

INTEL CORP
Form DEF 14A
April 04, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant To Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

INTEL CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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INTEL CORPORATION

2200 Mission College Blvd.

Santa Clara, CA 95054-1549

(408) 765-8080

April 4, 2012

Dear Stockholder:

We look forward to your attendance virtually via the Internet, in person, or by proxy at the 2012 Annual Stockholders Meeting. We will hold the meeting at 8:30 a.m. Pacific Time on Thursday, May 17, 2012. You may attend and participate in the annual meeting via the Internet at www.intc.com where you will be able to vote and submit questions during the meeting. Stockholders who use the control number that was furnished to them (either with the notice sent to them regarding the availability of these proxy materials or with their copy of these proxy materials) to log on to the meeting will be able to vote 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. On April 4, 2012, we mailed our stockholders a Notice of Internet Availability containing instructions on how to access our 2012 Proxy Statement and 2011 Annual Report and vote online. 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 our proxy materials, please follow the instructions included in the Notice of Internet Availability. 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.intc.com/annuals.cfm.

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, including the election of directors, your shares will not be voted if you do not provide voting instructions via the Internet, by telephone, or by returning a proxy card or voting instruction card. We encourage you to vote promptly, even if you plan to attend the annual meeting.

Sincerely yours,

Jane E. Shaw

Chairman of the Board

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INTEL CORPORATION

NOTICE OF 2012 ANNUAL STOCKHOLDERS MEETING

Time and Date 8:30 a.m. Pacific Time on Thursday, May 17, 2012

Attend via Internet or In Person Attend the annual meeting online, including voting and submitting questions, at www.intc.com
Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, CA 95054

Record Date March 19, 2012

ANNUAL MEETING AGENDA AND VOTING

Proposal

Management proposals

1. Election of the 10 directors named in this proxy statement
2. Ratification of selection of Ernst & Young LLP as our independent registered public accounting firm for the current year
3. Advisory vote to approve executive compensation

Stockholder proposal

4. Whether to hold an advisory vote on political contributions

Voting Recommendation of the Board

FOR EACH DIRECTOR NOMINEE

FOR

FOR

AGAINST

How to Vote: Please act as soon as possible to vote your shares, even if you plan to attend the annual meeting via the Internet or in person.

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 may vote via the Internet, by telephone, or, if you have received a printed version of these proxy materials, by mail.

See **Additional Meeting Information** on page 61 of this proxy statement for further information.

ATTENDING THE ANNUAL MEETING

Attending and participating via the Internet

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www.intc.com; we encourage you to access the meeting online prior to its start time.

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

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

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

Webcast replay is available until December 29, 2012.

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.

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

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice of 2012 Annual Stockholders Meeting and Proxy Statement, and the 2011 Annual Report and Form 10-K, are available at *www.intc.com/annuals.cfm*

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This summary highlights information contained elsewhere in our proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Board Nominees

Name	Director			Occupation	Indepen-	Committee Memberships					
	Age	Since				dent	AC	CC	GNC	CmC	EC
Charlene Barshefsky	61	2004		Senior International Partner, Wilmer Cutler Pickering Hale and Dorr LLP	ü				ü		C
Andy D. Bryant	61	2011		Vice Chairman of the Board of Directors, Intel Corporation							
Susan L. Decker	49	2006		Principal, Deck3 Ventures LLC	ü	C					ü
John J. Donahoe	51	2009		President and CEO, eBay Inc.	ü		ü	ü			
Reed E. Hundt	64	2001		Principal, REH Advisors, LLC	ü	ü			ü		ü
Paul S. Otellini	61	2002		President and CEO, Intel Corporation						ü	
James D. Plummer	67	2005		Professor, Stanford University	ü	ü					ü
David S. Pottruck	63	1998		Chairman and CEO, Red Eagle Ventures, Inc.	ü		C			ü	
Frank D. Yeary	48	2009		Vice Chancellor, University of California, Berkeley	ü	ü			C		ü
David B. Yoffie	57	1989		Professor, Harvard Business School	ü		ü	C			

C Committee Chair

AC Audit Committee

CC Compensation Committee

GNC Corporate Governance and Nominating Committee

CmC Compliance Committee

EC Executive Committee

FC Finance Committee

Company Performance During 2011

2011 was our most profitable year, with record revenue, operating income, net income, and earnings per share. Revenue of \$54.0 billion was up \$10.4 billion, or 24%, from a year ago. 2011 was our second year in a row with revenue growing more than 20%. Our strong financial performance during 2011 has allowed us to make significant investments in our business, including our people, as well as increase the return of cash to our stockholders through common stock repurchases and dividends. During 2011, we repurchased \$14.1 billion of common stock through our common stock repurchase program and increased the quarterly dividend per share by 16% in the third quarter, returning \$4.1 billion to stockholders through dividends.

	2011	2010	
	(\$ in millions, except per share amounts)	(\$ in millions, except per share amounts)	
			Change (%)
Net Revenue	53,999	43,623	24
Net Income (GAAP) ¹	12,942	11,464	13
Net Income (non-GAAP) ²	13,692	11,518	19
Stock Price (high and low) ³	25.66/19.19	24.22/17.67	n/a
Stock Price per Share as of Fiscal Year-End	24.25	20.84	16

¹ Net income (GAAP) results are based on U.S. generally accepted accounting principles (GAAP).

- ² *Net income (non-GAAP) results in the table above exclude certain acquisition accounting impacts and expenses related to acquisitions and the related income tax effects of these charges. In 2011, we completed the acquisitions of McAfee, Inc. and the Wireless Solutions business of Infineon Technologies AG (which operates as Intel Mobile Communications), contributing approximately \$3.6 billion to our revenue growth. Net income (non-GAAP) for 2010 was presented in the 2011 proxy statement as \$11,672 million, which only excluded certain charges recorded in the fourth quarter of 2010, primarily due to a design issue with the Intel® 6 Series Express Chipset family (formerly code named Cougar Point) and the related tax impacts of those charges.*
- ³ *For 2011, based on a 53-week closing-price high and low; and for 2010, based on a 52-week closing-price high and low.*

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During 2011, we also achieved the following operational milestones, showcasing our innovation and manufacturing leadership:

Inspired a new generation of PCs, based on our platforms for Ultrabook systems;

Reinvented the transistor with the introduction of our three-dimensional Tri-Gate process technology;

Realized 22-nanometer (nm) production yield and cost objectives for products formerly code named Ivy Bridge;

Broke ground on the world's first 14-nm fabrication facility in Arizona;

Commenced volume shipments of our 2nd generation Intel® Core™ processor family products; and

Closed two major acquisitions, McAfee and the Wireless Solutions business of Infineon, which added approximately \$3.6 billion in revenue and extended our strategic capabilities into the areas of security and connectivity.

Corporate Governance Highlights

Our Board of Directors is committed to being a leader on corporate governance matters. The Board oversees, counsels, and directs management in the long-term interests of the company and our stockholders. Among the matters in which the Board is actively engaged are business strategy, risk oversight, succession planning, and corporate responsibility and environmental stewardship. The Board has maintained a general policy since the company began operations that the positions of Chairman of the Board and Chief Executive Officer (CEO) should be held by separate persons as an aid in the Board's oversight of management. In recent years, an independent director has served as either Lead Director or Chairman of the Board. In addition:

Only independent directors serve on the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee;

All directors attended at least 75% of the meetings of the Board and the committees on which they served in 2011; and

All directors are in compliance with our director stock ownership guidelines.

Executive Compensation Highlights

Intel is committed to paying for performance. We provide a majority of compensation through programs in which the amounts ultimately received vary to reflect our performance. Our executive compensation programs evolve and are adjusted over time to support Intel's business goals and to promote both near- and long-term profitable growth of the company.

The majority of cash compensation is paid under our annual incentive cash plan based on relative and absolute financial performance, company performance relative to operational goals, and individual performance. Under this program, cash compensation reflects near-term (annual) business performance.

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Equity awards, consisting of variable performance-based outperformance stock units, restricted stock units, and stock options, are used to align compensation with the long-term interests of Intel's stockholders by focusing our executive officers on total stockholder return (TSR). Equity awards generally become fully vested between three and five years after the grant date, so that compensation realized under them reflects the long-term performance of the company's stock.

In setting executive officer compensation, the Compensation Committee evaluates individual performance reviews of the executive officers and compensation of a peer group consisting of 15 technology companies and 10 other large companies.

Total compensation for each executive officer varies with Intel's performance in achieving financial and non-financial objectives, and with individual performance. Each executive officer's compensation is designed to reward his or her contribution to Intel's results. For 2011, the Compensation Committee adjusted two aspects of Intel's executive compensation program based on reviews of our executive compensation philosophy and programs that were conducted in 2010 by two external consultants.

First, for executive officers other than the CEO, we reallocated cash compensation between base salary and annual incentive cash target amounts to ensure that both remain competitive with the external market while continuing to provide the proper performance incentives. To accomplish this goal, we increased base salaries and reduced

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annual incentive cash targets such that total annual cash compensation, based on representative payouts over the last two years, would remain approximately the same.

Second, we simplified the equity-based compensation program, moving from two restricted stock unit programs and two stock option programs, each with unique sets of terms and conditions, to one program for each. Our executive officers' 2011 compensation also reflects adjustments arising from our normal annual process of assessing pay competitiveness.

The following table shows the total direct compensation awarded by the Compensation Committee to our listed officers in 2011 and 2010.

Name and Principal Position	Year	Salary (\$)	Non-Equity Incentive Plan Compensation (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Total Direct Compensation (\$)
Paul S. Otellini President and CEO	2011	1,100,000	6,429,500	34,000	7,331,100	1,802,800	16,697,400
Stacy J. Smith Senior Vice President and Chief Financial Officer	2010	1,000,000	6,790,000	30,400	6,236,800	1,082,200	15,139,400
Andy D. Bryant Vice Chairman of the Board	2011	635,000	1,386,000	12,400	3,251,200	799,500	6,084,100
David Perlmutter Executive Vice President and General Manager, Intel Architecture Group, and Chief Product Officer	2010	475,000	1,575,000	10,400	2,281,700	816,200	5,158,300
A. Douglas Melamed Senior Vice President and General Counsel	2011	760,000	1,912,000	15,400	3,251,200	799,500	6,738,100
	2010	520,000	2,292,300	12,800	4,601,800	744,600	8,171,500
	2011	670,000	1,401,500	12,200	3,251,200	799,500	6,134,400
	2010	506,200	1,837,000	11,200	3,002,300	1,182,900	6,539,600
	2011	645,000	1,540,700	13,300	2,486,200	611,400	5,296,600
	2010	600,000	1,887,500	12,600	2,342,200	496,400	5,338,700

For 2011, our net income and operational performance resulted in an annual incentive cash payout at 117% of target. Year-over-year changes in salary, target annual incentive, and equity award levels reflect the reallocation, individual performance, and competitive market adjustments described above.

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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 2012 Annual Stockholders Meeting and any postponement or adjournment of the meeting for the matters set forth in Annual Meeting Agenda and Voting. We made this proxy statement available to stockholders beginning on April 4, 2012.

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 include eight independent directors, as defined in the rules for companies traded on The NASDAQ Global Select Market* (NASDAQ), and two Intel officers: Paul S. Otellini, our CEO, and Andy D. Bryant, who currently serves as Vice Chairman of the Board and previously served as our Executive Vice President and Chief Administrative Officer. In July 2011, the Board appointed Mr. Bryant as a director and Vice Chairman of the Board, and increased the size of the Board to 11. Dr. Jane E. Shaw will retire from the Board as of the 2012 Annual Stockholders Meeting, at which time the size of the Board will be reduced to 10, and Mr. Bryant will become Chairman of the Board.

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 a director nominee will be elected only if he or she receives a majority of the votes cast with respect to his or her election in an uncontested election (that is, 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.

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

Name	Position with the Company	Age as of the	Intel Board
		Record Date	Member Since
Charlene Barshefsky	Director	61	2004
Andy D. Bryant	Director, Vice Chairman of the Board (Chairman-designate)	61	2011
Susan L. Decker	Director	49	2006
John J. Donahoe	Director	51	2009
Reed E. Hundt	Director	64	2001
Paul S. Otellini	Director, President, and Chief Executive Officer	61	2002
James D. Plummer	Director	67	2005
David S. Pottruck	Director	63	1998
Frank D. Yeary	Director	48	2009
David B. Yoffie	Director	57	1989

Director Skills, Experience, and Background

Intel is a large technology company that operates on a global scale and includes research, manufacturing, and marketing functions. We operate in markets characterized by rapidly evolving technologies, exposure to business cycles, and significant competition. As we discuss 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. In addition to assessing nominees' skills and experience, the Board annually evaluates factors including independence, gender and ethnic diversity, and age. 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 determining whether to add to the Board a director with a certain type of background, experience, personal characteristics, or skills to advance the Board's goal of creating and sustaining a Board that can 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 results in a better understanding of our customers' needs. Our success with a diverse workforce 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/content/www/us/en/company-overview/diversity-at-intel.html; in our Corporate Responsibility Report under Social Factors, found at www.intel.com/go/responsibility; and in our Corporate Governance Guidelines, found at www.intel.com/go/governance.

Listed below are the skills and experience that we consider important for our directors in light of our current business and structure. The directors' biographies 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 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

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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.

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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 / International 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.

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, Estée Lauder Companies, and Starwood Hotels & Resorts Worldwide.

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.

Andy D. Bryant has been a director and Vice Chairman of the Board of Directors of Intel since 2011. Mr. Bryant joined Intel in 1981 as Controller for the Commercial Memory Systems Operation and in 1983 became Systems Group Controller. In 1987, he was promoted to Director of Finance, and was appointed Vice President and Director of Finance of the Intel Products Group in 1990. Mr. Bryant became Chief Financial Officer (CFO) in February 1994, and was promoted to Senior Vice President in January 1999. In December 1999, he was promoted to Executive Vice President and his role expanded to Chief Financial and Enterprise Services Officer. In October 2007, Mr. Bryant was named Chief Administrative Officer (CAO), a position he held until January 2012. In 2009, Mr. Bryant's responsibilities expanded to include the Technology and Manufacturing Group. Mr. Bryant serves on the board of directors of Columbia Sportswear and McKesson Corporation.

Mr. Bryant brings senior leadership, financial, strategic, and global expertise to the Board from his former service as CFO and CAO of Intel. Mr. Bryant has budgeting, accounting controls, and forecasting experience and expertise from his work in Intel Finance, as CFO and as CAO. Mr. Bryant has been responsible for manufacturing, human resources, information technology, and finance. Mr. Bryant has regularly attended Intel Board meetings for over 20 years as CFO and CAO and has direct experience as a board member through his service on other public

company boards.

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Susan L. Decker has been a director of Intel since 2006. She has been a Principal of Deck3 Ventures LLC, a consulting and advisory firm in Menlo Park, California, since 2009, 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 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 the Berkshire Hathaway Inc. and Costco Wholesale Corporation boards of directors, and a trustee of Save the Children.

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, service on audit committees of other public companies, and past service 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 expertise from his role as a leader of global e-commerce businesses.

Reed E. Hundt has been a director of Intel since 2001, a principal of REH Advisors LLC, a strategic advice firm in Washington, D.C., since 2009, and the CEO of the Coalition for Green Capital, a non-profit organization based in Washington, D.C., that designs, develops, and implements green banks at the state, federal, and international level, since 2010. Mr. Hundt was an independent advisor 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. From 1982 to 1993, Mr. Hundt was a partner with Latham & Watkins, an international law firm, in the firm's Los Angeles, California and Washington, D.C. offices. Mr. Hundt is currently a senior advisor to Skadden, Arps, Slate, Meagher & Flom LLP, an international law firm. Within the past five years, Mr. Hundt has served as a member of the boards of directors of Infinera Corporation and Data Domain, Inc.

As an independent advisor 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 and oversight with regard to the company's legal and compliance matters, and his board service with numerous other companies,

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including on their audit committees, provides cross-board experience and financial expertise. His work with a number of ventures involved in the area of sustainable energy and the environment provides him with a unique perspective in overseeing Intel's environmental and sustainability initiatives.

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 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 boards of directors of Cadence Design Systems, Inc. and International Rectifier Corporation. Within the past five years, Dr. Plummer has served as a member of the board of directors of Leadis Technology, Inc.

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. Mr. Pottruck has also served as Co-Chairman of Hightower Advisors, a wealth management company in Chicago, Illinois, since 2009; advisory board member of the University of Pennsylvania Wharton School of Business in Philadelphia, Pennsylvania since 2005; and advisory board member of PwC Diamond Advisory Services, a consulting firm, since 2004. Mr. Pottruck teaches in the MBA and Executive Education programs of the Wharton School of Business 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 that included service as President, CEO, and a member of the board. Mr. Pottruck also serves on the boards of numerous private companies.

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 expertise.

Frank D. Yeary has been a director of Intel since 2009 and Vice Chancellor of the University of California, Berkeley since 2008, where he led and implemented major strategic and financial changes to the university's financial strategy, and from 2010 to 2011 served as interim Chief Administrative Officer, managing a complex portfolio of financial and operational responsibilities and departments. Prior to returning to his alma mater in 2008, Mr. Yeary spent nearly 25 years in the financial industry, most recently as Managing Director, Global Head of Mergers and Acquisitions and a member of the Management Committee at Citigroup Investment Banking, a financial services company. Mr. Yeary is a trustee of the boards of New York Public Radio, the Head-Royce School, and the University of California, Berkeley Foundation.

Having an extensive career in investment banking and finance, Mr. Yeary brings to the Board significant strategy, 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 research university.

David B. Yoffie has been a director of Intel since 1989 and a professor at Harvard University's Graduate School of Business Administration in Boston, Massachusetts since 1981. Dr. Yoffie has also served as Harvard University's Senior Associate Dean and Chair of Executive Education since 2006. He received a PhD from Stanford,

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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 program from 2004 to 2012. He has also lectured and consulted in more than 30 countries. Dr. Yoffie is a member of the board of directors of Financial Engines, Inc. and TiVo, Inc., and during the past five years he has served as a member of the board of directors of Charles Schwab Corporation. Dr. Yoffie is also on the board of the U.S. National Bureau of Economic Research.

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. At each of its Board meetings, the Board held sessions for the independent directors to meet without the CEO present. Officers regularly attend Board meetings to present information on our business and strategy, and Board members have access to our employees outside of Board meetings. Board members are encouraged and expected to make site visits on a worldwide basis to meet with local management; to attend Intel industry, analyst, and other major events; and to accept invitations to attend and speak at internal Intel meetings.

Board Leadership Structure. The Board has 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, the Chairman 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. Prior to that, Andy Grove served as Chairman from 1997 until 2005. In May 2009, the Board elected Dr. Jane Shaw, an independent director, as Chairman. As noted above, the Board determined to elect Mr. Andy Bryant to the Board and to serve as Chairman following Dr. Shaw's retirement at the time of the 2012 Annual Stockholders' Meeting.

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The election of Mr. Bryant follows a long corporate practice of senior officer and Board succession planning in which the Board seeks to identify a person with the particular skills and experience considered most appropriate at the time. The Board determined that it and the company can benefit through Mr. Bryant's extensive experience with Intel that includes 13 years of service as our CFO, and more recently as the senior executive responsible for the Technology and Manufacturing Group, Information Technology, Human Resources, and Finance.

The Board has selected Ms. Decker to serve as Lead Director following the retirement of the independent Chairman at the annual meeting. The duties and responsibilities of the Lead Director,

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which are set forth in our Bylaws and Corporate Governance Guidelines, will include:

calling and presiding at meetings of the independent and non-employee directors of the Board of Directors and, in the absence of the Chairman, presiding at meetings of the Board;

approving the information, agenda, and meeting schedules for the Board of Directors and Board committee meetings;

servicing as principal liaison between the non-employee directors and the Chairman; and

approving the retention of advisors and consultants who report directly to the Board.

The Board will continue periodically to assess its leadership structure and the potential advantages of having an independent Chairman.

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's oversight, assessment, and decisions regarding risks occur in the context of and in conjunction with the other 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 are unknown; some risks can be avoided or mitigated by particular behavior, and some risks are unavoidable as a practical matter. 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.

Risk Assessment Processes. 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, and the appropriate manner in which to control risk. 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 annually assess 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 unintentional risk of a material nature. This risk assessment process included a review of program policies and practices; program analysis to identify

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risk and risk control related to the programs; and determinations as to the sufficiency of risk identification, the balance of potential risk to potential reward, risk control, and the support of the programs and their risks to company strategy. Although we reviewed all compensation programs, we focused on the programs with variability of payout, with the ability of a participant to directly affect payout and the controls on participant action and payout.

Based on the foregoing, we believe that our compensation policies and practices do not create inappropriate or unintended significant risk to the company as a whole. We also believe that our incentive compensation programs provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage significant risks; are compatible with effective internal controls and the risk management practices of Intel; and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

The Board's Role in Succession Planning

As reflected in our Corporate Governance Guidelines, the Board's primary responsibilities include planning for succession with respect to the position of CEO and monitoring and advising on management's succession planning for other executive officers. The Board's goal is to have a long-term and continuing program for effective senior leadership development and succession. The Board also has short-term contingency plans in place for emergency and ordinary-course contingencies, such as the departure, death, or disability of the CEO or other executive officers.

As part of the CEO succession planning process, the CEO and the Board have created a statement of "core capabilities" that the Board seeks in a CEO succession candidate, addressing the areas of strategy, leadership, and execution. The CEO also oversees development of a similar statement of "core capabilities" for other executive officer positions. These statements are reviewed and revised on a periodic basis to take into account the evolution of Intel's long-term business strategy. These lists of capabilities serve as a basis for identifying and conducting assessments of the skills and development of potential internal candidates for the CEO and other executive officer positions.

Periodically during the year, the CEO and the Director of Human Resources discuss with the full Board a variety of workforce and management succession topics, including, for example, worldwide workforce demographics, hiring programs, workforce retention, CEO succession candidates,

next-generation leadership development, non-U.S. leadership development, and external hiring initiatives for senior positions. The Board's periodic reviews of the CEO succession planning process include a review of specific individuals identified as active CEO succession candidates, and each of those individuals is reviewed with respect to progress in current job position and progress toward meeting defined development goals in strategy, leadership, and execution. The company's senior leaders are similarly responsible for working on next generation leadership development through the identification of personnel deemed important to Intel; identifying the skills and capabilities of future leaders; assessing the individuals against leadership capabilities; identifying skills and experience gaps and development needs; sponsoring internal candidate development; and identifying important external-hire needs.

Officers regularly attend Board meetings to present information on our business and strategy. The Board and individual directors meet with, advise, and assist CEO succession candidates and become familiar with other senior and next generation leaders through these meetings and other processes. Our officers work with a leadership consulting firm to receive input on personal, interpersonal, and organizational issues that contribute to leadership development. Our directors are expected to become sufficiently familiar with Intel's executive officers to be able to provide perspective on the experience, capabilities, and performance of potential CEO candidates. Each of the CEO succession candidates has one or more designated Board mentors for advice and development purposes, and Board meetings are planned to specifically include presentations and attendance by active succession candidates and other senior leaders in the company.

Director Independence and Transactions Considered in Independence Determinations

Director Independence. The Board has determined that each of the following non-officer 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. Yearly, and Dr. Yoffie. Because Mr. Otellini and Mr. Bryant are employed by Intel, they do 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:

the director is, or at any time during the past three years was, an employee of the company;

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the director or a family member of the director accepted any compensation from the company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for Board or Board committee service);

a family member of the director is, or at any time during the past three years was, an executive officer of the company;

the director or a family member of the director is a partner in, controlling stockholder of, 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 exceeded 5% of the recipient's consolidated gross revenue for that year or \$200,000, whichever was greater (subject to certain exclusions);

the director or a family member of the director is employed as an executive officer of an entity for which at any time during the past three years, any of the executive officers of the company served on the compensation committee of such other entity; or

the director or a family member of the director is a current partner of the company's outside auditor, or at any time during the past three years was a partner or employee of the company's outside auditor, and who worked on the company's audit.

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 U.S. Securities and Exchange Commission (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, and may not be affiliates of the company.

Transactions Considered in Independence Determinations. In making its independence determinations, the Board considered transactions that occurred since the beginning of 2009 between Intel and entities associated with the independent directors or members of their immediate family. All identified transactions that appeared to relate to Intel and a family member of, or entity with a known connection to, a director were 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 the 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 directors' independence. The Board's independence determinations included reviewing the following transactions.

Ambassador Barshefsky is a partner at the law firm Wilmer Cutler Pickering Hale and Dorr LLP. Ambassador Barshefsky does not provide any legal services to Intel, and she does not receive any compensation related to our payments to this firm. Intel's payments to this firm for professional services represented less than 3% of the firm's revenue in 2011, less than 5% of the firm's revenue in 2010, and less than 2.5% of the firm's revenue in 2009. 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 purchased commercial paper issued by Honda Finance Corp., a subsidiary of Honda Motor Co., Ltd., in routine open market transactions in 2011, 2010, and 2009.

Ms. Decker, Mr. Donahoe, Mr. Hundt, Dr. Plummer, Mr. Pottruck, Dr. Shaw, 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 in the ordinary course of business,

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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 annual revenue in each of the last three years.

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 relationships were ordinary course dealings as a supplier or purchaser of goods or services, licensing or research arrangements, or commercial paper or similar financing arrangements in which Intel or the Intel Foundation participated as a creditor.

Director Attendance

The Board held seven meetings in 2011. 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. All directors attended at least 75% of the meetings of the Board and the committees on which they served in 2011 (held during the period that the director served). Nine directors attended our 2011 Annual Stockholders' Meeting.

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

Corporate Governance Guidelines

Intel has long maintained a set of Corporate Governance Guidelines. The Corporate Governance and Nominating Committee oversees and annually reviews the Guidelines and any recommendations for amendments. The Board oversees administration and interpretation of, and compliance with, the Guidelines, and may amend, waive, suspend, or repeal any of the Guidelines at any time, with or without public notice subject to legal requirements, 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.intel.com/go/governance. Among other matters, the Guidelines include the following items concerning the Board:

Independent directors may not stand for re-election after age 72.

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 semiannually 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 Intel'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.

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

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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 has, and appoints the members of, standing Audit, Compensation, Compliance, Corporate Governance and Nominating, Executive, and Finance Committees. The Board has determined that each member of the Audit, Compensation, Compliance, 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 we post each charter on our web site at www.intc.com/corp_docs.cfm. Each committee can engage outside experts, advisors, and counsel to assist the committee in its work. The following table identifies the current committee members.

Name	Corporate Governance					
	Audit	Compensation	and Nominating	Compliance	Executive	Finance
Charlene Barshefsky				ü		Chair
Andy D. Bryant ¹						
Susan L. Decker	Chair					ü
John J. Donahoe		ü	ü			
Reed E. Hundt	ü			ü		ü
Paul S. Otellini					ü	
James D. Plummer	ü					ü
David S. Pottruck		Chair			ü	
Jane E. Shaw			ü		Chair	
Frank D. Yeary	ü			Chair		ü
David B. Yoffie		ü	Chair			
Number of Committee Meetings Held in 2011	8	5	4	4	0	2

¹ Mr. Bryant joined the Board on July 26, 2011. Upon becoming Chairman of the Board, he will also become Chair of the Executive Committee.

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 Ms. Decker and Mr. Yeary each qualifies as an audit committee financial expert under SEC rules and 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 in this proxy statement 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 equity plans, including reviewing and granting equity awards to our executive officers. The Compensation Committee also reviews and determines various other compensation policies and matters, including making 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 determining executive compensation, and the Corporate Governance and Nominating Committee recommends to the full Board 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, and can delegate to one or more members of the Board the authority to review and grant stock-based compensation to employees other than executive officers.

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The Compensation Committee retains an independent executive compensation consultant, Fariet Advisors LLC. Fariet Advisors provides input, analysis, and advice to the Compensation Committee with respect to Intel's executive compensation philosophy, peer groups, pay positioning (by pay component and in total), design of compensation elements, overall equity

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usage and allocation, and risk assessment under Intel's compensation programs. Farient Advisors reports directly to the Compensation Committee and interacts with management at the direction of the Compensation Committee. Farient Advisors did not perform work for Intel other than that which was pursuant to its engagement by the Compensation Committee.

The CEO makes recommendations to the Compensation Committee on the base salary, annual incentive cash targets, 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 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 annually 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 reviews all stockholder proposals, makes recommendations to the Board for action on such proposals, and reviews and makes recommendations to the Board concerning compensation for our non-employee directors.

The Corporate Governance and Nominating 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.

In seeking and evaluating director candidates, the committee considers the diversity of skills, experience, and background of the Board as a whole and, based on that analysis, determines whether it may be desirable to add to the Board a director with a certain type of background, experience, personal characteristics, or skills. In connection with this process, the committee seeks input from Intel's head of Global Diversity and Inclusion. Board members typically suggest candidates for nomination to the Board. The committee also considers candidates proposed by stockholders and evaluates them using the same criteria as for other candidates. A stockholder 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.

Compliance Committee. The Compliance Committee, as directed by the Board, oversees Intel's policies, programs, and procedures with regard to significant pending and threatened litigation, and reviews our implementation of legal obligations arising from judgments, settlement agreements, and other similar obligations that bear upon the company's effective conduct of business in a legal and ethical manner.

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 our U.S. retirement plans. Mr. Pottruck is chairman of the Retirement Plans Investment Policy Committee, whose other members are Intel employees.

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DIRECTOR COMPENSATION

The general policy of the Board is that compensation for independent directors should be a mix of cash and equity-based compensation, with the majority of compensation being provided in the form of equity-based compensation. The Corporate Governance and Nominating Committee, consisting 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 recommending director compensation and creating director compensation programs. In addition, the committee can engage the services of outside advisors, experts, and others to assist the committee. During 2011, the committee did not use an outside advisor 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 is the same as the peer group used to set executive compensation and consists of 15 technology companies and 10 companies within the Standard & Poor's S&P 100* Index (S&P 100), described in detail below under Compensation Discussion and Analysis; 2011 External Competitive Considerations. The committee targets cash and equity compensation at the average of the peer group.

For 2011, non-employee director annual compensation remained at the levels established during 2010. Compensation for the non-executive Chairman of the Board consists of the following elements:

cash retainer of \$275,000;

performance-based stock units referred to as outperformance stock units (OSUs) with a targeted grant date fair value of approximately \$187,500; and

restricted stock units (RSUs) with a targeted grant date fair value of approximately \$187,500.
Compensation for all other non-employee directors consists of the following elements:

cash retainer of \$75,000;

OSUs with a targeted grant date fair value of approximately \$102,500;

RSUs with a targeted grant date fair value of approximately \$102,500;

Audit Committee chair fee of \$20,000;

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

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

Intel does not pay its management directors for Board service in addition to their regular employee compensation. After Mr. Bryant becomes Chairman of the Board, he will continue to participate in the compensation programs utilized for other full-time executive officers, and his compensation will be determined by the Board's Compensation Committee.

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The following table details the compensation of Intel's non-employee directors for the year ended December 31, 2011.

Director Compensation for Fiscal Year 2011

Name	Change in Pension Value				
	Fees Earned or Paid in Cash	Stock Awards ¹	and Non-Qualified		Total
			Deferred Compensation Earnings	All	
				Other Compensation ²	
(\$)	(\$)	(\$)	(\$)	(\$)	
Charlene Barshefsky ³	85,000	197,200			282,200
Susan L. Decker	95,000	197,200		5,100	297,300
John J. Donahoe ⁴		308,600			308,600
Reed E. Hundt	85,000	197,200			282,200
James D. Plummer	85,000	197,200		5,000	287,200
David S. Pottruck	95,000	197,200			292,200
Jane E. Shaw	285,000	360,700	5,000		650,700
Frank D. Yeary	95,000	197,200			292,200
David B. Yoffie	85,000	197,200	47,000	5,000	334,200
Total	910,000	2,049,700	52,000	15,100	3,026,800

¹ Consists of OSUs and RSUs valued at grant date fair values. Assumptions used in determining the grant date fair value of RSUs included an assumed risk-free rate of return of 0.4% and a dividend yield of 3.6%. Assumptions used in determining the grant date fair value of OSUs were volatility of 26.15%, risk-free rate of return of 0.6%, and a dividend yield of 3.6%. For additional information, see *Equity Awards* below.

² Intel Foundation made matching charitable contributions on behalf of Ms. Decker (\$5,100), Dr. Plummer (\$5,000), and Dr. Yoffie (\$5,000).

³ Ambassador Barshefsky elected to participate in the Cash Deferral Election, whereby she elected to defer her cash compensation until her retirement from the Board.

⁴ Includes 3,475 RSUs granted to Mr. Donahoe in lieu of his annual cash retainer and Audit Committee member fees for the second half of 2010, and his annual cash retainer for the first half of 2011. This also includes 1,735 RSUs granted as part of a special grant to ensure that Mr. Donahoe received a total of 20,000 RSUs granted to the other non-employee members of the Board (excluding Dr. Shaw) in 2010. Mr. Donahoe received only 18,265 of the total 20,000 RSUs granted in 2010 because the terms of the 2006 Equity Incentive Plan then in effect limited equity grants to non-employee directors to 30,000 shares per director per year.

Fees Earned or Paid in Cash. The following table provides a breakdown of cash fees earned, without taking into account any election to defer or receive equity in lieu of cash. As noted above, for 2011 Mr. Donahoe elected to receive his fees earned in the form of RSUs.

Name	Annual	Committee Chair	Audit Committee	Total
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	Retainers	Fees	Member Fees	(\\$)
	(\\$)	(\\$)	(\\$)	
Charlene Barshefsky	75,000	10,000		85,000
Susan L. Decker	75,000	20,000		95,000
John J. Donahoe	75,000			75,000
Reed E. Hundt	75,000		10,000	85,000
James D. Plummer	75,000		10,000	85,000
David S. Pottruck	75,000	20,000 ⁽¹⁾		95,000
Jane E. Shaw	275,000	10,000		285,000
Frank D. Yeary	75,000	10,000	10,000	95,000
David B. Yoffie	75,000	10,000		85,000

¹ Includes a \$10,000 committee chair fee for Mr. Pottruck's service as chairman of the Retirement Plans Investment Policy Committee.

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Under the RSU in Lieu of Cash Election program, directors can elect annually to receive all of their cash compensation in the form of RSUs. This election must be either 100% or 0%, and must be made in the tax year prior to earning compensation. The Board grants RSUs elected in lieu of cash in two installments: one in the year in which the cash fees otherwise would be paid, and the second in the following year. RSUs elected in lieu of cash have the same vesting terms as the annual RSU grant to directors. Under this program, Mr. Donahoe was granted 3,475 RSUs in 2011 resulting from his elections under this program with respect to his 2010 and 2011 fees.

Equity Awards. In accordance with Intel's 2006 Equity Incentive Plan, equity awards granted to non-employee directors may not exceed 100,000 shares per director per year. The current practice is to grant each non-employee director OSUs and RSUs each July with a market value on the grant date of approximately \$205,000. Grant date fair value reported in the Stock Awards column in the Director Compensation for Fiscal Year 2011 table above differs from this amount due to changes in the fair value of such awards between the approval date and the grant date of the awards.

Outperformance stock units (OSUs): OSUs granted to directors in 2011 (2011 Director OSUs) have a three-year cliff-vesting schedule, meaning that 100% of the grant vests on the 36th-month anniversary of the date the award is granted. On July 22, 2011, Intel granted each independent director 3,104 of 2011 Director OSUs. The Board awarded Dr. Shaw an additional 2,574 of 2011 Director OSUs for her service as Chairman of the Board. The grant date fair value of each OSU was \$32.87. If a director retires from the Board and is 72 years of age or has at least seven years of service on Intel's Board before the end of the performance period, he or she will not forfeit granted but unvested awards. The

2011 Director OSUs convert to shares on the regular settlement dates (no accelerated payout). The number of shares of Intel common stock that a director receives from this grant will range from 50% to 200% of the target amount. As part of the OSU program, directors receive dividend equivalents on the final shares earned and vested; the dividend equivalents will pay out in the form of additional shares. For more information on OSUs, see Compensation Discussion and Analysis; OSU Awards below.

Restricted stock units (RSUs): RSUs vest in equal annual installments over a three-year period from the grant date. On July 22, 2011, Intel granted each independent director 4,455 RSUs. The Board awarded Dr. Shaw an additional 3,690 RSUs for her service as Chairman of the Board. The grant date fair value of each RSU was \$21.37. Vesting of all shares accelerates upon retirement from the Board if a director is 72 years of age or has at least seven years of service on Intel's Board. Directors do not receive dividend equivalents on unvested RSUs.

The following table provides information on the outstanding equity awards held by the non-employee directors at fiscal year-end 2011, with OSUs shown at their target amount. Market value for stock units (OSUs and RSUs) is determined by multiplying the number of shares by the closing price of Intel common stock on NASDAQ on the last trading day of the fiscal year (\$24.25 on December 30, 2011). In 2006, Intel began granting RSUs instead of stock options to non-employee directors. In 2009, Intel began granting OSUs to non-employee directors in addition to RSUs. All of the stock options in the following table are fully vested. Market value for stock options is calculated by taking the difference between the closing price of Intel common stock on NASDAQ on the last trading day of the fiscal year and the option exercise price, and multiplying it by the number of stock options.

Table of Contents**Outstanding Equity Awards for Directors at Fiscal Year-End 2011**

Name	Stock Options		Stock Units			
	Number of Securities Underlying Unexercised Options Exercisable	Market Value of Unexercised Options	Number of Restricted Stock Units That Have Not Vested ¹	Market Value of Restricted Stock Units That Have Not Vested ²	Number of Outperformance Stock Units That Have Not Vested ³	Market Value of Unconverted Outperformance Stock Units That Have Not Vested
	(#)	(\$)	(#)	(\$)	(#)	(\$)
Charlene Barshefsky	24,000		23,225	563,200	9,684	234,800
Susan L. Decker			22,540	546,600	9,684	234,800
John J. Donahoe			30,625	742,700	9,684	234,800
Reed E. Hundt	49,000	82,800	22,540	546,600	9,684	234,800
James D. Plummer	15,000		22,540	546,600	9,684	234,800
David S. Pottruck	49,000	82,800	22,540	546,600	9,684	234,800
Jane E. Shaw	49,000	82,800	15,853	384,400	15,558	377,300
Frank D. Yeary			23,569	571,500	9,684	234,800
David B. Yoffie	34,000		22,540	546,600	9,684	234,800

¹ Vested RSUs that would have settled if they had not been part of the deferral election program are excluded from this column.

² The market value of vested RSUs that would have settled if they had not been part of the deferral election program is excluded from this column.

³ OSUs are shown at their target amount. The actual conversion of OSUs into Intel shares following the conclusion of the performance period will range between 33% and 200% of that target amount for OSUs granted prior to 2011; and between 50% and 200% for the OSUs granted in 2011, depending on Intel's TSR performance versus the TSR performance of a group of companies over the applicable three-year performance period. In addition, dividend equivalents will be paid out on the final shares earned and vested in the form of additional shares.

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Director Stock Ownership Guidelines. The Board's stock ownership guidelines for non-employee directors require that each director must acquire and hold at least 15,000 shares of Intel common stock within five years of joining the Board. After each succeeding five years of Board service, non-employee directors must own an additional 5,000 shares (for example, 20,000 shares after 10 years of service). Unvested OSUs, unvested RSUs, and unexercised stock options do not count toward this requirement. As of December 31, 2011, each director nominated for election at the annual meeting had satisfied these ownership guidelines.

Deferred Compensation. Intel has a deferred compensation plan that allows non-employee directors to defer their cash and equity compensation. The Cash Deferral Election allows participants to defer up to 100% of their cash compensation and receive an investment return on the deferred funds as if the funds were invested in Intel common stock. Participants receive credit for reinvestment of dividends under this option. Plan participants must elect irrevocably to receive the deferred funds either in a lump sum or in equal annual installments over five or 10 years, and to begin receiving distributions either at retirement or at a future date not less than 24 months from the election date. This deferred cash compensation is an unsecured obligation for Intel. Ambassador Barshefsky chose the Cash Deferral Election with respect to her 2011 fees. The RSU Deferral Election allows directors to defer the settlement of their vested RSUs until termination of service. This election must be either 100% or 0% and applies to all RSUs granted during the year. Deferred RSUs count toward Intel's stock ownership guidelines once they vest. Directors do not receive dividends on deferred RSUs. Mr. Donahoe and Dr. Shaw participated in the RSU Deferral Election program for the awards granted in 2011.

Retirement. In 1998, the Board ended its retirement program for independent directors. Dr. Shaw and Dr. Yoffie, who were serving at that time, were vested with the number of years served. They will receive an annual benefit equal to the annual retainer fee in effect at the time of payment, to be paid beginning upon the director's departure from the Board. The payments will continue for the lesser of the number of years served as a non-employee director through 1998 or the life of the director. The amounts in the Change in Pension Value and Non-Qualified Deferred Compensation Earnings column in the Director Compensation for Fiscal Year 2011 table represent the actuarial increase in pension value accrued under this program. Dr. Shaw is credited with five years of service, and Dr. Yoffie is credited with nine years of service. Assumptions used in determining these increases include a discount rate of 5.1%, a retirement age of 65 or current age if older, the RP2000 Mortality table projected to 2011, and an annual benefit amount of \$75,000.

Equipment. Intel gives each director a notebook computer for his or her personal use and offers each director the use of other equipment employing Intel technology.

Travel Expenses. Intel does not pay meeting fees. We reimburse the directors for their travel and related expenses in connection with attending Board meetings and Board-related activities, such as Intel site visits and sponsored events, as well as continuing education programs.

Charitable Matching. Directors' charitable contributions to schools and universities that meet the guidelines of Intel's employee charitable matching gift program are eligible for 50% matching of funds of up to \$10,000 per director per year, which is the same limit for employees generally.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Board's Audit Committee is responsible for review, approval, or ratification of related-person transactions involving Intel or its subsidiaries and related persons. Under SEC rules, a related person is a director, officer, nominee for director, or 5% stockholder of the company since the beginning of the previous fiscal year, and their immediate family members. Intel has adopted written policies and procedures that apply to any transaction or series of transactions in which the company or a subsidiary is a participant, the amount involved exceeds \$120,000, and a related person has a direct or indirect material interest.

The Audit Committee has determined that, barring additional facts or circumstances, a related person does not have a direct or indirect material interest in the following categories of transactions:

any transaction with another company for which a related person's only relationship is as an employee (other than an executive officer), director, or beneficial owner of less than 10% of that company's shares, if the amount involved does not exceed the greater of \$1 million or 2% of that company's total annual revenue;

any charitable contribution, grant, or endowment by Intel or the Intel Foundation to a charitable organization, foundation, or university for which a related person's only relationship is as an employee (other than an executive officer) or a director, if the amount involved does not exceed the lesser of \$1 million or 2% of the charitable organization's total annual receipts, or any matching contribution, grant, or endowment by the Intel Foundation;

compensation to executive officers determined by the Compensation Committee;

compensation to directors determined by the Board;

transactions in which all security holders receive proportional benefits; and

banking-related services involving a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar service. Intel personnel in the Legal and Finance departments review transactions involving related

persons who are not included in one of the above categories. If they determine that a related person could have a significant interest in such a transaction, the transaction is forwarded to the Audit Committee for review. The Audit Committee determines whether the related person has a material interest in a transaction and may approve, ratify, rescind, or take other action with respect to the transaction in its discretion. The Audit Committee reviews all material facts related to the transaction and takes into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances; the extent of the related person's interest in the transaction; and, if applicable, the availability of other sources of comparable products or services.

Since the beginning of 2011, there were no related-person transactions under the relevant standards.

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.

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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 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 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. Our Code of Conduct is our code-of-ethics document. We have posted our Code of Conduct on our web site at www.intel.com/go/governance.

Table of Contents**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table presents the beneficial ownership of our common stock by one holder of more than 5% of our common stock, each of our directors and listed officers, and all of our directors and executive officers as a group. This information is as of February 24, 2012, except for information on the greater than 5% stockholder. Amounts reported under Number of Shares of Common Stock Beneficially Owned as of February 24, 2012 include the number of shares subject to RSUs and stock options that become exercisable or vest within 60 days of February 24, 2012 (which are shown in the columns to the right). Our listed officers are the CEO, CFO, and three other most highly compensated executive officers in a particular year. Except as otherwise indicated and subject to applicable community property laws, each owner has sole voting and investment power with respect to the securities listed.

Stockholder	Number of Shares of		Number of Shares	
	Common Stock		Subject to Options	
	Beneficially Owned as of		Exercisable as of	
	February 24, 2012	Percent of Class	February 24, 2012 or	Number of RSUs That
		Which Become	Vest Within	
		Exercisable Within 60	60 Days	
		Days of This	of	
		Date	February 24,	
			2012	
BlackRock, Inc.	267,873,158 ⁽¹⁾	5.337		
Paul S. Otellini, Director, President, and Chief Executive Officer	6,390,717 ⁽²⁾	**	5,433,252	75,237
Andy D. Bryant, Director and Vice Chairman of the Board	2,293,858 ⁽³⁾	**	1,975,759	23,952
David Perlmutter, Executive Vice President and General Manager, Intel Architecture Group, and Chief Product Officer	1,302,820	**	1,138,559	19,786
Stacy J. Smith, Senior Vice President and Chief Financial Officer	227,068	**	162,762	17,411
A. Douglas Melamed, Senior Vice President and General Counsel	144,945	**	96,935	6,889
Jane E. Shaw, Director and Chairman of the Board	247,071 ⁽⁴⁾⁽⁵⁾	**	49,000	
David B. Yoffie, Director	210,240 ⁽⁶⁾	**	34,000	
David S. Pottruck, Director	104,323 ⁽⁷⁾	**	49,000	
Reed E. Hundt, Director	86,335	**	34,000	
Charlene Barshefsky, Director	74,822 ⁽⁸⁾⁽⁹⁾	**	24,000	
James D. Plummer, Director	42,835 ⁽¹⁰⁾	**	15,000	
Frank D. Yeary, Director	29,520	**		1,029
Susan L. Decker, Director	27,370	**		
John J. Donahoe, Director	16,027 ⁽¹¹⁾	**		1,029
All directors and executive officers as a group (18 individuals)	12,914,131	**	10,276,382	202,789

** Less than 1%.

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¹ *As of December 30, 2011, based on information set forth in a Schedule 13G/A filed with the SEC on February 13, 2012 by BlackRock, Inc. BlackRock, Inc.'s business address is 40 East 52nd St., New York, NY 10022.*

² *Includes 1,550 shares held by Mr. Otellini's spouse, and Mr. Otellini disclaims beneficial ownership of these shares, and 470,866 shares held by a trust for which Mr. Otellini shares voting and investment power.*

³ *Includes 1,600 shares held by Mr. Bryant's son and 1,000 shares held by Mr. Bryant's daughter, and Mr. Bryant disclaims beneficial ownership of these shares.*

⁴ *Includes 33,030 shares held by a family trust for which Dr. Shaw shares voting and investment power.*

⁵ *Includes 20,571 deferred but vested RSUs held by Dr. Shaw.*

⁶ *Includes 164,176 shares held jointly with Dr. Yoffie's spouse for which Dr. Yoffie shares voting and investment power.*

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- ⁷ *Includes 800 shares held by Mr. Pottruck's daughter. Also includes a total of 13,400 shares held in two separate annuity trusts for the benefit of Mr. Pottruck's brother for which Mr. Pottruck shares voting and investment power.*
- ⁸ *Includes 6,800 shares held jointly with Ambassador Barshefsky's spouse for which Ambassador Barshefsky shares voting and investment power.*
- ⁹ *Includes 17,370 deferred but vested RSUs held by Ambassador Barshefsky.*
- ¹⁰ *Includes 27,835 shares held by a family trust for which Dr. Plummer shares voting and investment power.*
- ¹¹ *Includes 14,998 deferred but vested RSUs held by Mr. Donahoe. Also includes 1,029 RSUs vesting within 60 days of February 24, 2012 under the RSU Deferral Election program.*

Table of Contents**PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee evaluates the selection of independent auditors each year and has selected Ernst & Young LLP as our independent registered public accounting firm for the current year. Ernst & Young has served in this role since Intel was incorporated in 1968. The Audit Committee concluded that many factors contribute to the continued support of Ernst & Young's independence, such as the oversight of the Public Company Accounting Oversight Board (PCAOB) through the establishment of audit, quality, ethics, and independence standards in addition to conducting audit inspections; the mandating of reports on internal control over financial reporting; PCAOB requirements for audit partner rotation; and limitations imposed by regulation and by the Audit Committee on non-audit services provided by Ernst & Young.

In accordance with applicable rules on partner rotation, Ernst & Young's primary engagement partner for our audit was changed for 2010, and the concurring/reviewing partner for our audit was changed in 2009. Under the auditor independence rules, Ernst & Young reviews its independence each year and delivers to the Audit Committee a letter addressing matters prescribed under those rules. The Audit Committee also considers that Intel, its business partners, and affiliated entities require global, standardized, and well-coordinated services, not only for audit purposes, but for various other non-audit services that could not be provided by an independent auditor, such as valuation support, IT consulting, and payroll services. A change in our independent auditor would force the replacement of one or more of the multinational service providers that perform non-audit services for Intel and could be significantly disruptive to our business due to loss of cumulative knowledge in the service providers' areas of expertise.

As a matter of good corporate governance, the Board submits the selection of the independent audit firm to our stockholders for ratification. If the selection of Ernst & Young is not ratified by a majority of the shares of common stock present or represented at the annual meeting and entitled to vote on the matter, the Audit Committee will review its future selection of an independent registered public accounting firm in light of that vote result.

Representatives of Ernst & Young attended all meetings of the Audit Committee in 2011. The Audit Committee pre-approves and reviews audit and non-audit services performed by Ernst & Young as

well as the fees charged by Ernst & Young for such services. In its pre-approval and review of non-audit service fees, the Audit Committee considers, among other factors, the possible effect of the performance of such services on the auditors' independence. For additional information concerning the Audit Committee and its activities with Ernst & Young, see Corporate Governance and Report of the Audit Committee in this proxy statement. We expect that a representative of Ernst & Young will attend the annual meeting, and the representative will have an opportunity to make a statement if he or she so chooses. The representative will also be available to respond to appropriate questions from stockholders.

Ernst & Young LLP's Audit Fees for 2011 and 2010

The following table shows the fees billed by Ernst & Young for audit and other services provided for fiscal years 2011 and 2010. All figures are net of Value Added Tax and other similar taxes assessed by non-U.S. jurisdictions on the amount billed by Ernst & Young. All of the services described in the following fee table were approved in conformity with the Audit Committee's pre-approval process.

	2011 Fees	2010 Fees
	(\$)	(\$)
Audit Services	18,259,000	13,666,000
Audit-Related Services	903,000	771,000