INTEL CORP
Form DEF 14A
April 03, 2013
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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 þ

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))**

þ 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)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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(1) Amount Previously Paid:

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

(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 3, 2013

Dear Stockholder:

We look forward to your attendance virtually via the Internet, in person, or by proxy at the 2013 Annual Stockholders Meeting. We will hold the meeting at 8:30 a.m. Pacific Time on Thursday, May 16, 2013. 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 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 attend the meeting via the Internet 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 3, 2013, we mailed our stockholders a Notice of Internet Availability containing instructions on how to access our 2013 Proxy Statement and 2012 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 the 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 online proxy statement and annual report, 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,

Andy D. Bryant

Chairman of the Board

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INTEL CORPORATION

NOTICE OF 2013 ANNUAL STOCKHOLDERS MEETING

TIME AND DATE	8:30 a.m. Pacific Time on Thursday, May 16, 2013
ATTEND VIA INTERNET OR	Attend the annual meeting online, including to vote and/or submit questions, at *www.intc.com*
IN PERSON	Intel Corporation, Building SC-12, 3600 Juliette Lane, Santa Clara, CA 95054
RECORD DATE	March 18, 2013

ANNUAL MEETING AGENDA AND VOTING

Proposal	Voting Recommendation of the Board
Management proposals	
1. Election of the nine directors named in this proxy statement	**FOR EACH DIRECTOR NOMINEE**
2. Ratification of selection of Ernst & Young LLP as our independent registered public accounting firm for the current year	**FOR**
3. Advisory vote to approve executive compensation	**FOR**
4. Approval of Amendment and Extension of the 2006 Equity Incentive Plan	**FOR**
Stockholder proposal	
5. Stockholder proposal titled Executives to Retain Significant Stock	**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 76 of this proxy statement for more information.

ATTENDING THE ANNUAL MEETING

Attending and participating via the Internet

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 will be available until December 28, 2013.

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 to be held May 16, 2013:

The Notice of 2013 Annual Stockholders Meeting and Proxy Statement, and the 2012 Annual Report and Form 10-K, are available at *www.intc.com/annuals.cfm*

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2013 PROXY STATEMENT HIGHLIGHTS

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

Board Nominees

		Director		Indepen-	Committee Memberships					
Name	Age	Since	Occupation	dent	AC	CC	GNC	CmC	EC	FC
Charlene Barshefsky	62	2004	Senior International Partner, WilmerHale	ü				ü		C
Andy D. Bryant	62	2011	Chairman of the Board of Directors, Intel Corporation						ü	
Susan L. Decker	50	2006	Principal, Deck3 Ventures LLC	ü	ü		Co		C	
John J. Donahoe	52	2009	President and CEO, eBay Inc.	ü		ü	ü			
Reed E. Hundt	65	2001	Principal, REH Advisors, LLC	ü	ü		ü	C		ü
James D. Plummer	68	2005	Professor, Stanford University	ü	ü					ü
David S. Pottruck[1]	64	1998	Chairman and CEO, Red Eagle Ventures, Inc.	ü		C			ü	
Frank D. Yeary	49	2009	Principal, Darwin Capital Advisors LLC	ü	C			ü		ü
David B. Yoffie	58	1989	Professor, Harvard Business School	ü		ü	Co			

[1] *Mr. Pottruck is also chairman of the Retirement Plans Investment Policy Committee.*

C *Committee Chair*
Co *Committee Co-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 2012

	2012[1] ($ in millions, except per share amounts)	2011[1] ($ in millions, except per share amounts)	Change (%)
Net Revenue	53,341	53,999	(1%)
Net Income	11,005	12,942	(15%)
Stock Price (high and low)[2]	29.18/19.36	25.66/19.19	n/a
Stock Price per Share as of Fiscal Year-End	20.23	24.25	(17%)

[1] *2012 was a 52-week year and 2011 was a 53-week year.*

[2] *For 2012, based on a 52-week closing-price high and low, and for 2011, based on a 53-week closing-price high and low.*

During 2012 we made significant product introductions across all our businesses, including PC client, servers, smartphones and tablets, and extended our manufacturing and process technology leadership. We launched our next generation server-based products, the Intel® Xeon® processor E5 family, which provides higher performance and better energy-efficiency than prior-generation products. In 2012 we continued to extend our process technology leadership with the introduction of our 22-nanometer (22nm) process technology products that utilize three-dimensional Tri-Gate transistor technology. These products also improve performance and energy-efficiency compared to prior-generation products and helped us accelerate our Ultrabook strategy. In 2012 we entered the smartphone market segment with six mobile phone

providers launching the first Intel® architecture-based smartphones. We are also expanding in the tablet market segment with designs based on Android* and Windows* operating systems currently shipping.

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.

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In May 2012, the Board elected Andy D. Bryant as Chairman to succeed Dr. Jane Shaw. Mr. Bryant joined the Board in 2011 as Vice Chairman and has held numerous senior leadership positions at Intel, including 13 years as Chief Financial Officer (CFO). The Board determined that Mr. Bryant s extensive experience at Intel would have significant value to the Board as the Board addressed chief executive officer succession and technology and business transitions. The Board also selected one of our independent directors, Susan Decker, as Lead Director in May 2012. Since 1997, the Board has appointed an independent director as Lead Director when the Chairman of the Board was an executive officer of Intel.

Paul S. Otellini, the company s Chief Executive Officer (CEO), will retire from the Board and as President and CEO of Intel at the 2013 Annual Stockholders Meeting. The Board would like to thank Mr. Otellini for his 38 years of distinguished service to Intel.

Executive Compensation Highlights

Intel is committed to paying for performance. We provide the 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-term and long-term profitable company growth.

- 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.

- 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 13 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.

In January 2012, the Compensation Committee granted each of our listed officers, other than Mr. Otellini, special retention awards with an award value of $10 million based on the average of the high and low trading price of Intel s stock on the grant date; however, under accounting standards applied by Intel, the grant date fair value of these awards reported in the Summary Compensation table is approximately $8.8 million. These awards were granted in the form of restricted stock units and designed to promote retention of Intel s senior leadership through the next CEO transition. In November 2012, Mr. Otellini informed the Board that he will retire from Intel in May 2013, which was earlier than the Board anticipated when the Board granted the special retention awards. In January 2013, the Compensation Committee adjusted the vesting schedules of those awards, but not the amounts, to reflect this change in the timing of CEO succession. Our executive officers 2012 compensation also reflects adjustments arising from our normal annual process of assessing pay competitiveness.

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The following table shows the total direct compensation granted by the Compensation Committee to our listed officers in 2012 and 2011.

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Plan Compensation ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Total Direct Compensation ($)
Paul S. Otellini	2012	1,200,000	5,234,500		9,940,400	1,963,200	18,338,100
President and CEO	2011	1,100,000	6,429,500	34,000	7,331,100	1,802,800	16,697,400
Stacy J. Smith	2012	650,000	1,265,900		12,363,700	883,500	15,163,100
Executive Vice President,	2011	635,000	1,386,000	12,400	3,251,200	799,500	6,084,100
Director, Corporate Strategy							
and Chief Financial Officer							
David Perlmutter	2012	700,000	1,800,700		12,363,700	883,500	15,747,900
Executive Vice President,	2011	670,000	1,401,500	12,200	3,251,200	799,500	6,134,400
General Manager, Intel Architecture							
Group, and Chief Product Officer							
Brian M. Krzanich	2012	700,000	1,800,900		12,363,700	883,500	15,748,100
Executive Vice President and Chief	2011	560,000	1,151,800	10,700	2,486,200	611,400	4,820,100
Operating Officer							
Renee J. James	2012	650,000	1,265,100		12,363,700	883,500	15,162,300
Executive Vice President and General	2011	550,000	1,150,900	10,600	2,486,200	611,400	4,809,100
Manager, Software and Services Group							

For 2012, our net income and operational performance resulted in an annual incentive cash payout at 99% of the annual incentive cash target amount under the annual incentive cash plan. The Compensation Committee determined to use its discretion under the plan to reduce the multiplier for all our executive officers to 94% of the annual incentive cash target amount. The committee s view in taking this action was that the company had not

satisfied all of its business objectives for the year, and that the annual incentive cash payout to the executive officers ought to reflect greater overall responsibility for the company s results. Year-over-year changes in salary, annual incentive cash target, and equity award levels also reflect the special retention awards, promotions, individual performance, and competitive market adjustments.

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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 2013 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 3, 2013.

PROPOSAL 1: ELECTION OF DIRECTORS

Upon the recommendation of our Corporate Governance and Nominating Committee, our Board has nominated the nine persons listed in the following table 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 one Intel officer: Andy D. Bryant, who currently serves as Chairman of the Board and previously served as our Executive Vice President and Chief Administrative Officer. Mr. Bryant became Chairman of the Board at the 2012 Annual Stockholders Meeting. Paul S. Otellini, our CEO and a member of the Board, is not a nominee and will retire from the Board and as President and CEO of Intel at the annual meeting. The Board is actively engaged in the selection process to choose the next CEO. The size of the Board will be reduced from 10 to nine persons when Mr. Otellini retires. Once the new CEO is chosen, the Board expects to increase the size of the Board back to 10 persons and to elect the CEO to the Board sometime following the annual stockholders meeting. That individual would first be nominated for election by the stockholders in 2014.

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, or 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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Recommendation of the Board

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

Name	Position with the Company	Age as of the Record Date	Intel Board Member Since
Charlene Barshefsky	Director	62	2004
Andy D. Bryant	Director, Chairman of the Board	62	2011
Susan L. Decker	Lead Director	50	2006
John J. Donahoe	Director	52	2009
Reed E. Hundt	Director	65	2001
James D. Plummer	Director	68	2005
David S. Pottruck	Director	64	1998
Frank D. Yeary	Director	49	2009
David B. Yoffie	Director	58	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 in a subsequent section 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. The Board then determines 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, 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 organizations. Useful experience in this area

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includes consideration of make versus buy, analysis of the fit of a proposed acquisition with a company s strategy, the valuation of transactions, and management s plans for integration with existing operations.

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

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

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

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

Global / 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 the 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 WilmerHale, 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 since 2011 and Chairman of the Board of Directors of Intel since May 2012. Mr. Bryant served as Vice Chairman of the Board of Directors of Intel from July 2011 to May 2012. 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 in 1990 was appointed Vice President and Director of Finance of the Intel Products Group. 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

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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 more than 18 years in his capacity as CFO and CAO, and has direct experience as a board member through his service on other public company boards.

Susan L. Decker has been a director of Intel since 2006 and Lead Director of Intel since May 2012. She has been a Principal of Deck3 Ventures LLC, a consulting and advisory firm in Menlo Park, California, since 2009. From 2009 to 2010, she was an Entrepreneur-in-Residence at Harvard Business School in Cambridge, Massachusetts 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; as Executive Vice President of the Advertiser and Publisher Group of Yahoo! Inc. from 2006 to 2007; and as 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 investment banking firm Donaldson, Lufkin & Jenrette 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.

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 from 2000 to 2005 for Bain & Company, a global management consulting firm based in Boston, Massachusetts, where he oversaw Bain s 30 offices and 3,000 employees.

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. From 1998 to 2009, Mr. Hundt was an independent advisor to McKinsey & Company, Inc., a worldwide management consulting firm in Washington, D.C., and Principal of Charles Ross Partners, LLC, a private investor and advisory service in Washington, D.C. 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, an advisor to GTCR, a private equity firm, and an advisor to Level Money, a financial services 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 advisor to and an investor in telecommunications companies and other businesses 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, which opened markets in 69 countries to competition and reduced barriers to international investment. Mr. Hundt s legal experience enables him to provide perspective and oversight with regard to Intel s legal

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and compliance matters, and his board service with numerous other companies, including on their audit committees, provides cross-board experience and financial expertise. His work with a number of ventures involved in the areas of sustainable energy and the environment provides him with a unique perspective in overseeing Intel s environmental and sustainability initiatives.

James D. Plummer has been a director of Intel since 2005; 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 more than 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 Intel 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; as an advisory board member of the University of Pennsylvania Wharton School of Business in Philadelphia, Pennsylvania, since 2005; and as an advisory board member of PwC Diamond Technology Consultants, 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. Mr. Pottruck also serves as a Senior Fellow in the Wharton School of Business Center for Leadership and Change Management. 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 a 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 a principal of Darwin Capital Advisors LLC, a private investment and advisory firm in San Francisco, California, since 2012. Mr. Yeary was Vice Chancellor of the University of California, Berkeley from 2008 to 2012, where he led and implemented major strategic and financial changes to the university s financial and operating strategy, and from 2010 to 2011, he served as interim Chief Administrative Officer, managing a 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 chairman of CamberView Partners, LLC, a boutique advisory firm.

With his 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, including expertise in financial reporting. 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 also served as Harvard University s Business School s Senior Associate Dean and Chair of Executive Education from 2006 to 2012. He received a PhD from Stanford University, where he has been a Visiting Scholar. Dr. Yoffie served as Chairman of the Harvard Business School Strategy department from 1997 to 2002, as Chairman of the Advanced Management Program from 1999 to 2002, and as chair of 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.

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.

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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:

- 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;
- 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;
- selecting, evaluating the performance of, and determining the compensation of the CEO and other executive officers; 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 to aid in the Board s oversight of management. This policy is in the Board s published Guidelines on Significant Corporate Governance Issues, and it has been in effect since the company began operations. Sometimes the Board has chosen an independent director as Chairman, and sometimes it has chosen a senior executive as Chairman; since 1997 the Board has also elected an independent director to serve as Lead Director when the Chairman is a senior executive. Chairmen in the recent past include Dr. Jane Shaw, an independent director, who served as Chairman from 2009 until her

retirement from the Board in May 2012; Dr. Craig R. Barrett, a former CEO of Intel, who served as Chairman from 2005 until 2009; and Dr. Andy Grove, a former CEO of Intel, who served as Chairman from 1997 until 2005.

The Board elected Andy D. Bryant as Chairman to succeed Dr. Shaw in May 2012. Mr. Bryant was first elected to the Board in 2011, and at that time the Board designated Mr. Bryant as Vice Chairman in anticipation of his becoming Chairman in 2012. Mr. Bryant had most recently been Executive Vice President and Chief Administrative Officer of Intel, with responsibility for the Technology and Manufacturing Group, Information Technology, Human Resources, and Finance. Mr. Bryant had previously been Intel s Chief Financial Officer, and he held various other positions at Intel. Mr. Bryant has attended and been a participant at Board meetings for more than 18 years in his positions as CFO and CAO.

The independent directors considered whether to elect an independent director as the next Chairman but decided that Mr. Bryant would be the right person at this time to be Chairman. The Board believed that Mr. Bryant s extensive experience at Intel would have significant value to the Board as the Board deals with CEO succession and technology and business transitions. The independent members of the Board considered whether Mr. Bryant s position as a senior executive officer might reduce or compromise his effectiveness as Chairman, and they concluded that in their opinion this would not be the case. The Board and the Board s Compensation Committee have the responsibility to determine

Mr. Bryant s performance reviews and compensation.

The independent directors selected Ms. Decker to serve as Lead Director following the retirement of Dr. Shaw as independent Chairman in May 2012. The duties and responsibilities of the Lead Director, which are set forth in our Bylaws and Board s Charter of the Lead Director, 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;
- serving as a liaison for consultation and direct communication with stockholders;

- serving 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 to periodically 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, corporate governance, and environmental stewardship.

Not all risks can be dealt with in the same way. Some risks may be easily perceived and controllable, while 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 Intel 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 whether 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 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,

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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.

Mr. Otellini, our current CEO, plans to retire from Intel at the annual stockholders meeting, and the Board is actively engaged in the selection process to choose the next CEO. The size of the Board will be reduced from 10 to 9 persons when Mr. Otellini retires. Once the new CEO is chosen, the Board expects to increase the size of the Board back to 10 persons and to elect the CEO to the Board sometime following the annual stockholders meeting. That individual would first be nominated for election by the stockholders in 2014.

Director Independence and Transactions Considered in Independence Determinations

Director Independence. The Board has determined that each of the following non-employee directors qualifies as independent in accordance with the published listing requirements of NASDAQ: Ambassador Barshefsky, Ms. Decker, Mr. Donahoe, Mr. Hundt, Dr. Plummer, Mr. Pottruck, Mr. Yeary, 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;
- 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, a 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), which provide 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 they may not be affiliates of the company. The directors who serve on the Compensation Committee each qualify as independent under recently adopted NASDAQ standards that Intel implemented in advance of the required compliance date. Under these standards, members of compensation committees may not accept directly or indirectly any consulting, advisory, or other compensatory fee from the company other than their director compensation, and any affiliate relationships between the director and company must be considered to determine whether such affiliation would impair the director s judgment as a member of the compensation committee.

Transactions Considered in Independence Determinations. In making its independence determinations, the Board considered transactions that occurred since the beginning of 2010 between Intel and entities associated with the independent directors or members of their immediate family.

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, U.S. Internal Revenue Service (IRS), and newly adopted NASDAQ 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 WilmerHale. 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 5% of the firm s annual revenue in each of the past three years.

Ms. Decker, Mr. Donahoe, Mr. Hundt, Dr. Plummer, Mr. Pottruck, 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, 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 past three years.

Each of our non-employee directors or one of his/her immediate family members is, or was during the previous three fiscal years, a non-management director, trustee, advisor, or executive or served in a similar position at another entity that did business with or received charitable contributions (matching and discretionary) from Intel at some time during those years. The business 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. Payments to or from each of these entities (including discretionary contributions by Intel and the Intel Foundation) constituted less than the greater of $200,000 or 5% of the recipient s annual revenue, respectively, in each of the past three years.

Director Attendance

The Board held seven meetings in 2012. 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 2012 (held during the period in which the director served). Nine directors attended our 2012 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

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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 guidelines, titled the Board of Directors Guidelines on Significant Corporate Governance Issues. 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.

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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Board Committees and Charters

The Board delegates various responsibilities and authority to different Board committees. Committees regularly report on their activities and actions to the full Board. The Board has, and appoints the members of, the following standing committees: Audit, Compensation, Compliance, Corporate Governance and Nominating, Executive, and Finance. 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. Consistent with our practice of being early adopters of many corporate governance best practices, we recently amended the Compensation Committee s charter to implement in advance of the required compliance date newly adopted NASDAQ standards enumerating specific responsibilities and authorities for compensation committees. 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	Audit	Compensation	Corporate Governance and Nominating	Compliance	Executive	Finance
Charlene Barshefsky				ü		Chair
Andy D. Bryant					ü	
Susan L. Decker	ü		Co-Chair		Chair	
John J. Donahoe		ü	ü			
Reed E. Hundt	ü		ü	Chair		ü
James D. Plummer	ü					ü
David S. Pottruck		Chair			ü	
Frank D. Yeary	Chair			ü		ü
David B. Yoffie		ü	Co-Chair			
Number of Committee Meetings Held in 2012	8	4	4	3	1	1

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, Farient Advisors LLC. Farient 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 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 Compensation Committee s independent consultant provided the Compensation Committee with a report covering factors specified in SEC rules regarding potential conflicts of interest arising from the consultant s work. Based on the report and discussions with Farient Advisors, the Compensation Committee determined that the work of Farient Advisors in 2012 did not raise any conflicts of interest.

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 and the Chairman of the Board, 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, political contributions, 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 this proxy statement under the heading 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. In addition, the Compliance Committee 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

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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

policies 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 2012, the committee used Compensia, Inc., an outside advisor to aid in setting director compensation. To assist the committee in its annual review of director compensation, Compensia provided 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 13 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; 2012 External Competitive Considerations. The committee targets cash and equity compensation at the average of the peer group.

For 2012, the Corporate Governance and Nominating Committee established an annual additional cash retainer of $20,000 for the Lead Director of the Board; increased the non-employee annual cash retainer from $75,000 to $80,000;

increased the Audit Committee chair fee from $20,000 to $25,000; increased the Compensation Committee chair fee from $10,000 to $20,000; increased the Corporate Governance and Nominating Committee chair fee from $10,000 to $15,000; and established a Compensation Committee member fee of $10,000.

Following these actions, annual compensation for non-employee directors consists of the following elements:

- cash retainer of $80,000;
- variable performance-based restricted stock units, which we refer to as outperformance stock units (OSUs), with a targeted grant date fair value of approximately $110,000;
- restricted stock units (RSUs) with a targeted grant date fair value of approximately $110,000;
- Audit Committee chair fee of $25,000;
- Compensation Committee chair fee of $20,000;
- Corporate Governance and Nominating Committee chair fee of $15,000;
- all other committee chair fees of $10,000 per committee;
- non-chair Audit Committee member fee of $10,000; and

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

Intel does not pay its management directors for Board service in addition to their regular employee compensation. After his appointment as Chairman of the Board, Mr. Bryant has continued to participate in the compensation programs that apply to other full-time executive officers, and his compensation is 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 29, 2012.

Director Compensation for Fiscal Year 2012

Name	Fees Earned or Paid in Cash ($)	Stock Awards[1] ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation[2] ($)	Total ($)
Charlene Barshefsky[3]	87,500	215,300			302,800
Susan L. Decker	115,000	215,300		4,800	335,100
John J. Donahoe[4]		285,000			285,000
Reed E. Hundt	92,500	215,300			307,800
James D. Plummer	87,500	215,300			302,800
David S. Pottruck	102,500	215,300			317,800
Jane E. Shaw[5]	142,500		1,000	40,000	183,500
Frank D. Yeary	100,000	215,300			315,300
David B. Yoffie	95,000	215,300	95,000	5,000	410,300
Total	822,500	1,792,100	96,000	49,800	2,760,400

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 0.2% and a dividend yield of 3.5%. Assumptions used in determining the grant date fair value of OSUs were volatility of 26.64%, risk-free rate of return of 0.3%, and a dividend yield of 3.5%. For additional information, see Director Compensation; Equity Awards below.*

2 *Intel Foundation made matching charitable contributions on behalf of Ms. Decker ($4,800) and Dr. Yoffie ($5,000). Upon retirement from the Board, Dr. Shaw was entitled to $40,000 for the second half of 2012 from the directors retirement plan. Dr. Shaw received $37,500 in 2012, and a retroactive payment in 2013 in the amount of $2,500 due to the change in retainer payment for directors.*

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

4 *Includes 2,930 RSUs granted to Mr. Donahoe in lieu of his annual cash retainer for the second half of 2011, and his annual cash retainer for the first half of 2012. The remainder of his cash retainer and Compensation Committee member fees for the second half of 2012 will be paid in the form of RSUs in 2013.*

5 *Dr. Shaw retired from the Board effective May 2012.*

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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 2012 Mr. Donahoe elected to receive his fees earned in the form of RSUs.

Name	Annual Retainers ($)	Committee Chair Fees ($)	Audit and Compensation Committees Member Fees ($)	Total ($)
Charlene Barshefsky	77,500	10,000		87,500
Susan L. Decker	87,500 (1)	22,500	5,000	115,000
John J. Donahoe	77,500		5,000	82,500
Reed E. Hundt	77,500	5,000	10,000	92,500
James D. Plummer	77,500		10,000	87,500
David S. Pottruck	77,500	25,000 (2)		102,500
Jane E. Shaw[3]	137,500	5,000		142,500
Frank D. Yeary	77,500	17,500	5,000	100,000
David B. Yoffie	77,500	12,500	5,000	95,000

1 *Includes a $10,000 annual cash retainer fee for Ms. Decker s service as the Lead Director for the second half of 2012.*

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

3 *Dr. Shaw retired from the Board effective May 2012.*

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 2,930 RSUs in 2012 resulting from his elections under this program with respect to his 2011 and 2012 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 $220,000. Grant date fair value reported in the Stock Awards column in the Director Compensation for Fiscal Year 2012 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 are variable performance-based restricted stock units. OSUs granted to directors in 2012 (2012 Director

OSUs) have a three-year cliff-vesting schedule, meaning that 100% of the grant vests on the 36-month anniversary of the date the award is granted. On July 26, 2012, Intel granted each independent director 3,023 of 2012 Director OSUs. The grant date fair value of each OSU was $37.34. 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 2012 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 26, 2012, Intel granted each independent director 4,300 RSUs. The grant date fair value of each RSU was $23.81. 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.

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The following table provides information on the outstanding equity awards held by the non-employee directors at fiscal year-end 2012, 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 ($20.23 on December 28, 2012). 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.

Outstanding Equity Awards for Directors at Fiscal Year-End 2012

	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**
Name	**(#)**	**($)**	**(#)**	**($)**	**(#)**	**($)**
Charlene Barshefsky	5,000		15,514	313,800	9,207	186,300
Susan L. Decker			15,514	313,800	9,207	186,300
John J. Donahoe			22,649	458,200	9,207	186,300
Reed E. Hundt			15,514	313,800	9,207	186,300
James D. Plummer			15,514	313,800	9,207	186,300
David S. Pottruck	15,000	22,500	15,514	313,800	9,207	186,300
Jane E. Shaw[4]	15,000	22,500			11,308	228,800
Frank D. Yeary			15,514	313,800	9,207	186,300
David B. Yoffie			15,514	313,800	9,207	186,300

[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 from 33% to 200% of that target amount for OSUs granted prior to 2011; and from 50% to 200% for the OSUs granted in 2011 and 2012, 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.*

[4] *Dr. Shaw retired from the Board effective May 2012; however, the information shown in this table is as of fiscal year- end 2012.*

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 29, 2012, 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 2012 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 participated in the RSU Deferral Election program for the awards granted in 2012.

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. Dr. Shaw s retirement payments began after her retirement from the Board in May 2012. The amounts in the Change in Pension Value and Non-Qualified Deferred Compensation Earnings column

in the Director Compensation for Fiscal Year 2012 table represent the net 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 3.88%, a retirement age of 65 or current age if older, the RP2000 Mortality table projected to 2012, and an annual benefit amount of $80,000.

Equipment. Intel gives each director a laptop 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 a greater than 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 that are not included in one of the preceding 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 2012, there were no related-person transactions under the relevant standards.

Code of Conduct

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

Each director and executive officer must inform our Board when confronted with any situation that may be perceived as a conflict of interest with Intel, even if the person does not believe that the situation would violate our Code of Conduct. If 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 whether 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*.

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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 25, 2013, except for information on the greater than 5% stockholder. Amounts reported under Number of Shares of Common Stock Beneficially Owned as of February 25, 2013 include the number of shares subject to RSUs and stock options that become exercisable or vest within 60 days of February 25, 2013 (which are shown in the columns to the right). Our listed officers are the CEO, the CFO, and the 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 Common Stock Beneficially Owned as of February 25, 2013	Percent of Class	Number of Shares Subject to Options Exercisable as of February 25, 2013 or Which Become Exercisable Within 60 Days of This Date	Number of RSUs That Vest Within 60 Days of February 25, 2013
BlackRock, Inc.	299,360,425 (1)	6.033		
Paul S. Otellini, Director, President, and Chief Executive Officer	4,531,994 (2)	**	3,203,872	57,738
David Perlmutter, Executive Vice President and General Manager, Intel Architecture Group, and Chief Product Officer	1,968,599	**	1,409,490	14,379
Brian M. Krzanich, Executive Vice President and Chief Operating Officer	655,504	**	475,532	13,240
Stacy J. Smith, Executive Vice President, Director, Corporate Strategy and Chief Financial Officer	598,155	**	369,392	14,379
Renee J. James, Executive Vice President and General Manager, Software and Services Group	282,173	**	185,949	13,240
Andy D. Bryant, Director and Chairman of the Board	1,885,156 (3)	**	1,356,990	18,546
David B. Yoffie, Director	193,055 (4)	**		
David S. Pottruck, Director	87,138 (5)	**	15,000	
Charlene Barshefsky, Director	73,322 (6)(7)	**	5,000	
Reed E. Hundt, Director	69,150	**		
Susan L. Decker, Director	43,305	**		
Frank D. Yeary, Director	39,608	**		
John J. Donahoe, Director	35,695 (8)	**		
James D. Plummer, Director	34,650 (9)	**		
All directors and executive officers as a group (18 individuals)	12,861,879	**	8,907,959	177,138

** *Less than 1%.*

1 *As of December 31, 2012, based on information set forth in a Schedule 13G/A filed with the SEC on February 6, 2013 by BlackRock, Inc. BlackRock, Inc. s business address is 40 East 52nd St., New York, NY 10022.*

[2] *Includes 1,608 shares held by Mr. Otellini s spouse (Mr. Otellini disclaims beneficial ownership of these shares), and 338,229 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,1,000 shares held by Mr. Bryant s daughter, and 119,383 shares held by a family trust with Mr. Bryant s spouse as trustee. Mr. Bryant disclaims beneficial ownership of these shares.*

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

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[5] *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.*

[6] *Includes 6,800 shares held jointly with Ambassador Barshefsky s spouse for which Ambassador Barshefsky shares voting and investment power.*

[7] *Includes 17,370 deferred but vested RSUs held by Ambassador Barshefsky.*

[8] *Includes 30,206 deferred but vested RSUs held by Mr. Donahoe.*

[9] *Includes 27,835 shares held by a family trust for which Dr. Plummer shares voting and investment power.*

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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. The Audit Committee has established, and monitors, limits on the amount of non-audit services that Intel may obtain from 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 requires 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. Many of these services are provided to Intel by other multinational audit and accounting firms. 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 significantly disrupt 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. Even if the selection is ratified, the Audit Committee

in its discretion may appoint a different registered public accounting firm at any time during the year if the committee determines that such change would be appropriate.

Representatives of Ernst & Young attended all meetings of the Audit Committee in 2012. 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 Fees for 2012 and 2011

The following table shows the fees billed by Ernst & Young for audit and other services provided for fiscal years 2012 and 2011. 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 reflected in the following fee table were approved in conformity with the Audit Committee s pre-approval process.

	2012 Fees ($)	2011 Fees ($)
Audit Services	18,623,000	18,259,000
Audit-Related Services	958,000	903,000
Tax Services	2,360,000	2,341,000
All Other Services		
Total	21,941,000	21,503,000

Audit Services. This category includes Ernst & Young s audit of our annual financial statements and internal control over financial reporting, review of financial statements included in our Form 10-Q quarterly reports, and services that are typically provided by the independent registered public accounting firm in connection with statutory and regulatory filings or engagements for those fiscal years. This category also includes statutory audits required by non-U.S. jurisdictions; consultation and advice on new accounting pronouncements, and

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technical advice on various accounting matters related to the consolidated financial statements or statutory financial statements that are required to be filed by non-U.S. jurisdictions; comfort letters; and consents issued in connection with SEC filings or private placement documents. This category also includes fees for an Ernst & Young online accounting research service. The increase in audit fees from 2011 to 2012 is primarily due to an increase in the scope for statutory audits and related regulatory requirements.

Audit-Related Services. This category consists of assurance and related services provided by Ernst & Young that are reasonably related to the performance of the audit or review of our financial statements, and are not included in the fees reported in the table above under Audit Services. The services for the fees disclosed under this

category primarily include audits of Intel employee benefit plans.

Tax Services. This category consists of tax services provided with respect to tax consulting, tax compliance, tax audit assistance, tax planning, expatriate tax services, and transfer pricing.

All Other Services. This category consists of services provided by Ernst & Young that are not included in the category descriptions defined above under Audit Services, Audit-Related Services, or Tax Services.

Recommendation of the Board

The Board of Directors recommends that you vote **FOR** the ratification of the selection of Ernst & Young as our independent registered public accounting firm for the current year.

REPORT OF THE AUDIT COMMITTEE

As described more fully in its charter, the purpose of the Audit Committee is to assist the Board in its general oversight of Intel s financial reporting, internal controls, and audit functions. Management is responsible for the preparation, presentation, and integrity of Intel s financial statements; accounting and financial reporting principles; internal controls; and procedures designed to reasonably assure compliance with accounting standards, applicable laws, and regulations. Intel has a full-time Internal Audit department that reports to the Audit Committee and to management. This department is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of Intel s system of internal controls related to, for example, the reliability and integrity of Intel s financial information and the safeguarding of Intel s assets.

Ernst & Young LLP, Intel s independent registered public accounting firm, is responsible for performing an independent audit of Intel s consolidated financial statements in accordance with generally accepted auditing standards and expressing an opinion on the effectiveness of Intel s internal control over financial reporting. In accordance with law, the Audit Committee has ultimate authority and responsibility for selecting, compensating, evaluating, and, when appropriate, replacing Intel s independent audit firm. The Audit Committee has the authority to engage its own outside advisors, including experts in particular areas of accounting, as it determines appropriate, apart from counsel or advisors hired by management.

Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent audit firm; nor can the Audit Committee certify that the independent audit firm is independent under applicable rules. The Audit Committee serves a Board-level oversight role in which it provides advice, counsel, and direction to management and to the auditors on the basis of the information it receives, discussions with management and the auditors, and the experience of the Audit Committee s members in business, financial, and accounting matters.

The Audit Committee has an agenda for the year that includes reviewing Intel s financial statements, internal control over financial reporting, and audit matters. The Audit Committee meets each quarter with Ernst & Young, Intel s Chief Audit Executive, and management to review Intel s interim financial results before the publication of Intel s quarterly earnings news releases. Management s and the independent audit firm s presentations to, and discussions with, the Audit Committee cover various topics and events that may have significant financial impact or are the subject of discussions between management and the independent audit firm. The Audit Committee reviews and discusses with management and the Chief Audit Executive Intel s major financial risk exposures and the steps that management has taken to monitor and control such exposures. In accordance with law, the Audit

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Committee is responsible for establishing procedures for the receipt, retention, and treatment of complaints received by Intel regarding accounting, internal accounting controls, or auditing matters, including the confidential, anonymous submission by Intel s employees, received through established procedures, of any concerns regarding questionable accounting or auditing matters.

Among other matters, the Audit Committee monitors the activities and performance of Intel s internal auditors and independent registered public accounting firm, including the audit scope, external audit fees, auditor independence matters, and the extent to which the independent audit firm can be retained to perform non-audit services. Intel s independent audit firm has provided the Audit Committee with the written disclosures and the letter required by the Public Company Accounting Oversight Board (PCAOB) regarding the independent accountant s communications with the Audit Committee concerning independence, and the Audit Committee has discussed with the independent audit firm and management that firm s independence.

In accordance with Audit Committee policy and the requirements of law, the Audit Committee pre-approves all services to be provided by Ernst & Young. Pre-approval includes audit services, audit-related services, tax services, and other services. In some cases, the full Audit Committee provides pre-approval for as long as a year related to a particular category of service, or a particular defined scope of work subject to a specific budget. In other cases, the chair of the Audit Committee has the delegated authority from the Audit Committee to pre-approve additional services, and the chair then communicates such pre-approvals to the full Audit Committee.

The Audit Committee has reviewed and discussed with management its assessment of and report on the effectiveness of Intel s internal control over financial reporting as of December 29, 2012, which it

made using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control Integrated Framework. The Audit Committee also has reviewed and discussed with Ernst & Young its review and report on Intel s internal control over financial reporting. Intel published these reports in its Annual Report on Form 10-K for the year ended December 29, 2012, which Intel filed with the SEC on February 19, 2013.

The Audit Committee has reviewed and discussed the audited financial statements for fiscal year 2012 with management and Ernst & Young, and management represented to the Audit Committee that Intel s audited financial statements were prepared in accordance with U.S. generally accepted accounting principles. In addition, the Audit Committee has discussed with Ernst & Young, and Ernst & Young represented that its presentations to the Audit Committee included, the matters required to be discussed with the independent registered public accounting firm by applicable PCAOB rules regarding Communication with Audit Committees. This review included a discussion with management of the quality, not merely the acceptability, of Intel s accounting principles, the reasonableness of significant estimates and judgments, and the clarity of disclosure in Intel s financial statements, including the disclosures related to critical accounting estimates.

In reliance on these reviews and discussions, and the reports of Ernst & Young, the Audit Committee has recommended to the Board, and the Board has approved, the inclusion of the audited financial statements in Intel s Annual Report on Form 10-K for the year ended December 29, 2012.

Audit Committee

Frank D. Yeary, Chairman

Susan L. Decker

Reed E. Hundt

James D. Plummer

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PROPOSAL 3: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Intel has provided stockholders with an advisory vote on executive compensation since 2009, and beginning in 2011, a say on pay advisory vote to approve executive compensation has been required for U.S. public companies under federal law. In addition, at Intel s 2011 Annual Stockholders Meeting, a majority of our stockholders voted in favor of holding an advisory vote to approve executive compensation every year. The Board considered the voting results on that proposal and determined to adopt a policy providing for an annual advisory stockholder vote to approve our executive compensation. Therefore, in accordance with that policy and pursuant to Section 14A of the Securities Exchange Act of 1934, as amended, we are asking stockholders to approve, on an advisory basis, the compensation of Intel s listed officers disclosed in Compensation Discussion and Analysis, the Summary Compensation table and the related compensation tables, notes, and narrative in this proxy statement for Intel s 2013 Annual Stockholders Meeting.

As described below in the Compensation Discussion and Analysis section of this proxy statement, Intel s compensation programs are designed to support its business goals and promote short- and long-term profitable growth of the company. Intel s equity plans are intended to align compensation with the long-term interests of Intel s stockholders.

We urge stockholders to read the Compensation Discussion and Analysis section of this proxy

statement, which describes in more detail how our executive compensation policies and procedures operate and are designed to achieve our compensation objectives, as well as the Summary Compensation table and other related compensation tables and narratives, which provide detailed information on the compensation of our listed officers. The Board and the Compensation Committee believe that the policies and procedures described and explained in Compensation Discussion and Analysis are effective in achieving our goals and that the compensation of our listed officers reported in this proxy statement has supported and contributed to the company s recent and long-term success.

Although this advisory vote to approve our executive compensation is non-binding, the Compensation Committee will carefully assess the voting results, and if those results reflect any broadly held issues or concerns, we will consult directly with stockholders to better understand their views.

Unless the Board modifies its policy on the frequency of holding say on pay advisory votes, the next say on pay advisory vote will occur in 2014.

Recommendation of the Board

The Board of Directors recommends that you vote **FOR** approval of our executive compensation on an advisory basis.

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COMPENSATION DISCUSSION AND ANALYSIS

This section of the proxy statement explains how the Compensation Committee of the Board of Directors oversees our executive compensation programs, and discusses the compensation earned by Intel s listed officers (the CEO, the CFO, and the three other most highly compensated executive officers in 2012) as presented in the tables below under Executive Compensation. This Compensation Discussion and Analysis is composed of four sections:

- **Executive Summary** Highlights 2012 performance and pay;
- **Compensation Philosophy and Practices** A discussion of Intel s executive compensation framework, including the philosophy behind the total compensation package, as well as descriptions of each element of the package;
- **2012 Compensation of Our Listed Officers** Provides greater detail on individual compensation of our listed officers; and
- **Other Aspects of Our Compensation Programs** A discussion of other policies and processes related to our executive compensation programs.

Detailed compensation tables quantifying and further explaining our listed officers compensation follow this Compensation Discussion and Analysis.

For 2012, our listed officers were:

- Paul S. Otellini, President and Chief Executive Officer
- Stacy J. Smith, Executive Vice President, Director, Corporate Strategy, and Chief Financial Officer
- David Perlmutter, Executive Vice President, General Manager, Intel Architecture Group, and Chief Product Officer
- Brian M. Krzanich, Executive Vice President and Chief Operating Officer
- Renee J. James, Executive Vice President and General Manager, Software and Services Group

Executive Summary

Intel has a long-standing commitment to pay for performance that we implement by providing a majority of compensation through programs in which the amounts ultimately received vary to reflect our financial and operational performance. Our executive compensation programs evolve and are adjusted over time to support Intel s business goals and to promote both the near- and long-term profitable growth of the company. Total compensation for each executive officer varies with Intel s performance in achieving financial and non-financial objectives and with individual performance. The majority of cash compensation consists of payments under our annual incentive cash plans, which are based on absolute and relative financial performance, company performance relative to operational goals, and individual performance. Equity-based compensation, consisting of variable performance-based restricted stock units (OSUs), time-based restricted stock units (RSUs), and stock options, is used to align compensation with the long-term interests of Intel s stockholders by focusing our executive officers on total stockholder return (TSR). In setting 2012 listed officer compensation, the Compensation Committee reviewed compensation of a peer group consisting of 13 technology companies (the technology peer group) and 10 other companies in the S&P 100.

During 2012 the Compensation Committee determined to maintain the key components of our annual compensation program, consisting of base salary, annual and semi-annual incentive cash awards, and annual equity grants reflecting a mix of OSUs, RSUs and stock options. The committee also adjusted compensation levels and approved special equity awards in anticipation of the transition to Intel s next CEO and to retain our executive talent through the transition.

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As shown in the following table, Intel s revenue for 2012 was down 1% from 2011 and lower than we expected at the start of the year. In a challenging environment, the company s business continues to produce significant cash from operations, generating $18.9 billion in 2012. Intel returned $4.4 billion to stockholders through dividends and repurchased $4.8 billion of common stock through the common stock repurchase program. In addition, the company purchased $11 billion in capital assets as we continue to make significant investments to extend our manufacturing leadership.

	2012[1] ($ in millions, except per share amounts)	2011[1] ($ in millions, except per share amounts)	Change (%)
Net Revenue	53,341	53,999	(1)%
Net Income	11,005	12,942	(15)%
Stock Price (high and low)[2]	29.18/19.36	25.66/19.19	n/a
Stock Price per Share as of Fiscal Year-End	20.23	24.25	(17)%

[1] *2012 was a 52-week year and 2011 was a 53-week year.*

[2] *For 2012, based on a 52-week closing-price high and low, and for 2011, based on a 53-week closing-price high and low. Net income results are based on U.S. generally accepted accounting principles (GAAP).*

The listed officers reported compensation for 2012 was affected by our annual performance. The annual incentive cash plan is designed to reward annual performance, and represents the largest portion of cash compensation for the listed officers. Because Intel s annual incentive cash plan focuses primarily on net income growth performance, the payouts for 2012 were lower than they were in 2011. The calculated payout multiplier for 2012 was 99% of the annual incentive cash target amount, in contrast to the payout multiplier of 117% in 2011. However, for 2012 the Compensation Committee determined to use its negative discretion under the plan to reduce the multiplier for all the executive officers to 94% of the annual incentive cash target amount to reflect the committee s view that the company had not satisfied all of its business objectives for the year and that the cash payout to the executive officers ought to reflect greater overall responsibility for the company s results compared to other employees.

The link between the company s financial performance and the listed officers annual incentive cash plan is illustrated in the following graph, which shows how the average cash incentive payments have varied based on Intel s net income results.

[1] *Non-GAAP net income was used for 2009 and 2010.*

Compensation Philosophy and Practices

The Compensation Committee and Intel s management believe that compensation is an important tool for helping to recruit, retain, and motivate the employees on whom the company depends for its current and future success. The committee and Intel s management also believe that the proportion of at-risk, performance-based compensation should rise as an employee s level of responsibility increases.

Intel s compensation philosophy is reflected in the following key design priorities that govern compensation decisions:

- align with stockholders interests;
- motivate employees to achieve business goals;
- balance performance objectives and time horizons;
- recruit and retain the highest caliber of employees;
- encourage employee stock ownership;
- manage cost and share dilution; and
- maintain consistency in the way that executive officers and the broader employee population are compensated.

Intel has long employed a number of practices that reflect the company s compensation philosophy:

- *No Employment or Severance Arrangements.* Executive officers are employed at will without employment agreements or severance payment arrangements, except as required by local law.
- *No Change in Control Benefits.* Intel does not maintain any special payment arrangements that would be triggered by a change in control of Intel.
- *Claw-back Provisions.* Intel has claw-back provisions applicable to both its annual incentive cash plan and its equity incentive plan.
- *Objective Performance Criteria.* Intel s performance-based compensation programs for executive officers include the use of several objective performance measures, including measuring Intel s relative TSR performance against the technology peer group and a market comparator group.

Intel s Compensation Framework

The Compensation Committee determines the compensation for our executive officers. The committee considers, adopts, reviews, and revises executive officer compensation plans, programs, and guidelines, and reviews and determines all components of each executive officer s

compensation. As discussed above under Corporate Governance; Compensation Committee, Farient Advisors served as the committee s independent advisor for 2012. During 2012, Farient Advisors work with the Compensation Committee included advice and recommendations on:

- total compensation philosophy;
- program design, including program goals, components and metrics;
- compensation trends in the technology sector and in the general marketplace for senior executives;
- regulatory trends; and
- the compensation of the CEO and the other executive officers, including advice on the special retention awards related to the CEO succession process.

The committee also consults with management and Intel s Compensation and Benefits Group regarding executive and non-executive employee compensation plans and programs, including administering our equity incentive plans.

Executive officers do not propose or seek approval for their own compensation. The CEO makes a recommendation to the Compensation Committee on the base salary, annual incentive cash targets, and equity awards for each executive officer other than himself and the Chairman of the Board, based on his assessment of each executive officer s performance during the year and the CEO s review of compensation data gathered from compensation surveys. The CEO documents each executive officer s performance during the year, detailing accomplishments, areas of strength, and areas for development. The CEO bases his evaluation on his knowledge of each executive officer s performance, an individual self-assessment completed by each executive officer, and feedback provided by employees who report directly to such executive officer. When developing his recommendations for each executive officer other than himself, the CEO also reviews the compensation data gathered from compensation surveys. Intel s Senior Vice President of Human Resources and the Compensation and Benefits Group assist the CEO in developing the executive officers performance reviews and reviewing market compensation data to determine the compensation recommendations.

The annual performance reviews of the CEO and of the Chairman are developed by the independent directors acting as a committee of the whole Board. For the CEO s review, formal input is received from the independent directors, the Chairman, and senior management. The CEO also submits a self-

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assessment focused on pre-established objectives agreed upon with the Board. The independent directors meet as a group in executive sessions to prepare the review, which is completed and presented to the CEO. This evaluation is used by the Compensation Committee to determine the CEO s base salary, annual incentive cash target, and equity awards.

Performance reviews for the CEO and other executive officers consider these and other relevant topics that may vary depending on the role of the individual officer:

Strategic Capability. How well does the executive officer identify and develop relevant business strategies and plans?

Execution. How well does the executive officer execute strategies and plans?

Leadership Capability. How well does the executive officer lead and develop the organization and people?

Elements of Compensation

Executive compensation at Intel consists of the following principal elements:

Base salary refers to the annual fixed (non-variable) pay rate, which we use to provide a minimum, fixed level of cash compensation for executive officers.

Performance-based cash compensation, includes payments under our annual incentive cash plan and our semiannual incentive cash plan, and is used to encourage and reward executive officers contributions in producing strong financial and operational results.

Total cash compensation refers to base salary plus performance-based cash compensation.

Equity awards consist of OSUs, RSUs, and stock options, which we also use to seek to align the interests of executive officers with those of stockholders through equity ownership, and which are also used as retention tools through time-based vesting requirements.

Performance-based compensation refers to performance-based cash compensation and equity awards.

Total direct compensation refers to the aggregate value of base salary, performance-based cash compensation, and equity awards (with equity value based on accounting valuation as of the date the awards are approved or granted).

Total compensation, as reported in the Summary Compensation table, includes total direct compensation and compensation provided through other benefit programs such as our retirement contribution plan and non-qualified deferred compensation plan, which are designed to provide for retirement income and tax-efficient retirement savings for executive officers.

How Pay-for-Performance Works at Intel

Intel s pay-for-performance programs include performance-based cash compensation that varies depending on financial and operational performance, and equity awards that vary in economic value depending on stock price and TSR performance. Annual and semiannual incentive cash payments are determined primarily by Intel s annual financial results and are not directly linked to Intel s stock price performance. Equity compensation is tied to Intel s stock price performance and to Intel s TSR performance relative to the technology peer group or a market comparator group over a long-term time horizon.

The Compensation Committee evaluates total direct compensation against the 50th to 65th percentile of our peer group, ensuring that the competitive data is adjusted appropriately, as needed, for the company s size, to provide flexibility to attract and retain the best people for our business and to recognize that the competitive market data can fluctuate upward or downward in any given year, thus altering our relative pay positioning. For these purposes, the technology peer group was referenced in 2012 for determining compensation of executives with direct business unit responsibility, whereas corporate-level executives compensation was evaluated based on a peer group consisting of the technology peer group and 10 other companies in the S&P 100. The committee believes that this approach was appropriate because the relevant market for business unit executives is primarily technology companies and the relevant market for corporate-level executives is generally a broader market. Actual pay positions vary by individual and take into account factors such as recruitment and retention, individual performance, internal pay equity, and the size of previous-year awards.

Annual Incentive Cash Payments

Annual incentive cash payments to the listed officers are made under the Intel Executive Officer Incentive Plan. This plan mirrors the broad-based annual incentive cash plan for employees, with the added feature of an individual performance adjustment.

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At the beginning of the year, the Compensation Committee sets an annual incentive cash target for each executive officer, and following the end of the year the annual incentive cash target amount is multiplied by an annual incentive cash multiplier, which is the average of three performance ratios. The resulting payout may then be adjusted upward or downward by up to 10% based upon an individual s performance. The committee may further adjust a payout downward (but not upward) on a discretionary basis. The three performance ratios are based on:

Intel s current-year net income (GAAP) or adjusted net income (non-GAAP) relative to Intel s average net income used in the calculation over the previous three years;

Intel s net income growth or adjusted net income growth relative to that of the market comparator group similarly calculated on a GAAP or non-GAAP basis, respectively; and

satisfaction of Intel operational performance goals.

We typically expect the annual incentive cash multiplier calculated under the plan to range from 67% to 133% of the annual incentive cash target (100%), but the annual incentive cash multiplier may be higher or lower depending on the output of the formula and (as for 2012) the exercise of negative discretion by the Compensation Committee. The annual incentive cash payment in any event cannot exceed $10 million for any individual.

Semiannual Incentive Cash Payments

Intel s executive officers also participate in a company-wide, semiannual incentive cash plan that calculates payouts based on Intel s corporate profitability, which links compensation to financial performance. Payouts are communicated as a number of extra days of compensation, with executive officers typically receiving the same number of extra days as other employees.

Equity Awards

The Compensation Committee and management believe that equity compensation is a critical component of a total direct compensation package that helps Intel recruit, retain, and motivate the employees needed for the company s present and future success.

The committee determines the amount of equity grants based on its subjective consideration of factors such as relative job scope, individual performance, expected future contributions to the growth and development of the company, and the

competitiveness of grants relative to the peer group. When evaluating future contributions, the committee projects the value of the executive officer s future performance based on the executive officer s expected career development. The difference in grant value from year to year for any individual will reflect a number of factors, including changes in market-competitive grant values, promotions, and individual performance considerations.

Stock awards to listed officers generally are granted annually, utilizing three different equity vehicles: variable performance-based restricted stock units which we refer to as outperformance stock units (OSUs), restricted stock units (RSUs) and stock options. The stock awards are designed to align the interests of our executive officers and our stockholders. The portfolio approach, using multiple equity vehicles, is intended to encourage a balanced approach to long-term value creation.

OSU Awards. For 2012, 50% of the total value of the listed officers annual equity award was made in the form of OSUs. OSUs are performance-based RSUs under which the number of shares of Intel common stock received following vesting is based on Intel s Total Stockholder Return (TSR) performance measured against the TSR of a peer group of companies over a three-year period. In this regard, they are designed to reward and reflect performance compared to our peers. OSUs cliff vest 37 months after their grant date.

TSR is a measure of stock price appreciation plus any dividends payable during the performance or vesting period for the OSUs. The committee determined to use OSUs as the primary equity vehicle for listed officers because the OSUs reflect a balance between stock options and RSUs: they are performance-based and present significant upside potential for superior stock price performance comparable to that of stock options, but they share some attributes of traditional RSUs by offering some value to the recipient even if the stock price declines over the three-year measurement period. For more information on how OSUs are earned, see the Grants of Plan-Based Awards table in Executive Compensation.

RSU Awards. For 2012, 30% of the total value of the listed officers annual equity award was made in the form of RSUs. RSUs are intended to retain executive officers and reward them for absolute long-term stock price appreciation while providing some value to the recipient even if the stock price declines. RSUs also serve to balance the riskier nature of stock options and to provide a significant incentive to stay with the company. RSUs granted to

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the listed officers in 2012, except for special retention awards in the form of RSUs that will be discussed later, will vest in substantially equal quarterly increments over three years from the grant date. Quarterly vesting of RSUs helps offset the three-year cliff vesting of the OSUs.

Stock Options. For 2012, 20% of the total value of the listed officers annual equity award was made in the form of stock options. Stock options future realizable value depends upon stock price appreciation above the exercise price set on the grant date, thus rewarding listed officers for absolute long-term stock price appreciation. Stock options granted to listed officers in 2012 will vest in 25% increments annually over four years and have a term of seven years. The grant price of the stock options continues to be set on a regularly scheduled grant date with no discount or premium.

Special Awards. The Compensation Committee also retains the discretion to make equity grants for special purposes, including, for example, employee retention and to support or recognize particular goals or programs. As described in detail below

under Special Equity Awards for 2012 , in 2012 the committee granted a success equity award in the form of RSUs to the CEO based on performance, and special retention awards in the form of RSUs to the other listed officers, all of which were designed to facilitate a smooth CEO transition.

2012 Compensation of Our Listed Officers

In January of 2012, the Compensation Committee established base salaries, annual incentive cash target amounts, and operational goals under the annual incentive cash plan, and determined the equity awards for executive officers, including the special retention awards in the form of RSUs to the listed officers, other than the CEO. Because the special retention awards are designed to assist in retention over a multi-year period, they constituted the majority of the 2012 compensation for the listed officers other than the CEO. In January 2013, the committee approved the performance-based calculation used in making annual incentive cash payments and approved contributions to the retirement contribution plan.

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Total Direct Compensation

The following charts show the allocation of the listed officers total direct compensation for 2012, both with and without the special retention awards in the form of RSUs, reflecting the extent to which their total direct compensation consists of performance-based compensation.

Total Direct Compensation Chart With Special Retention RSUs

Total Direct Compensation Chart Without Special Retention RSUs

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Total Cash Compensation for 2012

When setting cash compensation for 2012 (both base salary and annual incentive cash targets), the Compensation Committee focused primarily on the following factors:

- changes in the levels of compensation in the competitive benchmark positions for each listed officer;
- internal pay equity and retention considerations as Intel prepares for the CEO transition; and
- changes in job responsibilities for certain listed officers.

For Mr. Otellini, the committee approved an approximate 9% increase in his salary to maintain this element of compensation at approximately the 50th percentile of the peer group, and approved a corresponding increase (of approximately 10%) in his annual incentive cash target amount to reinforce his focus on the mix of operational and financial improvement goals embodied in the annual incentive cash plan. The committee took into account the specific changes in job responsibilities (including through business unit expansion) and promotions for the other listed officers, as well as its desire to retain these executives as it prepared to evaluate CEO succession:

- Mr. Smith, who assumed additional responsibility for the strategy group. While Mr. Smith s salary is generally in line with the competitive benchmark for CFO salaries (requiring only a 2% increase to remain at the target competitive level), his incentive target was below market, particularly after factoring in his increased responsibility for corporate strategy. This added responsibility is recognized through both his 19% increase to annual incentive target and his subsequent promotion to Executive Vice President in 2012.
- Mr. Perlmutter, who had sole responsibility for Intel s engineering group, leading the strategic focus on System-on-Chip (SoC) development. Mr. Perlmutter s salary required only a 4% increase to maintain a market-competitive position. His annual incentive target was increased 69% to reflect the increased strategic significance of Intel s SoC efforts.
- Mr. Krzanich, who assumed additional responsibility for human resources and information technology operations, in addition to Intel s global manufacturing and supply chain operations, and was promoted to Chief Operating Officer (COO). Mr. Krzanich s salary was increased 25% and his annual incentive target increased 107% to maintain parity with the targeted competitive market position of his new role as Intel s COO. The increase is commensurate with the increased responsibilities of his new role and his promotion to Executive Vice President.
- Ms. James, who managed expanded operations as the Software and Services Group continued to grow in all of Intel s business lines. Ms. James salary increased 18% in response to both competitive market increases and the increased importance of the Software and Services Group s contributions to Intel s future. Her annual incentive target increased 44% in recognition of increased strategic importance and complexity of her role, evidenced not only by her compensation increases but also her subsequent promotion to Executive Vice President in 2012.

For 2012, based on the factors discussed above, the Compensation Committee increased the listed officers base salaries as shown in the table below.

Name	2012 Base Salary ($)	2011 Base Salary ($)	2011 to 2012

			Increase (%)
Paul S. Otellini	1,200,000	1,100,000	9%
Stacy J. Smith	650,000	635,000	2%
David Perlmutter	700,000	670,000	4%
Brian M. Krzanich	700,000	560,000	25%
Renee J. James	650,000	550,000	18%

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In January 2012, the Compensation Committee increased the listed officers   fiscal 2012 annual incentive cash targets as shown in the table below.

Name	2012 Annual Incentive Cash Target Amount ($)	2011 Annual Incentive Cash Target Amount ($)	2011 to 2012 Change (%)
Paul S. Otellini	5,300,000	4,800,000	10%
Stacy J. Smith	1,250,000	1,050,000	19%
David Perlmutter	1,800,000	1,065,000	69%
Brian M. Krzanich	1,800,000	870,000	107%
Renee J. James	1,250,000	870,000	44%

Following the end of fiscal 2012, the Compensation Committee approved the annual incentive cash multiplier results pursuant to the plan s formula, which yielded an annual incentive cash multiplier of 99%, calculated as follows:

Absolute Financial Component ($ in millions)	Relative Financial Component	Operational Component	Scoring	Multiplier
$11,005	(1% ..150%)	Revitalize the PC	25.7	
$10,414	(1% .081%)	Data Center and Cloud	15.0	
		Manufacturing, Technology and Velocity	16.0	
		Tablets	12.7	
		Phones	8.7	
		Compute Continuum	11.0	
		Organizational Health, Environment, Earnings, and NAND	9.0	
105.7%	**92.5%**	**TOTAL**	**98.1%**	**296%÷3=99%**

The absolute financial component declined from 164.6% in the 2011 calculation to 105.7% due to the decline in the 2012 earnings compared with an increase in prior three-year average net income.

The relative financial component was essentially flat year on year, changing from 93.1% for 2011 to 92.5% for 2012.

The operational component improved from 92.3% for 2011 to 98.1% for 2012. Operational component goals differ each year based on business and operational planning for each new year. In 2012, goals related to the Data Center and Cloud and Revitalize the PC components had more weighting and better scoring than, for example, the Phone operational sub-component.

For more information on the three performance components, see the Grants of Plan-Based Awards table in   Executive Compensation.

The Compensation Committee determined to use its discretion under the plan to reduce the multiplier for all our executive officers from 99% to 94% of their annual incentive cash target amounts. The committee s view in taking this action was that Intel had not satisfied all of its business objectives for the year and that the annual incentive cash payout to the executive officers ought to reflect greater overall responsibility for Intel s results compared to other employees. The following table details the annual incentive cash payments for each listed officer, reflecting the year-over-year changes as a result of a lower annual incentive cash multiplier and the changes in annual incentive cash target amounts discussed above. Although the year-over-year performance was lower than the previous year, the increases in annual targets made at the beginning of the year resulted in payouts that were more than last year for some of the listed officers.

Name	2012 Annual Incentive Cash Payment ($)	2011 Annual Incentive Cash Payment ($)	2011 to 2012 Increase (Decrease) (%)
Paul S. Otellini	4,982,000	6,160,000	(19%)
Stacy J. Smith	1,175,000	1,288,000	(9%)
David Perlmutter	1,692,000	1,306,400	30%
Brian M. Krzanich	1,692,000	1,067,200	59%
Renee J. James	1,175,000	1,067,200	10%

Payments earned under our semi-annual incentive cash program in 2012 totaled 20.1 days of compensation per employee, including executive officers, down from 26.4 days in 2011 for eligible employees and for executive officers. This total includes two days of compensation resulting from Intel s achievement of its customer satisfaction goals in 2012 and 2011. In 2012, semiannual incentive cash payments represented approximately 6% of the listed officers total performance-based cash compensation.

Annual Equity Awards for 2012

For 2012, the annual awards to listed officers were approximately 50% OSUs, 30% RSUs, and 20% stock options, based upon grant date fair value and reflecting the same mix as in 2011, and excluding any special incentive awards (success equity award

for the CEO and the special retention awards for the other listed officers).

Award sizes for 2012 were determined through a combination of an annual review of the level of grant value appropriate to remain competitive with the peer group s equity grant values, along with an annual assessment of the individual s performance over the previous year and expected future contributions. For Mr. Otellini, the Compensation Committee approved a target equity award value that would place his target total direct compensation at the upper end of the targeted peer group range. For the listed officers other than Mr. Otellini, the committee applied a matrix of grant values reflecting employment grade level and individual performance ratings, ranking each of the other listed officers at the highest ranking in the matrix.

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The following table illustrates the change in award values of the annual equity grant authorization in 2012 (excluding the special equity awards) relative to grant date fair value of awards in 2011. The increase for Mr. Otellini reflects increases in the competitive market for CEOs. The increases for Mr. Smith and Mr. Perlmutter reflect the increases to the competitive market for executive vice presidents. The increases for Mr. Krzanich and Ms. James reflect their promotions to Executive Vice President. Mr. Smith was also promoted to Executive Vice President in 2012, however, to ensure his parity with the competitive market for CFOs, his 2011 grant was made at the Executive Vice President level even though he was a Senior Vice President at the time.

Name	2012 Approved Value of Equity Awards ($)	2011 Grant Date Fair Value of Equity Awards ($)
Paul S. Otellini	10,000,000	9,133,900
Stacy J. Smith	4,500,000	4,050,700
David Perlmutter	4,500,000	4,050,700
Brian M. Krzanich	4,500,000	3,097,600
Renee J. James	4,500,000	3,097,600

Special Equity Awards for 2012

In connection with succession planning, the Compensation Committee established the Success Equity Program for Mr. Otellini. For 2012, this program consisted of a performance-based bonus in the form of RSUs that would vest after one year and be payable in shares of Intel common stock, with half of the shares subject to a one-year post-retirement holding period, and the other half subject to a two-year post-retirement holding period. The target award for 2012 was set at 75,000 shares of Intel common stock. The actual payout, which could range from 0% to 200% of target, was based on the Compensation Committee s and the Board of Directors subjective assessment of Mr. Otellini s performance based on a number of criteria. In January 2013, the committee approved a payout valued at approximately $2 million, and Mr. Otellini was issued 94,518 shares. These shares are subject to the post-retirement holding periods described above.

In addition, in 2012 the Compensation Committee granted special retention awards in the form of RSUs to certain senior executive officers in anticipation of the transition to Intel s next CEO. The committee deemed it appropriate to make these grants, which did not include the CEO, as an incentive for them to remain with Intel through the CEO transition. When these special retention RSUs were granted in January 2012 the current CEO, Mr. Otellini, was expected to retire no later than 2016, and the committee used a five-year vesting schedule weighted to the later years for these

special retention RSUs. The award value of the special retention RSUs granted to each of the listed officers, other than Mr. Otellini, was $10 million based on the average of Intel s high and low trading prices on the date of grant and equaled approximately twice the grant date value of the recipient s annual equity grant; however, under accounting standards applied by the company, the grant date fair value of these awards reported in the Summary Compensation table is approximately $8.8 million. The committee believed that the award values and the five-year vesting schedule were appropriate under the circumstances as a retention incentive.

In November 2012, Mr. Otellini announced his intention to retire effective May 2013, and the Board of Directors began a schedule of work with the goal of choosing a new CEO by the date of the annual stockholders meeting. Due to this accelerated transition schedule, the committee concluded that the original five-year vesting schedule of the special retention RSUs approved in January 2012 was no longer appropriate and ought to be adjusted to offer value for retention purposes during the period of 2013-2015. As a result, in January 2013 the vesting schedule for these special retention RSUs was amended such that they now vest over four years from their original 2012 grant date, with 20% vesting on the second anniversary of the grant, 40% on the third anniversary and 40% on the fourth anniversary, as illustrated in the following table:

Date	January 2014	January 2015	January 2016
% Vesting	20%	40%	40%

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Although these special retention RSUs will vest over four years from the date of their original grant, the total grant-date value of the awards is reported in the year in which they were granted in accordance with SEC regulations. As a result, the special retention RSUs constitute the majority of the 2012 compensation increases for the listed officers other than the CEO.

2009-2012 OSU Payout

Variable, performance-based OSUs were first granted in 2009, and 2012 was the first year in which the three-year OSU performance period ended and OSUs were settled. In 2012, the listed officers received Intel common shares totaling 162.9% percent of target for the OSUs granted in 2009. The settlement of these awards is not reflected in the listed officers compensation reported in the Summary Compensation Table, but appears in the table captioned Stock Option Exercises and Stock Vested in Fiscal Year 2012.

OSU payout was above target due to Intel s strong total stockholder return over the three-year performance period. Intel s TSR was 75.0%, exceeding the peer group TSR of 57.7% by 17.3 percentage points. The 2009 OSUs paid out at a 3:1 ratio for each percentage point that Intel s TSR exceeds the peer group TSR. For this purpose, peer group TSR is the average of the median TSR of the 2009 Proxy Statement s 15 technology peer group companies, which was 57.5%, and the median TSR of the S&P 100 (excluding the company s TSR), which was 57.8%. Therefore, the OSUs were converted into earned units equal to 151.9% of target. In addition, dividend equivalents are awarded on the earned units. The dividend equivalents, which were paid in the form of additional shares of Intel common stock, contributed an additional

11.0 percentage points to target. Total payout, including both TSR outperformance and dividend equivalents, was 162.9% of target.

Other Aspects of Our Executive Compensation Programs

2012 External Competitive Considerations

To assist the Compensation Committee in its review of executive compensation for 2012, Intel s Compensation and Benefits Group provided compensation data compiled from executive compensation surveys, as well as data gathered from annual reports and proxy statements from companies that the committee has selected as a peer group for executive compensation analysis purposes. This historical compensation data was then adjusted to arrive at current-year estimates for the peer group. The committee used this data to compare the compensation of our listed officers to that of the peer group.

The peer group for 2012 included 13 technology companies (the technology peer group) and 10 companies outside the technology industry from the S&P 100. When the peer group was created in 2007, the committee chose companies from the S&P 100 that resembled Intel in various respects, such as those that made significant investments in research and development and/or had substantial manufacturing and global operations. In addition, the committee selected companies whose three-year averages for revenue, net income, and market capitalization approximated Intel s. The peer group includes companies with which Intel competes for employees and includes the companies that Intel uses for measuring relative financial performance for annual incentive cash payments.

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The peer group for 2012 was substantially the same as for 2011, with the following adjustments, based on the criteria noted above: Advanced Micro Devices, Inc., NVIDIA Corporation, and Yahoo! Inc. were removed from the technology peer group, primarily due to their smaller size relative to Intel, and Amazon.com, Inc. was added as a larger-capitalization technology company with which Intel competes for employees.

Company	Reported Fiscal Year	Revenue ($ in billions)	Net Income (Loss) ($ in billions)	Market Capitalization on March 1, 2013 ($ in billions)
Amazon.com[1]	12/31/12	61.1	(.04)	120.79
Apple Inc.[1]	9/29/12	156.5	41.7	404.24
Applied Materials, Inc.[1]	10/28/12	8.7	0.1	16.31
AT&T Inc.	12/31/12	127.4	7.3	197.75
Cisco Systems, Inc.[1]	7/28/12	46.1	8.0	111.07
Dell Inc.[1]	2/1/13	56.9	2.4	24.33
The Dow Chemical Company	12/31/12	56.8	0.8	38.31
EMC Corporation[1]	12/31/12	21.7	2.7	48.99
General Electric Company	12/31/12	147.4	13.6	242.27
Google Inc.[1]	12/31/12	50.2	10.7	265.77
Hewlett-Packard Company[1]	10/31/12	120.4	(12.7)	39.35
International Business Machines Corporation[1]	12/31/12	104.5	16.6	227.26
Johnson & Johnson	12/30/12	67.2	10.9	214.40
Merck & Co., Inc.	12/31/12	47.3	6.2	129.60
Microsoft Corporation[1]	6/30/12	73.7	17.0	234.12
Oracle Corporation[1]	5/31/12	37.1	10.0	163.95
Pfizer Inc.	12/31/12	59.0	14.6	201.66
Qualcomm Incorporated[1]	9/30/12	19.1	6.1	113.91
Schlumberger Limited	12/31/12	42.1	5.5	103.13
Texas Instruments Incorporated[1]	12/31/12	12.8	1.8	38.14
United Parcel Service, Inc.	12/31/12	54.1	0.8	79.06
United Technologies Corporation	12/31/12	57.7	5.1	82.62
Verizon Communications Inc.	12/31/12	115.8	0.9	133.57
Intel 2012	12/29/12	53.3	11.0	104.01
Intel 2012 Percentile		39%	77%	36%

[1] *Indicates a company that we included as one of the 13 technology companies in the technology peer group for 2012.*

Post-Employment Compensation Arrangements

Intel does not provide employment agreements, severance payment arrangements, or change in control benefits to executive officers. Intel provides limited post-employment compensation arrangements to executive officers, including the listed officers, consisting of an employee-funded 401(k) savings plan, a discretionary company-funded retirement contribution plan, and a company-funded pension plan, each of which is intended to be tax-qualified and available to most U.S. employees, and a non-tax-qualified supplemental deferred compensation plan for highly compensated employees. The company-funded pension plan was closed to new hires starting January 1, 2011.

The Compensation Committee allows the listed officers to participate in these plans to encourage the officers to save for retirement and to assist the company in retaining the listed officers. The terms governing the retirement or deferred compensation benefits under these plans for the executive officers are the same as those available for other eligible employees in the United States. Each plan other than the pension plan results in individual participant balances that reflect a combination of amounts contributed by the company or deferred by the employee, amounts invested at the direction of either the company or the employee, and the continuing reinvestment of returns until the accounts are distributed.

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Intel does not make matching contributions based on the amount of employee contributions under any of these plans. The retirement contribution plan consists of a discretionary cash contribution determined annually by the committee for executive officers, and by the CEO for other employees. These contribution percentages have historically been the same for executive officers and other employees. For 2012, Intel s discretionary contribution (including allocable forfeitures) to the retirement contribution plan for eligible U.S. employees, including executive officers, and to the similar account for new employees in the 401(k) savings plan, equaled 6% of eligible salary (which included annual and semiannual incentive cash payments as applicable). To the extent that the amount of the contribution is limited by the Internal Revenue Code of 1986, as amended (tax code), Intel credits the additional amount to the non-qualified deferred compensation plan. Intel invests all of its contributions to the retirement contribution plan in a diversified portfolio.

Because the listed officers do not receive preferential or above-market rates of return under the deferred compensation plan, earnings under the plan are not included in the Summary Compensation table, but are included in the Non-Qualified Deferred Compensation table (see Executive Compensation). The notional investment options available under the non-qualified plan are the same investment options that were available in the 401(k) savings plan prior to October 2011 when the 401(k) savings plan investment options were reduced in conjunction with the addition of a brokerage window.

The basic benefit provided by the pension plan for all eligible U.S. employees, including executive officers, is based on a formula that takes into account the employee s final average pay and years of service. The resulting benefit is reduced by the value of the employee s account in the retirement contribution plan. The pension plan pays a benefit only to the extent that it is not fully offset by the retirement contribution plan account value. The benefit provided to some listed officers who participate in the pension plan also includes a tax-qualified arrangement that offsets amounts that otherwise would be paid under the non-qualified deferred compensation plan described above. This tax-qualified arrangement is also available to other eligible employees and does not result in an overall increase in payments otherwise due under the non-qualified deferred compensation plan. Each participant s tax-qualified amount in this arrangement was established based on a number of elements, including the participant s non-qualified deferred compensation plan balance as of

December 31, 2003, IRS pension rules that take into consideration age and other factors, and limits set by Intel for equitable administration. Due to the values in the individual retirement-contribution plan accounts, we do not expect that any of the listed officers will receive any payments from the pension plan other than the offset to the non-qualified deferred compensation plan just described.

Personal Benefits

Intel has very limited programs for providing personal benefit perquisites to executive officers, and it does not provide permanent lodging or defray the cost of personal entertainment or family travel. The company provides air and other travel for Intel s executive officers for business purposes only. Intel s company-operated aircraft hold approximately 40 passengers and are used in regularly scheduled routes between Intel s major U.S. facility locations, and Intel s use of non-commercial aircraft on a time-share or rental basis is limited to appropriate business-only travel. Intel s health care, insurance, and other welfare and employee benefit programs are essentially the same for all eligible employees, including executive officers, although the details of the programs, eligibility, and cost sharing may vary by country or local market practice. Intel shares the cost of health and welfare benefits with its employees, a cost that depends on the level of benefits coverage that each employee elects. Intel s employee loan programs are not available to its executive officers. Intel has no outstanding loans of any kind to any of its executive officers.

In 2012, Intel made financial planning services available to its executive officers, including the listed officers. In addition, Intel elected to bear the cost of upgrading the home security systems for Mr. Otellini.

2012 Say on Pay Advisory Vote on Executive Compensation

Intel has provided stockholders with an advisory vote on executive compensation in each of the past four years. Consistent with Intel s experience in prior years, at our 2012 Annual Stockholders Meeting, approximately 97% of the votes cast in the say on pay advisory vote were FOR approval of our executive compensation. The Compensation Committee evaluated the results of the 2012 advisory vote together with the other factors and data discussed in this Compensation Discussion and Analysis in determining executive compensation policies and decisions. The committee considered the vote results and due to the significant approval

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vote did not make changes to our executive compensation policies and decisions as a result of the 2012 advisory vote.

Corporate Officer Stock Ownership Guidelines

Because the Compensation Committee believes in linking the interests of management and stockholders, the Board has set stock ownership

guidelines for Intel s executive officers. The ownership guidelines specify the number of shares that Intel s corporate officers must accumulate and hold within five years of appointment or promotion as a corporate officer. The following table lists the specific share requirements. Unvested OSUs and RSUs and unexercised stock options do not count toward satisfying these ownership guidelines.

As of December 29, 2012, each of Intel s listed officers had satisfied these ownership guidelines.

	CEO	CFO	Executive Vice President	Senior Vice President	Vice President
Minimum Number of Shares	250,000	125,000	100,000	65,000	35,000

Intel Policies Regarding Derivatives or Short Sales

Intel prohibits directors, listed officers, and other senior employees from investing in derivative securities of Intel common stock and engaging in short sales or other short-position transactions in Intel common stock. This policy does not restrict ownership of company-granted awards, such as OSUs, RSUs, employee stock options, and publicly traded convertible securities issued by Intel.

Intel Policies Regarding Claw-Backs

Intel s 2007 Executive Officer Incentive Plan, under which annual incentive cash payments are made, and Intel s 2006 Equity Incentive Plan include provisions for seeking the return (claw-back) from executive officers of incentive cash payments and stock sale proceeds in the event that those amounts had been inflated due to financial results that later had to be restated.

Tax Deductibility

Section 162(m) of the tax code places a limit of $1 million on the amount of compensation that Intel may deduct in any one year with respect to its CEO and each of the next three most highly compensated executive officers (excluding the CFO). Certain performance-based compensation provided under plans approved by stockholders is not subject to this tax deduction limit. Intel structured its 2006 Equity Incentive Plan with the intention that stock options awarded under the plan would qualify for tax deductibility. To maintain flexibility and promote simplicity in administration, other compensation arrangements such as OSUs, RSUs, and annual and semiannual incentive cash payments are not designed to satisfy the conditions of tax code Section 162(m) and therefore may not be deductible.

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REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee, which is composed solely of independent directors of the Board of Directors, assists the Board in fulfilling its responsibilities with regard to compensation matters, and is responsible under its charter for determining the compensation of Intel s executive officers. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management, including our Chief Executive Officer, Paul S. Otellini, and our Chief Financial Officer, Stacy J. Smith. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis section be included in Intel s 2012 Annual Report on Form 10-K (incorporated by reference) and in this proxy statement.

Compensation Committee

David S. Pottruck, Chairman

John J. Donahoe

David B. Yoffie

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EXECUTIVE COMPENSATION

The following table lists the annual compensation for fiscal years 2012, 2011, and 2010 of our CEO, CFO, and our three other most highly compensated executive officers in 2012 (referred to as listed officers).

2012 Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus[1] ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Paul S. Otellini	2012	1,200,000		9,940,400	1,963,200	5,234,500	130,000	523,200	18,991,300
President and	2011	1,100,000	34,000	7,331,100	1,802,800	6,429,500	319,000	475,500	17,491,900
Chief Executive Officer	2010	1,000,000	30,400	6,236,800	1,082,200	6,790,000	131,000	382,100	15,652,500
Stacy J. Smith	2012	650,000		12,363,700	883,500	1,265,900	53,000	128,100	15,344,200
Executive Vice President and	2011	635,000	12,400	3,251,200	799,500	1,386,000	170,000	133,500	6,387,600
Chief Financial Officer	2010	475,000	10,400	2,281,700	816,200	1,575,000	55,000	100,600	5,313,900
David Perlmutter[2]	2012	700,000		12,363,700	883,500	1,800,700	385,900	337,800	16,471,600
Executive Vice President and	2011	670,000	12,200	3,251,200	799,500	1,401,500	543,300	404,700	7,082,400
General Manager,	2010	506,200	11,200	3,002,300	1,182,900	1,837,000	221,600	398,100	7,159,300
Intel Architecture Group, and									
Chief Product Officer									
Brian M. Krzanich	2012	700,000		12,363,700	883,500	1,800,900	5,000	115,100	15,868,200
Executive Vice President and	2011	560,000	10,700	2,486,200	611,400	1,151,800	21,000	119,200	4,960,300
Chief Operating Officer	2010	425,000	9,200	2,329,200	736,200	1,414,500	8,000	89,400	5,011,500
Renee J. James	2012	650,000		12,363,700	883,500	1,265,100	24,000	109,000	15,295,300
Executive Vice President and	2011	550,000	10,600	2,486,200	611,400	1,150,900	69,000	118,600	4,996,700
General Manager,	2010	425,000	9,200	2,329,200	736,200	1,414,400	23,000	72,600	5,009,600
Software and Services Group									

[1] *These were special bonuses paid to all eligible employees in 2011 and 2010, including the listed officers, for their contribution in achieving Intel milestones: Intel s first year when revenue exceeded $50 billion (2011) and Intel s first year when revenue exceeded $40 billion (2010). These special bonuses were equivalent to three days of compensation for each year.*

[2] *Mr. Perlmutter receives his cash compensation in Israeli shekels. The amounts reported above in the Salary column and the annual incentive cash payment included in the Non-Equity Incentive Plan Compensation column for 2012 and 2011 are based on the amount approved by the Compensation Committee in U.S. dollars and therefore do not take into account increases or decreases that could result from the amount being converted into and paid in shekels. The amounts reported above in the Bonus column, certain amounts included in the Non-Equity Incentive Plan Compensation column, Change in Pension Value and Non-Qualified Deferred Compensation Earnings column and certain amounts included in the All Other Compensation column for 2012 and 2011 were converted to U.S. dollars using a rate of 3.75 and 3.78 shekels per dollar, calculated as of December 29, 2012 and December 31, 2011, respectively. The amounts reported above in the Salary, Bonus, Non-Equity Incentive Plan Compensation and Change in Pension Value and Non-Qualified Deferred Compensation Earnings columns and certain amounts in the All Other Compensation column were converted to U.S. dollars using 3.59 shekels per dollar, calculated as of December 25, 2010 for 2010.*

Total Compensation. Total compensation as reported in the Summary Compensation table increased 108% from 2011 to 2012 for listed officers, primarily due to the retention grants awarded to each of the listed officers other than Mr. Otellini that are included in the stock awards column.

Equity Awards. Under SEC rules, the values reported in the "Stock Awards" and "Option Awards" columns of the Summary Compensation table reflect the aggregate grant date fair value of grants of stock options and stock awards to each of the listed officers in the years shown.

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The grant date fair values of OSUs are provided to us by Radford, an Aon Hewitt Consulting company, using the Monte Carlo simulation valuation method. We calculate the grant date fair value of an RSU by taking the value of Intel common stock on the date of grant and reducing it by the present value of

dividends expected to be paid on Intel common stock before the RSU vests, because we do not pay or accrue dividends or dividend-equivalent amounts on unvested RSUs. We calculate the grant date fair value of stock options using the Black-Scholes option pricing model.

The following table includes the assumptions used to calculate the aggregate grant date fair value of awards reported for 2012, 2011, and 2010 on a grant-date by grant-date basis.

	Assumptions			
Grant Date	Volatility (%)	Expected Life (Years)	Risk-Free Interest Rate (%)	Dividend Yield (%)
1/22/10	30	5.1	2.0	3.1
4/15/10[1]	n/a	n/a	0.8	2.6
1/24/11	27	5.2	1.6	3.4
1/24/12	25	5.4	0.6	3.1

[1] *RSUs were the only awards granted on this date; therefore, the volatility and expected life (years) assumptions were not applicable.*

Non-Equity Incentive Plan Compensation. The amounts in the Non-Equity Incentive Plan Compensation column of the Summary Compensation table include annual incentive cash payments made under the annual incentive cash plan and semiannual incentive cash payments. The allocation of payments was as follows:

Name	Year	Annual Incentive Cash Payments ($)	Semiannual Incentive Cash Payments ($)	Total Incentive Cash Payments ($)
Paul S. Otellini	2012	4,982,000	252,500	5,234,500
	2011	6,160,000	269,500	6,429,500
	2010	6,524,000	266,000	6,790,000
Stacy J. Smith	2012	1,175,000	90,900	1,265,900
	2011	1,288,000	98,000	1,386,000
	2010	1,484,000	91,000	1,575,000
David Perlmutter	2012	1,692,000	108,700	1,800,700
	2011	1,306,400	95,100	1,401,500
	2010	1,738,700	98,300	1,837,000
Brian M. Krzanich	2012	1,692,000	108,900	1,800,900
	2011	1,067,200	84,600	1,151,800

	2010	1,335,000	79,500	1,414,500
Renee J. James	2012	1,175,000	90,100	1,265,100
	2011	1,067,200	83,700	1,150,900
	2010	1,335,000	79,400	1,414,400

Change in Pension Value and Non-Qualified Deferred Compensation Earnings. Amounts reported represent the actuarial increase of the benefit that executive officers have in the tax-qualified pension plan arrangement, which offsets the non-qualified pension plan benefit (other than for Mr. Perlmutter). Since that benefit is a fixed dollar amount payable at age 65, year-to-year differences in the present value of the accumulated benefit arise solely from changes in the interest rate used to calculate present value and the participant s age becoming closer to age 65. The listed officers (other than Mr. Perlmutter) had an

overall increase in 2012 because the interest rate used to calculate present value decreased from 4.7% for 2011 to 3.9% for 2012. They had an overall increase in 2011 because the interest rate used to calculate present value decreased from 5.8% for 2010 to 4.7% for 2011, and they had an overall increase in 2010 because the interest rate decreased from 6.1% for 2009 to 5.8% for 2010. Mr. Perlmutter participates in a pension savings plan, a severance plan as well as an adaptation plan for Israeli employees, which are explained further in Retirement Plans for Mr. Perlmutter following the

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Pension Benefits for Fiscal Year 2012 table. The changes in pension value reported above in the Summary Compensation table are the increases in the balance of the pension savings plan (less

Mr. Perlmutter s contributions) and the increases in the actuarial present values for the severance and adaptation plans explained below.

All Other Compensation. The amounts in the All Other Compensation column of the Summary Compensation table include tax-qualified discretionary company contributions to the retirement contribution plan, discretionary company contributions credited under the retirement contribution component of the non-qualified deferred compensation plan, matching charitable contributions from the Intel Foundation, and payments in connection with listed officer relocations, as detailed in the table below. Amounts included in the Retirement Plan Contributions column will be paid to the listed officers only upon the earliest to occur of retirement, termination (receipt may be deferred but not later than reaching age 70 $^{1}/_{2}$), disability, or death. Amounts included in the Deferred Compensation Plan Contributions column will be paid to the listed officers after a fixed period of years or upon termination of employment, in accordance with irrevocable elections made at the time that compensation is deferred.

Name	Year	Retirement Plan Contributions ($)	Deferred Compensation Plan Contributions ($)	Matching Charitable Contributions ($)	Financial Planning ($)	Home Security Services ($)	Relocation Payments ($)	Total All Other Compensation ($)
Paul S. Otellini	2012	15,000	444,800		4,800	58,600		523,200
	2011	14,700	460,800					475,500
	2010	14,700	364,900	2,500				382,100
Stacy J. Smith	2012	15,000	107,900		5,200			128,100
	2011	14,700	118,800					133,500
	2010	14,700	85,900					100,600
David Perlmutter[1]	2012						337,800	337,800
	2011						404,700	404,700
	2010						398,100	398,100
Brian M. Krzanich	2012	15,000	97,600		2,500			115,100
	2011	14,700	104,500					119,200
	2010	14,700	67,100				7,600	89,400
Renee J. James	2012	15,000	94,000					109,000
	2011	14,700	103,900					118,600
	2010	14,700	57,900					72,600

[1] *In 2006, Mr. Perlmutter relocated to the United States from Israel with an original assignment for a two-year period, which was extended until August 2013. Since this is a temporary assignment, Mr. Perlmutter received a two-way relocation package. This package contained the same elements as a standard Intel employee relocation package. Intel s relocation packages include monetary allowances and moving services to help employees relocate. The packages are designed to meet the business needs of Intel and the personal needs of Intel employees and their families. Relocation packages apply to all employees based on set criteria, such as duration of the assignment, destination for the assignment, family size, and other needs as applicable.*

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Grants of Plan-Based Awards in Fiscal Year 2012

The following table presents equity awards granted under the 2006 Equity Incentive Plan, and awards granted under our annual and semiannual incentive cash plans in 2012. Under SEC rules, the values reported in the Grant Date Fair Value of Stock and Option Awards column reflect the grant date fair value of grants of stock awards and stock options determined under accounting standards applied by Intel discussed above.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards		Estimated Future Payouts Under Equity Incentive Plan Awards[1]			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Securities Underlying Options (#)	Exercise or Base Price of Option Awards[3] ($/Sh)	Closing Market Price on Grant Date[3] ($/Sh)	Grant Date Fair Value of Stock and Option Awards[4] ($)
Name	Award Type	Grant Date	Approval Date	Target[2] ($)	Maximum ($)	Minimum (#)	Target (#)	Maximum (#)					
Paul S. Otellini	OSU	1/24/12	1/24/12			62,970	125,940	251,880					5,145,900
	Success RSU						75,000	150,000					1,947,000
	RSU	1/24/12	1/24/12						111,960				2,847,500
	Stock Option	1/24/12	1/24/12							451,470	26.80	26.90	1,963,200
	Annual Cash			5,300,000	10,000,000								
	Semiannual Cash			252,500									
Stacy J. Smith	OSU	1/24/12	1/23/12			28,340	56,680	113,360					2,315,900
	RSU	1/24/12	1/23/12						50,380				1,281,300
	Retention RSU	1/24/12	1/23/12						373,200				8,766,500
	Stock Option	1/24/12	1/23/12							203,160	26.80	26.90	883,500
	Annual Cash			1,250,000	10,000,000								
	Semiannual Cash			90,900									
David Perlmutter	OSU	1/24/12	1/23/12			28,340	56,680	113,360					2,315,900
	RSU	1/24/12	1/23/12						50,380				1,281,300
	Retention RSU	1/24/12	1/23/12						373,200				8,766,500
	Stock Option	1/24/12	1/23/12							203,160	26.80	26.90	883,500
	Annual Cash			1,800,000	10,000,000								
	Semiannual Cash			108,700									
Brian M. Krzanich	OSU	1/24/12	1/23/12			28,340	56,680	113,360					2,315,900
	RSU	1/24/12	1/23/12						50,380				1,281,300
	Retention RSU	1/24/12	1/23/12						373,200				8,766,500
	Stock Option	1/24/12	1/23/12							203,160	26.80	26.90	883,500
	Annual Cash			1,800,000	10,000,000								
	Semiannual Cash			108,900									
Renee J. James	OSU	1/24/12	1/23/12			28,340	56,680	113,360					2,315,900
	RSU	1/24/12	1/23/12						50,380				1,281,300
	Retention RSU	1/24/12	1/23/12						373,200				8,766,500
	Stock Option	1/24/12	1/23/12							203,160	26.80	26.90	883,500
	Annual Cash			1,250,000	10,000,000								
	Semiannual Cash			90,100									

[1] *The Estimated Future Payouts Under Equity Incentive Plan Awards columns represent the minimum, target, and maximum number of OSUs that upon converting to shares could be received by each listed officer, excluding dividend equivalents. The Estimated Future Payouts Under Equity Incentive Plan Awards columns for the Success RSUs represent the minimum, target, and maximum number of RSUs that upon converting to shares could be received by Mr. Otellini.*

[2] *Amounts reported as Target in the Annual Cash rows are the listed officer s annual incentive cash target, and the amounts reported as Target in the Semiannual Cash rows are the listed officer s 2012 semiannual incentive payment.*

[3] *The exercise price was determined based on the average of the high and low price of Intel common stock on the grant date, while the market price on the grant date is the closing price of our common stock on that date.*

[4] *The grant date fair value is generally the amount that Intel would expense in its financial statements over the award s service period but does not include a reduction for forfeitures.*

OSU Awards. OSUs granted to the listed officers in 2012 have a three-year performance period from the grant date, and a 37-month vesting schedule, meaning that the performance metrics are measured over the first 36 months, and the number of corresponding shares vest in the 37th month. The

number of shares of Intel common stock to be received at vesting will range from 50% to 200% of the target amount, based on the TSR of Intel common stock measured against the TSR of the technology peer group over a three-year period. TSR is a measure of stock price appreciation plus

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any dividends paid during the vesting period. Dividend equivalents are payable over the vesting period only on the number of shares of Intel common stock earned, and they will be paid in the form of additional shares of Intel common stock.

RSU Awards. RSUs granted to the listed officers in 2012 will vest in substantially equal quarterly increments over three years from the date of grant.

Stock Options. Stock options granted to the listed officers in 2012 will vest in 25% increments annually over four years, expire seven years from the date of grant, and have an exercise price of no less than 100% of the average of the high and low trading prices of Intel common stock on the date of grant. Also, upon retirement, Mr. Otellini may exercise his stock options for the full remaining life of the award.

Annual Cash. Annual incentive cash payments are made under the annual incentive cash plan. The Compensation Committee sets the incentive cash target amount under the annual incentive cash plan annually as part of the annual performance review and compensation adjustment cycle. This incentive cash target amount is then multiplied by the annual incentive cash multiplier calculated after the end of the year based on the average of three corporate performance components. This plan mirrors the broad-based plan for employees, with the added feature of an individual performance adjustment.

Each corporate performance component is targeted around a score of 100%, with a minimum score of zero. The committee may adjust Intel s net income based on qualifying criteria selected by the committee at its sole discretion, as described in the plan. The methodology used to calculate Intel s net income or adjusted net income for both absolute and relative financial performance is the same. Additional details on each component are set forth in the sections that follow.

Absolute Financial Component. To determine absolute financial performance, Intel s current-year net income or adjusted net income is divided by Intel s average net income used in the calculation over the previous three years. Intel uses a rolling three-year average in the denominator so that Intel does not over- or under-compensate executive officers based on volatility in earnings. Through this component, the committee rewards executive officers for sustained performance. In 2012, Intel s net income was 5.7% higher than the trailing three-year average. This is down from the 2011 result, when net income was 64.6% higher than the trailing three-year average.

Relative Financial Component. To calculate Intel s performance relative to the market comparator group, Intel s net income percentage growth or adjusted net income percentage growth, plus one, is divided by the sum of one plus the simple average (with each group weighted equally) of the annual net income percentage growth or adjusted net income percentage growth for the technology peer group and the S&P 100 (excluding Intel). There is some overlap in the S&P 100 and the 13 technology companies that we have identified (described above in Compensation Discussion and Analysis; 2012 External Competitive Considerations). We have done this intentionally to provide slightly more weighting to the company s relative performance compared to the technology companies that are also in the S&P 100. The committee has the flexibility to use discretion in either including or excluding certain charges to the market comparator group s net income results, similar to any charges that may have been included or excluded for Intel. Through this component, the committee rewards executive officers for how well Intel performs compared to a broader market. In 2012, the scoring for the relative component was 92.5% for Intel s performance relative to the market s performance, a decrease compared to the 2011 relative score of 93.1%.

Operational Component. Each year, the Compensation Committee approves operational goals and their respective success criteria for measuring operational performance. The operational goals typically link to company performance in several key areas, including financial performance, product design and development roadmaps, manufacturing, cost, and productivity improvements, customer satisfaction, and corporate responsibility and environmental sustainability. For 2012, the committee approved a reduced number of operational goals to support inter-group collaborative efforts, allocated and grouped into certain major categories described in the following table, with weightings that total 100 points. The goals and success measures are defined within the first 90 days of the performance period. The scoring for most goals ranges from 0% to 125% based on the level of achievement reflected in Intel s confidential internal annual business plan. There were some goals with an upper range of 150% to 400% if certain extraordinary criteria were met. The results are summed and divided by 100, so that the final operational score is between 0% and 165%. The operational goals selected by the committee are also used in the broad-based employee annual incentive cash plan and are prepared each year as part of the annual planning process for the company, so that all employees are focused on achieving the same company-wide operational results. These operational goals are derived from a process for tracking and

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evaluating performance; however, some goals have non-quantitative measures that require some degree of subjective evaluation. Over the past five years, operational goals have scored between 92.3% and 103.1%, with an average result of 98.9%. The operational goals are intended to be a practical and realistic estimate of the coming year based on the data, projections, and analyses that Intel uses in its planning processes. The scores for the year, representing Intel s achievement of the year s operational goals, are calculated by senior management and are reviewed and approved by the Compensation Committee. The company scored 98.1% on its operational goals in 2012, an increase compared to 92.3% in 2011.

2012 Operational Goal Categories

Revitalize the PC **24 points**	**Accelerate Data Center Solutions and Win Cloud Build-Out** **13 points**	**Manufacturing and Process Technology Leadership and Velocity** **17 points**
Ultrabook systems Next-generation client products	Cloud leadership Next-generation server products High-performance computing	Process technology milestones Client and SoC velocity
Win and Ramp Intel® Architecture-based Tablets **13 points**	**Establish Intel Architecture in Phones** **13 points**	**Compute Continuum Experiences Across Intel Architecture-based Devices** **10 points**
Tablet launch and volume Tablet product long-term affordability	Phone launch and volume Entry smartphone LTE	Deliver compute continuum vertical services Productize compute continuum capabilities Grow software and services bookings
Organizational Health, Environment, Earnings Growth, and NAND **10 points**		
Organizational health and diversity Environmental leadership Net income growth		

Semiannual Cash. Semiannual cash awards are made under a broad-based plan based on Intel s profitability. Listed officers and other eligible employees receive 0.65 days of compensation for every two percentage points of corporate pretax margin, or a payment expressed as days of compensation based on 4.5% of net income divided by the current value of a worldwide day of compensation, whichever is greater. We pay up to an additional two days of compensation for each performance year if Intel achieves its customer satisfaction goals. Because benefits are determined under a formula and the Compensation Committee does not set a target amount under the plan, under SEC rules the target amounts reported in the table above are the amounts earned in 2012.

Stock Option Exercises and Stock Vested in Fiscal Year 2012

The following table provides information on stock option exercises and vesting of RSUs and OSUs during fiscal year 2012.

Name	**Option Awards**		**Stock Awards**		**Total Value**
	Number of	**Value**	**Number of**	**Value**	

	Shares Acquired on Exercise (#)	Realized on Exercise ($)	Shares Acquired on Vesting (#)	Realized on Vesting ($)	Realized on Exercise and Vesting ($)
Paul S. Otellini	1,920,000	16,142,600	615,399	16,432,500	32,575,100
Stacy J. Smith	541,940	2,933,700	216,830	5,747,900	8,681,600
David Perlmutter	89,000	504,100	267,072	7,098,000	7,602,100
Brian M. Krzanich	151,640	1,188,400	152,062	4,022,300	5,210,700
Renee J. James	494,903	3,301,600	152,062	4,022,300	7,323,900

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Outstanding Equity Awards at Fiscal Year-End 2012

The following table provides information with respect to outstanding equity awards held by the listed officers as of December 29, 2012. Unless otherwise specified, equity awards vest at a rate of 25% per year on each of the first four anniversaries of the grant date. 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 ($20.23 on December 28, 2012) and the option exercise price, and multiplying it by the number of outstanding stock options. Market value for stock awards (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.

	Stock Option Awards						Stock Awards				
Name	Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Market Value of Unexercised Options ($)	Grant Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested[1] (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested ($)
Paul S. Otellini							4/17/08	112,500[4]	2,275,900		
	4/15/04	300,000		27.00	4/15/14		1/22/10			231,680	4,686,900
	2/2/05	400,000		22.63	2/2/15		1/24/11	54,542[5]	1,103,400	180,250	3,646,500
	1/18/07	700,000		20.70	1/18/14		1/24/12	83,971[5]	1,698,700	125,940	2,547,800
	4/19/07	520,000									