

Intel 2020 Annual Stockholders' Meeting

Answers to Investors' Questions

Below is the list of unanswered 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, 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 14, 2020. 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.

COVID-19 Impacts

Q: In response to the COVID-19 pandemic how is the board overseeing these five areas:

- 1. Enterprise risk management, business and supply chain continuity and pandemic planning**
- 2. Financial implications - impact on balance sheet resiliency, revenue, liquidity, capital allocation and near-term and long-term recovery**
- 3. Workforce composition and adjustments**
- 4. Employee health & wellbeing, and**
- 5. Alignment with long-term value creation - pivot changes the board is making to address the pandemic and plan for future sustainability.**

Related Questions:

- *What is the greatest impact of Covid-19 on the company?*

A: Since the emergence of the COVID-19 pandemic, Intel's Board of Directors has received regular briefings from management on the company's response, and we've engaged with management on this matter. Throughout this unprecedented challenge, our focus has been safeguarding employees while continuing to deliver for our customers and provide care for the communities in which Intel operates.

First, we will address enterprise risk management. Throughout this evolving situation, Intel has managed to continue operating its manufacturing, assembly, test and supply chain operations in Oregon, New Mexico, California and Arizona as well as in Israel, Ireland, China, Malaysia, Vietnam and other Intel and partner locations around the world. In fact, the company was able to maintain a greater than 90% on-time delivery rate. This required close coordination and cooperation with suppliers as well as with local and national governments to help ensure worker safety while allowing critical operations to continue.

Intel's pandemic leadership team – established more than 15 years ago to improve Intel's crisis management response capability – has also been deeply engaged in this work. This specialized team includes medical and safety experts who work to safeguard the well-being of employees and minimize the spread of infection. They also collaborate with local governments and public health organizations to implement the recommendations.

The second point is financial implications. And in light of the uncertainty, we took some very specific actions to dramatically strengthen our liquidity position that we felt were prudent. We raised \$10.3 billion in debt to further underpin our already strong balance sheet, and we suspended share buybacks. We think this level of conservatism is appropriate at this phase, and we intend to reinstate our buyback program as circumstances warrant. Our focus now is on investing in our products and process technology and ensuring that we have the capacity to meet our customers' needs.

The third item we will address is workforce composition and adjustments. We're excited about the long-term trends in an increasingly data-centric world, and we're investing to continue our leadership position and to grow into emerging opportunities. While we have no current plans for company-wide actions, we're taking prudent steps to manage COVID impacts. For example, we've slowed external hiring, and we continue to tightly manage spending.

The fourth item is employee health and well-being. Ensuring the safety and well-being of our global workforce has and will continue to be our number one priority. That's why we're investing more than \$100 million in additional benefits to aid and support employees, including a special appreciation award for employees that have been working on site. At Intel, maintaining safe facilities is core to how we operate. Across the global factory network, we're implementing practices in our fabs and assembly test plants so that manufacturing employees can safely continue performing critical work on site, such as increased cleaning of our facilities, staggering shift changes, making thermometers, masks and, for certain tasks, face shields available (in addition to the normal protective gear worn by many factory workers). We've also implemented social distancing, adjusted meeting locations and schedules, limited activities that require close proximity and are allowing employees to work remotely whenever feasible.

The fifth item is alignment with long-term value creation. The Board is always focused on Intel's long-term value creation. Even as COVID-19 drives significant disruptions across the globe, our long-term strategy to deliver the world's best semiconductors for an increasingly data-centric world is unchanged. The environment is uncertain, but our priorities are unwavering. We're focused on accelerating the growth of this company, improving our execution and continuing to thoughtfully deploy your capital.

Q: How do you expect the impact of the coronavirus to impact Intel's supply chains, both in the short run and in the long term?

A: Our global supply chain capabilities are as good as anybody's in the world. And in the first quarter, we were able to mitigate most of COVID-19-related supply chain disruptions and fulfill our customers' client CPU orders as they expected. This was in large part due to our business continuity planning, which, even in ordinary times, is a key part of how we operate. We're leveraging the knowledge and experience gain from past events and continued drills around a broad range of scenarios to support us in the current environment.

We mobilized our business continuity response in January to ensure alignment on emergent issues and proactive plans for future impacts. We're working with our suppliers to share collective resources, including planes and trucks, to deliver the best solution for our customers. And we're also working closely with our suppliers to help ensure their employees' health and safety, provide supplier assistance to mitigate supply disruptions and clarify our continued expectation for labor practices and human rights in line with the Responsible Business Alliance Code of Conduct.

COVID-19 has created all sorts of challenges, but our global supply chain has performed extremely well in meeting the needs of our customers while also protecting the health and wellness of our employees and the employees of our supply chain.

Q: In the time of pandemic, many people have started to work from home. Can we observe any negative and/or positive impact of home office? Like worse worker performance, lower electricity bills etc.? Do we plan to have more home office workers after the covid-19 pandemic?

Related Questions:

- *What percent of employees can work mostly from home?*
- *In what month will the next in person Board meeting be?*

A: The safety and wellbeing of all our workforce is our top priority. Over the past weeks and months, many Intel personnel have continued to work safely at our sites in order to keep our critical on-site operations running. However, most of our global workforce has been working from home. We expect to continue our work-from-home policy for some time to come. For now, only workers performing essential on-site functions to support our critical business operations will continue to report to work at our sites. This experience has fundamentally shifted the ways that many of us think of work, whether it's at the office or from home. As we think about future plans to return to working on-site, we will take this into consideration.

Q: Does Covid-19 present business opportunities?

A: Yes, in a few different ways. In the near term as both students had to study from home and employees had to work from home, the role that the PC has played in ensuring the continuity of life as we know it has been more and more important, and that did drive much higher demand for the PC in the first quarter.

At the same time, as we go into the second half of the year, we'll have that positive dynamic of the role the PC is playing, but it also, we believe, will be impacted by just the disruption in global workforce and the slowing of GDP. But net-net, we think for the medium and the long term, what we've experienced in this pandemic is the PC is more essential than ever. The need to be connected to the Internet and global infrastructure is more important than ever. And Intel at the heart of serving 95% of the global infrastructure, we think that positions us extremely well to continue to play: to create the technologies that enrich the lives of every person on Earth.

Q: Could Intel speak to how it safely disposes of or recycles ventilators and other single use plastic in general, and more specifically, during the COVID-19 pandemic which has increased the use of single-use plastics that are not recyclable?

A: Intel has long been committed to recycling and circular economy strategies, with an intense focus on finding ways to recover and regenerate resources. Intel exceeded our 2020 goal to recycle 90% of our non-hazardous waste, achieving a 93% rate globally in 2019. We also achieved our 2020 goal of zero hazardous waste to landfill. With respect to your question on ventilators, Intel is not a significant user of ventilators in our global manufacturing operations. With respect to single use plastic use more generally, due to the current requirements for the COVID-19 crisis, we are not seeing a significant increase in single use plastics as many of our workers are working from home so the amount of office waste has reduced. In addition, single use plastics represent a relatively small amount of the total non-hazardous solid waste at our major campuses. Even so, our environmental teams continue to explore local options for recycling the single use plastics we do use as well as to identify opportunities to eliminate the use of single use plastics where possible.

Q: Did Intel lobbyists let congress know about the pandemic risk in February?

A: Intel lobbyists were not involved in any internal discussions about pandemic risk to Intel to be in a position to communicate with Congress.

Virtual Meeting

Q: How many shareholders are attending this virtual meeting and will you offer the virtual meeting in 2021?

Related Questions:

- *Does the board plan to permanently have virtual meetings only?*

A: At Intel's 2020 Annual Stockholders' Meeting, there were 192 stockholders in attendance as well as an additional 140 guests. The Board strongly believes in investor engagement and the importance of providing our investors with the ability to meaningfully engage with management. The Board believes 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. 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
- Proponents of the stockholder proposals included in this proxy statement had 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 stockholders on the meeting format and work to continue to enhance the meeting experience as we go forward

Q: How many questions were submitted to this meeting?

A: More than 70 questions and comments were submitted for this year's Annual Stockholders' Meeting.

Board of Directors

Q: Do you expect to name any new directors in the year ahead?

Related Questions:

- *Intel should follow the European phenomenon of employee representation on the board. It's valuable to get an inside perspective added to the board as a voice of the employees on strategic topics.*
- *When is the last time a director not put forward by management was elected by the shareholders? Do we believe the Intel board genuinely gives voice to the shareholders or does so in name only and instead is a creature of management?*

A: Our Board is committed to actively seeking quality women and minority director candidates for consideration. Representation of gender, ethnic, geographic, cultural, or other diverse perspectives expands the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders worldwide. 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. With an eye to Intel's future, the Board regularly reviews its practices and composition to ensure the necessary breadth and diversity of skills and experience.

Our directors reflect diverse perspectives, including a complementary mix of skills, experience, and backgrounds that we believe are paramount to our ability to represent your interests as stockholders. In the last four years, seven new independent directors have been elected or appointed to the Board, three of whom are women.

Consideration of new Board candidates typically involves a series of internal discussions, review of candidate information, and interviews with selected candidates. Board members, not management, typically suggest candidates for nomination to the Board. In addition to candidates identified by Board members, the committee considers candidates proposed by stockholders and evaluates them using the same criteria. A stockholder who wishes to suggest a candidate for the committee's consideration should send the candidate's name and qualifications to our Corporate Secretary.

During 2019, the Board retained and paid fees to a third-party search firm to assist the Corporate Governance and Nominating Committee in the processes of identifying and evaluating potential Board candidates, consistent with the committee's criteria. Our new director nominees, James J. Goetz and Alyssa Henry, were initially recommended to the Corporate Governance and Nominating Committee by a former director and a third-party search firm, respectively.

Q: Is the board concerned that Intel has become an overly financially engineered company in terms of its management style?

A: No. As Intel's independent Chairman stated during the Annual Meeting, his main focus is assisting the company in executing its purpose: to create world-changing technology that enriches the lives of every person on earth.

Intel is in the middle of one of the most significant transformations in our history. As the exponential growth of data reshapes computing and expands our opportunity, we are evolving our strategy, culture, and leadership to successfully execute this transition:

- **Strategic Transformation:** As Intel continues its transformation from a PC-centric company with a server business to a data-centric company, our opportunity and our ambitions have never been greater, and we are actively investing to lead data-driven technology inflections that position us to play a bigger role in the success of our customers
- **Cultural Transformation:** Competing to win in the huge data-centric opportunity means we need to play offense, and we are fully committed to evolving our culture to ensure that our employees are equipped to rise to this challenge as we continue our transformation
- **Leadership Transformation:** Since the launch of our strategic transformation, we have made significant changes in our leadership team to position the company for continued strong, sustainable growth through this critical time of change

Intel has a long tradition of engaging with our stockholders and obtaining their perspectives. We believe that our approach to engaging openly with our investors on topics such as financial issues, corporate governance, executive compensation and corporate responsibility drives increased corporate accountability, improves decision making, and ultimately creates long-term value. Therefore, our Board is responsive to investor feedback, and continues to enhance our disclosure and practices where appropriate based on our discussions with investors

Q: Why are there so many board members? What do they do, and why are they paid, and what are they paid?

Related Questions:

- *What amount of compensation is proposed for directors?*
- *The number of directors seems excessive and their compensation not reasonable. Who examines this situation periodically?*
- *Could the board operate as efficiently with fewer members?*

A: Under our Amended and Restated Bylaws and the Amended and Restated Board of Directors Guidelines on Significant Corporate Governance Issues (Corporate Governance Guidelines), the number of directors on the Board can't be less than nine nor more than fifteen.

The Board is not proposing a change to the fees paid to directors for 2020. As disclosed in the proxy, directors receive an annual cash retainer of \$90,000 and \$220,000 in RSUs. There are also additional fees ranging from \$10,000 to \$35,000 for committee memberships and chairmanships.

Q: Would like top management to reconsider compensation for officers & directors. The coronavirus pandemic should have all high paid top management & directors redirect their salaries to assist all their employees by reducing their compensation to fairer levels as over the years the compensations has used the wrong measures whereby they compared with other companies rather than evaluate time actual spent on true business as expected of their employees. Compensation for top management & directors have been increasing at levels whereby employees who make the company what they are, should not be reevaluated and rewarded more fairly.

A: We have taken significant steps to assist our employees and help our workforce navigate the evolving environment. Some of the measures include flexible schedules, work from home reimbursements, and extended backup childcare and/or elder care benefits. We're monitoring the situation closely and working to ensure that our employees have the information and resources they need to stay safe. Intel is not currently considering widespread layoffs in response to the pandemic. We will continue to monitor the situation, evaluate our business priorities and be prudent with our spending. As of now, neither the Board nor management have made any decision regarding reducing pay for any Intel employees.

Diversity

Q: I was disappointed to see that only 2 of the 9 candidates for director are women. What are you doing to improve diversity - particularly women participation - in the company management?

A: We actually have three of our nine director candidates who are women, and that's 33% of the slate. Our Board is committed to actively seeking women and minority director candidates for consideration as part of every search. We believe that having diverse perspectives expands the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders worldwide. Intel is also committed to focusing on board diversity more broadly through engagement with key partners and since 2018 has been a member of the Thirty Percent Coalition, which focuses on strategies to increase female representation on corporate boards.

As to the second part related to women and company management, we achieved our 2020 goal of reaching full representation of women and underrepresented minorities in our U.S. workforce 2 years ahead of the schedule we laid out several years ago. In January of '19, we also announced that we achieved global gender pay equity. Intel, during the year, hired and promoted several female executives. Sandra Rivera was named Intel's Chief People Officer and Michelle Johnston Holthaus was promoted to executive vice president; Archana Deskus became Intel's Chief Information Officer; Claire Dixon became Intel's Chief Communications Officer and Karen Walker joined as Chief Marketing Officer.

We're very proud of what we've accomplished, but we also realize we have work to do, including beyond the walls of Intel. Our commitment to diversity and inclusion is a key part of our new 2030 corporate responsibility strategy. And our goals for the next decade include a new commitment to double the number of women and underrepresented minorities in senior leadership. We're also collaborating on a range of initiatives to expand the pipeline of talent and increased inclusion at Intel and across the technology industry as a whole.

Q: I'd like to read somewhere in your annual report information about minority business partnerships with your MBE programs. Is this type of information available?

A: Yes. And as a matter of fact, we achieved our goal of reaching \$1 billion in annual spending with diverse owned suppliers by 2020. We believe that working with diverse suppliers generates greater innovation and value within our global supply chain and have integrated requirements for including diverse suppliers into our supplier bidding selection and management processes and in our Supplier Continuous Quality Improvement (SCQI) award. Over the past decade, we've also partnered with other companies, NGOs and governments to create opportunities for diverse suppliers, including hosting supplier workshops and collaborating on country level certification standards with programs in 24 countries around the world. Information on our efforts can be found in our most recent annual report, corporate responsibility report and our supplier diversity and inclusion website.

Q. If your Minority spend is \$1B, what is your annual spend? Minority spend is what percent of the global spend?

A: We have not disclosed that percentage publicly, but can take this into consideration for our ongoing disclosure improvements and future Corporate Responsibility Reports.

Q: The Board seems to be focused on the goal diversity and inclusion but it seems that Intel sees it as more of an ends in itself. With this in mind how will the Board ensure that there will be qualified and competent individuals working at and leading Intel in the future?

A: We always want the best and brightest to be part of Intel. Our approach is on sustainable solutions that work, including how we succeed without limiting promotions or hiring opportunities for anyone. Part of our 2030 strategy and goals reinforce the need to leverage the full range of talent available in the marketplace and create an inclusive culture that taps into the full range of all our employees' perspectives and capabilities.

Corporate Strategy

Q: We are approaching the molecular level of silicon and smaller nanometer chips are reaching their limit. What, specifically, if anything, is Intel researching and doing to stay ahead and bring about the next revolutionary breakthrough in processing technology?

A: Innovation has always been at the heart of our company and how we think. And Moore's law – or smaller nanometer chips – is a key part of what we do. As such, we have a full research pipeline that extends for roughly 10 years. This year, we're accelerating 10nm production, and we'll be bringing out a more performant version of 10nm in the middle of the year. We're deeply engaged on 7nm, and we have significant engineering resources deployed at 5nm.

Beyond that, we see Moore's law continuing for the foreseeable future and have a number of technologies that are in research that may be deployed in future nodes. We recognize the need for a material research beginning with high-K metal gate at our 45nm node. Today's processes contain advancements and materials for patterning and alignment transistor performance and the means to scale dimensions. In the future, this material research could extend beyond CMOS technology to novel capabilities like quantum materials.

While world-class process technology is a critical factor, product leadership is about many more ingredients than just node performance. It's about having capabilities in architecture, packaging, novel memory and interconnect schemes, built-in security features, and last and certainly not least, unifying software APIs. We call these our six pillars of innovation, and we're committed to using our advantages in these capabilities to deliver an annual cadence of products that demonstrate leadership performance and user experience. Innovation is at the heart of what we do.

Q: What are Intel's plans to enter in 5G Infrastructure, how do you expect to win market share and beat your competitors in this new network? And finally, how much wealth do you expect 5G can add to INTC business?

A: This is a very exciting opportunity for us. As a leading network silicon provider with the largest ecosystem, Intel gives customers the fastest and most effective path to design, deliver and deploy 5G solutions for network infrastructure from the core to the edge. We've driven transformation of network since the inception of virtualized network and has emerged as the world's leading network silicon provider with over \$5 billion in revenue last year. We're delivering new additions to our silicon portfolio, advancing performance and capability of the 5G network infrastructure and opening new deployment targets.

We recently launched 2nd Gen Xeon Scalable portfolio enhancements, the Intel Atom P5900, Intel's first SoC for wireless base stations, Intel's first 5G network structured ASIC, Diamond Mesa, and Intel's first Ethernet NIC for the 5G-enabled edge. Network infrastructure from core to edge represents 5G's largest silicon opportunity with \$25B expected market investment, and Intel's bold investments in an unmatched product portfolio & our deep engagement with industry leaders have accelerated 5G network solutions with a foundation of Intel technology from the core to the edge. We're very excited about our prospects for 5G and the role that we play going forward.

Q: You are seeing lots more ARM and AMD chips coming into the server space. It is time to diversify and expand into other areas?

A: Intel is focused on delivering a workload optimized platform foundation that is scalable for real world customer requirements. Our Intel Xeon Scalable processor lineup with compelling features like Intel Deep Learning Boost puts us in an excellent position to compete in the marketplace today and in the future. We've been saying for some time that the competitive environment will continue to become more intense, especially as we move into new areas of our expanded TAM. We feel great about our roadmap and our ability to compete. Further, our rich engineering talent, software resources, long customer relationships, and scale continue to be a competitive advantage for us in the market.

Q: Did implementation of Optane memory management contribute to 10nm delays?

A: No, that wasn't a factor. We are excited to be accelerating our 10nm ramp this year. We have two fabs in volume production with a third in Arizona ramping. We are shipping a wave of new 10nm-based products this year. This quarter we announced the new Intel Atom P5900 SoC, "Snow Ridge", a 10nm-based new addition to our portfolio of 5G capabilities. With major designs at Ericsson, Nokia and ZTE, we expect to be the base station market segment leader by 2021—a year earlier than previously committed. We are looking ahead to our next generation of 10nm-based client and server products: Tiger Lake client processors, built on our second generation 10nm process, and our first 10nm-based Xeon Scalable product, Ice Lake.

We're also excited about Optane technology. It's a break-through memory capability that positions us to play a greater part in our customers' success. For some workloads, our customers have seen up to a 10x improvement in write bandwidth and a 2x improvement in run time and throughput vs conventional storage and DDR based systems. We have numerous proof-of-concepts underway with our cloud customers and all major OEMs now carry a range of platforms with Optane.

Q: What is going to be done to fix how poor Intel has been performing?

A: 2019 marked a fourth consecutive record year where Intel delivered \$72 billion of revenue. The PC, data center, IoT, memory and Mobileye businesses each set all-time, annual revenue records. The industry is at an inflection point that is reshaping computing – where the exponential growth of data is fueling massive expansion in multi-cloud environments, transforming networks and catalyzing the intelligent edge. We believe we are well-positioned to lead this data revolution. Our priorities are to accelerate growth, improve execution, and thoughtfully deploy our capital on behalf of our owners like you.

Q: Could you address the possibility or feasibility of mitigating supply chain disruption by bringing back manufacturing of infrastructure in the U.S.A. and how will this impact your bottom line?

Related Questions:

- *How does the company retain the critical technology in USA, not depending on global supply chain?*
- *In view of the problems with the supply chain from overseas, do you have any plans to move some of your manufacturing to the U.S., or build any new facilities in the U.S.?*
- *Are the patents of Intel increasing on a year to year basis? How is the friction in China affecting Intel?*

A: IP is at the heart of this company. And we do have a very global supply chain to ensure we can meet the needs of our customers. We're always making sure that we protect the IP that we develop and that we have a supply chain that's global, diverse and we can mitigate inherent risk that happens in one part of the supply chain to the other. 2020 will be no exception to really focusing on the IP that we're developing to solve our customers' needs, to make sure that we have a global supply chain that can meet the needs of our global customers. And a significant part of our global footprint and the investments that we make in both R&D and CapEx are here in the U.S. – in Oregon, in Arizona, in California, and in New Mexico. We have a significant footprint here in the U.S., and we'll continue to invest in that as we expand the role we play in our customers' success.

Q: Will there be a temporary setback due to your investments related to the auto sector?

A: As CFO George Davis discussed in our April Q1'20 earnings call, "In automotive, Mobileye had a record quarter in Q1... the full year is going to be certainly weaker than we had expected coming into the year. Now, not nearly as weak as automotive overall because they continue to grow, they're in a part of the automotive market that is growing substantially and they have the leadership position in ADAS, and so it will be more subtle of an impact, but still an impact nonetheless."

Q: Intel has had a wide moat. As the years go by, do you see an increase in competition in your space and how will your investments now and in the future be differentiated to keep or widen your moat?

Related Questions:

- *As the semi industry remains fierce, would you please elaborate further for us on Intel's ability to compete in key markets especially versus Taiwan Semi, Nvidia, AMD, and others. How Intel has the edge and the lead in particular markets versus these particular three as well as with other formidable competitors?*
- *How is the product line competing with the challenge from AMD?*

A: We operate in a competitive environment, but we feel good about our products and our roadmap. The underlying trend that drives our business is unchanged: there is an unrelenting demand for compute performance, and that is what Intel excels at. You have seen us expand our portfolio of products to address growing demand drivers like AI and the intelligent edge as well as to continue to win share as the network transforms. Our job is to continue to innovate and bring the best products to market. With our expansive silicon portfolio and unrivaled software assets we are well positioned to satisfy long-term growth areas and the needs of our customers.

Q: How do you view articles and comments regarding the increasing growth in technology and the bigger getting bigger creating some type of monopoly and does this relate to Intel and how do you refute this subject?

A: As we have transformed from a PC-centric company to a data-centric company over the last few years, we have significantly expanded our total addressable market (TAM). We see opportunities being driven by the exponential growth of data and key technology inflections such as artificial intelligence, network transformation, and the emergence of the autonomous and intelligent edge. At the same time, we have a low share of this expanded TAM. We are also not the only ones that have seen the opportunities created by the exponential growth of data, and we face an intensely competitive environment. In many cases, our expanded TAM has introduced new sources of competition, including, in certain areas, incumbent competitors with established technologies and customer bases, and other significant advantages. We are competing hard to win in this expanded market opportunity.

Q: Dr. Ishrak, as former CEO at Medtronic, how and where do you see your experience in the obstacles and problems of medical technology and what do you see Intel collaboration and data-centric technology can improve health care globally?

A: As CEO Bob Swan discussed on our Q1'20 earnings call, "We [also] realize that solving the enormous challenge of COVID-19 requires catalyzing the world's innovation in new ways. Intel is committed to accelerating access to technology that can combat the current pandemic and enable new technology and scientific discovery that better prepares society for future crises. To that end, we've pledged \$50 million in a global pandemic response technology initiative to combat the coronavirus through improved access to technology at the point of patient care, to speed scientific research and to ensure access to online learning for students and teachers. We are also granting free access to our IP to all COVID-19 researchers and scientists.

"Around the world, Intel platforms that support telemedicine have also taken on greater importance since the outbreak of COVID-19, as hospitals and healthcare workers scale to meet the increasing demand for care. Our products and capabilities are also delivering vital computing power for medical research, robotics for assisted patient care and artificial intelligence and data analytics for public health... Our edge business delivers a wide range of platforms, including some innovative solutions that are helping the medical community tackle COVID-19. One example is Medical Informatics' Sickbay platform. Powered by Intel technology, this solution can turn beds into virtual ICU beds in minutes, helping protect critical healthcare workers while expanding their care capacity significantly. Houston Methodist Hospital deployed Sickbay for its virtual ICU and was able to leverage it within one day to support remote monitoring of its COVID-19 patients without risking exposure to care providers. We are also partnering closely with Medtronic and Dyson as they use Intel technologies to deliver much needed ventilators."

Resource Allocation

Q: Will the Intel board consider reallocating some of the funds that were approved for stock buyback to keep the existing employees afloat and avoid layoff?

A: Ensuring the safety and well-being of our global workforce has and will continue to be our number one priority. That's why we are investing more than 100 million dollars in additional benefits to aid and support employees including a special appreciation award for employees that have been working on-site. We are very excited about the long-term trends in an increasingly data centric world and we are investing to continue our leadership position and to grow into emerging opportunities. While we have no current plans for company-wide actions, we are taking prudent steps to manage COVID impacts. For example, we have slowed external hiring and we continue to tightly manage spending.

Q: Do you plan 2020 share buybacks?

A: In response to the uncertainty driven by COVID-19, we acted swiftly and strengthened liquidity. In addition to suspending share buybacks, we issued \$10.3 billion dollars in debt to further reinforce an already strong balance sheet. We think this level of conservatism is appropriate at this phase and we intend to reinstate our buyback program as circumstances warrant.

Q: I see lots of Intel marketing and cutting checks in esports. Are we evaluating whether this marketing has real impact on sales? If not, spend the resources elsewhere. I am opposed to spending money on these esports or any marketing that does not produce results.

A: We constantly evaluate our sponsorships to ensure that we are thoughtfully investing our marketing dollars in areas aligned to our products. Intel's gaming technology has powered esports experiences for more than 15 years. Intel inspires fans and players by supporting a vibrant community that brings together committed partners in the industry to deliver best-in-class technology that pushes the boundaries of the sport. Intel's leadership in end-to-end solutions will power the future of gaming and grow the esports market.

Employee Compensation

Q: Why is Intel shifting more employee rewards from cash to RSU over time? What level of degree this program is implemented unbiased by the managers and whether it follows the government SEC/FASB guidelines correctly? On what level of clarity and research done on the grounds of investing and awarding more into RSUs and not more investing in general base salary compensation, QPB and APB rewards to an employee?

Related Question:

- *Investing more in RSU gave a company various benefits such as holding cash reserves for longer time as there is no current cash involves in payment to employees at the time of awarding compensation, unless the RSUs are liquidated in Intel case for a period of 4 years for an employee retention also no dividends payment and also this RSUs are having a value of 1 stock/share of the company and that leads to RSU (share) holding within the company for a specific amount of time and duration. Are there any govt policy violations here or it is strategically calculated for future implementation? Also, it is obvious with so many benefits to the employer than employee compensating with RSUs, where exactly this strategy fits in the real world with the honest employees' compensation taken into perspective?*

A: Intel complies with the laws around the world with respect to operating our stock plans. The direction to gradually rebalance the proportion of our stock investment in our overall rewards mix is based on benchmarking with our peer companies, who are increasing their use of stock to drive greater differentiation for key talent and critical skills. We put in a significant amount of thought and research before deciding to make a gradual shift towards higher levels of stock awards. Investing a greater portion of our overall rewards through stock also drives a greater sense of ownership with employees and helps increase long-term retention. This does not imply a reduction in take-home pay for our employees. We will continue to benchmark our cash compensation each year and will ensure that our budgets and overall cash compensation remains competitive.

Executive Compensation

Q: With the March jobs report showing the highest unemployment rate in decades, will the highest paid executives (top 10%) to include the CEO and COO be paid? Will they receive bonuses?

A: As with all employees, bonuses to executives will be paid subject to performance against the criteria in our bonus plan. However, we recognize that these are unusual times, and the Compensation Committee has the authority to adjust performance and payout levels subject to its discretion. Any such changes would be fully disclosed in next year's proxy. As of now, Intel is not making any adjustments to our bonus plans.

Q: In materials Intel promotes that 98% of CEO compensation is at risk because it is variable. But it is clear that Intel always pays out a high amount if not all of that target compensation. Will Intel publish the percentage of target variable compensation that officers were actually paid? Given the high level of officer pay and the high likelihood of officers receiving it, is the board concerned that officers truly are rightly motivated to deliver long term shareholder performance?

A: The Summary Compensation Table in the proxy displays the accounting fair value of our executive officers' equity awards at the time of grant. However, the majority of these awards are still subject to future performance and won't deliver any value for several years. As required by the SEC, future proxy statements will disclose the extent to which these awards vest, based on company performance. For the long-term incentive award cycle that concluded in 2019, awards paid out at 82% despite having a maximum opportunity of 200%. Bonuses were also down in 2019 following Intel's record performance in 2018. Our compensation programs are structured to deliver compensation that is commensurate with our performance. We take pride in the fact that our compensation programs are so heavily performance-based. We believe that our compensation programs, which measure performance both against peers and on an absolute basis are absolutely aligned with both performance and stockholder interests.

Q: Why did the board approve the renewal of Murthy's contract when it is obvious inside and outside Intel that he has not delivered on all technical fronts as he had promised 5 years ago?

A: Dr. Venkata (Murthy) Renduchintala is a critical member of Intel's senior leadership team. Since he joined in late 2015, he has orchestrated greater execution and efficiency within Intel's technology development teams and tighter alignment across Intel's engineering and manufacturing organizations. In recognition of his expertise, his scope expanded to include leadership of Intel's Manufacturing and Operations team. Murthy is an employee of Intel and not under contract. As with all employees, he goes through a regular review of his performance by his management, in this case by Bob as well as the Compensation Committee.

Q: CEO median compensation to median employee ratio is 695:1 currently and has grown year over year. Employee raise has only been 2% over the 5 years+. How can this be an ethical and a just practice? What the industry "is doing" is not a justifiable answer.

Related Questions:

- *Why should Mr. Swan's pay be almost 700x the lower paid Intel worker?*
- *It would be wonderful if the executives would donate 3/4th's of their salary this year to a worthwhile charity.....when the median income for the world is \$17; certainly no one needs more than 500k to live. Thanks for considering.*

A: Employee pay increases are based on a variety of factors including performance, job, market position, and whether or not they are receiving a promotion. Our consistent pay philosophy is to provide all employees with a competitive pay, stock and benefits package that balances the needs of employees and stockholders. The median Intel employee is paid in alignment with our pay philosophy goals. Our CEO's pay is also in alignment with this philosophy. For this year, Bob Swan's pay package includes one-time special equity awards in connection with his appointment as our CEO that are completely performance-based and most of which are tied to increasing stock price of the company. Without the special grants, the pay ratio would have been 208:1. Our pay ratios for the two previous cycles were 211:1 and 156:1 (with Bob's partial year as CEO). It's worth noting that 81% of US employees are paid above the reported, global median pay.

Q: How did the Compensation Committee reach the decision that a \$67M compensation package for the CEO was justifiable?

Related Questions:

- *Robert Swan's total compensation in 2018 was US\$16,706,700; in 2019 this jumped to US\$ 66,935,100. Share price was \$46.93 end 2018 and increased 27.5% to 59.85 end 2019. From a public relations standpoint this compensation increase looks obscene and untenable. Why does one human being at Intel making so much more than the average worker at Intel? Is Mr. Swan's time so much more valuable than most of the workers at Intel who work extremely hard? This sends a most controversial message to the broad public. Kindly have Mr. Swan explain why he feels this obscene increase and huge yearly compensation is justified.*

A: Intel's Chairman, Omar Ishrak, stated during the Annual Stockholders' Meeting that the vast majority of the sums reported in the summary compensation table has actually not been earned yet but represents the target opportunity based on accounting valuations that will only be achieved if we achieve certain financial results, including being able to grow our stock price to meet certain milestones over the next five years. The Compensation Committee believes that the magnitude of the awards that was given to Bob was commensurate with and appropriate for the size and complexity of Intel's businesses and the magnitude of the ambitious task of delivering on the full potential of our ongoing transformation as seen in the increases in market capitalization required to realize the value of these awards of threshold, target and maximum opportunities. Further, his annual compensation is targeted at the median of our peer group. It is important to recognize that the strategic growth equity awards are 100% performance-based, and there is no guarantee that Bob will realize any of the values reported in the Summary Compensation Table. If he does, it will mean that stockholders, including employee stockholders, will have also recognized a significant benefit.

Q: The stock awards to NEOs, and particularly the CEO, in 2019 are mind-boggling. The Supplementary Pay Ratio reported on page 102 of the Proxy Statement emphasizes that the CEO's stock award is "special" and "not representative" of his "intended annual equity grant value." There is no justification supplied for the extravagant stock awards; rather only that they are not "annual." Can you give us the justification? If 2019 was such an excellent year, why isn't the median-employee compensation also much higher than normal?

A: The rationale for the NEO's special equity awards (Strategic Growth Equity Awards) is discussed on p.61 and pp 69-72 of the Proxy Statement. They are designed to incentivize management to realize the Board's strategic plan in a way that creates meaningful and long-term value for our stockholders over the next five years. The Compensation Committee believed the magnitude of the awards to Bob was commensurate with, and appropriate for, the size and complexity of Intel's businesses and the magnitude of the ambitious task of delivering on the full potential of our ongoing transformation, as seen in the increases in market capitalization required to realize the value of these awards at threshold, target, and maximum opportunities. The Compensation Committee also considered the need to retain our leadership through our transformation.

It is important to recognize that the Strategic Growth Equity Awards are 100% performance based and that there is no guarantee that Bob will realize any of the values reported in the Summary Compensation Table. If he does, it will mean that stockholders – including employee stockholders – will have also recognized a significant benefit

Employee pay increases are based on a variety of factors including performance, job, market position, and whether or not they are receiving a promotion. For all of employees, the proportion of variable, or performance-based compensation, increases with the level of responsibility. As discussed more in the Proxy Statement, there have been changes to the composition of our employee population, which had the effect of decreasing our reported median employee compensation. Specifically, we have added thousands of employees since we first selected a median employee in 2017, many of whom were outside the US or in manufacturing roles.

Q: How is it right that over \$160 million is paid to 6 people while people working for Intel can't even get a cafe table cleaned, decent food, have a quarterly! Why does Intel Board think it is right that executives are entitled to receive incentive of 275%, 233%, etc greater?

A: The bonus opportunities for our listed officers are reflective of their roles and responsibilities and are regularly benchmarked against our technology peers. The target amounts will only be realized to the extent that the specific performance criteria are achieved, which benefits all of our employees and stockholders. Intel offers a complete package of benefits that demonstrates how much we care for employees and their families. We provide a variety of services that make it easier for our employees to manage their work and life.

Dividends

Q: How will investors be informed whether dividends and interest will be paid or reduced in light of what is going on in the stock market lately?

Related Questions:

- *Is the dividend safe and does Intel have any liquidity problems?*

A: First, we are always mindful of our role as stewards and thoughtful allocators of our investors' capital. We have an excellent balance sheet. We generate significant cash flows. And we're committed to making the investments organically to meet the needs of our customers. We're committed to our dividend, and we repurchased \$4.2 billion shares during the first quarter.

Also, in light of the uncertainty that we're dealing with, we took dramatic actions to strengthen our liquidity in the quarter that we felt were prudent at this time by raising \$10.3 billion in debt to further underpin our strong balance sheet, and we suspended our share buybacks. And as we go through the course of this year, as you would expect, we're very focused on cash flow management. We believe our free cash flow generation this year will be resilient as impacts from COVID-19 are tempered by first half demand strength, OpEx savings initiatives, capital actions and tight working capital. But specifically, we are committed to our dividend going forward.

Employee Concerns

Q: Why the Employee Experience survey results only shares the 50,000ft view and not the Individual Business units level of written feedback/suggestion provided by the Employees, Is it because the management cannot able to implement the majority of the ground level suggestions provided by the Intel Employees?

A: After the survey, all managers with at least five responses from their team receive access to an interactive dashboard with team results. Results are rolled up through the organizational hierarchy to leaders. Managers are encouraged to share results with their teams and work together to identify 1-2 focus areas for improvement as a team. This is a team developmental tool, and growth should be the responsibility of the team working together. To maintain confidentiality around comments, a minimum of 10 respondents (per comment) will be required. If the minimum number of respondents is not met, responses will roll up to the next organizational level. Leaders of organizations (i.e. managers of managers) will have access to aggregated organizational results and team results within their organizational hierarchy, provided they meet confidentiality requirements. Human Resources will also have access to organizational-level reports.