INTEL CORP
Form PRE 14A
March 23, 2009

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

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

þ Preliminary Proxy Statement	o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o Definitive Proxy Statement	
o Definitive Additional Materials	
o Soliciting Material under Rule 14a-12	

INTEL CORPORATION
(Name of the Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.

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

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

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

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o Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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

April 3, 2009

Dear Stockholder:

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

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

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

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

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

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

Sincerely yours,

Craig R. Barrett
Chairman of the Board

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

NOTICE OF 2009 ANNUAL STOCKHOLDERS MEETING

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

Phone

Mail

By Order of the Board of Directors

Cary I. Klafter
Corporate Secretary

Santa Clara, California
April 3, 2009

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INTERNET AVAILABILITY OF PROXY MATERIALS

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

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

ATTENDING THE ANNUAL MEETING

Attending in person

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

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

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

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

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

The use of cameras is not allowed

Attending and participating via the Internet

www.intc.com

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

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

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

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

Webcast replay available until June 20, 2009

QUESTIONS

For questions regarding	Contact
Annual meeting	Intel Investor Relations, (408) 765-1480
Stock ownership	Computershare Investor Services, LLC *www.computershare.com/contactus* (800) 298-0146 (within the U.S. and Canada) or (312) 360-5123 (outside the U.S. and Canada)
Voting	D. F. King & Co., Inc. (800) 967-7921 (within the U.S. and Canada) or (212) 269-5550 (outside the U.S. and Canada)

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

PROXY STATEMENT

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

Record Date	March 23, 2009
Quorum	Majority of shares outstanding on the record date must be present in person or by proxy
Shares Outstanding	[x] shares of common stock outstanding as of March 23, 2009
Voting by Proxy	Internet, phone, or mail
Voting at the Meeting	Stockholders can vote in person or via the Internet during the meeting. Stockholders of record will be on a list held by the inspector of elections. Beneficial holders must obtain a proxy from their brokerage firm, bank, or other stockholder of record and present it to the inspector of elections with their ballot. Stockholders attending via the Internet will need to follow the instructions at *www.intc.com* in order to vote or submit questions at the meeting. Voting in person or via the Internet by a stockholder will replace any previous votes submitted by proxy.
Polls Close	9:30 a.m. Pacific Time on May 20, 2009
Changing Your Vote	Stockholders of record may revoke their proxy at any time before the polls close by submitting a later-dated vote in person or electronically at the annual meeting, via the Internet, by telephone, by mail, or by delivering instructions to our Corporate Secretary before the annual meeting. If you hold shares through a bank or brokerage firm, you may revoke any prior voting instructions by contacting that firm.
Votes Required to Adopt Proposals	Each share of our common stock outstanding on the record date is entitled to one vote on each of the 11 director nominees and one vote on each other matter. To be elected, directors must receive a majority of the votes cast (the number of shares voted for a director nominee must exceed the number of votes cast against that nominee). Approval of each of the other matters on the agenda requires the affirmative vote of the majority of the shares of common stock present or represented by proxy.
Effect of Abstentions and Broker	Shares not present at the meeting and shares voting abstain have no effect on the election of directors. For each of the other proposals, abstentions have the same effect as negative votes.

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

PROPOSAL 1: ELECTION OF DIRECTORS

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

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

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

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

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

Ambassador Charlene Barshefsky, age 58

Intel Board member since 2004
2001 present, Senior International Partner at
Wilmer Cutler Pickering Hale and Dorr LLP, multinational law firm, Washington, D.C.
1997 2001, United States Trade Representative, chief trade negotiator, and principal trade policy maker for the United States, and a member of the President s cabinet
Member of American Express Company, Estée Lauder Companies, and Starwood Hotels & Resorts Worldwide Boards of Directors

Susan L. Decker, age 46

Intel Board member since 2006
2007 2009, President of Yahoo! Inc., global
Internet company, Sunnyvale, California
2006 2007, Executive Vice President of the Advertiser and Publisher Group of Yahoo! Inc.
2000 2007, Executive Vice President of Finance and Administration, and Chief Financial Officer of Yahoo! Inc.
Member of Berkshire Hathaway Inc. and Costco Wholesale Corporation Boards of Directors

John J. Donahoe, age 49
Intel Board member since 2009
2008 present, President and Chief Executive Officer of eBay, Inc., online marketplace, San Jose, California
2005 2008, President of eBay Marketplaces
2000 2005, Worldwide Managing Director, Bain & Company

Reed E. Hundt, age 61
Intel Board member since 2001
1998 present, Principal of Charles Ross Partners, LLC, private investor and advisory service, Washington, D.C.
1998 present, independent adviser to
McKinsey & Company, Inc., worldwide
management consulting firm, Washington, D.C.
1993 1997, Chairman of Federal Communications Commission
Member of Data Domain, Inc. and Infinera Corporation Boards of Directors

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Paul S. Otellini, age 58
Intel Board member since 2002
2005 present, President and Chief Executive Officer of Intel Corporation
2002 2005, President and Chief Operating Officer
Member of Google, Inc. Board of Directors
Joined Intel 1974

James D. Plummer, age 64
Intel Board member since 2005
1999 present, Dean of the School of Engineering at Stanford University, Stanford, California
1978 present, Professor of Electrical Engineering at Stanford University
Member of National Academy of Engineering
Member of International Rectifier Corporation and Leadis Technology, Inc. Boards of Directors

David S. Pottruck, age 60
Intel Board member since 1998
2005 present, Chairman and Chief Executive Officer of Red Eagle Ventures, Inc., private equity firm, San Francisco, California
2004 present, Senior Fellow at Wharton School of Business Center for Leadership and Change Management
2005 2008, Chairman of Eos Airlines
1984 2004, served in various capacities at The Charles Schwab Corporation, including President, Chief Executive Officer, and member of the Board of Directors

Jane E. Shaw, age 70
Intel Board member since 1993
1998 2005, Chairman and Chief Executive Officer of Aerogen, Inc., specialty medical device company, Mountain View, California
Member of McKesson Corporation Board of Directors

John L. Thornton, age 55
Intel Board member since 2003
2003 present, Professor and Director of Global Leadership at Tsinghua University, Beijing, China
1981 2003, served in various capacities at Goldman Sachs Group, Inc., including President, Co-Chief Operating Officer, and member of the Board of Directors
Member of HSBC Holdings plc, China Unicom (Hong Kong) Limited, Ford Motor Company, and News Corporation Boards of Directors

Frank D. Yeary, age 45
Intel Board member since 2009
2008 present, Vice Chancellor, University of California, Berkeley, California
2004 2008, Managing Director, Global Head of Mergers and Acquisitions, Citigroup Investment Banking

David B. Yoffie, age 54
Intel Board member since 1989
1993 present, Professor of International Business Administration, Harvard Business School, Cambridge, Massachusetts
1981 present, member of Harvard University faculty

CORPORATE GOVERNANCE

Board Responsibilities and Structure

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

- selecting and evaluating the performance of the CEO and other senior executives;
- planning for succession with respect to the position of CEO and monitoring management s succession planning for other senior executives;
- reviewing and approving our major financial objectives and strategic and operating plans and other significant actions;
- overseeing the conduct of our business and the assessment of our business risks to evaluate whether the business is being properly managed; and
- overseeing the processes for maintaining our integrity with regard to our financial statements and other public disclosures, and compliance with law and ethics.

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

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

calling and presiding over meetings of the independent directors;

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

presiding over all meetings of stockholders.

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

Board Committees and Charters

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

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

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

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

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

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

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

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

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

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

- advice and recommendations on the cash and equity compensation programs and instruments;
- advice on an employee stock option exchange program (see Proposal 4); and
- recommendations for Chairman and CEO compensation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transactions Considered in Independence Determinations. In making its independence determinations, the Board considered transactions occurring since the beginning of 2006 between Intel and entities associated with the independent directors or members of their immediate family. All identified transactions that appear to relate to Intel and a family member of, or entity with a known connection to, a director are presented to the Board for consideration.

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

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

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

- sponsored research and technology licenses;
- charitable contributions (matching and discretionary);
- fellowships and scholarships;
- facility, engineering, and equipment fees; and
- payments for training, event hosting, and organizational participation or membership dues.

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

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

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

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

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

Communications from Stockholders to Directors. The Board recommends that stockholders initiate communications with the Board, the Chairman, or any committee of the Board in writing to the attention of our Corporate Secretary at the address set forth in Other Matters; Communicating with Us. This process will assist the Board in reviewing and responding to stockholder communications in an appropriate manner. The Board has instructed our Corporate Secretary to review such correspondence and, at his discretion, not to forward items if he deems them to be of a commercial or frivolous nature or otherwise inappropriate for the Board s consideration.

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

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

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

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

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

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

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

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

DIRECTOR COMPENSATION

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

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

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

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

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

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Non-employee director compensation consists of the following elements:

- annual cash retainer of $75,000
- annual restricted stock unit (RSU) grant with a market value of approximately $145,000
- Audit Committee chair annual fee of $20,000
- all other committee chair annual fees of $10,000 per committee
- non-chair Audit Committee member annual fee of $10,000
- Lead Independent Director annual RSU grant with a market value of approximately $30,000

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

Director Summary Compensation for Fiscal Year 2008

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

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

(1) Grant date fair value of RSUs granted in 2008: $137,800 for each director other than Ms. Bartz ($206,800), who received a prorated grant for the 2008 compensation cycle upon joining the Board in 2008, and Dr. Shaw ($166,300), who received an additional grant as Lead Independent Director for 2008. Because awards to Mr. Hundt, Mr. Pottruck, Dr. Shaw, and Dr. Yoffie would accelerate in full upon their retirement under the terms of the awards, we recognized all of the compensation expense associated with their 2008 RSUs at the time of grant.

(2) The following directors had a loss in pension value of the following amounts: Mr. Guzy ($41,000), Dr. Shaw ($5,000), and Dr. Yoffie ($13,000).

(3) Intel Foundation made matching charitable contributions on behalf of Dr. Plummer ($10,000 for charitable contributions that he made in 2007 were matched in January 2008, and another $10,000 matching contribution was made for his 2008 contributions), Mr. Thornton ($10,000), and Dr. Yoffie ($10,000).

(4) Ambassador Barshefsky received 3,455 RSUs on July 17, 2008. This grant was in lieu of one-half of her 2007 and 2008 annual cash retainers. She will receive the other half of her 2008 retainer in the form of RSUs in July 2009. These shares vest in equal annual installments over three years.

(5) Ms. Bartz retired from the Board effective March 2009.

(6) Mr. Guzy retired from the Board effective May 2008.

(7) In 2008, Mr. Hundt became eligible for full vesting of all his shares upon retirement from the Board.

Fees Earned or Paid in Cash. Directors receive cash fees in quarterly installments and forfeit unpaid portions of cash upon termination, retirement, disability, or death. The following table provides a breakdown of fees earned or paid in cash.

Name	Annual Retainers ($)	Committee Chair Fees ($)	Audit Committee Member Fees ($)	Total ($)
Charlene Barshefsky	75,000			75,000
Carol A. Bartz	75,000		10,000	85,000
Susan L. Decker	75,000			75,000
D. James Guzy	37,500	5,000	5,000	47,500
Reed E. Hundt	75,000	10,000		85,000
James D. Plummer	75,000		10,000	85,000
David S. Pottruck	75,000	10,000(1)	10,000	95,000
Jane E. Shaw	75,000	25,000		100,000
John L. Thornton	75,000			75,000
David B. Yoffie	75,000	15,000		90,000

(1) Mr. Pottruck chairs the Retirement Plans Investment Policy Committee.

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 receiving compensation. The Board grants RSUs elected in lieu of cash on the same grant date and with the same vesting terms as the annual RSU grant to directors. Ambassador Barshefsky participated in this program in 2008.

Equity Awards. In accordance with Intel s 2006 Equity Incentive Plan, equity grants to non-employee directors may not exceed 30,000 shares per director per year. The current practice is to grant each non-employee director RSUs each July with a market value of the underlying shares on the grant date of approximately $145,000 and that vest in equal annual installments over a three-year period from the grant date. On July 17, 2008, Intel granted each independent director 6,675 RSUs; the closing price of Intel s common stock was $21.99 on that date. The Board awarded Dr. Shaw an additional 1,380 RSUs for her service as Lead Independent Director for 2008. 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 dividends on unvested RSUs.

The amounts included in the Stock Awards column in the Director Summary Compensation table reflect the dollar amounts recognized for financial statement reporting purposes for the fiscal year ended December 27, 2008 in accordance with Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), Share-Based Payment

(SFAS No. 123(R)), excluding forfeitures. The Stock Awards column generally includes amounts from awards granted in 2008, 2007, and 2006, except as indicated in footnote 1 to the Director Summary Compensation table. The following table includes the assumptions used in the calculation of these amounts.

	Assumptions	
Grant Date	**Risk-Free Interest Rate (%)**	**Dividend Yield (%)**
7/21/06	5.2	2.3
1/18/07	5.0	2.2
7/19/07	5.0	1.8
1/17/08	2.8	2.6
7/17/08	2.3	2.6

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The following table provides information on the outstanding equity awards for non-employee directors at fiscal year-end. Intel previously granted stock options to non-employee directors, but beginning in 2006, Intel began granting RSUs instead of stock options. Market value for option awards 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 ($14.18 on December 26, 2008) and the option exercise price and multiplying it by the number of exercisable options. Market value for stock awards (consisting solely of 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.

Outstanding Equity Awards for Directors at Fiscal Year-End 2008

	Option Awards					Stock Awards		
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	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 ($)
Charlene Barshefsky	5/19/04	15,000	27.53	5/19/11		7/21/06	2,824	40,000
	7/20/05	19,000	27.15	7/20/12		7/19/07	4,827	68,400
	1/21/04	5,000	32.06	1/21/14		7/17/08	10,130	143,600
Total		39,000					17,781	252,000
Carol A. Bartz						1/17/08	3,695	52,400
						7/17/08	6,675	94,700
Total							10,370	147,100
Susan L. Decker						1/18/07	2,337	33,100
						7/19/07	3,837	54,400
						7/17/08	6,675	94,700
Total							12,849	182,200
D. James Guzy[(1)]	5/19/99	15,000	29.39	5/19/09				
	5/17/00	15,000	61.45	5/20/09				
	5/23/01	15,000	29.41	5/20/09				
	5/22/02	15,000	29.19	5/20/09				
	5/21/03	15,000	18.73	5/20/09				
	5/19/04	15,000	27.53	5/20/09				
	7/20/05	19,000	27.15	5/20/09				
Total		109,000						

Reed E. Hundt	5/19/04	15,000	27.53	5/19/11	7/21/06	2,824	40,000
	5/24/01	35,000	28.76	5/24/11	7/19/07	3,837	54,400
	5/22/02	15,000	29.19	5/22/12	7/17/08	6,675	94,700
	7/20/05	19,000	27.15	7/20/12			
	5/21/03	15,000	18.73	5/21/13			
Total		99,000				13,336	189,100
James D. Plummer	7/20/05	15,000	27.15	7/20/12	7/21/06	2,824	40,000
					7/19/07	3,837	54,400
					7/17/08	6,675	94,700
Total		15,000				13,336	189,100
David S. Pottruck	1/26/99	20,000	33.58	1/26/09	7/21/06	2,824	40,000
	5/19/99	15,000	29.39	5/19/09	7/19/07	3,837	54,400
	5/17/00	15,000	61.45	5/17/10	7/17/08	6,675	94,700
	5/19/04	15,000	27.53	5/19/11			
	5/23/01	15,000	29.41	5/23/11			
	5/22/02	15,000	29.19	5/22/12			
	7/20/05	19,000	27.15	7/20/12			
	5/21/03	15,000	18.73	5/21/13			
Total		129,000				13,336	189,100

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		Option Awards				Stock Awards		
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	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 ($)
Jane E. Shaw	5/19/99	15,000	29.39	5/19/09		7/21/06	2,824	40,000
	5/17/00	15,000	61.45	5/17/10		7/19/07	3,837	54,400
	5/19/04	15,000	27.53	5/19/11		7/17/08	8,055	114,200
	5/23/01	15,000	29.41	5/23/11				
	5/22/02	15,000	29.19	5/22/12				
	7/20/05	19,000	27.15	7/20/12				
	5/21/03	15,000	18.73	5/21/13				
Total		109,000					14,716	208,600
John L. Thornton	5/19/04	15,000	27.53	5/19/11		7/21/06	2,824	40,000
	7/20/05	19,000	27.15	7/20/12		7/19/07	3,837	54,400
	7/23/03	12,500	24.58	7/23/13		7/17/08	6,675	94,700
Total		46,500					13,336	189,100
David B. Yoffie	5/19/99	15,000	29.39	5/19/09		7/21/06	3,407	48,300
	5/17/00	15,000	61.45	5/17/10		7/19/07	4,630	65,700
	5/19/04	15,000	27.53	5/19/11		7/17/08	6,675	94,700
	5/23/01	15,000	29.41	5/23/11				
	5/22/02	15,000	29.19	5/22/12				
	7/20/05	19,000	27.15	7/20/12				
	5/21/03	15,000	18.73	5/21/13				
Total		109,000					14,712	208,700

(1) Mr. Guzy retired from the Board effective May 2008; however, the information shown in this table is as of fiscal year-end.

Director Stock Ownership Guidelines. The Board has established stock ownership guidelines for the non-employee directors. Within five years of joining the Board, the director must acquire and hold at least 15,000 shares of Intel common stock. 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). Unexercised stock options and unvested RSUs do not count toward this requirement. As of December 27, 2008, with the exception of Mr. Thornton (who is expected to be compliant with these ownership guidelines by the end of 2009), each director had either satisfied these ownership guidelines or had time remaining to do so.

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. None of the directors chose the Cash Deferral Election with respect to their 2008 fees. The RSU Deferral Election allows directors to defer their 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. Ambassador Barshefsky and Dr. Shaw participated in the RSU Deferral Election program in 2008.

Retirement. In 1998, the Board ended its retirement program for independent directors. Mr. Guzy, Dr. Shaw, and Dr. Yoffie, who were serving at that time, were vested with the number of years served. They will receive an annual benefit equal to the annual retainer fee in effect at the time of payment, to be paid beginning upon the director s departure from the Board. The payments will continue for the lesser of the number of years served as a non-employee director through 1998 or the life of the director. The amounts in the Change in Pension Value and Non-Qualified Deferred Compensation Earnings column in the Director Summary Compensation table represent the actuarial increase in pension value accrued under this program. Assumptions used in determining these increases include a discount rate of 6.7%, a retirement age of 65 or current age if older, RP2000 Mortality table projected to 2008, and an annual benefit amount of $75,000.

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 matching funds of up to $10,000 per director per year, which is the same limit for employees generally.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table presents the beneficial ownership of our common stock as of February 23, 2009 by each of our directors and listed officers and all of our directors and executive officers as a group. Amounts reported under Number of Shares of Common Stock Beneficially Owned as of February 23, 2009 include the number of shares subject to stock options and RSUs that become exercisable or vest within 60 days of February 23, 2009 (which are shown in the columns to the right). Our listed officers are the CEO, Chief Financial Officer (CFO), and three other most highly compensated executive officers in a particular year. To our knowledge, none of our stockholders owns more than 5% of our common stock. 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 23, 2009**	**Percent of Class**	**Number of Shares Subject to Options Exercisable as of February 23, 2009 or Which Become Exercisable Within 60 Days of This Date**	**Number of RSUs That Vest Within 60 Days of February 23, 2009**
Craig R. Barrett, Director and Chairman of the Board	6,249,619(1)	**	2,939,696	10,640
Paul S. Otellini, Director, President, and Chief Executive Officer	4,162,805(2)	**	3,374,586	40,000
Sean M. Maloney, Executive Vice President, General Manager, Sales and Marketing Group, and Chief Sales and Marketing Officer	2,501,464(3)	**	2,328,383	22,875
Andy D. Bryant, Executive Vice President, Finance and Enterprise Services, and Chief Administrative Officer	2,203,312(4)	**	1,965,204	22,875
David Perlmutter, Executive Vice President and General Manager,	768,593	**	698,340	22,125

Mobility Group				
Stacy J. Smith, Vice President and Chief Financial Officer	397,351	**	367,940	15,875
Jane E. Shaw, Director	281,893(5)	**	109,000	
David B. Yoffie, Director	259,528	**	109,000	
David S. Pottruck, Director	139,552(6)	**	109,000	
Reed E. Hundt, Director	126,564	**	99,000	
Charlene Barshefsky, Director	56,823(7)	**	39,000	
John L. Thornton, Director	54,064	**	46,500	
James D. Plummer, Director	25,564	**	15,000	
Carol A. Bartz, Director	7,997(8)	**		
Susan L. Decker, Director	4,254	**		
John J. Donahoe, Director		**		
Frank D. Yeary, Director		**		
All directors and executive officers as a group (23 individuals)	23,305,878	**	17,407,681	228,515

** Less than 1%.

(1) Includes 100,000 shares owned by a private charitable foundation for which Dr. Barrett shares voting authority.

(2) Includes 1,404 shares held by Mr. Otellini s spouse, and Mr. Otellini disclaims beneficial ownership of these shares.

(3) Includes 4,000 shares held by Mr. Maloney s spouse, and Mr. Maloney disclaims beneficial ownership of these shares.

(4) Includes 1,600 shares held by Mr. Bryant s son and 1,000 shares held by Mr. Bryant s daughter, and Mr. Bryant disclaims beneficial ownership of these shares.

(5) Includes 167,248 shares held by a family trust for which Dr. Shaw shares voting and disposition authority.

(6) Includes 800 shares held by Mr. Pottruck s daughter. 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 disposition authority.

(7) Includes 6,800 shares held jointly with Ambassador Barshefsky s spouse for which Ambassador Barshefsky shares voting and disposition authority.

(8) Includes 6,766 shares held by a family trust for which Ms. Bartz has sole voting and disposition authority.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

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

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

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

compensation to executive officers determined by the Compensation Committee;

compensation to directors determined by the Board;

transactions in which all security holders receive proportional benefits; and

banking-related services involving a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar service.

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

In 2008, there was one related-person transaction under the relevant standards: Intel employed an industrial engineer who for a portion of the year was the brother-in-law of Robert J. Baker, an executive officer. Mr. Baker s former brother-in-law received total cash compensation of $129,200. The Audit Committee reviewed and ratified this transaction.

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee of the Board of Directors 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, Professor Brian Hall of the Harvard Business School serves as the committee s outside adviser. The committee also consults with management regarding non-executive employee compensation plans and programs, including administering our equity incentive plans.

This section of the proxy statement explains how our executive compensation programs are designed and operate with respect to our listed officers (the CEO, CFO, and three other most highly compensated executive officers in a particular year). The Executive Compensation section presents compensation earned by the listed officers in 2008, 2007, and 2006.

Executive Summary

Intel s compensation programs are designed to support our business goals and promote both short- and long-term profitable growth of the company. Intel s equity plans are designed to ensure that executive compensation programs and practices are aligned with the long-term interests of Intel s stockholders. Total compensation of each individual varies with individual performance and Intel s performance in achieving financial and non-financial objectives.

The committee and Intel s management believe that compensation should help recruit, retain, and motivate the employees that the company will depend on for 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:

- alignment with stockholders interests;
- pay for performance;
- balance among performance objectives and horizons;
- employee recruitment, retention, and motivation;
- cost and dilution management; and
- egalitarianism.

Intel employees, including executive officers, are employed at will, without employment agreements, severance payment arrangements (except as required by local law), or payment arrangements that would be triggered by a change in control of Intel. Retirement plan programs are broad-based; Intel does not provide special retirement plans or benefits solely for executive officers.

The committee believes that the majority of the executive officers total compensation should consist of equity awards, which are longer term incentive compensation, rather than cash, which is primarily tied to shorter-term performance. We use the following descriptive categories in this Compensation Discussion and Analysis section:

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

Performance-based cash compensation includes annual and semiannual incentive cash payments.

Equity awards include stock options and RSUs, both of which may be granted as annual or long-term awards with time-based vesting.

Performance-based compensation refers to performance-based cash compensation and equity awards (with time-based vesting).

Total compensation refers to base salary, performance-based cash compensation, and equity awards (note that this formulation differs from that in the Summary Compensation table).

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Compensation for the executive officers, as well as the majority of Intel s employees located in the United States, consists of the elements identified in the following table.

Compensation Element	Objective	Key Features
Base Salaries	To provide a minimum, fixed level of cash compensation for the executive officers	Targeted at the 25th percentile of our peer group on average, since we strive to have the majority of executive officer pay at risk and tied to company performance Adjustments are based on an individual s current and expected future performance, internal equity, and pay relative to the market
Performance-Based Cash Compensation	To encourage and reward executive officers contributions in producing strong financial and operational results	Annual incentive cash payments are based on a formula that includes relative and absolute net income growth, company performance relative to operational goals, and an individual performance adjustment based on meeting individual goals Semiannual incentive cash payments are based on pretax margin or net income, plus customer satisfaction goals Total cash compensation is targeted at the 65th percentile of the peer group s total on average (actual percentile will vary based on annual performance)
Equity Awards	To retain executive officers and align their interests with those of stockholders	Targeted at the 65th percentile of our peer group s total long-term incentive compensation on average when an executive officer receives annual and long-term equity grants Majority of listed officers total compensation comes in the form of stock options that return actual value to the executive officer only to the extent that our stock price appreciates Annual equity awards generally vest in 25% annual installments over four years Long-term equity awards generally vest in full on the fifth anniversary of the grant

		date
Stock Purchase Plan	To encourage executive officer stock ownership, further aligning their interests with those of stockholders	Broad-based program under which employees, including executive officers, can purchase up to $25,000 in market value of Intel stock annually at a 15% discount to the market price
Profit Sharing Retirement Plan	To provide a minimum level of retirement income for the executive officers	Broad-based plan under which Intel makes profit sharing contributions (a percentage of eligible salary and performance-based cash) up to the tax code limit Intel s contributions vest in 20% annual increments after two years of service, completely vesting after six years

Compensation Element	Objective	Key Features
Deferred Compensation Plan	To provide retirement savings in a tax-efficient manner	Any profit sharing contributions made on eligible earnings in excess of the tax code limit of $230,000 are added to the executive officer s deferred compensation account Executive officers can elect to defer up to 50% of their base salaries and 100% of their annual incentive cash payments Balances in the deferred compensation plan are unfunded obligations of Intel. The balances are adjusted on the basis of notional investment returns; returns are not set or guaranteed by Intel.

In 2008, net revenue declined slightly and net income declined 24% compared to 2007. The revenue decline was largely the result of a weak fourth quarter, during which the global economy slowed, demand declined dramatically, and inventory was contracted across the supply chain. The revenue decline from the third quarter of 2008 to the fourth quarter of 2008 was only the second time in the last 20 years that our fourth-quarter revenue fell below our third-quarter revenue. Intel s stock price declined significantly in 2008.

2008 Financial and Stock Performance and Their Effects on Compensation

	2008 ($ in millions, except per share amounts)	**2007 ($ in millions, except per share amounts)**	**Change (%)**
Net Revenue	37,586	38,334	(2)
Net Income	5,292	6,976	(24)
Stock Price per Share as of Fiscal Year-End	14.18	26.76	(47)

	Q1 ($ in millions, except change %)	**Q2 ($ in millions, except change %)**	**Q3 ($ in millions, except change %)**	**Q4 ($ in millions, except change %)**
Net Revenue				
2008	9,673	9,470	10,217	8,226
2007	8,852	8,680	10,090	10,712
Change (%)	9	9	1	(23)
Net Income				
2008	1,443	1,601	2,014	234
2007	1,636	1,278	1,791	2,271

Change (%)	(12)	25	12	(90)

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As a result of our compensation programs that align the interests of executives with those of stockholders, Intel s financial and stock performance directly impacted our listed officers compensation. The multiplier used under our Executive Officer Incentive Plan to determine the amount of annual incentive cash payments, which is determined by financial and operational performance, fell approximately 24%, resulting in performance-based cash compensation declining both on an absolute basis and as a multiple of base salary. Intel s stock price decline impacted listed officers by lowering the value of RSUs granted to them in 2008 and previous years, and resulted in all of the stock options held by the listed officers (and substantially all options held by employees) being underwater (meaning the option exercise prices exceeded the market price of Intel stock) as of the end of 2008.

The effect of the declines in the value of equity awards was mitigated in part by increases designed to bring target compensation to desired peer group levels that were made by the committee at the beginning of 2008. Given Intel s financial performance in 2008 as well as uncertainty in the global economic environment, the committee elected to keep base salaries and annual incentive cash baselines flat for all listed officers for 2009. In addition, the committee made changes to our equity compensation programs for listed officers, as described in Changes to Equity Incentive Programs for 2009 below.

Determining Executive Compensation

In determining base salary, annual incentive cash baselines, and equity awards, the committee uses the executive officers current level of compensation as the starting point. The committee bases any adjustments to those levels primarily on benchmarking to peer companies and the individual s performance. Secondary considerations in determining the level of compensation include internal pay equity and wealth accumulation. The committee has discretion to set compensation at levels that may be higher or lower than peer group target percentiles.

Benchmarking

To assist the committee in its review of executive compensation, Intel s Compensation and Benefits Group provides compensation data compiled from executive compensation surveys, as well as data gathered from annual reports and proxy statements from companies that the committee selects as a peer group for executive compensation analysis purposes. This historical compensation data is then adjusted in order to arrive at current-year estimates for the peer group. The committee uses this data to compare the compensation of our executive officers to the peer group, targeting the 25th percentile for base salaries and the 65th percentile for total cash compensation on average. The committee s goal for equity compensation is that the combination of annual and long-term equity awards will approximate the 65th percentile of the peer group s long-term incentive compensation on average. Since the executive officers have the highest levels of responsibility for the company s overall performance, the committee believes that these officers are in the best positions to influence the company s performance, and accordingly should have the vast majority of their total compensation tied to performance. Professor Hall, the committee s independent adviser, and Intel s Compensation and Benefits Group review this data with the committee.

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The peer group includes 15 technology companies and 10 companies outside the technology industry from the S&P 100. When the peer group was created in 2007, the committee chose companies that resembled Intel in various respects, such as those that made large investments in research and development and had significant 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 talent and matches the peer group that Intel uses for measuring relative financial performance for annual incentive cash payments.

The peer group consists of the following companies:

Company	Reported Fiscal Year	Revenue ($ in billions)	Net Income (Loss) ($ in billions)	Market Capitalization on March 3, 2009 ($ in billions)
Advanced Micro Devices, Inc.	12/27/08	5.8	(3.1)	1.3
Apple Inc.	9/27/08	32.5	4.8	78.7
Applied Materials, Inc.	10/26/08	8.1	1.0	11.8
AT&T Corporation	12/31/08	124.0	12.9	133.6
Cisco Systems, Inc.	7/26/08	39.5	8.1	84.0
Dell Inc.	2/1/08	61.1	2.9	17.8
The Dow Chemical Company	12/31/08	57.5	0.6	6.4
EMC Corporation	12/31/08	14.9	1.3	20.4
General Electric Company	12/31/08	182.5	17.4	74.0
Google Inc.	12/31/08	21.8	4.2	102.6
Hewlett-Packard Company	10/31/08	118.4	8.3	67.9
International Business Machines Corporation	12/31/08	103.6	12.3	117.8
Johnson & Johnson	12/28/08	63.7	12.9	131.8
Merck & Co., Inc.	12/31/08	23.9	7.8	48.7
Microsoft Corporation	6/30/08	60.4	17.7	141.2
Motorola, Inc.	12/31/08	30.1	(4.2)	7.5
Oracle Corporation	5/31/08	22.4	5.5	75.7
Pfizer Inc.	12/31/08	48.3	8.1	80.0
Qualcomm Incorporated	9/28/08	11.1	3.2	55.2
Texas Instruments Incorporated	12/31/08	12.5	1.9	18.1
Tyco International Ltd.	9/26/08	20.2	1.6	9.0
United Parcel Service, Inc.	12/31/08	51.5	3.0	38.3
United Technologies Corporation	12/31/08	58.7	4.7	36.3
Verizon Communications Inc.	12/31/08	97.4	6.4	77.6
Yahoo! Inc.	12/31/08	7.2	0.4	17.4
Intel 2008	12/27/08	37.6	5.3	68.3
Intel 2008 Peer Group Percentile Rank		48th	57th	54th

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Individual Performance Reviews

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 each executive officer s direct reports. The CEO also reviews the compensation data gathered from the compensation surveys and makes a recommendation to the committee on base salary, annual incentive cash baseline, and equity awards for each executive officer other than himself and the Chairman. Intel s Director of Human Resources and the Compensation and Benefits Group assist the CEO in developing the executive officers performance reviews and reviewing the market compensation data to determine the compensation recommendations. Executive officers do not propose or seek approval for their own compensation.

The CEO s annual performance review is developed by the independent directors acting as a committee of the whole Board, chaired by the Lead Independent Director. For the CEO s review, formal input is received from the independent directors, the Chairman, and senior management. The CEO also submits a self-assessment. The independent directors meet as a group in executive session to prepare the review, which is completed and presented to the CEO. This evaluation is used by the committee to determine the CEO s base salary, annual incentive cash baseline, and equity awards. For 2008, a similar process was followed in determining the Chairman s base salary, annual incentive cash baseline, and equity awards.

Internal Pay Equity

The committee reviews the compensation of executive officers against the compensation of the top 100 highest paid employees at Intel to monitor internal pay equity. The committee does not use fixed ratios when conducting this analysis, but our CEO s total compensation has typically been 1.5 to 3 times the total compensation paid to each of our executive vice presidents.

Wealth Accumulation Analysis

The committee reviews the value of each element of compensation that the executive officer could potentially receive over the next 10 years, under scenarios of continuing employment, termination, and retirement. For this review, total remuneration includes all aspects of the executive officer s total cash compensation from continuing employment, the future value of equity awards under varying stock price assumptions (and including, as applicable, the impact of accelerated vesting upon retirement), the value of any deferred compensation, and profit sharing retirement benefits. The goal of the analysis is to allow the committee to see how each element of compensation interacts with the other elements and to see how current compensation decisions may affect future wealth accumulation. To date, the amount of past compensation, including amounts realized or realizable from prior equity awards, has generally not been a significant factor in the committee s considerations.

2008 Compensation Determinations

In the first quarter of 2008, the committee established base salaries, set the annual incentive cash baselines and operational goals under the Executive Officer Incentive Plan, and determined the equity awards for executive officers. Following the end of the year, the committee approved the calculation of the multiplier to be used in making annual incentive cash payments based on the Executive Officer Incentive Plan formula, determined any individual performance adjustments under the plan, and approved profit sharing contributions to the retirement plan.

In 2006, the committee determined that Intel s compensation levels should be increased because its programs were set at a level significantly below the compensation levels of its peers. To address this situation, the committee began a three-year program, ending in 2008, to increase cash and equity compensation to reach the target percentiles, and mirrors a general effort to increase compensation for employees. Thus, while annual incentive payouts for the listed officers declined for 2008, both on an absolute basis and as a multiple of salary as a result of the dramatic shift in the business environment during the fourth quarter of 2008, the effect of those declines was mitigated by increases to the annual incentive cash baselines designed to bring target compensation to the desired peer group levels.

Mr. Otellini s 2008 Compensation

In 2008, the committee elected to increase Mr. Otellini s base salary by 30% and annual incentive cash baseline by 40%. Both elements were increased in light of peer data indicating that his cash compensation was significantly below the target percentiles set by the committee. Mr. Otellini s base salary was increased less than his annual incentive cash baseline in an effort to increase the proportion of at-risk, performance-based compensation. Based on market data, the committee believes that Mr. Otellini s base salary for 2008 was still below the 25th percentile. Although the committee increased Mr. Otellini s base salary and annual incentive cash baseline in 2008, Mr. Otellini s total cash compensation increased by only 3% because of decreased financial and operating performance in 2008. Based on grant date fair value, Mr. Otellini received a 20% increase in the value of his annual equity awards in 2008 compared to 2007, although the number of options and RSUs granted was flat compared to 2007. The grant date fair value of Mr. Otellini s long-term RSU award was 24% lower than the grant date fair value of the long-term option award that he received in 2007. The net effect of these changes was that Mr. Otellini s total compensation remained relatively flat in 2008 compared to 2007. The committee believes that his total compensation was below the 65th percentile because his annual incentive cash payments were below target due to Intel s financial and operating performance.

	2008 ($)	**2007 ($)**	**Change (%)**
Base Salary	1,000,000	770,000	30
Annual Incentive Cash Payments	3,873,300	3,964,200	(2)
Total Cash Compensation	**4,873,300**	**4,734,200**	**3**
Annual Equity Awards (based on grant date fair value)	4,337,400	3,614,400	20
Long-Term Equity Awards (based on grant date fair value)	2,887,500	3,793,500	(24)
Total Compensation	**12,098,200**	**12,142,100**	**0**

Mr. Smith s 2008 Compensation

Mr. Smith was named CFO in October 2007. The committee determined Mr. Smith s compensation in 2008 for the first time. Considering the CFO s increased responsibilities, the committee determined to increase Mr. Smith s base salary for 2008 by 35%, annual incentive cash baseline by 24%, and grant date fair value of his annual equity award by 58% in an effort to provide more market-competitive pay. Based on market data, the committee believes that Mr. Smith s base salary for 2008 was significantly below the 25th percentile for CFOs in our peer group. Mr. Smith s total cash compensation increased 2% in 2008, and his total cash compensation was significantly below the 65th percentile. In 2008, Mr. Smith was also granted a long-term stock option to purchase 45,000 shares and 6,500 long-term RSUs. Primarily because of the increases in his base salary and annual equity awards, Mr. Smith s total compensation increased 26% for 2008. The committee believes that his total compensation was significantly below the 65th percentile. In 2008, the committee compensated Mr. Smith at levels below the 65th percentile for total compensation due to his relatively short tenure as CFO.

	2008 ($)	**2007 ($)(1)**	**Change (%)**
Base Salary	425,000	314,400	35
Annual Incentive Cash Payments	871,500	962,200	(9)
Total Cash Compensation	**1,296,500**	**1,276,600**	**2**
Annual Equity Awards (based on grant date fair value)	2,051,000	1,299,800	58
Long-Term Equity Awards (based on grant date fair value)	415,500	399,500	4

Total Compensation	**3,763,000**	**2,975,900**	**26**

(1) In 2008, Mr. Smith received a retroactive payment related to his promotion in 2007. We have added $9,400 to the amount reported for him in 2007 for Base Salary, and $9,200 for Annual Incentive Cash Payments.

Mr. Bryant s 2008 Compensation

In 2008, the committee elected to increase Mr. Bryant s base salary by 10% and annual incentive cash baseline by 7% in an effort to provide more market competitive pay. Based on market data, the committee believes that Mr. Bryant s base salary for 2008 was below the 25th percentile for chief administrative officers and CFOs in our peer group. Mr. Bryant s total cash compensation decreased 15% in 2008, due to annual incentive cash payments that were lower than target because of Intel s decreased financial and operating performance, resulting in his total cash compensation being below the 65th percentile. Based on grant date fair value, Mr. Bryant received a 38% increase in the value of his annual equity awards in 2008 compared to 2007, in line with our target for market competitiveness for annual equity grants. Primarily because of the increases in his base salary and annual equity awards, Mr. Bryant s total compensation increased 10% for 2008. The committee believes that his total compensation was significantly below the 65th percentile because his annual incentive cash payments were below target due to Intel s financial and operating performance.

	2008 ($)	**2007 ($)**	**Change (%)**
Base Salary	500,000	455,000	10
Annual Incentive Cash Payments	1,311,000	1,673,400	(22)
Total Cash Compensation	**1,811,000**	**2,128,400**	**(15)**
Annual Equity Awards (based on grant date fair value)	2,623,200	1,903,200	38
Long-Term Equity Awards (based on grant date fair value)			
Total Compensation	**4,434,200**	**4,031,600**	**10**

Mr. Maloney s 2008 Compensation

In 2008, the committee elected to increase Mr. Maloney s base salary by 28% and annual incentive cash baseline by 7%. Based on market data, the committee believes that Mr. Maloney s base salary for 2008 was close to the 50th percentile for sales and marketing executives in our peer group. Although Mr. Maloney s total cash compensation decreased 14% in 2008, the committee believes that his total cash compensation remained significantly above the 65th percentile for sales and marketing executives in our peer group. In 2008, the committee compensated Mr. Maloney above the 65th percentile for total cash compensation in an effort to maintain internal equity with other executive vice presidents, reflecting the significance of the position at Intel and his responsibilities. Based on grant date fair value, Mr. Maloney received a 38% increase in the value of his annual equity awards in 2008 compared to 2007, in line with our target for market competitiveness and with grants to other executive vice presidents. In 2008, Mr. Maloney was also granted a long-term stock option to purchase 82,500 shares and 11,750 long-term RSUs. Primarily because of increases in annual equity awards and base salary, Mr. Maloney s total compensation increased 11% for 2008. The committee believes that his total compensation was significantly above the 65th percentile for sales and marketing executives in our peer group but in line with Intel s other executive vice presidents.

	2008 ($)	**2007 ($)**	**Change (%)**
Base Salary	500,000	390,000	28
Annual Incentive Cash Payments	1,113,300	1,493,900	(25)
Total Cash Compensation	**1,613,300**	**1,883,900**	**(14)**
Annual Equity Awards (based on grant date fair value)	2,623,200	1,903,200	38
Long-Term Equity Awards (based on grant date fair value)	759,000	729,300	4

Total Compensation	**4,995,500**	**4,516,400**	**11**

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Mr. Perlmutter s 2008 Compensation

In 2008, the committee elected to increase Mr. Perlmutter s base salary by 25% and annual incentive cash baseline by 14%. Based on market data, the committee believes that Mr. Perlmutter s base salary for 2008 was below the 25th percentile. Although Mr. Perlmutter s total cash compensation decreased 9% in 2008, the committee believes that his total cash compensation was slightly above the 65th percentile for sector heads in our peer group. Based on grant date fair value, Mr. Perlmutter received a 38% increase in the value of his annual equity awards in 2008 compared to 2007, in line with our target for market competitiveness and with grants to other executive vice presidents. In 2008, Mr. Perlmutter was also granted a long-term stock option to purchase 52,500 shares and 5,000 long-term RSUs. Primarily because of the increases in his annual equity awards and base salary, Mr. Perlmutter s total compensation increased 15% for 2008. The committee believes that Mr. Perlmutter s total compensation was below the 65th percentile. In 2008, the committee compensated Mr. Perlmutter at levels below the target percentile for total compensation because his annual incentive cash payments were below target due to Intel s financial and operating performance.

	2008 ($)(1)	**2007 ($)(1)**	**Change (%)**
Base Salary	446,100	357,200	25
Annual Incentive Cash Payments	1,021,100	1,255,200	(19)
Total Cash Compensation	**1,467,200**	**1,612,400**	**(9)**
Annual Equity Awards (based on grant date fair value)	2,623,200	1,903,200	38
Long-Term Equity Awards (based on grant date fair value)	440,200	417,800	5
Total Compensation	**4,530,600**	**3,933,400**	**15**

(1) Mr. Perlmutter receives his cash compensation in Israeli shekels. The amounts reported above in Base Salary and Annual Incentive Cash Payments for 2008 were converted to U.S. dollars at a rate of 3.87 shekels per dollar, calculated as of December 26, 2008 (3.94 shekels per dollar for 2007, calculated as of December 29, 2007).

Elements of Compensation

Base Salary

When the committee determines the executive officers base salaries during the first quarter of the year, the committee takes into account each officer s role and level of responsibility at the company as well as individual performance for the prior year. In general, executive officers with the highest level of responsibility have the lowest percentage of their compensation fixed as base salary and the highest percentage of their compensation at risk. The committee believes that the 25th percentile is an appropriate target for base salaries because the committee strives to have performance-based compensation constitute a substantial majority of executive officers total compensation. Base salary represents a small percentage of total cash compensation (26% in 2008) and total compensation (9% in 2008) for the listed officers as set forth in the Summary Compensation table.

Performance-Based Compensation

Intel s pay-for-performance programs include performance-based cash compensation that rewards strong financial performance, and equity awards that reward stock price appreciation. Annual and semiannual incentive cash payments are determined primarily by Intel s annual financial results and are not linked to Intel s stock price performance. The committee believes that targeting total cash compensation at the 65th percentile is appropriate because of the high proportion of cash compensation that is variable, at risk, and tied to Intel s financial performance relative to the peer group. In 2008, performance-based compensation accounted for 87% of the total compensation for listed officers, as set forth in the Summary Compensation table. A high percentage of total compensation was performance-based cash (27% in 2008), with the majority of total compensation in the form of equity awards (60% in 2008).

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Annual Incentive Cash Payments

Net income is the key financial component of Intel s incentive cash programs, and in 2008 net income decreased 24% compared to 2007. Primarily because of this result, annual incentive cash payments to listed officers decreased 12% in 2008.

Annual incentive cash payments are made under the Executive Officer Incentive Plan. This plan mirrors the broad-based plan for employees, with the added feature of an individual performance adjustment. The annual incentive cash payment cannot be increased beyond the maximum limits calculated each year under the formula and cannot in any event exceed $10 million for any individual. The following illustration shows the Executive Officer Incentive Plan formula.

As shown above, the sum of the three corporate performance components determines the Executive Officer Incentive Plan multiplier; the details of each component are described in the narrative following the Grants of Plan-Based Awards table in Executive Compensation. We expect the multiplier calculated under the plan to typically range between 2 and 4 (but it may be higher or lower depending on the output of the formula), with a target multiplier of approximately 3. The committee has the ability to apply subjective, discretionary criteria to determine the individual performance adjustment percentage. The committee elected to use net income as the financial performance metric to reward executive officers for growing absolute and relative financial performance, as it is independent of factors such as stock price movements and stock buybacks that affect earnings per share. For more information on corporate performance components, see the Grants of Plan-Based Awards table in Executive Compensation.

Following the end of 2008, the committee determined the annual incentive cash payments in accordance with the plan s formula. The 2008 financial results yielded a multiplier of 2.66, calculated as follows:

Absolute Financial Component

($ in millions)	Relative Financial Component	Operational Component	Points	EOIP Multiplier
$5,292	(1 + (24.1%))	Architecture/Platforms	23.75	
$6,557(1)	(1 + (10.5%))	Manufacturing/Technology	29.00	
		Customer Orientation	27.25	
		Growth and Execution	20.50	
		Total	100.5/100	
0.807	**0.848**		**1.005**	**2.66**

(1) With the requirement in 2006 to include the impact of stock-based compensation in generally accepted accounting principles, the 2005 net income number includes the impact of stock-based compensation to ensure consistency in measuring net income growth. Additionally, the 2005 net income number excludes the additional tax expense of $250 million related to the decision to repatriate non-U.S. earnings under the American Jobs Creation Act of 2004.

In 2008, Intel s net income decreased more than the market average, Intel s net income was 19.3% lower than the trailing three-year average, and Intel scored 100.5% on operational goals, down from 107.1% in 2007. No individual performance adjustments were made under the Executive Officer Incentive Plan in 2008.

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The following graph illustrates how the amount of the average annual and semiannual incentive cash payments to listed officers varies with changes to Intel s net income.

Semiannual Incentive Cash Payments. Intel s executive officers 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 receiving the same number of extra days as other employees. Plan payments earned in 2008 totaled 15.2 days of compensation per employee, down from 17.3 days in 2007. This total included two days of compensation resulting from Intel s achievement of its customer satisfaction goals in 2008. In 2008, 2007, and 2006, semiannual incentive cash payments represented 5% or less of listed officers total performance-based cash compensation.

Equity Incentive Plans

The committee and management believe that equity compensation is a critical component of a total compensation package that helps Intel recruit, retain, and motivate the employees needed for the present and future success of the company. Most equity grants occur on an annual basis in connection with the annual performance review and compensation adjustment cycle. For all employees, including executive officers, Intel uses pre-established quarterly dates for the formal granting of equity awards during the year. With limited exceptions, these dates typically occur shortly after publication of Intel s quarterly earnings releases.

In 2006, Intel began granting employees RSUs in addition to stock options. Stock options provide actual economic value to the holder if the price of Intel stock has increased from the grant date at the time the option is exercised. In contrast, RSUs have economic value when they vest, so that they have some retention value even if the stock price declines or stays flat. Stock options motivate executive officers by providing more potential upside. RSUs align executive officers with stockholders and balance our compensation program design, as they take into account both upside and downside risk in our stock price.

The use of RSUs also assists in maintaining the Board s long-term goal that equity grants result in an average annual dilution rate that does not exceed 2%. Because the grant date fair value of each RSU that we grant is greater than the grant date fair value of each stock option, employees on average receive fewer RSUs now than stock options in the past. In 2007, the committee approved management s recommendation to increase the RSU mix for all employees, including moving almost all executive officers from an 80/20 split to a 70/30 split. The committee and Mr. Otellini believed that increasing the use of RSUs would help with retention and make Intel s compensation package more competitive with the companies in the peer group.

For Intel s executive officers, the committee grants a combination of annual equity grants with grant date fair values targeted to be below the 50th percentile of the peer group on average, and long-term equity grants, which in combination with the annual grants are intended to approximate the 65th percentile of the peer group. Annual stock options and RSUs typically vest in 25% annual increments beginning one year from the date of grant, while long-term grants generally have a five-year cliff-vesting schedule, meaning that 100% of the grant vests on the fifth anniversary of the date that the grants are awarded.

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In 2008, based on Professor Hall s recommendation, Mr. Otellini was granted stock options with exercise windows that can extend beyond retirement. Mr. Otellini s 2008 grant provides that upon his retirement from Intel at age 60 or older, the exercise window for the options would be the full remaining life of the award. Because of Mr. Otellini s years of service, any unvested portion of the option would vest in full upon his retirement from Intel at age 60 or older, which is consistent with the standard term for retirement for awards granted under the 2006 Equity Incentive Plan. The stock options have a seven-year life and will expire in 2015. Additionally, Mr. Otellini was granted a long-term RSU award in 2008. Instead of the typical five-year cliff-vesting award, Mr. Otellini s long-term award vests over four years in equal annual installments beginning in 2012, as long as he remains employed by Intel. Should Mr. Otellini retire from Intel in 2011 and before the award otherwise begins to vest in 2012, the vesting schedule of this award would be adjusted to begin on his retirement date. In that circumstance, 25% of Mr. Otellini s award would vest on his retirement date, and the award would continue to vest in 25% increments over the next three years. Mr. Otellini, like our other executive officers, is employed at will without an employment contract; as a result, he does not have a set retirement date. The committee included the extended exercise window in the 2008 grant because it believed that the provision would better ensure that the grant provided the appropriate long-term alignment with stockholders. The decisions of a CEO affect the company s performance beyond retirement, and the exercise provisions will give Mr. Otellini the opportunity to realize the benefit of actions taken today with a long-term view.

The committee determines the amount of annual equity grants and long-term grants based on its subjective consideration of factors such as relative job scope, 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 officer s expected career development. The equity grants are meant to motivate the executive officer to stay at Intel and deliver the expected future performance.

Because equity compensation is more complicated than cash compensation, there are a number of ways to present the costs to Intel and the benefits to the listed officers resulting from Intel s equity compensation program. The following graphs and table present five different views of Intel s equity compensation program. The first two graphs are based on the reporting of share-based compensation expense in Intel s financial statements. The table following these graphs shows some of the key metrics (dilution, burn rate, and overhang) that the committee and Intel s management use to measure how effectively Intel manages its equity compensation program. The third and fourth graphs show how the economic value that the listed officer receives from equity compensation varies with changes to Intel s stock price by showing the listed officers realized and unrealized gains and losses.

The following graph shows the SFAS No. 123(R) expense that Intel incurred during each year for financial statement purposes for grants to listed officers. The amount of expense that Intel incurs each year is related to a portion of many years worth of equity awards. For example, expense related to annual stock options granted in April 2008 would typically be incurred as the award vests, with expense in 2008, 2009, 2010, 2011, and the beginning of 2012. SFAS No. 123(R) expense for the listed officers increased 12% in 2008 compared to 2007, primarily because of an increase in SFAS No. 123(R) expense related to grants of RSUs.

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The graph below shows the expense for awards granted to listed officers during each year for financial statement purposes. The grant date fair value of annual and long-term equity awards granted to listed officers in January and April 2008 will be incurred over the service period as the awards vest in 2009, 2010, 2011, 2012, and 2013.

While the two graphs above focus on how our equity compensation program impacts our financial statements, there are other key metrics that the committee and Intel s management use to determine the costs to stockholders of Intel s equity compensation program. The following table shows how these metrics have changed over the past three years. We define the metrics as follows:

Dilution is total equity awards granted (less cancellations) divided by shares outstanding at the beginning of the year.

Burn rate is similar to dilution, but does not take cancellations into account.

Overhang is equity awards outstanding but not exercised, plus equity awards available to be granted, divided by total shares outstanding at the end of the year.

	2008 (%)	**2007 (%)**	**2006 (%)**
Percentage of Equity-Based Awards Granted to Listed Officers	3.8	4.6	1.6
Dilution	0.1		0.2
Burn Rate	1.0	1.0	1.4
Overhang	15.3	16.2	17.8

By policy, the committee limits grants to listed officers to no more than 5% of the total equity awards granted in any one year. The dilution, burn rate, and overhang amounts reported above are for all equity awards, not just those awarded to listed officers. The goal of the committee and Intel s management is to limit total annual dilution to less than 2%.

While the graphs and table above show some of the costs of Intel s equity compensation program, the next two graphs show the economic benefit of equity compensation to the listed officers. Additionally, the graphs show how the value of the listed officers equity awards is directly affected by changes in the price of Intel common stock. The price of Intel common stock decreased 47% from the beginning of the fiscal year to year-end. This decrease in stock price translated into an unrealized loss of $47.2 million for the listed officers and illustrates the performance-based nature of Intel s equity compensation program. Currently, none of the stock option awards that were granted in 2008 have any economic value. To promote comparability from year to year, the Unrealized Gain/Loss on Equity Awards graph includes only awards that were outstanding at both the beginning and the end of the fiscal year (awards that were granted or that were exercised or settled during the year are excluded).

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The Realized Gains graph below shows the aggregate value of the stock options that were exercised and RSUs that vested for the listed officers for each of the past three years. This graph shows the gains that the listed officers actually received from their equity awards, while the Unrealized Gain/Loss on Equity Awards graph shows unrealized gains (losses) measured as of the end of each fiscal year (which may or may not ever be realized).

Changes to Equity Incentive Programs for 2009

Replacing Annual Stock Option and RSU Grants with Outperformance Stock Units

Beginning with the equity awards that will be granted in 2009, the committee will award senior officers (a group of 21 people) outperformance stock units (OSUs) as their primary equity awards. OSUs are performance-based RSUs. The number of shares of Intel common stock that an employee receives will range from 33% to 200% of the target amount. The performance period is three years, and the performance metric to be used is total stockholder return (TSR). TSR is measured against the 15 technology companies included in our peer group for determining executive compensation averaged with the companies included in the S&P 100. TSR is a measure of stock price appreciation plus any dividends paid during the performance period. If Intel underperforms the peer group, the number of units earned will be reduced from the 100% target amount at a rate of two to one (two-percentage-point reduction in units for each percentage point of underperformance), with a minimum of 33% of units earned. If Intel outperforms the peer group, the number of units earned will be increased from the 100% target amount at a rate of three to one (three-percentage-point increase in units for each percentage point of over-performance), with a maximum of 200% units earned. The grants vest in full three years and one month from the grant date, which is one month after the end of the performance period. At the end of the performance period, the earned units will convert to Intel common stock, and dividend equivalents will be paid in the form of Intel common stock at a rate equal to the dividends that would have been paid over the performance period on the number of shares awarded at the end of the performance period.

This planned change to Intel s equity incentive design serves a number of purposes. First and foremost, because OSUs deliver value in the form of Intel common stock, it focuses the leadership team on ensuring the long-term viability of the enterprise. Secondly, due to the relative performance metric, this design provides an incentive to outperform the composite index over the three-year performance cycle. By utilizing full shares, this program is typically less dilutive than stock

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options while providing alignment with stockholders. Finally, the payout range of 33% to 200% of target moderates unnecessary risk taking while still providing an incentive to outperform the composite index over a multi-year period.

Additional Investment Grants for 2009 and 2010

In 2009, most Intel employees will receive an Investment Grant in addition to their regular equity grant. The current economic environment, while trying, offers a significant opportunity for Intel to distinguish itself from competitors and to position the company to emerge stronger as the economy recovers. The Investment Grants are intended to focus employees at this critical inflection point on creating sustained increases in our stock price as the macro-economic climate improves. It should also be noted that while this grant is incremental to normal annual equity grants, there will be significant cost savings realized in 2009 as a result of compensation program reductions, including no salary increases, a reduction in company contributions to the retirement savings plan (from 7% to 6%), and a reduction to the employee stock purchase program (capping employee contributions at 5% rather than 10% of eligible compensation). The Investment Grants for executive officers will be in the form of stock options. In 2010, we expect to make an additional Investment Grant with similar total value. The committee anticipates that the size of the Investment Grant will be approximately 50% of the value of the listed officers annual equity awards. These grants will vest equally over four years from the grant date and have a seven-year term. Our CEO will not receive an Investment Grant.

Risk Analysis of Intel s Performance-Based Compensation Plans

The Compensation Committee believes that although the majority of compensation provided to our executive officers is performance-based, our executive compensation programs do not encourage excessive and unnecessary risk taking. The design of these compensation programs encourages Intel s executive officers to remain focused on both the short- and long-term operational and financial goals of the company in several key respects. For example, while annual stock option and RSU awards vest 25% each year, long-term option and RSU awards vest after five years, which encourages officers to focus on sustained stock price appreciation. Similarly, in our Executive Officer Incentive Plan, the relative component measures Intel s financial performance against its peers for the previous year, while the absolute component measures Intel s current-year financial performance against the previous three years, which encourages the officers to focus on improving financial performance over a period of years.

Post-Employment Compensation Arrangements

Retirement Plans. Intel provides limited post-employment compensation arrangements to listed officers, consisting of an employee-funded 401(k) savings plan, a discretionary company-funded profit sharing retirement plan, and a company-funded pension plan, each of which is tax-qualified and available to substantially all U.S. employees; and a non-tax-qualified supplemental deferred compensation plan for highly compensated employees.

The committee allows for the participation of the executive officers in these plans to encourage the officers to save for retirement and to assist the company in retaining the officers. The deferred compensation plan is intended to promote retention by giving employees an opportunity to save in a tax-efficient manner. The terms governing the retirement benefits under these plans for the executive officers are the same as those available for other eligible employees in the U.S. 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.

Intel does not make matching contributions based on the amount of employee contributions under any of these plans. The profit sharing retirement 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 2008, Intel s discretionary contribution (including allocable forfeitures) to the profit sharing retirement plan for all eligible U.S. employees, including executive officers, 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 (the tax code), Intel credits the additional amount to the non-qualified deferred compensation plan. Intel invests all of its contributions to the profit sharing retirement 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. The investment options available under the non-qualified plan are the same investment options that are available in the 401(k) savings plan.

The benefit provided to listed officers who participate in the pension plan consists of a tax-qualified arrangement that offsets amounts that otherwise would be paid under the non-qualified deferred compensation plan described above. 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.

Other Compensation Policies

Personal Benefits. The committee supports the goal of management to maintain an egalitarian culture in its facilities and operations. Intel s executive officers are not entitled to operate under different standards than other employees. Intel does not have programs for providing personal benefit perquisites to executive officers, such as permanent lodging or defraying 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 may vary by country. Intel shares the cost of health and welfare benefits with its employees, a cost that is dependent on the level of benefits coverage that each employee elects. Intel s employee loan programs are not available to Intel s executive officers. Intel has no outstanding loans of any kind to any of its executive officers.

Stock Ownership Guidelines. Because the 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 a number of shares that Intel s executive officers must accumulate and hold within five years of appointment or promotion as an executive officer. The following table lists the specific share requirements. Stock options and unvested RSUs do not count toward satisfying these ownership guidelines. Each of our listed officers had either satisfied these ownership guidelines or had time remaining to do so as of December 27, 2008.

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

Intel Policies Regarding Claw-Backs. Intel s 2007 Executive Officer Incentive Plan and 2006 Equity Incentive Plan include standards for seeking the return (claw-back) from executive officers of incentive cash payments and stock sale proceeds in the event that they had been inflated due to financial results that later had to be restated. The 2007 Executive Officer Incentive Plan and 2006 Equity Incentive Plan were approved by stockholders and were included in the 2007 Proxy Statement for the 2007 annual meeting, which can be found at *www.intel.com/intel/annualreports*. The 2006 Equity Incentive Plan as proposed to be amended is included as Exhibit A of this proxy statement.

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 (not including the CFO). Certain performance-based compensation approved by stockholders is not subject to this deduction limit. Intel structured its 2006 Equity Incentive Plan with the intention that stock options awarded under this plan would qualify for tax deductibility. However, in order to maintain flexibility and promote simplicity in the administration of these arrangements, other compensation such as RSUs and payments under the 2007 Executive Officer Incentive Plan are not designed to qualify for tax deductibility.

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REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee, which is composed solely of independent members 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 CEO, Paul S. Otellini, and our CFO, 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 2008 Annual Report on Form 10-K (incorporated by reference) and in this proxy statement.

Compensation Committee
Reed E. Hundt, Chairman
David S. Pottruck
John L. Thornton
David B. Yoffie

EXECUTIVE COMPENSATION

The following table lists the annual compensation for the fiscal years 2008, 2007, and 2006 of our CEO, CFO, and our three other most highly compensated executive officers in 2008 (referred to as listed officers).

Summary Compensation

on	Year	Salary ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)
	2008	1,000,000	1,893,300	5,646,400	3,873,300		309,600(1)
	2007	770,000	595,100	6,034,700	3,964,200		178,000
Officer	2006	700,000	352,000	6,699,000	1,772,700	46,000	236,700
	2008	425,000	313,900	843,300	871,500		88,500(1)
	2007(2)	314,400	135,600	548,500	962,200		261,700(3)
Officer	2006	235,000	22,300	485,100	430,200	11,000	57,000
	2008	500,000	688,200	2,872,800	1,311,000		130,900
President,	2007	455,000	357,700	3,124,500	1,673,400		114,000
erprise Services	2006	355,000	117,300	4,888,000	1,178,500	49,000	148,200
ative Officer							
y	2008	500,000	698,100	2,827,600	1,113,300		120,100
President	2007	390,000	429,000	3,207,200	1,493,900		98,300
Marketing Officer	2006	290,000	87,100	4,678,400	1,019,000	7,000	127,200

r[4]	2008	446,100	655,900	2,009,800	1,021,100	280,400	311,000
President	2007	357,200	379,700	1,619,600	1,255,200	300,700	393,700
r,	2006	258,500	106,600	1,753,700	680,300	206,100	190,300
	2008	2,871,100	4,249,400	14,199,900	8,190,200	280,400	960,100
	2007	2,286,600	1,897,100	14,534,500	9,348,900	300,700	1,045,700
	2006	1,838,500	685,300	18,504,200	5,080,700	319,100	759,400

(1) In 2008, Intel Foundation made matching charitable contributions on behalf of Mr. Otellini in the amount of $10,000, and on behalf of Mr. Smith in the amount of $4,100.

(2) In 2008, Mr. Smith received a retroactive payment related to his promotion in 2007. We have added $9,400 to the amount reported for him in 2007 in the Salary column and $9,200 in the Non-Equity Incentive Plan Compensation column.

(3) In 2004, Intel arranged for a third party to provide Mr. Smith with a mortgage on his home in connection with his relocation from England to California. The loan principal was $950,000, the interest rate was 1.16%, and the term was five years. Mr. Smith paid off this mortgage in December 2006 (prior to his becoming an executive officer). In January 2007, Mr. Smith received a one-time payment of $210,000 (including a tax gross-up of $74,000) to replace the benefit that Mr. Smith gave up by paying off the low-interest loan prior to the original due date. The remaining $51,700 consists of profit sharing contributions.

(4) Mr. Perlmutter receives his cash compensation in Israeli shekels. The amounts reported above in the Salary, Non-Equity Incentive Plan Compensation, and certain amounts within the All Other Compensation columns were converted to U.S. dollars

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using a rate of 3.87 shekels per dollar, calculated as of December 26, 2008 for 2008, and at a rate of 3.94 shekels per dollar for 2006 and 2007. The All Other Compensation column for Mr. Perlmutter consists of the following amounts (in U.S. dollars):

Year	Annual Israeli Site Bonus	Study Fund	Relocation
2008			311,000
2007		400	393,300
2006	31,500	19,300	139,500

Total Compensation. Total compensation as reported in the Summary Compensation table increased 5% from 2007 to 2008 for listed officers, primarily because increases in salary and stock awards were offset by decreases in performance-based cash compensation and decreases in SFAS No. 123(R) expense for outstanding option awards. CEO Paul S. Otellini received total compensation of $12.7 million in 2008, and Intel s listed officers received total compensation of $30.8 million in 2008.

Equity Awards. Under SEC rules, the values reported in the Stock Awards and Option Awards columns of the Summary Compensation table represent the dollar amount, without any reduction for risk of forfeiture, recognized for financial reporting purposes related to grants of options and RSUs to each of the listed officers. We calculated these amounts in accordance with the provisions of SFAS No. 123(R) for 2008, 2007, and 2006.

We calculate compensation expense related to stock options using the Black-Scholes option pricing model. Because we do not pay or accrue dividends or dividend-equivalent amounts on unvested RSUs, we calculate compensation expense related to 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. We amortize compensation expense over the service period and do not adjust the expense based on actual gains or losses. The compensation expense in the Stock Awards and Option Awards columns is related to RSUs and options awarded in 2008 and prior years.

To illustrate how we recognize compensation expense for equity awards, assume that an employee received an option to purchase 100,000 shares of stock at the beginning of 2008 with a grant date fair value of $500,000 calculated using the Black-Scholes option pricing model. This option vests over four years in 25% annual installments. Under SFAS No. 123(R), Intel would recognize compensation expense of $125,000 in each of 2008, 2009, 2010, and 2011 (the service period). However, under our form of award agreements, the vesting of stock options and RSUs and thus the annual accounting expense reported in the Summary Compensation table may accelerate based on the employee s age and years of service. If an employee is eligible for retirement vesting acceleration provisions at the date of grant or during the vesting period, such acceleration will result in recognition of expense earlier than the normal vesting period based upon the acceleration provisions for that individual. For example, if an employee s age plus years of service equal 75 or above at the date of the grant the service period would be shortened to three years, and Intel would recognize compensation expense for one full installment immediately at the grant date ($125,000) and the remaining $375,000 would be recognized evenly in each of 2008, 2009, and 2010 ($125,000 per year).

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The following table includes the assumptions used to calculate the compensation expense reported for 2008, 2007, and 2006 on a grant-date by grant-date basis.

	Assumptions			
Grant Date	Volatility (%)	Expected Life (Years)	Risk-Free Interest Rate (%)	Dividend Yield (%)
4/10/01	47	6.0	4.9	0.3
10/31/01	47	6.0	4.9	0.3
11/27/01	47	6.0	4.9	0.3
3/26/02	49	6.0	3.7	0.3
4/9/02	49	6.0	3.7	0.3
11/25/02	49	7.0	3.7	0.3
1/22/03	50	8.9	3.7	0.4
4/22/03	55	4.0	2.0	0.4
1/21/04	46	9.0	3.8	0.5
4/15/04	51	4.0	3.0	0.6
7/15/04	50	4.0	3.3	0.7
10/14/04	49	6.0	3.4	0.8
2/2/05	26	7.8	4.1	1.4
4/21/05	27	4.8	3.9	1.4
4/21/06	27	4.8	5.0	2.0
1/18/07	26	6.7	4.8	2.2
4/19/07	25	4.8	4.6	2.1
1/17/08	38	7.5	3.6	2.6
4/17/08	34	4.8	2.9	2.5

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 Executive Officer Incentive 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	2008	3,724,000	149,300	3,873,300
	2007	3,840,000	124,200	3,964,200
	2006	1,680,000	92,700	1,772,700
Stacy J. Smith	2008	824,600	46,900	871,500
	2007	924,200	38,000	962,200
	2006	407,900	22,300	430,200
Andy D. Bryant	2008	1,250,200	60,800	1,311,000
	2007	1,610,400	63,000	1,673,400
	2006	1,118,800	59,700	1,178,500

Sean M. Maloney	2008	1,064,000	49,300	1,113,300
	2007	1,440,000	53,900	1,493,900
	2006	967,300	51,700	1,019,000
David Perlmutter	2008	970,900	50,200	1,021,100
	2007	1,205,400	49,800	1,255,200
	2006	639,200	41,100	680,300

Change in Pension Value and Non-Qualified Deferred Compensation Earnings. Amounts reported represent the actuarial increase in the pension plan arrangement (other than for Mr. Perlmutter). Since the benefit that executive officers have earned under the tax-qualified pension plan arrangement is frozen, 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. Mr. Perlmutter participates in a pension savings plan and a severance plan for Israeli employees, which are explained further in Retirement Plans for Mr. Perlmutter following the Pension Benefits for Fiscal Year 2008 table. The changes in pension value reported above are the increases in the balance of the pension savings plan (less Mr. Perlmutter s contributions) and the increase in the actuarial value for the severance plan.

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All Other Compensation. Amounts listed in this column of the Summary Compensation table (except as footnoted) consist of tax-qualified discretionary company contributions to the profit sharing retirement plan of $13,800 in 2008, $15,750 in 2007, and $15,400 in 2006, and discretionary company contributions credited under the profit sharing component of the non-qualified deferred compensation plan. These amounts will be paid to the listed officers only upon retirement, termination, disability, death, or after reaching the age of 701/2 for an active employee.

Additional Programs for Mr. Perlmutter

Relocation Package. In 2006, Mr. Perlmutter relocated to the United States from Israel with an original assignment for a two-year period, which has been extended for an additional year until August 2009. Since this is a temporary assignment, Mr. Perlmutter is receiving a two-way relocation package. This package contains 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. Intel s relocation packages are consistent with market practices and Intel s compensation philosophy and are global in scope. Relocation packages apply to all employees, based on set criteria such as duration of assignment, destination for the assignment, family size, and other needs as applicable.

Israel Study Fund. To encourage continuing education, Intel Israel offers eligible employees the opportunity to participate in a voluntary savings program to which both Intel and the employee contribute. Each month, an eligible employee contributes 2.5% and Intel contributes 7.5% of base salary to the study fund. The contributions are tax-free up to a certain salary amount fixed by legislation. After three years of membership, employees can withdraw the accrued funds for study in Israel or abroad; after six years, employees can use the accrued funds for any purpose. In 2007, Mr. Perlmutter participated in the Israel Study Fund for one month, but in 2008, Mr. Perlmutter did not participate in the program.

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Grants of Plan-Based Awards in Fiscal Year 2008

The following table presents equity awards and awards granted under our annual and semiannual incentive cash plans in 2008.

Award Type	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards		All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh) (2)	Ma Pric Gr D ($/S
			Target ($) (1)	Maximum ($)				
Long-Term RSU	4/17/08	4/17/08			150,000			
Annual Option	4/17/08	4/17/08				500,000	22.11	22
Annual RSU	4/17/08	4/17/08			70,000			
Annual Cash			4,200,000	10,000,000				
Semiannual Cash			124,200					
Long-Term Option	1/17/08	1/16/08				45,000	19.63	19
Long-Term RSU	1/17/08	1/16/08			6,500			
Annual Option	4/17/08	4/17/08				235,000	22.11	22
Annual RSU	4/17/08	4/17/08			33,500			
Annual Cash			930,000	10,000,000				
Semiannual Cash			38,000					
Annual Option	4/17/08	4/17/08				300,000	22.11	22
Annual RSU	4/17/08	4/17/08			43,000			
Annual Cash			1,410,000	10,000,000				
Semiannual Cash			63,000					
Long-Term Option	1/17/08	1/16/08				82,500	19.63	19
Long-Term RSU	1/17/08	1/16/08			11,750			
Annual Option	4/17/08	4/17/08				300,000	22.11	22
Annual RSU	4/17/08	4/17/08			43,000			
Annual Cash			1,200,000	10,000,000				
Semiannual Cash			53,900					
Long-Term Option	1/17/08	1/16/08				52,500	19.63	19
Long-Term RSU	1/17/08	1/16/08			5,000			
Annual Option	4/17/08	4/17/08				300,000	22.11	22
Annual RSU	4/17/08	4/17/08			43,000			
Annual Cash			1,095,000	10,000,000				
Semiannual Cash			49,800					

(1) Amounts reported as Target are determined by taking the incentive baseline amounts and multiplying them by 3.

(2) 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.

(3) 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.

Annual Options and Annual RSUs. In general, annual stock options and RSUs vest in 25% annual increments beginning one year from the date of grant. Annual stock options expire seven years from the date of grant and have an exercise price of no less than 100% of the market value of the common stock on the date of grant. Also, upon retirement, the listed officers have 365 days to exercise their options, with the exception of Mr. Otellini s 2008 awards, for which he has the full remaining life of such award to exercise upon retirement.

Long-Term Options and Long-Term RSUs. Long-term grants generally have a five-year cliff-vesting schedule, meaning that 100% of the grant vests on the fifth anniversary of the date that the grants are awarded. Long-term stock options generally expire 10 years from the date of grant. Mr. Otellini was granted long-term RSUs in 2008, which vest in 25% annual increments beginning in 2012 as long as he remains employed by Intel. If Mr. Otellini retires from Intel after he turns 60 and before the award otherwise begins to vest in 2012, the vesting schedule of this award would be adjusted to begin on his retirement date. In that circumstance, 25% of Mr. Otellini s award would vest on his retirement date, and the award would continue to vest in 25% annual increments over the next three years.

Annual Cash. Annual incentive cash awards are made under the Executive Officer Incentive Plan. The Compensation Committee sets the incentive baseline amount under the Executive Officer Incentive Plan annually as part of the annual performance review and compensation adjustment cycle, and this incentive baseline amount is then multiplied by a multiplier calculated at the end of the year. 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 in its sole discretion, as described in the plan. The methodology used to calculate Intel s net income for both absolute and relative financial performance is the same. Further details on each component follow:

Relative Financial Component. To determine relative financial performance, the committee compares Intel s annual net income growth relative to the market, which for this purpose we define as the 15 technology peer companies plus the companies that make up the S&P 100 (excluding Intel). To determine Intel s performance relative to the market, Intel s net income percentage growth (plus one) is divided by the simple average (with each group weighted equally) of the annual net income percentage growth for the S&P 100 excluding Intel and the 15 technology peer companies (plus one). There is some overlap in the S&P 100 and the 15 technology peer companies that we have identified. We have done this intentionally to provide slightly more weighting to our relative performance compared to the technology peer companies that are also in the S&P 100. Through this component, the committee rewards executive officers for how well Intel performs compared to a broader market. While the decline of 24% in our 2008 net income affected the relative financial component, this component was affected to a lesser degree, as the broader market suffered declines as well. Therefore, our relative component dropped to 0.848 in 2008 (compared to 1.317 in 2007) for our performance relative to the market s performance.

Absolute Financial Component. To determine absolute financial performance, Intel s current-year net income is divided by Intel s average net income over the previous three years. Due to historical volatility in earnings, the committee decided to use 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 2008, Intel s net income was 23% lower than the trailing three-year average.

Operational Component. Each year, the committee approves operational goals and their respective success criteria for measuring operational performance. The operational goals typically link to performance in several key areas, including financial performance, product design/development roadmaps, manufacturing/cost/productivity improvements, and customer satisfaction. For 2008, the committee approved 25 operational goals, allocated and grouped into the 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 each goal ranges from 0 to 1.25 based on the level of achievement reflected in Intel s confidential internal annual business plan. The results are summed and divided by 100, so that the final operational score is between 0 and 1.25. 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 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 88% and 108%, with an average result of 100%. 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 committee. The company scored 101% on its operational goals in 2008, down from 107% in 2007.

2008 Operational Goal Categories

Architecture/Platforms 25 points	Customer Orientation 25 points
Next-generation product development Graphics leadership	Improved roadmap flexibility, delivery performance, and response rates Reinvigoration of brand leadership
Manufacturing/Technology 25 points	**Growth and Execution 25 points**
Factory performance and costs Process technology milestones	Revenue goals Growth businesses on track

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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 will pay an additional day of compensation for each six-month period if Intel achieves its customer satisfaction goals. Because benefits are determined under a formula and the 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 2007.

Outstanding Equity Awards at Fiscal Year-End 2008

The following table provides information with respect to outstanding stock options and RSUs held by the listed officers as of December 27, 2008. Unless otherwise specified, equity awards vest at a rate of 25% per year over four years from the grant date.

	Option Awards						Stock Awards		
me	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 (#)	Marke Value of Shar or Units Stock That Ha Not Vested (
l S. llini	4/13/99	108,000		30.70	4/13/09		4/21/06	22,500	319,1
	4/25/00	120,000		61.19	4/25/10		4/19/07	33,750	478,6
	3/21/01	49,586		25.69	3/21/11		4/17/08	150,000(7)	2,127,0
	4/10/01	108,000		24.23	4/10/11		4/17/08	70,000	992,6
	10/31/01	200,000		24.37	10/31/11				
	4/9/02	664,000		29.33	4/09/12				
	1/22/03		600,000(1)	16.42	1/22/13				
	4/22/03	300,000		18.63	4/22/13				
	4/15/04	300,000		27.00	4/15/14				
	2/2/05		400,000(2)	22.63	2/02/15				
	4/21/05	375,000	125,000	23.16	4/21/12				
	4/21/06	260,000	260,000	19.51	4/21/13				
	1/18/07		700,000(3)	20.70	1/18/17				
	4/19/07	130,000	390,000	21.52	4/19/14				
	4/17/08		500,000	22.11	4/17/15				
al		2,614,586	2,975,000					276,250	3,917,3
cy J. ith	4/13/99	7,920		30.70	4/13/09		4/21/06	3,500	49,6
	4/25/00	10,000		61.19	4/25/10		1/18/07	6,500	92,2
	10/10/00	2,000		38.81	10/10/10		4/19/07	17,250	244,6
	3/21/01	4,350		25.69	3/21/11		1/17/08	6,500(8)	92,2

	4/10/01	13,320		24.23	4/10/11	4/17/08	33,500	475,0
	10/31/01	10,800		24.37	10/31/11			
	11/27/01	15,000		31.95	11/27/11			
	4/9/02	5,000		29.33	4/09/12			
	4/15/04	16,500		27.00	4/15/14			
	7/15/04	6,000		23.36	7/15/14			
	10/14/04	30,000	30,000(4)	20.75	10/14/14			
	4/21/05	30,600	10,200	23.16	4/21/12			
	4/21/06	45,000	45,000	19.51	4/21/13			
	1/18/07		45,000(5)	20.70	1/18/17			
	4/19/07	40,000	120,000	21.52	4/19/14			
	1/17/08		45,000(5)	19.63	1/18/18			
	4/17/08		235,000	22.11	4/17/15			
al		236,490	530,200				67,250	953,6

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		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 ($)
Andy D. Bryant	4/13/99	90,000		30.70	4/13/09		4/21/06	7,500	106,400
	4/25/00	90,000		61.19	4/25/10		4/19/07		