

Intel 2019 Annual Stockholders' Meeting

Answers to Investors' Questions

Below is the list of questions we received ahead of and during our Annual Stockholders' Meeting, including answers to questions that we were not able to cover in the Q&A session due to time. In a few cases, we have consolidated multiple questions on the same topic together and provided a summary response, and also have made minor edits for clarity, corrected typos, removed inappropriate language and removed names of individuals. In addition, please note that we have removed comments and statements (positive or negative) where no actual questions were asked. Intel's responses to these questions, including any forward-looking statements in this document, reflect management's views as of May 16, 2019. Intel does not undertake, and expressly disclaims any duty, to update any such statement whether as a result of new information, new developments or otherwise, except to the extent that disclosure may be required by law. Forward-looking statements are subject to many risks and uncertainties that could cause actual results to differ materially from those expressed or implied in these forward-looking statements, which factors are discussed in Intel's SEC filings, including the company's most recent reports on Forms 10-K and 10-Q, copies of which may be obtained by visiting our Investor Relations website at www.intc.com or the SEC's website at www.sec.gov.

Meeting Format & Logistics

Q: Why are stockholders prevented from attending the actual meeting? It is the most important meeting for leadership to face their stockholders and some stockholders prefer to meet in person (or may not have the capability for a "virtual" meeting).

Related Question:

- *Shouldn't the entire Board of Directors and the CEO be fired and or replaced for even attempting to have a virtual meeting instead of an actual in person meeting where they would be held accountable to live investors?*

A: As explained in the Chairman's letter, "[w]hile our Annual Stockholders' Meeting is only one of the forums in our year-round engagement with stockholders, it is an important one. As physical attendance at meetings has dwindled, web participation has grown significantly, and has proven to be substantially more popular and effective at enabling stockholder participation, while saving the company's and investors' time and money and reducing our environmental impact. Our virtual Annual Stockholders' Meeting also enables non-stockholders to view our meeting. As in past years, stockholders can submit questions ahead of or during the meeting through the designated websites. We continue to work with industry groups and our stockholders to enhance our virtual Annual Stockholders' Meeting and welcome your suggestions on how we can continue to make it more effective and efficient."

Q: Why not a hybrid meeting?

A: As addressed during the meeting, we strongly believe in stockholder engagement and the importance of providing our stockholders with the ability to meaningfully engage with management. We believe our current format facilitates stockholder attendance and participation, allowing all stockholders to participate fully and equally, using any internet-connected device, from any location around the world, at no cost. The virtual meeting allows Intel to engage with ALL stockholders, regardless of size, resources, or physical location. This was a topic that we discussed during our investor outreach in the fall of 2017 and 2018. During these conversations we discussed the robust process we maintain for ensuring that the virtual meeting format serves to enhance our stockholders' abilities to participate:

- We maintain clear processes around Q&A, allowing questions to be submitted both prior to and during the meeting, enabling us to answer questions as they come in
- We commit to publishing and answering each question received following the meeting, and will be posting a webcast replay of the annual meeting to our IR website for at least one year
- During the annual meeting, proponents of the stockholder proposals included in this proxy statement will have a dedicated call-in line to facilitate their ability to present their proposals
- Following this meeting, we will consider the feedback that we get from our shareholders on the meeting format and work to continue to enhance the meeting experience as we go forward

Q: I don't find these proposals, or the company explanation against them, in the annual report. I can't vote on what I haven't read. Where is this information?

A: Management and stockholder proposals are described in the 2019 proxy statement, starting on page 16 and ending on page 103.

Q: Is there a tape delay [of the online webcast of the Annual Stockholder Meeting] and is the audio edited before it is made available for replay?

A: There is no tape delay and the webcast video and audio is not edited before being posted for replay.

Q: Why is there no audio for annual meeting?

A: Audio was provided for the annual stockholder meeting. Individual viewer experience may have varied due to technical issues. This particular individual later noted the audio issues were resolved.

Q: Why is there only PowerPoint for annual meeting?

A: A video webcast of our CEO, Chairman of the Board and Acting Corporate Security was provided during the Annual Stockholder Meeting in addition to the power point materials.

Q: Who was invited to Intel's Investor Meeting?

A: Representatives from large institutional investors and sell-side analysts were invited to attend Intel's Investor Meeting in Santa Clara. A live webcast was available for anyone to attend, and a recording of the event is posted on our website.

Board of Directors

Q: Many board members are agents of the company Intel, which creates numerous conflicts of interest. How does the board intend to control these conflicts?

Related Question:

- *Why does Intel require so many board positions? Why isn't the current board made up of Intel only directors? Want that focus!*

A: The Board has designated a range of 9 to 15 members in the company's Bylaws, and periodically considers new director candidates. The Board is made up of a majority of independent directors, 8 out of the 10 current directors are independent. We work to make sure that collectively we have the appropriate skills and backgrounds to be strong stewards in a dynamic industry. Since 2016, Intel has welcomed five new independent members to its board of directors, which is 50% of its 2019 board nominees' slate. Our Board is committed to actively seeking quality women and minority director candidates for consideration. As part of our ongoing commitment to creating a balanced Board with diverse viewpoints and deep industry expertise, we regularly add new directors to infuse new ideas and fresh perspectives in the boardroom.

Q: How many board of directors do we have to vote for?

A: There are 10 individuals nominated to serve on the Board of Directors. This information can be found in the proxy beginning on page 16.

Q: How do I get the information on current officers' compensation?

A: Information pertaining to the compensation of our Board of Directors and executive officers is detailed in the 2019 proxy, pages 46 through 49 and pages 58 through 87.

Diversity

Q: Why aren't there more women on the board or in executive positions?

Related Questions:

- *Why are there not more women on your board of directors?*
- *Why are there not more women on the Board... The goal should be 50%!*
- *Why aren't there more women on the Board?*
- *I notice no women on the board....are they not any qualified women in the industry that can serve?*
- *There is a disproportionate amount of men on the Board of Directors compared to women. When is Intel going to address this gender imbalance? There are many (many!) beyond competent women that will bring new ideas and energy to Intel from this level.*

- *Why is the Board of Directors predominately comprised of men?*
- *As a shareholder I would like to know why there has not been a better attempt to nominate more women to the Board of Directors.*
- *I am concerned that there are no women within the executive officers and I can't tell how many directors are women. I believe that Intel is shortchanging itself, and thereby shareholders, by not having a representative share of women directing the company. How will you change this?*

A: As addressed during the meeting, diversity is a priority issue for our company and we believe that greater diversity and inclusion will lead to more growth, more innovation, and better results. We recently met our goal to achieve full representation of women and underrepresented minorities in our U.S. workforce and achieved global gender pay equity.

With respect to board diversity, our Board is committed to actively seeking quality women and minority director candidates for consideration. Since 2016, Intel has welcomed five new members (including two women) to our Board. In 2018, Intel also joined the Thirty Percent Coalition, which focuses on strategies to increase female representation on corporate boards. Through our partnership, we aim to not only increase the available talent for our Board, but to also support increased female board representation across our industry.

With respect to senior leadership, we invest in a variety of initiatives to advance progression and retention at all levels of the company, including the Intel Network of Executive Women and the Women at Intel Network. Since 2015, our U.S. female leadership increased from 17.7% to 20.7%. We are proud of our progress, but realize that we are far from being done. We will continue to invest in building the diverse and inclusive culture we need to advance innovation and drive our business forward.

Gender Pay Gap

Q. How is the company addressing the gender pay gap? A vote against the shareholders proposal was recommended by the BOD.

A: As addressed during the meeting, Intel recently achieved gender pay equity for our global workforce. This achievement was a direct result of a years-long evaluation of global gender pay equity and follows our announcement that in 2017 we achieved gender and racial pay equity for all U.S. employees. Intel's legal and human resources teams have worked with third-party experts using proven statistical modeling techniques to identify countries where gender pay gaps exist. In our most recent evaluation of the gender pay gap, we incorporated equity-based compensation into our calculations and took specific actions to close gaps that were identified. Intel is committed to gender pay equity and to fairly and equitably compensating all of our employees. Moreover, our gender pay equity policies and practices are just one aspect of Intel's robust portfolio of programs and policies designed to recruit, retain, and empower women at Intel. We will continue to take a multi-faceted approach to assessing pay equity and equal representation in our workforce.

Environmental Sustainability

Q: What is Intel doing to address the environment and climate change, in terms of (a) nullifying the negative effects of its operations on the planet and environment, (b) as a corporate citizen, supporting and lobbying for legislation that will help reduce global carbon and pollution emissions, and (c) doing what is necessary to plan for and remediate the effects of climate change on its business?

A: As addressed during the meeting, we have a long-standing commitment to environmental sustainability and actions to address the risks of climate change. We invest in conservation projects and set company-wide environmental targets, seeking to drive reductions in greenhouse gas emissions, energy use, water use, and waste generation. We are on track to meet our 2020 GHG and renewable energy goals, and 100% of the power we use in the U.S. and the E.U. and 71% of the power we use globally are from renewable sources. In 2018, we also continued to invest in water conservation projects and made progress toward our goal to restore 100% of our global water use by 2025. Regarding climate advocacy, we participate in a number of organizations to help build a supportive policy environment for private sector leadership on climate change – one example is the Center for Climate and Energy Solutions (C2ES). [Intel's Climate Change Policy](#) outlines our approach and we are committed to transparency and disclosure on this issue, reporting our progress in our annual Corporate Responsibility Report.

Corporate Sponsorships

Q: I'm [name of stockholder redacted] of the National Center for Public Policy Research. I want to ask about the company's opposition to religious liberty. Intel is one of the top donors to the Human Rights Campaign (HRC). HRC is perhaps the nation's leading opponent of religious liberty. Right on HRC's website, on the corporate sponsor's page, is a big Intel logo listing the company as an HRC Platinum Partner - the highest level of donor. HRC threatens and organizes boycotts when states seek to enact laws protecting the right of people to act according to their faith or to use a bathroom in privacy that matches their DNA. What is Intel's interest in those activities? HRC also works to dictate corporate philanthropy away from conservative and Christian organizations. I highly doubt that when shareholders invest their hard-earned money with Intel they anticipate those funds will be used to try and root out Christianity and oppose religious liberty. At the behest of HRC, Intel also signed an amicus curiae brief in the U.S. Supreme Court case Masterpiece Cakeshop v. Colorado Civil Rights Commission, thus supporting Colorado's efforts to undermine religious liberty and to restrict freedom of speech. The company's position in that brief would give unelected government bureaucrats the power to compel speech of private citizens under the threat of massive fines and potential imprisonment. Did anyone at Intel even read this brief that all but rewrites parts of the First Amendment? Thank God your side lost, and liberty prevailed. We are a free-market organization. We have never called for a boycott or tried to direct a company's philanthropy. We just want to make sure that the company is actually informed about what HRC is doing with Intel's money. Can you explain to us investors why Intel is funding anti-religious bigotry and opposing freedom of speech? And can you explain how this helps the company's bottom line?

A: As addressed during the meeting, Intel is committed to advancing diversity and inclusion in our workforce and the broader industry. Intel seeks to create a sense of belonging and instill a culture where employees can bring their full experiences and authentic selves to work while enjoying rewarding careers with Intel. We believe that a more equal and inclusive workforce makes Intel a stronger company. Intel's sponsorship of the Human Rights Campaign is part of our diversity and inclusion commitment to ensure that our employees and the broader LGBTQ+ community have equal access, rights, and opportunities. Intel is also committed to treating all of our employees with dignity and respect and creating an environment of open communication. We support each employee's freedom of expression in the context of respect, empathy, and tolerance of fellow employees.

Corporate Strategy

Q: Why is Intel undermining its future by cutting jobs and slashing contractor compensation (while giving executives bonuses) during a time of record profits???? Why is longer term company health being destroyed to satisfy short term greed?

A: As we pursue growth in an expanded TAM, we've transitioned more of what we spend to segments of the business that promise real short, medium and long-term growth for the company. We've reduced spending from the 36% of revenue down to the 28% while also investing \$1 billion more in R&D. To accomplish that, we've made trade-offs (for example, our recent decision to exit the 5G smartphone modem business), and we've been extremely disciplined about our SG&A spending. Our focus on spending discipline will continue as we focus our investments to lead technology inflections, play a bigger role in our customers' success and deliver profitable growth. We have committed to reducing spending to ~25% of revenue by the end of 2021 by continuing to drive efficiencies in SG&A and making focused portfolio decisions to maximize revenue growth, while continuing to invest in R&D across the six pillars of innovation, including process leadership.

Q: How much in stock buybacks are planned for the next year?

A: Our capital allocation priorities are to: 1) invest organically in R&D and Capex for growth; 2) invest in strategic M&A and partnerships that grow our capabilities; 3) return capital to shareholders by growing the dividend in line with non-GAAP EPS, and buying back stock to offset dilution and to target opportunities to remove share count when the price is below our intrinsic valuation. We've paid out over 100% of FCF over the last 10 years through our dividend and buybacks. In 2017 we paid out 84% of FCF after repurchasing 101M shares for \$3.6B and paying \$5.1B in dividends. In 2018 we returned 114% of FCF after repurchasing 217M shares for \$10.7B and paying \$5.5B in dividends. On top of that we settled \$2.4B in convertible debt reducing shares by another 23M. We were also excited to announce a dividend increase of 5% to \$1.26. More information on Intel's capital allocation philosophy can be found on page 39 of our 2019 proxy statement.

Q: Given attempts to diversify outside of the core IA business have not been successful & Intel has fallen behind on delivering 10nm, what is the board and management doing to

ensure IA products are available to customers in a timely manner? Has the board considered splitting the company into two (Manufacturing & Products) to allow the product group to choose the best available process technology?

A: Having integrated design and manufacturing is a competitive advantage for Intel. While competitors have islands of expertise, we have process engineers, packaging engineers, design engineers, & software engineers, working together and putting customer needs front and center to deliver leadership products. Intel applies its capabilities across 6 pillars of innovation: process & packaging, architecture, novel memory and interconnect schemes, built-in security features, and unifying software APIs. World class process technology is an important aspect of product leadership, and our focus is on balancing schedule, performance, power and cost. We're radically reducing design complexity for our design teams with a 4x reduction in the design rules that govern the rules of how you design in a new process. Improvements such as this, alongside the other innovation pillars, will allow us to continue to provide a portfolio of leadership products at a much faster clip than ever before. We continue to stress test our strategy and evaluate it against our next best alternatives.

Q: What are Intel's new product line ups that benefit developers and gamers?

A: Intel is a catalyst for PC gaming innovation, rallying the industry to make the PC the best place to play and create. We believe the best gaming is done on the PC, and Intel is an integral part of that experience. We're always looking for ways to push our technology to the limits when it comes to performance, enabling the development community, driving new form factors and leveraging emerging technology. Intel is driving the future of gaming by:

- Building amazing technology for gaming – from CPU to GPU, form factors and beyond. Intel delivers world class performance and technology for gamers with 9th Gen Intel® Core™ processors across desktops and laptops.
- Partnering with the development community with new software and services that arm the ecosystem with ways to scale new gaming usages and drive gaming innovation for the PC.
- Developing cloud computing solutions for gaming that deliver the best gaming experiences for everyone – from device to compute infrastructure and software.

Q: What do you see as the largest future money maker? Will it be Artificial Intelligence or something else? Where and how will Intel be a part of AI And 5G?

Related Questions:

- What are Intel's position and investment plans for 5G and beyond in terms of funding and time line? Thank you.
- While Intel is leaving the market for 5G modems in smartphone where competition is high and margins low, will the company pursue "Intel inside" opportunities for 5G infrastructure -- both network-centric and data-centric?

A: We are pursuing an expanded TAM of nearly \$300 billion, which includes a \$220 billion data-centric TAM growing at a 7% CAGR. Within that massive data-centric TAM, we're providing silicon to process, move and store data in data centers, in the network and for IoT at the edge. We're focused on growing in and leading data-driven technology inflections like AI, 5G and autonomous driving. Since 2016, we have increased our data-centric revenue by \$9 billion, and we expect our data-centric businesses to be an increasing portion of our overall revenue in the future.

The complexity of bringing AI from model to real-world deployment takes a mix of solutions, and Intel's approach optimizes a variety of computing hardware for different purposes (CPU, FPGA, purpose-built AI processors). This allows application designers to choose what works best while providing software that eases the complexity of the AI environment.

5G represents the convergence of communications and computing. It's an exciting opportunity that will accelerate our data-centric strategy because 5G requires a more intelligent, scalable and programmable network and it increases the consumption of data-rich experiences. Many of the technologies that we invented for the data center and the cloud are now moving into the network infrastructure and into the core, access, and the edge of the network. We estimate the TAM for silicon in the network and edge (including network silicon, internet of things and autonomous cars) will grow to \$65 billion by 2023 and 5G is an accelerant. We have grown our network revenue at a 40% CAGR and have increased our market segment share to ~22 percent as a result of driving transformation to cloud-based platforms. With a compelling portfolio of 5G products on the way for the network and edge, we are in a strong position for continued share gains and revenue growth.

With regard to 5G modems, we made the decision to exit the 5G smartphone modem business when it became apparent we have no clear path to profitability and positive return. We will continue to meet current customer commitments for our 4G smartphone modem product line. Our modem team has developed a valuable portfolio of wireless products and intellectual property, and we are assessing our options to realize the value we have created.

Q: Why did it take the board so long to determine that prior management was incompetent and running Intel's 10 nm product development into the ground?

A: On 10nm, we took a very aggressive compaction target of 2.7X, which is greater than the 2.4X we did on 14nm and larger than the 1.5-2X the rest of the industry chose. The hyper-scaling resulted in a large number of multi-patterning layers, which is the reason for the yield issues. Resolving these issues has taken longer than expected because of interdependencies. For example, you can solve an issue on one layer which leads to uncovering an issue on another. That said, we continue to make progress on 10nm. Yields are improving and we will begin shipping Ice Lake in June for volume systems on the shelf for the 2019 holiday season. Our focus for process technology development going forward is to balance schedule, performance, power and cost to deliver these technologies and we are accelerating innovation by easing process design complexity.

Q: What percent of total stock of Intel Corporation is held by employees?

A: Due to the fact that Intel employees hold shares of Intel stock in numerous different accounts, we are unable to provide an accurate estimate of the percent of total Intel stock currently held by employees.

Q: Why are vague platitudes such as “fearless” and “improving execution” used when describing Intel strategy?

A: These phrases relate to *how* we advance our strategy, and there is substance behind them. Specific to improving execution, we have emphasized three priorities. First, we are working to ensure we have supply to meet customer demand. Second, work to recoup our process leadership by ramping 10nm and accelerating 7nm. Third, extend our product leadership and deliver our product roadmap on schedule. The term “fearless” describes one aspect of how we are evolving our culture. In [a letter to customers](#) and employees, Intel CEO Bob Swan explained it this way: “First, we must be bold and fearless. Intel’s team has the technical and strategic vision to shape technology’s future. Our ambitions have never been greater and we have a relatively small share of the largest addressable market in Intel’s history. We must remain focused on playing offense and innovating for an increasingly data-centric world. A world where all data needs to be processed, moved, stored and analyzed.”

Q: When will Intel announce high-volume manufacturing (HVM) plans for Optane?

A: We have been manufacturing Intel Optane products in high volume for some time and currently offer a range of Optane-based products. This includes Intel® Optane™ memory products, which create an accelerated bridge between memory and storage, and Intel® Solid State Drives (Intel® SSDs), which provide storage flexibility, stability, and efficiency. You can find more information about our Intel Optane products on [this website](#).

Q: What does TAM stand for?

A: TAM is an abbreviation of Total Available Market.

Audit

Q: Page 55 of the proxy statement indicates the 2018 fees for audit services decreased almost \$10 million from 2017. Why did the fees decrease by about 1/3? Are the auditors being fairly compensated or are they being squeezed which could result in decreasing audit quality?

A: The increase in the 2017 auditor fees was primarily due the result of additional services associated with successfully divesting 51% of Intel Security Group, also known as McAfee in the first half of 2017. In connection with that divestiture, it was necessary to prepare standalone financial statements. As to 2018, Intel did not have any extraordinary or unusual items of a similar nature, so the fees returned to levels that are consistent with their prior years.

Employee Compensation

Q: Is a Blue Badge employee who is still active & delivering on projects entitled to get restricted stock units during his regular performance even if there's a restructuring plan where this employee will be impacted? What if that employee is not yet notified?

A: Active blue badge employees are eligible for equity grants under our 2006 Equity Incentive Plan. An employee whose annual stock recommendation was approved received their annual RSUs as of the May 1st grant date. If the employee is subsequently part of a restructuring plan which results in that employee's termination of service, the employee's unvested RSUs are canceled and the underlying shares are returned to the plan's pool for possible future grants of equity awards. The employee's RSUs may be eligible for some vesting upon termination, if the grant agreement contains a section on retirement and the employee meets the retirement eligibility criteria.