

INTEL CORP  
Form PRE 14A  
March 17, 2006

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only**

Definitive Proxy Statement

**(as permitted by Rule 14a-6(e)(2))**

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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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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**

March 28, 2006

Dear Stockholder:

We will hold our 2006 Annual Stockholders Meeting at 8:30 a.m. Pacific Time on May 17, 2006 at the Santa Clara Convention Center in Santa Clara, California, and we look forward to your attendance either in person or by proxy. For your convenience, we are pleased to offer a live webcast of the annual meeting at [www.intc.com](http://www.intc.com).

If you received your annual meeting materials by mail, the notice of annual meeting, proxy statement and proxy card from our Board of Directors are enclosed. If you received your annual meeting materials via e-mail, the e-mail contains voting instructions and links to the annual report and the proxy statement on the Internet, which are both available at [www.intel.com/intel/annualreports/2005](http://www.intel.com/intel/annualreports/2005).

We encourage you to conserve natural resources, as well as significantly reduce printing and mailing costs, by **signing up for electronic delivery of our stockholder communications**. For more information, see Electronic Delivery of Our Stockholder Communications in the proxy statement.

At this year's annual meeting, the agenda includes the annual election of directors; amendment of Intel's Second Restated Certificate of Incorporation ( Certificate of Incorporation ) to repeal the fair price provision and to repeal the supermajority vote provisions; ratification of our independent registered public accounting firm; approval of the 2006 Equity Incentive Plan; and approval of the 2006 Stock Purchase Plan. The Board of Directors recommends that you vote **FOR** election of the director nominees and **FOR** each of the proposals on the agenda. Please refer to the proxy statement for detailed information on each of the proposals and the annual meeting.

Your Intel stockholder vote is important. Each share of our stock that you own represents one vote. If you do not vote your shares, you will not have a say in the important issues to be voted on at the annual meeting. As discussed further in the proxy statement, the election of each director requires the majority of the votes cast with respect to the director; the proposals to repeal the fair price provision and to repeal the supermajority vote provisions require the vote of 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares of common stock; and each other proposal included in this year's proxy statement requires the majority of votes present or represented by proxy at the annual meeting. Many of our stockholders do not vote, so the stockholders who do vote influence the outcome of the election in greater proportion than their percentage ownership of Intel. In addition, banks and brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on the proposals approving the 2006 Equity Incentive Plan and approving the 2006 Stock Purchase Plan, which further reduces the number of votes cast. For these reasons, we strongly urge you to cast your vote.

If you have any questions concerning the annual meeting or the proposals, please contact our Investor Relations department at (408) 765-1480. For questions regarding your stock ownership, you may contact our transfer agent, Computershare Investor Services, LLC, by e-mail through their web site at [www.computershare.com/contactus](http://www.computershare.com/contactus) or by phone at (800) 298-0146 (within the U.S. and Canada) or (312) 360-5123 (outside the U.S. and Canada). You can view your Intel stock holdings electronically and perform other transactions by enrolling in Computershare's Investor Centre at [www.computershare.com](http://www.computershare.com). For questions related to voting, you may contact D. F. King & Co., Inc., our proxy solicitors, at (800) 859-8509 (within the U.S. and Canada) or (212) 269-5550 (outside the U.S. and Canada).

Sincerely yours,

Craig R. Barrett

*Chairman of the Board*

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**INTEL CORPORATION**

**Notice of Annual Stockholders Meeting**

**May 17, 2006**

**8:30 a.m. Pacific Time**

Dear Stockholder:

You are cordially invited to attend our 2006 Annual Stockholders Meeting, which will be held at 8:30 a.m. Pacific Time on May 17, 2006 at the Santa Clara Convention Center, Santa Clara, California. Doors will open at 8:00 a.m. Driving directions and a map are on the back cover of the proxy statement that follows this notice. For your convenience, we are pleased to offer a live webcast of the annual meeting at *www.intc.com*. For further details, see *Attending the Annual Meeting* in the proxy statement.

We are holding the annual meeting for the following purposes:

1. To elect 11 directors to hold office until the next annual stockholders meeting or until their respective successors have been elected or appointed.
2. To amend the Second Restated Certificate of Incorporation ( Certificate of Incorporation ) to repeal Article 10 (the fair price provision ).
3. To amend the Certificate of Incorporation to repeal Article 7 and Article 12 (the supermajority vote provisions ).
4. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the current year.
5. To approve the 2006 Equity Incentive Plan.
6. To approve the 2006 Stock Purchase Plan.
7. To transact other business that may properly come before the annual meeting or any adjournment or postponement of the meeting.

The proxy statement fully describes these items. We have not received notice of other matters that may be properly presented at the annual meeting.

Only stockholders of record at the close of business on March 20, 2006 will be entitled to vote at the annual meeting and any postponements or adjournments of the meeting. For 10 days prior to the annual meeting, a list of stockholders entitled to vote will be available for inspection at our principal executive offices, 2200 Mission College Blvd., Santa Clara, California 95054-1549. If you would like to view the stockholder list, please call our Investor Relations department at (408) 765-1480 to schedule an appointment.

To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the annual meeting. Most stockholders have three options for submitting their votes prior to the annual meeting: (1) via the Internet, (2) by phone or (3) by mail. For further details, see *Submitting and Revoking Your Proxy* in the proxy statement. If you have Internet access, **we encourage you to record your vote on the Internet**. It is convenient, and it saves your company significant postage and processing costs.

The Board of Directors

Santa Clara, California  
March 28, 2006

By: Cary I. Klafter  
*Corporate Secretary*

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**ELECTRONIC DELIVERY OF OUR STOCKHOLDER COMMUNICATIONS**

If you received your annual meeting materials by mail, we strongly encourage you to conserve natural resources, as well as significantly reduce your company's printing and mailing costs, by **signing up to receive your stockholder communications via e-mail**. With electronic delivery, we will notify you via e-mail as soon as the annual report and the proxy statement are available on the Internet, and you can easily submit your stockholder votes online. Electronic delivery can also help reduce the number of bulky documents in your personal files and eliminate duplicate mailings. To sign up for electronic delivery:

1. If you are a registered holder (you hold your Intel shares in your own name through our transfer agent, Computershare Investor Services, LLC), visit [www.computershare.com/us/sc/intel](http://www.computershare.com/us/sc/intel) to enroll.
2. If you are a beneficial holder (your shares are held by a brokerage firm, a bank or a trustee), visit [www.icsdelivery.com/intel](http://www.icsdelivery.com/intel) to enroll.

Your electronic delivery enrollment will be effective until you cancel it. If you have questions about electronic delivery, please call our Investor Relations department at (408) 765-1480.

**ATTENDING THE ANNUAL MEETING**

We are pleased to offer two options for participating in our 2006 annual meeting: (1) viewing a live webcast at [www.intc.com](http://www.intc.com) or (2) attending in person. We will hold the annual meeting at 8:30 a.m. Pacific Time on Wednesday, May 17, 2006 at the Santa Clara Convention Center, Santa Clara, California, located at the corner of Great America Parkway and Tasman Drive. Driving directions and a map to the Convention Center are on the back cover of this proxy statement. When you arrive at the Convention Center, signs will direct you to the appropriate meeting rooms. Please note that the doors to the meeting rooms will not open until 8:00 a.m., and due to security measures, all bags will be subject to search, and all persons who attend the meeting will be subject to a metal detector and/or a hand wand search. We will be unable to admit anyone who does not comply with these security procedures. We will not permit the use of cameras (including cell phones with photographic capabilities) and other recording devices in the meeting hall. If you choose to view the webcast, go to [www.intc.com](http://www.intc.com) shortly before the meeting time, and follow the instructions for downloading the webcast. During the webcast, you will be able to submit questions by following the instructions on the web site. If you miss the annual meeting, you can view a replay of the webcast at [www.intc.com](http://www.intc.com) until June 16, 2006. You need not attend the annual meeting in order to vote.



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

**PROXY STATEMENT**

Our Board of Directors ( *Board* ) solicits your proxy for the 2006 Annual Stockholders Meeting to be held at 8:30 a.m. Pacific Time on Wednesday, May 17, 2006 at the Santa Clara Convention Center in Santa Clara, California, and at any postponement or adjournment of the meeting, for the purposes set forth in *Notice of Annual Stockholders Meeting*.

*Record Date and Share Ownership*

Only stockholders of record at the close of business on March 20, 2006 will be entitled to vote at the annual meeting. The majority of the shares of common stock outstanding on the record date must be present in person or by proxy to have a quorum. As of the close of business on February 24, 2006, we had 5,816,460,583 outstanding shares of common stock. We made copies of this proxy statement available to stockholders beginning on March 28, 2006.

*Submitting and Revoking Your Proxy*

If you complete and submit your proxy, the persons named as proxies will vote the shares represented by your proxy in accordance with your instructions. If you submit a proxy card but do not fill out the voting instructions on the proxy card, the persons named as proxies will vote the shares represented by your proxy as follows:

**FOR** the election of the director nominees set forth in *Proposal 1: Election of Directors*.

**FOR** amendment of the Second Restated Certificate of Incorporation ( *Certificate of Incorporation* ) set forth in *Proposal 2: Amendment of the Company's Second Restated Certificate of Incorporation to Repeal the Fair Price Provision*.

**FOR** amendment of the Certificate of Incorporation set forth in *Proposal 3: Amendment of the Company's Second Restated Certificate of Incorporation to Repeal the Supermajority Vote Provisions*.

**FOR** ratification of the selection of the independent registered public accounting firm set forth in *Proposal 4: Ratification of Selection of Independent Registered Public Accounting Firm*.

**FOR** approval of the 2006 Equity Incentive Plan set forth in *Proposal 5: Approval of the 2006 Equity Incentive Plan*.

**FOR** approval of the 2006 Stock Purchase Plan set forth in *Proposal 6: Approval of the 2006 Stock Purchase Plan*.

In addition, if other matters are properly presented for voting at the annual meeting, the persons named as proxies will vote on such matters in accordance with their best judgment. We have not received notice of other matters that may be properly presented for voting at the annual meeting.

Your stockholder vote is important. Many of our stockholders do not vote, so the stockholders who do vote influence the outcome of the election in greater proportion than their percentage ownership of Intel. In addition, banks and brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on the proposals approving the 2006 Equity Incentive Plan and approving the 2006 Stock Purchase Plan, further reducing the number of votes cast. Therefore, it is important that you vote your shares.

To ensure that your vote is recorded promptly, please vote as soon as possible, even if you plan to attend the annual meeting in person. Most stockholders have three options for submitting their votes prior to the annual meeting: (1) via the Internet, (2) by phone or (3) by mail. If you have Internet access, **we encourage you to record your vote on the Internet**. It is convenient, and it saves your company significant postage and processing costs. In addition, when you

vote via the Internet or by phone prior to the meeting date, your vote is recorded immediately and there is no risk that postal delays will cause your vote to arrive late and therefore not be counted. If you attend the annual meeting and are a

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registered holder (that is, your shares are not held through a bank or brokerage firm and you appear on our stock register as having shares issued in your name), you may also submit your vote in person, and any previous votes that you submitted, whether by Internet, phone or mail, will be superseded by the vote that you cast at the annual meeting. At this year's annual meeting, the polls will close at 10:00 a.m. Pacific Time; any further votes will not be accepted after that time. We intend to announce preliminary results at the annual meeting and publish final results on our Investor Relations web site at [www.intc.com](http://www.intc.com) shortly after the meeting and also in our quarterly report on Form 10-Q for the second quarter of fiscal 2006. If you have any questions about submitting your vote, call our Investor Relations department at (408) 765-1480.

If you are a registered holder, you may revoke your proxy at any time prior to the close of the polls at 10:00 a.m. Pacific Time on May 17, 2006 by: (1) submitting a later-dated vote in person at the annual meeting, via the Internet, by telephone or by mail, or (2) delivering instructions to our Corporate Secretary prior to the annual meeting via e-mail at [corporate.secretary@intel.com](mailto:corporate.secretary@intel.com), by fax to (408) 653-8050 or by mail to Cary Klafter, Corporate Secretary, Intel Corporation, at M/ S SC4-203, 2200 Mission College Blvd., Santa Clara, California 95054-1549. If you hold shares through a bank or brokerage firm, you must contact that firm to revoke any prior voting instructions.

If you participate in the Intel Stock Fund through our 401(k) Savings Plan for current and former employees, your proxy will serve as a voting instruction for Fidelity Management Trust Company, the plan's trustee. If Fidelity does not receive voting instructions for shares in your plan account, Fidelity will vote those shares in the same proportion as other plan participants' shares for which it has received voting instructions. You must submit your voting instructions for your Intel Stock Fund shares to Fidelity by May 12, 2006 to allow Fidelity time to receive your voting instructions and vote on behalf of the plan.

*Votes Required to Adopt Proposals*

Each share of our common stock outstanding on the record date will be entitled to one vote on each of the 11 director nominees and one vote on each other matter. Directors receiving the majority of votes cast (number of shares voted for a director must exceed the number of votes cast against that director) will be elected as a director, provided that if the number of nominees exceeds the number of directors to be elected (a situation we do not anticipate), the directors shall be elected by a plurality of the shares present in person or by proxy at any such meeting and entitled to vote on the election of directors. Approval of the amendments of the Certificate of Incorporation to repeal the fair price provision and to repeal the supermajority vote provisions requires the affirmative vote of 66<sup>2</sup>/<sub>3</sub>% of the outstanding shares of common stock. Ratification of the appointment of our independent registered public accounting firm, approval of the 2006 Equity Incentive Plan and approval of the 2006 Stock Purchase Plan will each require the affirmative vote of the majority of the shares of common stock present or represented by proxy with respect to such proposal.

For the election of directors (provided the number of nominees does not exceed the number of directors to be elected), each director must receive the majority of the votes cast with respect to that director. Shares not present at the meeting and shares voting abstain have no effect on the election of directors. For the approval of the proposals amending the Certificate of Incorporation, the ratification of the independent registered public accounting firm, the approval of the 2006 Equity Incentive Plan and the approval of the 2006 Stock Purchase Plan, abstentions are treated as shares present or represented and voting, so abstaining has the same effect as a negative vote. Broker non-votes on a proposal (shares held by brokers that do not have discretionary authority to vote on the matter and have not received voting instructions from their clients) are not counted or deemed to be present or represented for the purpose of determining whether stockholders have approved that proposal. Please note that banks and brokers that have not received voting instructions from their clients cannot vote on their clients' behalf on the proposals approving the 2006 Equity Incentive Plan and approving the 2006 Stock Purchase Plan, but may vote their clients' shares on the election of directors, approval of the proposals amending the Certificate of Incorporation and the ratification of Ernst & Young LLP as our independent registered public accounting firm.

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Our nominees for the election of directors at the annual meeting include nine independent directors, as defined in the applicable rules for companies traded on The NASDAQ Stock Market\* ( NASDAQ ), and two members of our senior management. Each director serves a one-year term, as described below, with all directors subject to annual election. At the recommendation of the Corporate Governance and Nominating Committee, the Board of Directors ( Board ) has nominated the persons listed below to serve as directors for the term beginning at the annual meeting on May 17, 2006.

Unless proxy cards are otherwise marked, the persons named as proxies will vote all proxies received **FOR** the election of each nominee named in this section.

If any director nominee is unable or unwilling to serve as a nominee at the time of the annual meeting, the persons named as proxies may vote for a substitute nominee designated by the present Board to fill the vacancy or for the balance of the nominees, leaving a vacancy. Alternatively, the Board may reduce the size of the Board. The Board has no reason to believe that any of the following nominees will be unwilling or unable to serve if elected as a director. Such persons have been nominated to serve until the next annual meeting following the 2006 annual meeting or until their successors, if any, are elected or appointed. This section contains the names and biographical information for each of the nominees.

*Director Changes in 2005.* At the 2005 annual meeting, Andrew S. Grove retired from the Board. Craig R. Barrett succeeded Dr. Grove as Chairman of the Board, and Paul S. Otellini succeeded Dr. Barrett as Chief Executive Officer. In July 2005, the Board elected James D. Plummer to the Board.

*Adoption of Majority Vote Standard for Election of Directors.* In January 2006, the Board approved an amendment to Intel's Bylaws to require directors to be elected by the majority of the votes cast with respect to such director in uncontested elections (number of shares voted for a director must exceed the number of votes cast against that director). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. If a nominee who is serving as a director is not elected at the annual meeting, under Delaware law the director would continue to serve on the Board as a holdover director. However, under our Bylaws, any director who fails to be elected must offer to tender his or her resignation to the Board. The Corporate Governance and Nominating Committee would then make a recommendation to the Board whether to accept or reject the resignation, or whether other action should be taken. The Board will 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 the election results are certified. The director who tenders his or her resignation will not participate in the Board's decision. If a nominee who was not already serving as a director is not elected at the annual meeting, under Delaware law that nominee would not become a director and would not continue to serve on the Board as a holdover director. In 2006, all nominees for the election of directors are currently serving on the Board.

**Recommendation of the Board**

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

**Craig R. Barrett**

66 Years Old

Director Since 1992

Chairman of the Board of Directors of Intel

*Craig R. Barrett* has been Chairman of the Board since May 2005 and a director of Intel since 1992. Dr. Barrett joined Intel in 1974. In 1984, he became Vice President, and then in 1985 General Manager of the Components Technology and Manufacturing Group. Dr. Barrett became a Senior Vice President in 1987 and General Manager of the Microcomputer Components Group in 1989. He was an Executive Vice President from 1990 to 1997, Chief Operating Officer from 1993 to 1997, President from 1997 to 2002, and Chief Executive Officer from 1998 to May 2005.

**Charlene Barshefsky**

55 Years Old

Director Since 2004

Senior International Partner at Wilmer  
Cutler Pickering Hale and Dorr LLP

*Ambassador Charlene Barshefsky* has been a director of Intel since 2004 and Senior International Partner at the law firm of Wilmer Cutler Pickering Hale and Dorr LLP since 2001. Formerly the United States Trade Representative, Ambassador Barshefsky was the chief trade negotiator and principal trade policy maker for the United States from 1997 to 2001 and a member of the President's cabinet. Ambassador Barshefsky is a director of the American Express Company, The Estée Lauder Companies Inc. and Starwood Hotels & Resorts Worldwide, Inc.

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**E. John P. Browne**

58 Years Old

Director Since 1997

Group Chief Executive of BP plc

*E. John P. Browne*, formally known as The Lord Browne of Madingley, has been a director of Intel since 1997. He has been a Managing Director of BP plc, a provider of energy and petrochemicals, since 1991 and Group Chief Executive since 1995. Lord Browne is also a non-executive director of the Goldman Sachs Group, Inc.

**D. James Guzy**

70 Years Old

Director Since 1969

Chairman of SRC Computers, Inc.

*D. James Guzy* has been a director of Intel since 1969 and is Co-Chairman of the Corporate Governance and Nominating Committee of the Board. Since 1996, he has been Chairman of SRC Computers, Inc., a private corporation. Mr. Guzy is also Chairman of the Board of PLX Technology, Inc. and a director of Cirrus Logic Inc. and Alliance Bernstein Core Mutual Fund. He also holds three directorships within the Davis Funds complex.

**Reed E. Hundt**

58 Years Old

Director Since 2001

Principal of Charles Ross Partners, LLC

*Reed E. Hundt* has been a director of Intel since 2001 and is Chairman of the Compensation Committee of the Board. Since 1998, Mr. Hundt has been a principal of Charles Ross Partners, LLC, a private investor and business advisory service. Also since 1998, he has served as an independent advisor on information industries to McKinsey & Company, Inc., a management consulting firm, and, since 2000, to The Blackstone Group, a private equity firm. From 1993 to 1997, Mr. Hundt was Chairman of the Federal Communications Commission.

**Paul S. Otellini**

55 Years Old

Director Since 2002

President and Chief Executive Officer of Intel

*Paul S. Otellini* has been a director and President of Intel since 2002 and Chief Executive Officer since May 2005. Mr. Otellini joined Intel in 1974. In 1990, Mr. Otellini became the General Manager of the Microprocessor Products Group. He was elected a corporate officer in 1991, a Senior Vice President in 1993 and Executive Vice President in 1996. From 1994 to 1998, Mr. Otellini served as General Manager of the Sales and Marketing Group; from 1998 to 2002, he served as General Manager of the Intel Architecture Group; and from 2002 to May 2005, he served as our Chief Operating Officer. Mr. Otellini is a director of Google, Inc.

**James D. Plummer**

61 Years Old

Director Since 2005

John M. Fluke Professor of Electrical Engineering

Frederick E. Terman Dean of the School of Engineering, Stanford University

*James D. Plummer* has been a director of Intel since July 2005. He has been a Professor of Electrical Engineering at Stanford since 1978 and Dean of the School of Engineering since 1999. Dr. Plummer is a member of the National Academy of Engineering. His research and teaching at Stanford focus on nanoscale silicon devices and technology. Dr. Plummer is also a director of International Rectifier Corporation, a semiconductor manufacturer, and Leadis Technology, Inc., a semiconductor company.

**David S. Pottruck**

57 Years Old

Director Since 1998

*David S. Pottruck* has been a director of Intel since 1998 and is Chairman of the Retirement Plans Investment Policy Committee. Since August 2005, Mr. Pottruck has been Chairman and Chief Executive

Chairman and Chief Executive Officer of Red Eagle Ventures, Inc.

Officer of Red Eagle Ventures, Inc., a San Francisco private equity firm. Mr. Pottruck is also Chairman of Eos Airlines and 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, a financial services provider, after a 20-year career, having served as President, Chief Executive Officer and a member of the board of directors.

**Jane E. Shaw**

67 Years Old  
Director Since 1993  
Retired Chairman and Chief Executive Officer of Aerogen, Inc.

*Jane E. Shaw* has been a director of Intel since 1993 and is Chairman of the Audit Committee of the Board. In June 2005, Dr. Shaw retired as Chairman and Chief Executive Officer of Aerogen, Inc., a company developing drug-device combination aerosol products for patients with respiratory disorders, after eight years with the company. She was President and Chief Operating Officer of ALZA Corporation, a pharmaceutical company, from 1987 to 1994. Dr. Shaw is a director of McKesson Corporation and OfficeMax Incorporated (until April 2006).

**John L. Thornton**

52 Years Old  
Director Since 2003  
Professor and Director of Global Leadership, Tsinghua University, Beijing

*John L. Thornton* has been a director of Intel since 2003 and is Chairman of the Finance Committee of the Board. He is Professor and Director of Global Leadership at Tsinghua University in Beijing. Mr. Thornton retired in 2003 as President and Co-Chief Operating Officer, and as a member of the board of directors, of the Goldman Sachs Group, Inc. after a 22-year career. Mr. Thornton is a director of China Netcom Communications Group Corporation, the Ford Motor Company, News Corporation and The Pacific Century Group, Inc.

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**David B. Yoffie**

51 Years Old

Director Since 1989

Max and Doris Starr Professor of  
International Business Administration,  
Harvard Business School

*David B. Yoffie* has been a director of Intel since 1989. He is Lead Independent Director, Co-Chairman of the Corporate Governance and Nominating Committee of the Board and Chairman of the Executive Committee of the Board. Dr. Yoffie has been the Max and Doris Starr Professor of International Business Administration at the Harvard Business School since 1993 and has been on the Harvard University faculty since 1981. He is also a director of The Charles Schwab Corporation.

Intel stock ownership information for these individuals is shown under the heading Security Ownership of Certain Beneficial Owners and Management and is based on information furnished by the respective individuals.

**Director Emeritus**

The Board has elected Gordon Moore as Chairman Emeritus and Director Emeritus. We do not have any other directors emeriti. Dr. Moore is invited to attend Board and Board committee meetings, but he does not have voting rights. Director emeritus is an unpaid position. We will reimburse Dr. Moore for his attendance-related expenses, although he has not to date requested any reimbursement.

**Gordon E. Moore**

77 Years Old

Director Emeritus Since 2001

Chairman Emeritus of the Board of  
Directors of Intel Since 1997

*Gordon E. Moore* was a director of Intel from 1968 to 2001 and has been Chairman Emeritus of the Board since 1997. Dr. Moore co-founded Intel in 1968 and served as Executive Vice President until 1975. From 1975 to 1987, he served as Chief Executive Officer; and from 1979 to 1997, he served as Chairman. Dr. Moore is a director of Gilead Sciences, Inc.

**THE BOARD, BOARD COMMITTEES AND MEETINGS**

Corporate governance is typically defined as the system that allocates duties and authority among a company's stockholders, board of directors and management. The stockholders elect the board and vote on extraordinary matters; the board is the company's governing body, responsible for hiring, overseeing and evaluating management, particularly the chief executive officer; and management runs the company's day-to-day operations. Our Board currently consists of 11 directors. The Board believes that there should be a substantial majority of independent directors on the Board. The Board also believes that it is useful and appropriate to have members of management, including the Chief Executive Officer (CEO), as directors. The current Board members include nine independent directors and two members of our senior management. The Board also has one director emeritus who may participate in Board meetings but does not vote.

*Independent Directors.* Each of our directors other than Craig R. Barrett and Paul S. Otellini qualifies as independent in accordance with the published listing requirements of NASDAQ. The NASDAQ independence definition includes a series of objective tests, such as that the director is not an employee of the company and has not engaged in various types of business dealings with the company. In addition, as further required by NASDAQ rules, the Board has made a subjective determination as to each independent director that no relationships exist which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, the directors reviewed and discussed 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.

In addition, as required by NASDAQ rules, the members of the Audit Committee each qualify as independent under special standards established by the U.S. Securities and Exchange Commission (SEC) for members of audit committees. The Audit Committee also includes at least one independent member who is determined by the Board to meet the qualifications of an audit committee financial expert in accordance with SEC rules, including that the person meets the relevant definition of an independent director. E. John P. Browne is the independent director who has been



determined to be an audit committee financial expert. Stockholders should understand that this designation is a disclosure requirement of the SEC related to Lord Browne's experience and understanding with respect to certain accounting and auditing matters. The designation does not impose upon Lord Browne any duties, obligations or liability that are greater than are generally imposed on him as a member of the Audit Committee and the Board, and his designation as an audit committee financial expert pursuant to this SEC requirement does not affect the duties, obligations or liability of any other member of the Audit Committee or the Board. The Board has also determined that each Audit Committee member has sufficient knowledge in reading and understanding the company's financial statements to serve on the Audit Committee.

*Board Responsibilities and Structure.* The primary responsibilities of the Board are oversight, counseling and direction to our management in the long-term interests of the company and our stockholders. The Board's detailed responsibilities

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include: (a) selecting and regularly evaluating the performance of the CEO and other senior executives; (b) planning for succession with respect to the position of CEO and monitoring management's succession planning for other senior executives; (c) reviewing and, where appropriate, approving our major financial objectives and strategic and operating plans, business risks and actions; (d) overseeing the conduct of our business to evaluate whether the business is being properly managed; and (e) 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 has instructed our CEO, working with our other executive officers, to manage our business in a manner consistent with our standards and practices, and in accordance with any specific plans, instructions or directions of the Board. The CEO and management are responsible for seeking the advice and, in appropriate situations, the approval of the Board with respect to extraordinary actions that we may undertake.

The Board's general policy, based on experience, is that the positions of Chairman of the Board and CEO should be held by separate persons as an aid in the Board's oversight of management. In addition, the Board has an independent director designated as the Lead Independent Director. The general authority and responsibilities of the Lead Independent Director are established in a written charter adopted by the Board, and include presiding at all meetings of the Board when the Chairman is not present; serving as a liaison between the Chairman and the independent directors; approving the information, agenda and meeting schedules sent to the Board; calling meetings of the independent directors; and being available for consultation and communication with stockholders.

The Board and its committees meet throughout the year on a set schedule, and also hold special meetings and act by written consent from time to time as appropriate. Board agendas include regularly scheduled sessions for the independent directors to meet without management present, and the Board's Lead Independent Director leads those sessions. Board members have access to all of our employees outside of Board meetings, and the Board has a program that encourages each director to visit different Intel sites and events worldwide on a regular basis and meet with local management at those sites and events.

*Board Committees and Charters.* The Board has delegated various responsibilities and authority to different Board committees, as described in this section of the proxy statement and in the committee charters. Committees regularly report on their activities and actions to the full Board. The Board currently has, and appoints the members of, standing Audit, Compensation, Corporate Governance and Nominating, Executive and Finance Committees. In addition, the Finance Committee has the authority to appoint the members of the Retirement Plans Investment Policy Committee, and there are Board members serving on that committee. Each member of the Audit, Compensation, Corporate Governance and Nominating, and Finance Committees is an independent director as defined by NASDAQ standards. Each of the Board committees has a written charter approved by the Board, and each committee conducts an annual evaluation of the committee's performance. Copies of each charter, including the charter describing the position of Lead Independent Director, are posted on our Investor Relations web site at [www.intc.com](http://www.intc.com) under the Governance/Responsibility section and the Other Corporate Documents tab. Each committee has the authority to engage outside experts, advisors and counsel to the extent it considers appropriate to assist the committee in its work. The current members of the committees are identified in the following table.

<b>Director</b>	<b>Audit</b>	<b>Compensation</b>	<b>Corporate Governance and Nominating</b>	<b>Executive</b>	<b>Finance</b>	<b>Retirement Plans Investment Policy</b>
Craig R. Barrett				ü		
Charlene Barshefsky					ü	ü
E. John P. Browne	ü	ü				
D. James Guzy	ü		Co-Chair			
Reed E. Hundt		Chair	ü			
Paul S. Otellini				ü		

James D. Plummer	ü			
David S. Pottruck		ü		Chair
Jane E. Shaw	Chair		ü	
John L. Thornton				Chair
David B. Yoffie		Co-Chair	Chair	ü

*Audit Committee.* The Audit Committee assists the Board in its general oversight of our financial reporting, internal controls and audit functions, and is directly responsible for the appointment, retention, compensation and oversight of the work of our independent registered public accounting firm. In 2005, the Audit Committee held nine meetings. The responsibilities and activities of the Audit Committee are described in greater detail in Report of the Audit Committee and the Audit Committee s charter.

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*Compensation Committee.* The Compensation Committee reviews and determines salaries, performance-based incentives and other matters relating to executive compensation, and administers our stock option plans, including reviewing and granting stock options to our executive officers. The Compensation Committee also reviews and determines various other company compensation policies and matters. The Compensation Committee held five meetings in 2005 and also regularly acts by written consent. For more information, see Report of the Compensation Committee on Executive Compensation.

*Corporate Governance and Nominating Committee.* The Corporate Governance and Nominating Committee ( Committee ) reviews and reports to the Board on a periodic basis with regard to matters of corporate governance and corporate social responsibility, such as environmental, workplace or stakeholder issues. The Committee also reviews and assesses the effectiveness of the Board's Guidelines on Significant Corporate Governance Issues ( Guidelines ), makes recommendations to the Board regarding proposed revisions to the Guidelines, and makes recommendations to the Board regarding the size and composition of the Board. In addition, the Committee makes recommendations to the Board regarding the agendas for our annual meetings, reviews stockholder proposals and makes recommendations to the Board for action on such proposals, and reviews and makes recommendations concerning compensation for the independent directors. The Committee held three meetings in 2005.

The Committee is responsible for reviewing with the Board, from time to time, the appropriate skills and characteristics required of Board members in the context of the current makeup of the Board. This assessment includes issues of diversity in numerous factors such as age; understanding of and experience in manufacturing, technology, finance and marketing; and international experience and culture. These factors, and others as considered useful by the Committee, are reviewed in the context of an assessment of the perceived needs of the Board at a particular point in time. As a result, the priorities and emphasis of the Committee and of the Board may change from time to time to take into account changes in business and other trends, and the portfolio of skills and experience of current and prospective Board members. The Committee establishes procedures for the nomination process, recommends candidates for election to the Board and also nominates officers for election by the Board. Consideration of new Board nominee candidates typically involves a series of internal discussions, review of information concerning candidates and interviews with selected candidates. Board members or employees typically suggest candidates for nomination to the Board. In 2005, we did not employ a search firm or pay fees to other third parties in connection with seeking or evaluating Board nominee candidates. James D. Plummer, who first joined our Board in July 2005, was initially suggested as a candidate to the Board by an executive officer of the company other than the CEO. The Committee will consider candidates proposed by stockholders, and has from time to time received unsolicited candidate proposals from stockholders. The Committee evaluates candidates proposed by stockholders using the same criteria as for other candidates. A stockholder seeking to recommend a prospective nominee for the Committee's consideration should submit the candidate's name and qualifications to our Corporate Secretary via e-mail at [corporate.secretary@intel.com](mailto:corporate.secretary@intel.com), by fax to (408) 653-8050 or by mail to Cary Klafter, Corporate Secretary, Intel Corporation, M/ S SC4-203, 2200 Mission College Blvd., Santa Clara, California 95054-1549.

*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. The Executive Committee held one meeting in 2005.

*Finance Committee.* The Finance Committee reviews and recommends matters related to our capital structure, including the issuance of debt and equity securities; our cash and dividend policy and dividend declarations; banking arrangements, including investment of corporate cash; and management of the corporate debt structure. In addition, the Finance Committee reviews and approves finance and other cash management transactions whose authorization is not otherwise approved by the Board or delegated to our management. During 2005, the Finance Committee held two meetings.

*Retirement Plans Investment Policy Committee.* The Finance Committee appoints the members of the Retirement Plans Investment Policy Committee, which is responsible for adopting and amending investment policies for our U.S. employee retirement plans. The members of this committee also include company officers.

*Attendance at Board, Committee and Annual Stockholders Meetings.* The Board held eight meetings in 2005. We expect each director to attend each meeting of the Board and the committees on which he or she serves, and also

expect them to attend the annual meeting. In 2005, each director attended the 2005 Annual Stockholders Meeting, each meeting of the Board and each committee meeting on which he or she served, with the exception of E. John P. Browne, who missed two meetings of the Board, and John L. Thornton, who missed one meeting of the Board. All directors attended at least 75% of the meetings of the Board and the committees on which he or she served. We have a policy, and an approval process, that generally limits each of our employees to serving on no more than one organization's board of directors as a personal, non-Intel activity. The approval process considers both the time

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commitment involved and the potential for business conflicts between Intel and the other organization. This policy is applicable to our two management directors and our other officers.

*Communications from Stockholders to the Board.* The Board recommends that stockholders initiate any communications with the Board in writing and send them in care of our Corporate Secretary. Stockholders can send communications by e-mail to *corporate.secretary@intel.com*, by fax to (408) 653-8050 or by mail to Cary Klafter, Corporate Secretary, Intel Corporation, M/ S SC4-203, 2200 Mission College Blvd., Santa Clara, California 95054-1549. This centralized process will assist the Board in reviewing and responding to stockholder communications in an appropriate manner. The name of any specific intended Board recipient should be noted in the communication. The Board has instructed our Corporate Secretary to forward such correspondence only to the intended recipients; however, the Board has also instructed our Corporate Secretary, prior to forwarding any correspondence, to review such correspondence and, in his discretion, not to forward certain items if he deems them to be of a commercial or frivolous nature or otherwise inappropriate for the Board's consideration. In such cases, our Corporate Secretary may forward some of that correspondence elsewhere in the company for review and possible response.

**CORPORATE GOVERNANCE GUIDELINES**

The Board has adopted a set of Guidelines on Significant Corporate Governance Issues ( Guidelines ). The Corporate Governance and Nominating Committee is responsible for overseeing the Guidelines and periodically reviews them and makes recommendations to the Board concerning corporate governance matters. The Board may periodically amend the Guidelines and may waive, suspend or repeal any of the Guidelines at any time, with or without public notice, as it determines necessary or appropriate in the exercise of the Board's judgment or fiduciary duties. We have posted the Guidelines on our Investor Relations web site at *www.intc.com* under the Governance/ Responsibility section.

Among other matters, the Guidelines include the following items concerning the Board:

The Board believes that there should be a substantial majority of independent directors on the Board. The Board's general policy, based on experience, is that the positions of Chairman of the Board and CEO should be held by separate persons as an aid in the Board's oversight of management. The Board has an independent director designated as the Lead Independent Director, who is responsible for coordinating the activities of the other independent directors and performing various other duties.

Independent directors meet on a regular basis apart from other Board members and management representatives, and the Lead Independent Director is responsible for setting the agenda and running the meetings.

All directors stand for reelection every year.

The Board has adopted a retirement policy for officers and directors. Under the policy, independent directors may not stand for reelection after age 72, and management directors, other than former CEOs, may not stand for reelection after age 65. The CEO may continue as CEO no later than the annual meeting at which the person is age 60; however, a former CEO may continue to be employed by the company in another capacity beyond that time, including until age 72 as a director or Chairman of the Board. Other corporate officers may continue as such no later than age 65.

The Board has adopted a policy that directors are required to offer their resignation upon a significant change of principal employer or position.

The Board has adopted a policy that directors are limited to service on four public company boards, including Intel's. If the director serves as an active chief executive officer of a public company, the director is limited to service on three public company boards, including Intel's.

Board compensation should be a mix of cash and equity-based compensation. Management directors will not be paid for Board membership in addition to their regular employee compensation. Independent directors may not receive consulting, advisory or other compensatory fees from Intel in addition to their Board compensation. To the extent practicable, independent directors who are affiliated with our service providers will undertake to ensure that their compensation from such providers does not include amounts connected to payments by Intel.

Board members must act at all times in accordance with the requirements of our Corporate Business Principles, which are applicable to each director in connection with his or her activities related to Intel. This obligation includes adherence to our policies with respect to conflicts of interest, confidentiality, protection of our assets, ethical conduct in business dealings, and respect for and compliance with applicable law. We will report to the Board any waiver of the requirements of the Corporate Business Principles with respect to any individual director or executive officer, and such waiver is subject to the Board's approval.

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The Board appoints members of Board committees.

The Audit, Compensation, and Corporate Governance and Nominating Committees consist entirely of independent directors.

We expect the annual cycle of agenda items for Board meetings to change on a periodic basis to reflect Board requests and changing business and legal issues. The Board will have regularly scheduled presentations from Finance, Sales and Marketing, and our major business units and operations. The Board's annual agenda will include, among other items, our long-term strategic plan, capital projects, budget matters and management succession.

The Board has access to, and may contact and meet with, any of our employees. The Board has a program for members to visit our sites and meet with local management and other employees on a worldwide basis.

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

At least annually, the Board evaluates the performance of the CEO and other senior management personnel.

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

The Board works with management to schedule new-director orientation programs and continuing education programs for directors. The orientation programs are designed to familiarize new directors with our businesses, strategies and challenges, and to assist new directors in developing and maintaining the skills necessary or appropriate for the performance of their responsibilities. Continuing education programs for Board members may include a mix of in-house and third-party presentations and programs.

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

The Governance/ Responsibility section of our Investor Relations web site at [www.intc.com](http://www.intc.com) also includes our Corporate Business Principles and Principles for Responsible Business. Our Corporate Business Principles is our code-of-ethics document for all employees and also applies to our independent directors with regard to their Intel-related activities. In addition to the Corporate Business Principles, we have adopted Principles for Responsible Business, which are intended to succinctly express our commitment to ethical and legal business practices on a worldwide basis. We discuss most of those topics in greater detail in our Corporate Business Principles, and we cover other topics in other company policies and practices.

Directors and officers are encouraged to be Intel stockholders through their participation in our equity incentive and employee stock purchase plans. The Board has established stock ownership guidelines for our independent directors and corporate officers to help ensure that they each maintain an equity stake in Intel, and by doing so, appropriately link their interests with those of our other stockholders. These stock ownership guidelines provide that within a five-year period following appointment or election, the covered individuals should attain and hold an investment position (not including unexercised stock options) of no less than a specified number of shares of our stock. For officers, this is approximately three to five times the sum of their annual baseline total cash compensation, depending on the officer's scope of responsibilities. For non-employee directors, the guideline is 10,000 shares. With limited exceptions, directors and officers may not invest in, purchase, or otherwise receive or write derivatives of our securities, such as puts and calls on our securities, or enter into any short sales or short positions with respect to our securities. A short position is one in which the holder will profit if the market price of the securities either remains the same or decreases. We consider it inappropriate and contrary to the interests of Intel and our stockholders for directors and officers to take such investment positions.



*Policy on poison pills.* In 2001, a stockholder submitted a request to us regarding the approval process for adopting stockholders' rights plans (also known as "poison pills"). We do not have a poison pill and are not presently considering the adoption of such a device. Following consideration of the stockholder's request, the Board included in the Guidelines a statement of policy that it shall seek and obtain stockholder approval before adopting any poison pill, provided, however, that the Board may revise or repeal this policy without prior public notice, and the Board may thereafter determine to act on its own to adopt a poison pill if, under the circumstances, the Board in the exercise of its fiduciary responsibilities, including the majority of the independent members of the Board, deems it to be in the best interests of our stockholders to adopt a poison pill without the delay in adoption that would come from the time reasonably anticipated to seek stockholder approval. If the Board adopts a poison pill without prior stockholder approval, the Board will submit the poison pill to an advisory vote by the company's stockholders within 12 months from the date the Board adopts the pill. If the company's stockholders fail to approve the poison pill, the Board may elect to terminate, retain or modify the poison pill in the exercise of its fiduciary responsibilities. The Board has directed the Corporate Governance

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and Nominating Committee to review this policy statement on an annual basis and to report to the Board on any recommendations that it may have concerning the policy. The Corporate Governance and Nominating Committee last reported to the Board on this policy in January 2006.

**DIRECTORS COMPENSATION**

The general policy of the Board is that compensation for independent directors should be a mix of cash and equity-based compensation. Intel does not pay employee directors for Board service in addition to their regular employee compensation. The Board's Corporate Governance Guidelines provide that independent directors may not receive consulting, advisory or other compensatory fees from Intel in addition to their Board compensation. To the extent practicable, independent directors affiliated with Intel's service providers ensure that their compensation from such providers does not include amounts connected to Intel's payments.

The Corporate Governance and Nominating Committee ( Committee ), which consists solely of independent directors, has the primary responsibility to review and consider any revisions to directors' compensation. In accordance with the Committee's recommendations, the Board determined the non-employee directors' compensation effective July 2005 as follows:

- Increase the annual cash retainer from \$60,000 to \$75,000
- Increase the Lead Independent Director annual fee from \$20,000 to \$30,000
- Maintain the Audit Committee chair annual fee of \$20,000
- Maintain all other committee chair annual fees of \$10,000
- Add an annual fee of \$10,000 for all non-chair Audit Committee members
- Continue annual equity grants to non-employee directors

The table below details the compensation earned by Intel's non-employee directors in 2005.

		<b>Committee</b>	<b>Audit</b>
<b>Total of</b>	<b>Annual</b>	<b>Chair/Lead</b>	<b>Committee</b>