EXHIBIT 1

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HEADLINE: Playing by the Rules: How Intel Avoids Antitrust Litigation

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ABSTRACT:

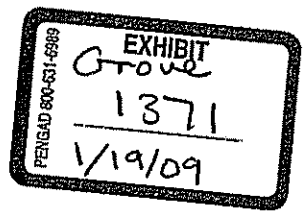
Microsoft and Intel are both obvious targets for antitrust litigation; both wield considerable control in their respective segments of the computer industry. But while Microsoft has been mired in court for years now--its name and business practices dragged through the mud, and its very future as a single company thrown into doubt--Intel has avoided a prolonged, high-profile antitrust case. Intel's success is not a matter of luck. The company's antitrust compliance program, refined over many years, has been an integral element in the chip maker's business strategy. In this article, the authors suggest that Intel's approach to compliance provides a valuable model for any enterprise that may come under regulators' scrutiny. They describe how Intel created extremely conservative antitrust compliance standards and then instituted a series of unique training events that had active support from then-CEO Andy Grove and others in senior management. Intel recognizes that no matter how cautious it is, it will always face extraordinary scrutiny as a market leader. But "since antitrust is embedded in everything we do," Grove says, "we can control our destiny."

BODY:

Call it a tale of two titans. One is Microsoft Corporation, a $ 23 billion company that controls much of the market for the operating systems and business applications that run on personal computers. The other is Intel Corporation, a $ 34 billion company that wields similar influence over the market for the microprocessors that power PCs. Together, the two companies so dominate their industry that they're commonly referred to as, simply, Wintel. Both are obvious targets for antitrust litigation.

But think how differently the two have fared on the legal front. For years now, Microsoft has been mired in court, facing charges of predatory behavior by the U.S. Department of Justice and the attorneys general of more than a dozen states. It has seen its name and business practices dragged through the mud, its senior executives distracted and embarrassed, and its very future as a single company thrown into doubt. No matter how the litigation is ultimately decided, Microsoft will have suffered significant damage to its business and its reputation. Intel, in stark contrast, has managed to avoid prolonged, high-profile antitrust cases. It's remained above the fray, its business focus largely undisturbed by trustbusters.

Intel's success is not a matter of luck. It's a matter of painstaking planning and intense effort. The company's antitrust compliance program, refined over many years, may not receive a lot of attention from the press and the public,



but it's been an integral element in the chip maker's business strategy. In an age increasingly characterized by global markets that are dominated by a few huge companies, Intel's approach to compliance provides a valuable model for any enterprise that may come under regulators' scrutiny.

The Rules of the Game

In the United States, the legal framework for antitrust policy dates back more than 100 years. The Sherman Antitrust Act of 1890 set the basic parameters of competition by prohibiting attempts "to monopolize, or combine or conspire with any other person or persons to monopolize, any part of the trade or commerce among the several States." Later laws, including the Clayton Antitrust Act (1914), the Robinson-Patman Act (1936), and the Hart-Scott-Rodino Antitrust Improvements Act (1976), built on this foundation. These acts generally prohibit the dominant companies in an industry from colluding or otherwise acting in ways that could substantially decrease competition. Prohibited tactics include exclusive sales contracts, bid rigging, predatory pricing, under-the-table rebates, tied or bundled sales, interlocking stock holding, and anticompetitive acquisitions.

To understand antitrust rules fully, you need to appreciate two subtleties. The first is the distinction between having and abusing a monopoly position: the former is legal; the latter is not. The second is the difference in the standards applied to the behavior of potentially monopolistic companies as opposed to nonmonopolistic companies. Defining "dominance" or even something as seemingly simple as "market share" is an inexact science at best. But to put it simply, small companies can do many things that large ones cannot. As Cisco's fiercely competitive CEO John Chambers pointed out in a recent Wall Street Journal interview, "When you are a cute 30-pound chimpanzee, what people would consider fun or acceptable behavior in your house is not acceptable when you are a couple-of-hundred-pound gorilla. To underestimate that would be a mistake."

It can be difficult to negotiate the transition from chimp to gorilla, especially for fast-growing companies like Microsoft that remain close to their entrepreneurial roots. Few businesses rise to prominence without learning to play hardball when circumstances demand. And playing tough can become addictive. The more resources you have at your disposal, after all, the more powerfully you can throw your weight around. Years after their garage days, many successful young companies continue to project the combative intensity that initially served them so well. But it's critical to realize that there comes a moment in a company's growth when the rules change. What the law tolerates in an up-and-comer is often off-limits for a market leader. And regulators always subject large companies to more intense scrutiny than small ones.

Failing to heed such distinctions can lead a company to ruin. Although the squadrons of lawyers who enforce antitrust policy may labor in unglamorous anonymity, they have the ability to bring down even the greatest of corporate behemoths. Following a finding of guilt in the United States, the federal government has the power to break up a company, regulate its subsequent conduct, impose large fines, and even throw its executives in jail. Even if a company wins the verdict, it can still suffer large penalties in the form of wasted resources, distracted management, and a tarnished image. Just ask Bill Gates.

Andy Grove's Vision

Very early in its history, Intel came to understand the need to play by the rules. An innovator in memory chips and microprocessors, the company became a success soon after it was founded in 1968. But in the mid-1980s, its growth began to accelerate rapidly. Its then CEO Andy Grove saw that the company was, as he now puts it, "galloping toward an industrywide leading position," thanks largely to the success of its latest microprocessor, the 386.

As the company expanded at a faster clip, Grove became increasingly focused on avoiding a major antitrust suit. He did not want to endure a fate like AT&T's, which had recently been broken into pieces by the courts. "I had called on AT&T," Grove recalls, "and I saw their state of shock. The antitrust case paralyzed the organization." So he decided to go on the offensive. Rather than wait for antitrust problems to develop, Intel would do everything in its power to ensure

that the issue would never arise. The company set its sights on developing what its general counsel, Tom Dunlap, refers to as "the world's best antitrust compliance program." (See the sidebar "Keys to Success.")

After talking with Dunlap about antitrust law, Grove came to appreciate that the line separating acceptable from unacceptable conduct was not clear-cut. There were substantial gray areas. "So," he says, "I suggested we put a 'guard band' on the safe side of the conduct line." A guard band, in engineering parlance, is a margin of safety: it is the difference between, for example, a stated specification and the higher level of performance that Intel actually requires. In the antitrust context, it became shorthand for compliance standards that were more conservative than the company's literal reading of the law.

Developing "new specs for sales conduct, business conduct, and business practices," as Grove puts it, was the easy part. The real challenge lay in communicating senior management's commitment throughout the ranks. As Grove observes, "We pay marketing, business development, and sales people to be aggressive. How do you impose this new guard band behavior on a group of people for whom antitrust is antithetical?"

Intel began by instituting live training -- not just instructional pamphlets or videos -- for all affected employees. The legal department trained the entire executive staff, almost all of their direct reports, and 60% to 70% of the nonmanufacturing workforce, including everyone involved in sales. The curriculum covered several basic dos and don'ts: no price fixing, no exclusive contracts where microprocessors were concerned, no talking with competitors about product and pricing strategies, and so on. But it also addressed the gray areas, such as technical cooperation and tied sales, that were most likely to trip people up. "We don't want to make antitrust experts out of everybody," Dunlap explains, "but we want them to know when they should contact a lawyer trained in antitrust law."

In follow-on training, Dunlap's team designed customized programs for different parts of the company. The sales force, for example, would explore pricing and tied sales in greater depth while the product groups might get additional training on intellectual property and the conflicting claims of patent and antitrust law. A typical training session lasted about an hour, and the classes were offered in each unit a few times a year. In addition, the executive staff had at least one training session annually.

Grove put the full force of his position and personality behind the compliance program, giving Dunlap as much time as he required at executive staff meetings to review examples and errors and to discuss and clarify issues. "Andy supported us from the very beginning by explaining to the executive staff that training was important and that every executive needed to cooperate with the legal department," Dunlap says. "Over time, it trickled down from Andy to every person in the company. After a few years of this training, it became part of the Intel culture."

Trial by Fire

But the company didn't rely on lectures and workshops alone. To embed antitrust compliance deep into Intel's corporate memory, Grove and Dunlap also took a more active approach. Beginning in the 1990s, Intel's legal department carried out random audits of employees' files. Lawyers would swoop in and seize a manager's papers, disks, and e-mail, taking all the documents and files that might be demanded by the Federal Trade Commission or DOJ. The audits began at the top of the organization chart and fanned out through the company, continuing year after year. If any irregularities were found, the legal department investigated the source, imposed a remedy, and updated its training to prevent similar problems from emerging again. "This is one of those areas where you can't do it 80% right," Dunlap says, laying out the rationale for his perfectionist approach. "You have to catch even the little things." This attention to detail provided a steady flow of work for Intel's antitrust legal force, which was 50-strong by 2000 and included specialists for every division.

The most powerful weapon in the legal team's arsenal was the mock deposition. Following a raid on a senior executive and his unit, Dunlap would then hire an antitrust litigator to cross-examine the manager in front of the entire executive staff, using confiscated materials to fuel the legal attack. After an hour of intensive questioning, the outside

attorney would spend additional time discussing key lessons and answering questions from the often shaken audience. As Dunlap explains, the role-playing served as a dramatic wake-up call for executives who might have been getting a little lax. "You can't really get the concept of what it's like to be a witness in front of a hostile lawyer," he says. "So we give people that experience to help the training sink in. Think about it: If you see a senior executive being grilled in front of his peers, will you write memos that will make you squirm? Will you let your people say things that will come back to haunt you?"

"It's fascinating to see," Grove agrees. "A memo is introduced into evidence and you shrug. You fully understand how that memo could be written. Moreover, you could have written it yourself. And then you see that memo turned into a tool and a weapon against you, in front of your eyes....You start shivering, 'There but for the grace of God go I. I could have written that memo.'" That moment of recognition, Grove says, is what makes the mock deposition such an effective tool: "We don't use it that often, but we don't have to."

Respecting the Law

Despite Grove and Dunlap's best efforts, Intel has not been entirely immune to investigation. Given the company's size and strength, it's hardly surprising that regulators have kept it under close watch. The European Union Commission recently initiated an investigation; and the FTC looked into Intel's activities twice in the 1990s, closing each review without further action. With the exception of a narrow consent decree signed in 1999 regarding how Intel uses its intellectual property, the company has avoided the long legal entanglements that have plagued other powerful companies in the past few decades.

In explaining why Intel has escaped the fate of some of its peers, Grove gives full credit to the company's success at driving respect for antitrust principles deep into the organization. "The power of Intel's program," he explains, "is that every licensing negotiation and every long-term contract are scrutinized and discussed with members of the legal department as to appropriateness and acceptability subject to our principles."

Intel also recognizes, however, that no matter how cautious it is, it will always face extraordinary scrutiny as a market leader. Consequently, Intel pays as careful attention to the form of its actions as it does to the substance of its actions. As Grove notes, "It is entirely possible that when your actions and your heart are both in the right place, one document written in annoyance can outweigh mountains of evidence about your actions, principles, and practices." Intel's efforts were designed to guard against even the smallest of such slips. "Since antitrust is embedded in everything we do," Grove concludes, "we can control our destiny."

Keys to Success

It's impossible to boil down a complex antitrust compliance program to a few bullet points. But Intel's experience suggests three must-dos:

Learn the Rules

Antitrust law is complex and involves a lot of gray areas. And the law's implications will change as your company grows. If your organization is not familiar with the law, it will eventually run afoul of it.

Make Compliance Instinctive

You need to embed antitrust compliance into your organization's memory It's not enough to give your people pamphlets and lectures. Get them to live the right behavior through repeated training, role-playing, and drills. Then they will instinctively do the right thing.

Sweat the Small Stuff

When it comes to antitrust law, the 80-20 rule doesn't apply. You have to toe the line 100% of the time. Even a few errors could have devastating legal consequences.

GRAPHIC: Text box,Keys to Success;

LOAD-DATE: June 18, 2001

EXHIBIT 2 THROUGH EXHIBIT 16 REDACTED IN ENTIRETY

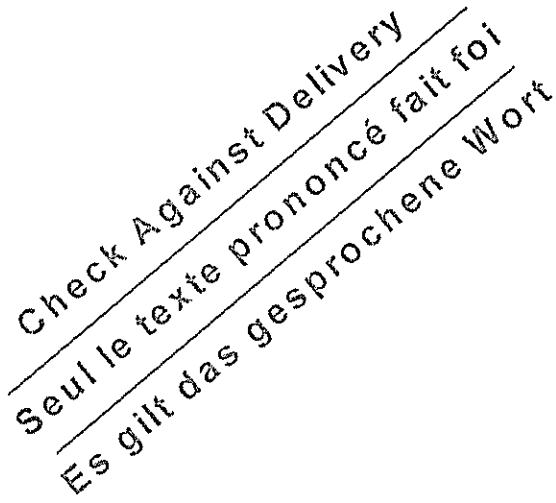
EXHIBIT 17

SPEECH/09/241

Neelie Kroes

European Commissioner for Competition Policy

Commission takes antitrust action against Intel



Introductory remarks at press conference

Brussels, 13th May 2009

Ladies and gentlemen,

I want to talk to you today about an antitrust decision that is focussed on consumer choice and innovation.

The Commission's decision finds that Intel abused its dominant position on the market for computer chips known as "x86 central processing units" in violation of Article 82 of the EC Treaty. This violation lasted for more than five years – from late 2002 to the end of 2007.

These x86 chips are the key hardware component of a computer – in other words, your computer won't work without these chips.

Throughout the period covered by the decision, Intel held at least 70% of the worldwide market in these chips.

The fact that Intel had such a large market share is not a problem in itself. What is a problem is that Intel abused its dominant position. Specifically, Intel used illegal anti-competitive practices to exclude essentially its only competitor, and thus reduce consumer choice, in the worldwide market for x86 chips.

The Commission has ordered Intel to cease the illegal practices immediately, to the extent that they are still ongoing, and to refrain from these and any equivalent practices in the future. The Commission will be monitoring Intel's compliance closely.

For this abusive behaviour, the Commission has fined Intel 1.06 billion euros.

Frustrating innovation

The Commission finds that Intel did not compete fairly, frustrating innovation and reducing consumer welfare in the process.

Whenever dominant companies use their market position to exclude competitors, innovation suffers – and consumers are harmed because they are denied choice.

The Commission has found that Intel excluded its competitor in two ways:

1) through illegal loyalty rebates

2) by paying manufacturers and retailers to restrict the commercialisation of competitors' products.

These illegal actions were designed to preserve Intel's market share at a time when their only significant rival - AMD - was a growing threat to Intel's position. This threat was widely recognised by both computer manufacturers and in Intel's own internal documents seen by the Commission.

The computer manufacturers involved are Acer, Dell, HP, Lenovo and NEC. The retailer involved is Media Saturn Holdings, the parent company of Media Markt.

Rebates

Naturally, the Commission favours strong, vigorous price competition, including by dominant firms. However, Intel went beyond normal price competition by giving rebates to computer manufacturers on the condition that they bought all, or almost all, of their CPUs from Intel.

Intel also made direct payments to a major retailer – Media Markt - on the condition that it stocked only computers with Intel CPUs.

Not all rebates are a competition problem – often they will lead to lower prices for consumers in the long term as well as the short. But the Intel rebates in this case were a problem because of the conditions that Intel attached to its rebates. Moreover, the Commission has examined closely whether an efficient competitor could have matched these rebates. These conditions, to buy less of AMD's products or to not buy them at all, prevented AMD from competing with Intel on the merits of its products. This removed the possibility of genuine choice for consumers and undermined innovation.

Just to give you one example: in one case, a computer manufacturer took up only a small part of an offer by AMD of **free** CPUs because acceptance of all the free CPUs offered would have led that computer manufacturer to breach the conditions of its agreement with Intel and to lose rebates on all its much more numerous Intel purchases.

Everyone but Intel was worse off in this anti-competitive scenario.

But rebates are only part of the story.

Pay-for-delay

Intel made direct payments to computer manufacturers to halt or delay the launch of products using their rival's chips, and to limit their distribution once available.

The Commission has specific, documented examples, of Intel paying other manufacturers to, for example, delay the launch of an AMD-based PC by six months, and to restrict the sales of AMD-based products to certain customers.

Why is pay-for-delay wrong?

Because it was aimed at preventing a competitor from selling its products on their merits, again restricting genuine choice for consumers and undermining innovation.

Concealment

The Commission Decision contains evidence that Intel went to great lengths to cover-up many of its anti-competitive actions. Many of the conditions mentioned above were not to be found in Intel's official contracts.

However, the Commission was able to gather a broad range of evidence demonstrating Intel's illegal conduct through statements from companies, on-site inspections, and formal requests for information.

Concluding remarks

The Commission's investigation has uncovered serious wrongdoing in the x86 computer chip market.

Given that Intel has harmed millions of European consumers by deliberately acting to keep competitors out of the market for over five years, the size of the fine should come as no surprise.

I am very grateful for the interest and support that both BEUC *(the European Consumers' Association)* and UFC Que Choisir *(French consumers' association)* have shown in intervening on the side of the Commission in this case. This goes to show the widespread discontent at Intel's behaviour and the priority the Commission places on consumers and their welfare.

Finally, I would like to draw your attention to Intel's latest global advertising campaign which proposes Intel as the ***"Sponsors of Tomorrow."***

Their website invites visitors to add their 'vision of tomorrow'. Well, I can give my vision of tomorrow for Intel here and now: "obey the law".

EXHIBIT 18

THROUGH

EXHIBIT 71

REDACTED IN ENTIRETY