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March 26, 2009

Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549
Attention: Ms. Elizabeth M. Murphy, Secretary

Via e-mail: rule-comments@sec.gov

SUBJECT: Proposed Amendment to NYSE Rule 452 (Release No. 34-59464; File No. SR-NYSE-2006-92)

Dear Ms. Murphy:

On behalf of Intel Corporation we are submitting this comment letter on the proposal by the New York Stock Exchange to amend NYSE Rule 452 to eliminate broker discretionary voting in the uncontested election of directors. Intel shares are listed on NASDAQ but the proposed amendment to the broker-related rules, if adopted, will affect issuers listed on the NYSE and listed on other exchanges such as NASDAQ.

We believe that adoption of the amendment would not serve the interests of retail investors, would add significant expense to issuers at a cost to all stockholders and ought not to be undertaken in isolation from consideration of a series of other matters affecting the overall shareholder voting and communications system.

There are a number of ways that the retail vote can be bolstered and encouraged, but none of them are included in the Rule 452 proposal; we believe it would be inappropriate for the Commission to take positive action on this proposal in isolation from other actions which will support and encourage the retail vote. We note that Commissioner Aguilar recently commented on this topic in a speech on February 6:

"..... I recently called for an SEC staff study of the consequences on regulation and the capital markets of the relative decrease in direct investor ownership of securities, and relative increase in direct institutional ownership. Put another way, investors

increasingly own operating companies, the engines of our economy, only indirectly through institutions, and I think we should look carefully at what this means. These trends in ownership and market participation raise very important questions for financial regulation, including how these trends affect shareholder voting, and capital raising techniques."

We believe that adoption of the Rule 452 amendment without other action will adversely affect the retail vote and serve to continue to reduce the voting population to institutional investors; retail investors have nothing to gain, and will be adversely affected, by this action if taken in isolation. In turn, issuers will be adversely affected as the retail vote shrinks, quorums are threatened at some issuers, and voting control will continue to devolve to the institutional shareholder base and their unregulated proxy advisers. As you know, this is just the first step with Rule 452; many institutional investors want it to be completely eliminated so that the brokers (who are the record holders of the shares in question) have no voting rights on any agenda item.

We also note that the amendment, as drafted, may prohibit alternatives to the broker discretionary vote. For example, some brokers have implemented proportional voting on "routine" matters, with the brokers voting uninstructed shares in the same proportion as those shares for which they received voting instructions from their other retail stockholders. Commentators have also proposed forms of "Client Directed Voting", where a brokerage customer would be able to provide a "good until cancelled" instruction on matters to be voted on at companies in which they own stock. At the time of any proxy solicitation, each investor would receive a notice from their broker reminding the investor of their standing instructions and offering the opportunity to override the standing instructions by providing specific voting instructions. This useful experimentation, intended to support and encourage the retail vote, could be disallowed along with discretionary voting by the amendment to Rule 452.

With the advent of majority-voting for directors, the expectation of "shareholder access" to come, and other developments, we are moving towards the time when all agenda items will potentially be "contested" votes. The elimination of broker discretionary voting in uncontested director elections (and more in the future) would greatly increase issuers' need to communicate with beneficial owners who hold their shares in "street name" (meaning through brokers, banks or their depositories) about the importance of voting in director elections and on other matters. A substantial roadblock to this communication is that the lists of such stockholders are maintained by brokers and banks and not by issuers. Issuers are permitted by SEC rules to request the names of such stockholders from the brokers and banks, but stockholders may choose whether or not they wish to have their names and addresses disclosed to issuers. Stockholders who object to being contacted by issuers are called "Objecting Beneficial Owners" ("OBOs"), and stockholders who do not object are called "Non-Objecting Beneficial Owners" ("NOBOs"). The existence of the OBO/NOBO distinction under SEC rules presents a significant obstacle for issuers attempting to reach out to their stockholders about the importance of voting. The NYSE Proxy Working Group, which first proposed the current amendment to Rule 452, recommended a reexamination by the SEC of its rules

regarding stockholder communications and proposed that proportional voting and Client Directed Voting be studied as alternatives to discretionary voting by brokers; nothing on those topics is present in the proposed amendment.

The NYSE Proxy Working Group and other entities have identified a number of significant issues in the current proxy system that need to be addressed. These issues include, among others:

1-The OBO/NOBO and other SEC rules that prevent issuers from knowing who their shareholders are and engaging in direct communications with them. In an era of disclosure and transparency, it is an odd fact that U.S. public corporations are effectively prohibited from knowing the identities of their owners.

2-A costly proxy processing system based on a "record ownership" model and "built" over the past 50 years without a master plan or broad goals in mind. The system is controlled by brokerage firms, requiring that issuers pay fees and expenses established by NYSE and the brokers. We note that other countries have successful stock ownership systems based on direct registration with the issuer's transfer agent rather than record ownership.

3-Share lending practices and the use of financial derivatives that may be used to manipulate proxy voting, often referred to as the "empty voting" phenomenon.

4-Over-voting and under-voting problems related to share lending and otherwise that could threaten the integrity of the shareholder voting process. The share voting system does not have an existing end-to-end audit capability, and as more votes approach 50-50 with "every vote a contest" the likelihood increases that serious disputes will begin to occur over who won and who lost. A workable, routine vote audit process would be very helpful and ought to be implemented before the disputes begin.

5-Unregulated proxy advisory services utilized by institutional investors have a significant influence over the vote. We have in the past noted that there are substantial analogies between the influence of these services, in their line of business, and credit-rating agencies in their line of business. We have also noted that the reports and regulations of the Commission with regard to credit-rating agencies can serve as an appropriate roadmap and model for consideration of rule-making with regard to proxy advisory services.

Further in this regard, we take this opportunity to strongly encourage prompt amendments to the Notice and Access rules to allow the inclusion of a proxy card in the initial Notice mailing to investors. This one change to the rules is likely to significantly and positively affect the rate of retail voting. Notice and Access reduces the economic and environmental burden of the proxy process, and it is already the case that the Commission has largely shifted prospectus delivery to the Internet and has encouraged the same through Notice and Access for proxy statement/annual report delivery. Retail voters can be as trusted to access those materials on the Internet or to request a paper

copy of the materials as they can be to read paper copies mailed to them at great expense to the stockholders of the issuer. Prior to using the "Notice and Access" model, Intel printed slightly over 4 million copies of SEC materials annually. Once we started using Notice and Access, we reduced our annual printing by over 3.5 million copies to approximately 400,000 copies. During the past two years, Intel has eliminated the printing of more than 7 million copies, equivalent to nearly 300 million pages of paper, saving Intel's stockholders more than $4.5 million in printing and postage costs. Environmentally, the 300 million pages not used to print Intel's SEC materials avoids the generation of approximately 8 million pounds of CO2 equivalent and over 26 million gallons of wastewater. (These environmental impact estimates were made using the Environmental Defense Fund Paper Calculator, www.papercalculator.org.)

We commend to you the comment letters which have also been submitted on behalf of the Society of Corporate Secretaries and Governance Professionals and on behalf of the NYSE Proxy Working Group. Each of these letters, and others, raise similar points concerning the need to link action on Rule 452 to numerous other important steps that will serve to enhance the retail vote and improve the shareholder communications and voting system.

For these reasons, Intel Corporation urges the SEC to undertake a comprehensive review of the proxy processing system and refrain from adopting single and unbalanced changes to a system that involves so many integrated elements.

Very truly yours,
Intel Corporation

By Cary Klafter
Vice President, Legal and Corporate Affairs, and Corporate Secretary