Pottruck** has been a director of Intel since 1998 and Chairman and CEO of Red Eagle Ventures, Inc., a private equity firm in San Francisco, California, since 2005. Since 2009, Mr. Pottruck has also served as Co-Chairman of Hightower Advisors, a wealth management company in Chicago, Illinois. He has been an advisory board member of Diamond Technology and Management Consultants, Inc., a publicly held consulting firm, since 2004. Mr. Pottruck teaches in the MBA and Executive Education programs of the Wharton School of the University of Pennsylvania, and has held adjunct faculty positions at five universities. In 2004, Mr. Pottruck resigned from the Charles Schwab Corporation after a 20-year career, having served as President, CEO, and a member of the board.

As the Chairman and CEO of a private equity firm, and as former CEO of a major brokerage firm with substantial Internet operations, Mr. Pottruck brings to the Board significant senior leadership, management, operational, financial, business development, and brand management experience.

**Jane E. Shaw** has been a director of Intel since 1993 and Chairman of the Board of Directors of Intel since May 2009. In 2005, Dr. Shaw retired as Chairman and CEO of Aerogen, Inc., a specialty medical device company in Mountain View, California that develops drug-device combination aerosol products for patients with respiratory disorders, after serving as Chairman and CEO since 1998. Dr. Shaw served as President and COO of ALZA Corporation, a pharmaceutical company, from 1987 to 1994, and was founder of The Stable Network, a biopharmaceutical consulting company. Dr. Shaw serves on the board of McKesson Corporation, and she previously served on the board of OfficeMax Incorporated from 1994 to 2006. Dr. Shaw received a PhD from the University of Birmingham in England.

Dr. Shaw has significant executive experience with the strategic, financial, and operational requirements of large research and manufacturing-oriented organizations, and brings to our Board senior leadership, health industry, and financial experience. In addition, having served as CEO of a pharmaceutical company, she has substantial experience in dealing with research and development efforts and technological innovation. As a director of a public company board, Dr. Shaw also provides cross-board experience.

**Frank D. Yeary** has been a director of Intel since 2009 and Vice Chancellor of the University of California in Berkeley, California since 2008, where he advises the chancellor and his senior staff on strategic planning and financial issues. Mr. Yeary is also guiding the university's long-range financial strategy and providing financial expertise for global research and education partnerships between public and private sectors. Mr. Yeary retired in 2008 as Managing Director, Global Head of Mergers and Acquisitions, at Citigroup Investment Banking, a financial services company, after nearly 25 years. Mr. Yeary is a trustee of the board of New York Public Radio and of the University of California, Berkeley Foundation.

## **Table of Contents**

Having an extensive career in investment banking and finance, Mr. Yeary brings to the Board significant business development, M&A, and financial experience related to the business and financial issues facing large corporations. Mr. Yeary also provides strategic and financial expertise from his role as Vice Chancellor of a large public university.

**David B. Yoffie** has been a director of Intel since 1989 and a Professor of International Business Administration at Harvard Business School in Boston, Massachusetts since 1989. Dr. Yoffie has also served as Senior Associate Dean and Chair of Executive Education since 2006. He has been a member of the Harvard University faculty since 1981. He received a PhD from Stanford, where he has been a Visiting Scholar. Dr. Yoffie served as Chairman of the Harvard Business School Strategy department from 1997 to 2002, Chairman of the Advanced Management Program from 1999 to 2002, and chaired Harvard's Young Presidents' Organization from 2004 to 2010. He has also lectured and consulted in more than 30 countries. Dr. Yoffie is a member of the board of directors of the U.S. National Bureau of Economic Research and of Mindtree, Ltd., and has served as a member of the Charles Schwab Corporation board of directors.

As a scholar and educator in the field of international business administration, Dr. Yoffie brings to the Board significant global experience and knowledge of competitive strategy, technology, and international competition. Dr. Yoffie's board service with other public companies also provides cross-board experience. As our longest serving director, Dr. Yoffie provides unique insights and perspectives on Intel's development and strategic direction.

## **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, evaluating the performance of, and determining the compensation of the CEO and other executive officers;

- planning for succession with respect to the position of CEO and monitoring management's succession planning for other executive officers;

- 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 and other enterprise 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 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 the CEO present. 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 Leadership Structure.* Historically, the Board has had a general policy that the positions of Chairman of the Board and CEO should be held by separate persons as an aid in the Board's oversight of management. This policy is in the Board's published Guidelines on Significant Corporate Governance Issues, and has been in effect since the company began operations. Typically in the past, the Chairman has been a former CEO of the company and has served as a full-time executive officer. Dr. Craig R. Barrett, a former CEO, served as a full-time executive officer in his position as Chairman from 2005 until 2009, when he retired from Intel and from his position as Chairman of the Board. In advance of Dr. Barrett's retirement, the Board considered the advisability of next electing an independent director as non-executive Chairman, and in May 2009 elected Dr. Shaw, an independent director, as Chairman. The duties of the non-executive Chairman of the Board include:

presiding over all meetings of the Board;

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

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 of the CEO;  
and

presiding over all meetings of stockholders.

## **Table of Contents**

The Board believes that there may be advantages to having an independent chairman for matters such as communications and relations between the Board, the CEO, and other senior management; in assisting the Board in reaching consensus on particular strategies and policies; and in facilitating robust director, Board, and CEO evaluation processes. Intel's Board currently consists of nine independent directors and the CEO.

Dr. Shaw is not a full-time executive officer of the company, unlike the case with Dr. Barrett and other employee-chairmen in prior years. One of Dr. Shaw's roles is to oversee and manage the Board and its functions, including setting meeting agendas and running Board meetings. In this regard, Dr. Shaw and the Board in their advisory and oversight roles are particularly focused on assisting the CEO and senior management in seeking and adopting successful business strategies and risk management policies, and in making successful choices in management succession.

### **The Board's Role in Risk Oversight at Intel**

One of the Board's functions is oversight of risk management at Intel. Risk is inherent in business, and the Board seeks to understand and advise on risk in conjunction with the activities of the Board and the Board's committees.

*Defining Risk.* The Board and management consider risk for these purposes to be the possibility that an undesired event could occur that might adversely affect the achievement of our objectives. Risks vary in many ways, including the ability of the company to anticipate and understand the risk, the types of adverse impacts that could occur if the undesired event occurs, the likelihood that an undesired event and a particular adverse impact would occur, and the ability of the company to control the risk and the potential adverse impacts. Examples of the types of risks faced by Intel include:

macro-economic risks, such as inflation, reductions in economic growth, or recession;

political risks, such as restrictions on access to markets, confiscatory taxation, or expropriation of assets;

event risks, such as natural disasters; and

business-specific risks related to strategic position, operational execution, financial structure, legal and regulatory compliance, and corporate governance.

Not all risks can be dealt with in the same way. Some risks may be easily perceived and controllable, and other risks unknown; some risks can be avoided or mitigated by particular behavior, and some risks are unavoidable as a practical matter. For some risks, the potential adverse impact would be minor, and, as a matter of business judgment, it may not be appropriate to allocate significant resources to avoid the adverse impact; in other cases, the adverse impact could be significant, and it is prudent to expend resources to seek to avoid or mitigate the potential adverse impact. In some cases, a higher degree of risk may be acceptable because of a greater perceived potential for reward. Intel engages in numerous activities seeking to align its voluntary risk-taking with company strategy, and understands that its projects and processes may enhance the company's business interests by encouraging innovation and appropriate levels of risk-taking.

Management is responsible for identifying risk and risk controls related to significant business activities; mapping the risks to company strategy; and developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward, the appropriate manner in which to control risk, and the support of the programs discussed below and their risk to company strategy. The Board implements its risk oversight responsibilities by having management provide periodic briefing and informational sessions on the significant



voluntary and involuntary risks that the company faces and how the company is seeking to control risk if and when appropriate. In some cases, as with risks of new technology and risks related to product acceptance, risk oversight is addressed as part of the full Board's engagement with the CEO and management. In other cases, a Board committee is responsible for oversight of specific risk topics. For example, the Audit Committee oversees issues related to internal control over financial reporting, the Compliance Committee oversees issues related to significant pending and threatened litigation, the Finance Committee oversees issues related to the company's risk tolerance in cash-management investments, and the Compensation Committee oversees risks related to compensation programs, as discussed in greater detail below. Presentations and other information for the Board and Board committees generally identify and discuss relevant risk and risk control; and the Board members assess and oversee the risks as a part of their review of the related business, financial, or other activity of the company. The full Board also receives specific reports on enterprise risk management, in which the identification and control of risk are the primary topics of the discussion.

*Risk Assessment in Compensation Programs.* We have assessed the company's compensation programs and have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the company. Intel management assessed the company's executive and broad-based compensation and benefits programs on a worldwide basis to determine if the programs' provisions and operations create undesired or

**Table of Contents**

unintentional risk of a material nature. This risk assessment process included a review of program policies and practices; program analysis to identify risk and risk