August 13, 2009

VIA E-MAIL (rule-comments@sec.gov)

Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090
Attn: Elizabeth M. Murphy, Secretary

Re: **Facilitating Shareholder Director Nominations File No.:** S7-10-09 **Release Nos.:** 33-9046; 34-60089; IC-28765

Dear Ms. Murphy:

This letter from Intel Corporation is in response to the Securities and Exchange Commission's ("SEC" or "Commission") request for comment in Release No. 33-9046 (the "Proposed Regulations" or "proxy access") regarding changes to the process for stockholders to nominate directors and have their nominees included in company proxy statements.

Intel supports rules that better facilitate the development of good corporate governance practices, especially rules that enhance communication with stockholders. Over the years, Intel has been at the forefront of corporate governance by being one of the first major companies to adopt majority voting in uncontested director elections, to adopt "say on pay", and to utilize web-based technology to engage stockholders (e-proxy, stockholder forum, etc.).

However, Intel believes that the Proposed Regulations do not adequately meet the stated objectives in several respects. Also, because the Proposed Regulations represent such a fundamental change in the proxy solicitation and voting process for U.S. public companies, we are concerned with the unintended consequences that may result if the Proposed Regulations are adopted as proposed. Intel's primary comments with regard to the proposals are based on two themes:

- the advisability of moving more gradually towards permitting proxy access; and
- the need to treat all stockholder-nominated directors like any other director.

If the SEC determines to proceed with this rulemaking, changes in the Proposed Regulations are needed to ensure that the appropriate corporate governance balance among the stockholders and issuers are met.

I. A Measured Approach to Proxy Access

Intel believes it is important to take a more measured approach to proxy access because issuers, stockholders and the SEC lack clarity on how more frequent proxy contests and the increased presence of stockholder nominees on boards of directors will operate in practice. Since proposed rule 14a-11 operates as a minimum standard for companies, we believe the thresholds and holding periods should be higher and longer. This would allow for

stockholders and companies to experiment with different thresholds, holding periods and other nominating processes in accordance with proposed rule 14a-8.

5% ownership threshold. Intel suggests revising the Proposed Regulations to require that stockholders wishing to include director nominees in company proxy materials own a meaningful percentage of a company's stock for a significant period of time. We believe a minimum ownership level of 5% for stockholders acting alone and 10% for stockholders acting in concert for all companies is more appropriate than the tiered approach in the Proposed Regulations. Until participants have a better grasp of how proxy access will impact public companies, their stockholders and the SEC, we believe it is important that a minimum threshold be set that is realistic for stockholders to obtain, yet does not encourage widespread use before the consequences are better known to all participants. It is important to note that the proposed rule 14a-11 standards would be minimum standards; we fully expect stockholders at many companies to offer proposals for lower thresholds. We believe the stockholders are in the best position to determine appropriate thresholds based on each company's circumstances.

Pre and post-election holding periods. Intel recommends both a pre and post-holding period. Intel agrees with the SEC that that there should be a restriction on stockholder eligibility based on the length of time the securities have been held because we believe that long-term investors are most likely to have interests aligned with all stockholders and are less likely to use the proxy access rule for short term benefit. We recommend that the Commission amend the Proposed Regulations to impose a pre-nomination holding period of at least two years.

We also recommend adding a holding period after the access election lasting the length of the nominee's term to ensure a long-term commitment on the part of the stockholder proposing the nominee. We believe it is important that stockholders who propose director nominees should be willing to stand behind those nominees once they become directors. Because there are many legitimate reasons why a stockholder may wish to exit a securities position, such as rebalancing or change in investment policy, we suggest that the only consequence of failing to hold securities after the election is disclosure. If the stockholder disposes of more than 50% of the stock it held at the time of the nomination, the stockholder would need to file an amended Schedule 14N disclosing that fact.

We believe this information would be important to companies and stockholders in at least two respects. First, it would allow the nominating committee to take this fact into account when determining whether or not to re-nominate the director the subsequent year. The nominating committee may be less likely to re-nominate a director if that director's sponsor has sold the majority of its shares. Second, if a stockholder has a pattern of nominating directors and then exiting positions once the director has been elected, this is useful information for the stockholders at other companies where the stockholder is looking to promote its candidates. It is a clear signal of the nominating stockholder's lack of commitment to stand behind its nominees.

Resubmission. Similar to stockholder proposals, stockholders should not be permitted to re-nominate any proxy access directors for a period of time (e.g., two years) if such stockholders' nominee fails to receive a significant percentage of votes cast in such election, such as 30%.

Disclosure of relationships. We believe stockholders should be informed of any significant relationships between the stockholder proposing a director nominee and the nominee to ensure stockholders have information that may be relevant to their voting decisions. We recommend the SEC adopt requirements for the disclosure of relationship along the lines of the 2003 proxy access rule proposal.

II. Director Equivalency

To the greatest extent possible, we believe stockholder nominees and company nominees should be treated fairly and equally both before and after the election. Intel does not support a system that would treat stockholder nominees as "foreign agents," subject to a different set of standards than those of other directors.

Director independence. We believe stockholder nominees must also meet the subjective independence criteria of the applicable listing standards. To do otherwise would allow stockholders to elect a director who might be ineligible to serve on key board committees such as audit or compensation. This could burden some directors at the expense of others, adversely affect the issuer and threaten its compliance with listing, proxy voting advisory service and SEC standards, and should rightly be a basis for exclusion. In recent years, boards have spent a great deal of energy to try and cultivate boards that meet more extensive standards developed by the SEC, the NYSE and NASDAQ, as well as a variety of proxy advisory firms, rating agencies, and institutional investors. We think it is ironic that the SEC would advocate ignoring all but the NYSE and NASDAQ's objective independence tests for stockholder nominees while company nominated directors remain subject to these considerations; it has been the SEC that has been one of the strongest advocates for such standards and processes.

Legal restrictions on board membership. In addition to listing standards, there are other laws and regulations that influence and in some cases dictate who may serve on a board (for example antitrust considerations, defense industry security concerns, interlocking directorships, etc.). We believe the SEC should be explicitly allowed to take these concerns into account when a company requests to exclude a stockholder nominee from its proxy materials.

Board membership requirements. We believe stockholder nominated directors should be subject to all of the company's requirements for board membership, including, e.g., stock ownership guidelines, mandatory retirement ages, limitations on the number of boards they can serve on, and advance resignation requirements. Ensuring director equivalency to the extent feasible is one way to minimize numerous potential sources of disagreement and disruption with regard to board activity.

Year two. We think the SEC should provide additional guidance around what happens to stockholder nominated directors at the end of their term. It would presumably be a violation of the board's fiduciary duties to require that these directors be nominated by the nominating committee along with the rest of the board's slate of nominees. If not nominated by the nominating committee and the board, what is their status for the purposes of proxy access and the nomination opportunities of others under the proxy access regulations?

III. Other Concerns

Adopt some alternative to the first-in method of determining access. While Intel agrees with the SEC that there should be a maximum number of nominees included in company proxy materials under the Proposed Regulations, we disagree that only the first stockholder or group from which the company received a timely Schedule 14N should be allowed to nominate a director. If the policy behind the Proposed Regulations is to allow long-term stockowners with significant holdings access to a company's proxy materials, then it should not be a "race to finish line" that encourages stockholder nominations so stockholders do not lose their place in line. There are many arbitrary standards and levels in the Proposed Regulations, and the first-in-line concept may be the most arbitrary of all. As noted above, we believe that the SEC would be best served by taking a more measured approach to proxy access until the ramifications of this policy are better understood, and we believe the first-in approach inappropriately encourages stockholders to seek to nominate directors rather than undertake other forms of engagement with the company.

Intel proposes that the rule be amended to allow for all stockowners that hold the requisite percentage of shares be allowed to nominate their candidates. If there are more proxy-access nominees, then the Proposed Regulation's limitation of 25% of the company's board of directors should govern the available board slots. All proxy-access nominees would be placed on the company's proxy materials and ballot. At the annual stockholder meeting, votes would be cast, and if any of the proxy-access nominees received more votes than a management-nominated director, then such proxy-access nominee(s) would be elected to the board until the 25% limitation is reached. Each stockholder would be limited to nominating no more than 25% of the available board seats. For example, on a board of 12 directors, the 25% limitation equates to three board of director slots for proxy-access nominees. If a company receives six proxy-access nominees from two different stockholders, and each of those six nominees receives enough votes that they are in the top 12, then only three, the three with the most votes, would be elected to the board of directors.

Death, disability, or unwillingness to serve. What happens if a stockholder nominee dies, becomes disabled or becomes unwilling to serve between the time proxy statements are mailed and the annual meeting? Does the stockholder who nominated the person get to determine a substitute? What disclosure would be required?

Voting for a slate. We believe stockholders should be allowed to vote for all management nominees as a slate, and a ballot with this option could also allow for voting all stockholder nominees as a slate.

IV. Rule 14a-8(i)(8)

Intel does support a rule that grants stockholders access to the proxy statement, and while we disagree with proposed rule 14a-11, we do encourage the SEC to adopt an amendment to Rule 14a-8(i)(8). Instead of taking the "one size fits all" approach as with proposed rule 14a-11, the proposed amendments to Rule 14a-8 allows stockholders to manage their own companies' corporate governance practices. Changes in corporate governance practices already take place through the stockholder proposal process, such as majority voting, "say on pay", etc., and thus the proposed rule 14a-8 amendment would further enhance stockholder activism.

Unlike the proposed rule 14a-11, the proposed amendment to Rule 14a-8 would not require companies and the staff of the SEC to incur additional costs to establish processes to manage the proxy access process, costs that would be borne by taxpayers and stockholders. The relative simple amendment of Rule 14a-8 and the relatively straightforward regulatory compliance scheme associated with it makes the proposed rule 14a-8 amendment the obvious approach as it enables stockholders the ability to gain proxy access while mitigating the administrative burden on both the staff of the SEC and the company.

In conclusion, we encourage the Commission to refrain from adopting proposed rule 14a-11, and instead adopt the proposed amendment to Rule 14a-8, as discussed above.

We appreciate the opportunity to have submitted these comments. Please contact the undersigned at 408-765-1215, Douglas Stewart at 408-765-5532, or Irving Gomez at 408-653-7868 if you would care to discuss these comments in further detail.

Cary Klafter
Vice President, Legal and Corporate Affairs,
and Corporate Secretary
Intel Corporation