

McAfee, Inc.  
Form PREM14A  
September 03, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**MCAFEE, INC.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, par value \$0.01 per share, of McAfee, Inc. (the McAfee Common Stock )

(2) Aggregate number of securities to which transaction applies:

As of September 2, 2010, there were outstanding: (i) 153,861,197 shares of McAfee Common Stock (including shares subject to McAfee restricted stock awards), (ii) 7,764,882 shares of McAfee Common Stock subject to stock options with an exercise price that is less than \$48.00 per share (the Per Share Merger Consideration ), (iii) 3,380,544 shares of McAfee Common Stock subject to restricted stock units, (iv) 1,679,148 shares of McAfee Common Stock subject to performance stock units and (v) no shares of McAfee Common Stock subject to stock options with an exercise price that is equal to or greater than the Per Share Merger Consideration.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The maximum aggregate value, solely for purposes of calculating the filing fee, was determined based upon the sum of (i) 153,861,197 shares of McAfee Common Stock (including shares subject to McAfee restricted stock awards) multiplied by the Per Share Merger Consideration, (ii) 7,764,882 shares of McAfee Common Stock subject to stock options with an exercise price that is less than the Per Share Merger Consideration, multiplied by \$14.24061 (which is the difference between the Per Share Merger Consideration and the weighted average exercise price of \$33.75939 per share for such stock options), (iii) 3,380,544 shares of McAfee Common Stock subject to restricted stock units, multiplied by the Per Share Merger Consideration and (iv) 1,679,148 shares of McAfee Common Stock subject to performance stock units, multiplied by the Per Share Merger Consideration. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.0000713 by the sum calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

\$7,738,779,328.26

(5) Total fee paid:

\$551,774.97

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:

Form, Schedule or Registration Statement No.:

Filing Party:

Date Filed:

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**PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION, SEPTEMBER 3, 2010**

**McAfee, Inc.**

3965 Freedom Circle

Santa Clara, California 95054

[ ], 2010

Dear Stockholder,

You are cordially invited to attend a special meeting of stockholders of McAfee, Inc. to be held on [ ], 2010, starting at [ ] [a.m. / p.m.] Pacific Time at [ ].

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement under which McAfee would be acquired by Intel Corporation. We entered into this merger agreement on August 18, 2010. If the merger is completed, you, as a holder of McAfee common stock, will be entitled to receive \$48.00 in cash, without interest and less any applicable withholding taxes, for each share of McAfee common stock owned by you at the consummation of the merger, as more fully described in the enclosed proxy statement.

**After careful consideration, our board of directors has unanimously determined that it is in the best interests of McAfee and its stockholders that McAfee enter into the merger agreement and consummate the merger and unanimously recommends that you vote FOR the adoption of the merger agreement.**

**Your vote is very important, regardless of the number of shares of McAfee common stock you own.** We cannot consummate the merger unless the merger agreement is approved by the affirmative vote of the holders of a majority of the outstanding shares of McAfee common stock. **Therefore, the failure of any stockholder to vote will have the same effect as a vote by that stockholder against the adoption of the merger agreement.**

The attached proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to the proxy statement. We encourage you to read the proxy statement and the merger agreement carefully and in their entirety. You may also obtain more information about McAfee from documents we have filed with the Securities and Exchange Commission.

Thank you in advance for your continued support and your consideration of this matter.

Sincerely,

David G. DeWalt  
Chief Executive Officer and President  
Santa Clara, California

**Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.**

This proxy statement is dated [ ], 2010, and is first being mailed to stockholders on or about [ ], 2010.

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**McAfee, Inc.**

3965 Freedom Circle

Santa Clara, California 95054

To McAfee Stockholders:

A special meeting of stockholders of McAfee, Inc., a Delaware corporation, or McAfee, will be held on [ ], 2010, starting at [ ] [a.m. / p.m.] Pacific Time at [ ], for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of August 18, 2010, among Intel Corporation, a Delaware corporation, or Intel, Jefferson Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of Intel, and McAfee, as it may be amended from time to time, pursuant to which McAfee will be acquired by Intel.
2. To consider and vote on a proposal to adjourn or postpone the special meeting to a later date or time, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement.
3. To consider and vote on such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting.

Our board of directors has specified the close of business on [ ], 2010 as the record date for the purpose of determining the stockholders who are entitled to receive notice of, and to vote at, the special meeting. Only stockholders of record at the close of business on the record date are entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. Each stockholder is entitled to one vote for each share of McAfee common stock held on the record date.

Under Delaware law, McAfee stockholders who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the adoption of the merger agreement and comply with the other Delaware law procedures explained in the accompanying proxy statement.

Regardless of whether you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or via the Internet prior to the special meeting to ensure that your shares of McAfee common stock will be present in person or represented at the special meeting. If you have Internet access, we encourage you to record your vote via the Internet. Properly executed proxy cards with no instructions indicated on the proxy card will be voted **FOR** the adoption of the merger agreement and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, pursuant to the terms of the merger agreement. If you attend the special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Your prompt attention is greatly appreciated.

**THE MCAFEE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.**

By Order of the Board of Directors,

David G. DeWalt  
Chief Executive Officer and President  
Santa Clara, California

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**ADDITIONAL INFORMATION**

This document incorporates important business and financial information about McAfee from documents that are not included in or delivered with this document. See *Where You Can Find More Information* on page [ ]. You can obtain documents incorporated by reference in this document by requesting them in writing from McAfee, Inc., Attn: Corporate Secretary, 3965 Freedom Circle, Santa Clara, California 95054. You will not be charged for any of these documents that you request. If you wish to request documents, you should do so by [ ], 2010 in order to receive them before the special meeting.

**For additional questions about the merger, assistance in submitting proxies or voting shares of our common stock, or to request additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor:**

Georgeson Inc.

199 Water Street

26th Floor

New York, NY 10038

Toll-Free: (866) 277-8239

Collect: (212) 440-9800

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

*The following questions and answers address briefly some questions you may have regarding the proposed merger and the special meeting. These questions and answers may not address all questions that may be important to you as a holder of shares of McAfee common stock. For important additional information, please refer to the more detailed discussion contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to in this proxy statement. We sometimes make reference to McAfee, Inc. and its subsidiaries in this proxy statement by using the terms McAfee, we, our or us.*

***Q: What is the transaction?***

A: McAfee and Intel have entered into a definitive merger agreement pursuant to which, subject to the terms and conditions of the merger agreement, Intel will acquire McAfee through the merger of a wholly owned subsidiary of Intel with and into McAfee. McAfee will be the surviving corporation (which we refer to as the surviving corporation) in the merger and will continue as a wholly owned subsidiary of Intel.

***Q: What will a McAfee stockholder receive when the merger occurs?***

A: For every share of McAfee common stock held at the effective time of the merger, McAfee stockholders will be entitled to receive \$48.00 in cash, without interest, less any applicable withholding taxes. This does not apply to shares of McAfee common stock held by Intel, McAfee or any of their respective wholly owned subsidiaries, or by stockholders who have perfected their appraisal rights under Delaware law.

***Q: What will happen in the merger to McAfee stock options, restricted stock unit awards, performance stock unit awards and restricted stock awards?***

A: **Stock Options.** Upon the effective time of the merger, each stock option to purchase shares of McAfee common stock outstanding immediately prior to the effective time of the merger and held by a continuing employee (other than McAfee stock options subject to foreign jurisdictions that Intel determines may not be assumed for certain specified reasons and other than options under our McAfee.Com Corporation Amended and Restated 1999 Stock Plan) will be assumed by Intel and converted into a stock option to purchase Intel common stock based on an exchange ratio set forth in the merger agreement and described in this proxy statement under **Summary Treatment of Stock Options, Other Awards and Employee Stock Purchase Plan Stock Options** on page [ ]. All other options outstanding immediately prior to the effective time of the merger that will not be assumed by Intel as described above will be cancelled as described below. Upon the effective time of the merger, McAfee stock options outstanding immediately prior to the effective time of the merger that are (i) held by non-continuing employees or (ii) subject to foreign jurisdictions that Intel determines may not be assumed for certain specified reasons will be cancelled and converted into the right to receive an amount in cash equal to the excess, if any, of \$48.00 over the per share exercise price of such cancelled stock option, multiplied by the number of shares of McAfee common stock then subject to such cancelled stock option, without interest and less applicable deductions and withholdings.

In addition, no stock options under the McAfee.com Corporation Amended and Restated 1999 Stock Plan will be assumed by Intel. Any such stock options that are not exercised prior to the effective time of the merger will be cancelled for no consideration at the effective time of the merger.

**Restricted Stock Unit and Performance Stock Unit Awards.** Upon the effective time of the merger, each restricted stock unit and performance stock unit award denominated in shares of McAfee common stock outstanding immediately prior to the effective time of the merger, which is unvested at the effective time of the merger and is held by a continuing employee (other than awards subject to foreign jurisdictions that Intel determines may not be assumed for certain specified reasons) will be assumed by Intel and following the merger represent a right to acquire a number of shares of Intel common stock equal to the number of shares of McAfee common stock subject to such award immediately prior to the effective time of the merger



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multiplied by the exchange ratio, rounded down to the nearest whole number. Upon the effective time of the merger, each restricted stock unit and performance stock unit award denominated in shares of McAfee common stock that is outstanding immediately prior to the effective time of the merger, is then unvested (or otherwise vests at the effective time of the merger) and is held by a non-continuing employee, as well as restricted stock unit and performance stock unit awards subject to foreign jurisdictions that Intel determines may not be assumed for certain specified reasons, will be cancelled and converted into the right to receive an amount in cash equal to \$48.00 multiplied by the number of shares of McAfee common stock subject to such award, without interest and less applicable withholdings.

McAfee has agreed to amend each performance stock unit award that is not subject to McAfee's change of control retention plan or other change of control and retention agreements so that upon the effective time of the merger, each such performance stock unit award will be vested to the extent that it would have vested if the award had been granted originally with a 4-year vesting schedule with annual vesting, and such vesting will continue after the effective time of the merger (assuming continuous service) on the same time-based vesting schedule. To the extent that any such performance stock unit award is not fully vested at the 18-month anniversary of the effective time of the merger, it will become fully vested on such 18-month anniversary.

***Restricted Stock Awards.*** Upon the effective time of the merger, each restricted stock award denominated in shares of McAfee common stock that is outstanding immediately prior to the effective time of the merger will accelerate in full immediately prior to but effective as of the effective time of the merger. The holders of such shares will be treated like other McAfee stockholders and will receive \$48.00 in cash per share, without interest, less any applicable withholding taxes.

***Q: What will happen in the merger to McAfee's 2002 Employee Stock Purchase Plan?***

A: The business day prior to the effective time of the merger will be treated as the final purchase date for purposes of the McAfee 2002 Employee Stock Purchase Plan (which we refer to as the ESPP), unless the offering period in effect on the date the merger agreement was signed terminates by its terms prior to such time, in which case the scheduled termination date will be the final purchase date. Each outstanding award under the ESPP will be exercised on the final purchase date for the purchase of shares of McAfee common stock in accordance with the terms of the ESPP, and McAfee will refund to each participant in the ESPP all amounts remaining in such participant's account after such purchase. McAfee has agreed to take all actions necessary so that no offering periods or purchase periods will be commenced following the final purchase date and no payroll deductions or other contributions will be made or effected after the final purchase date. In addition, McAfee has agreed to terminate the ESPP as of the effective time of the merger.

***Q: How does the merger consideration compare to the market price of McAfee common stock?***

A: The merger consideration of \$48.00 per share to be received by McAfee stockholders represents a premium of approximately 60% over the closing price of McAfee common stock on the New York Stock Exchange on August 17, 2010, the trading day immediately preceding the day that the proposed transaction with Intel was publicly announced, and a premium of approximately 52% over the average closing price of McAfee common stock on the New York Stock Exchange over the 30-day period ending on such date.

The closing sale price of a share of McAfee common stock on the New York Stock Exchange on September 2, 2010 was \$47.25. You are encouraged to obtain current market quotations for McAfee common stock in connection with voting your shares.

***Q: When do you expect the merger to be completed?***

A: We currently expect the merger to be completed before the middle of 2011. However, the merger is subject to various closing conditions, including McAfee stockholder and regulatory approvals, and it is possible that the failure to timely meet these closing conditions or other factors outside of our control could require us to complete the merger at a later time or not at all.

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***Q: How does the McAfee board of directors recommend that I vote on the proposals?***

A: The McAfee board of directors has unanimously determined that it is in the best interests of McAfee and its stockholders that McAfee enter into the merger agreement and consummate the merger and unanimously recommends that you vote **FOR** the adoption of the merger agreement and **FOR** the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement. You should read the section entitled "The Merger" Reasons for the Merger; Recommendation of the McAfee Board of Directors beginning on page [ ].

***Q: What effects will the merger have on McAfee?***

A: As a result of the merger, McAfee will cease to be a stand-alone public company and will be wholly owned by Intel. You will no longer have any interest in our future earnings or growth. Following the completion of the merger, the registration of McAfee common stock and our reporting obligations with respect to McAfee common stock under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, will be terminated upon application to the Securities and Exchange Commission, which we refer to as the SEC. In addition, upon completion of the merger, shares of McAfee common stock will no longer be listed on any stock exchange or quotation system, including the New York Stock Exchange.

***Q: Do any of McAfee's directors or officers have interests in the merger that may differ from those of McAfee stockholders?***

A: McAfee's directors and executive officers have economic interests in the merger that are different from, or in addition to, those of McAfee's stockholders generally. The McAfee board of directors was aware of and considered these interests, among other matters, in reaching its decision to adopt and approve, and declare advisable, the merger agreement, the merger and the other transactions contemplated by the merger agreement. McAfee's executive officers are parties to change of control and retention agreements with McAfee or are covered under McAfee's change of control retention plan, which provide severance payments and other change of control benefits in the case of certain terminations of employment in connection with a change of control of McAfee, including consummation of the merger. In addition, certain of McAfee's executive officers have entered into employment agreements and/or retention letters with Intel, subject to the closing of the Merger. The merger agreement contemplates that certain other executive officers of McAfee may enter into retention letters with Intel prior to or following the closing of the merger on terms to be mutually agreed upon between Intel and such executive officers. With respect to McAfee directors, their outstanding stock option and restricted stock unit awards will become fully vested in accordance with their terms as of immediately prior to the closing of the merger and such awards will be treated just as other McAfee awards to holders that do not continue employment with McAfee or any subsidiary following the merger. In addition, executive officers and directors of McAfee have rights to indemnification and directors' and officers' liability insurance that will survive consummation of the merger. See "The Merger" Interests of McAfee's Executive Officers and Directors in the Merger beginning on page [ ] for a description of these agreements and letters as well as a description of other rights of our directors and executive officers that come into effect in connection with the merger.

***Q: Why am I receiving this proxy statement?***

A: You are receiving this proxy statement because you were a stockholder of McAfee as of [ ], 2010, the record date for the special meeting. To complete the merger, McAfee's stockholders must vote to approve the adoption of the merger agreement. A copy of the merger agreement is attached to this proxy statement as Annex A. McAfee will submit the merger agreement to its stockholders for adoption at the special meeting described in this proxy statement. You should read the section entitled "The Special Meeting" beginning on page [ ].

***Q: When and where will the special meeting of stockholders be held?***

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A: The special meeting of McAfee stockholders (which we refer to as the special meeting) will be held on [ ], 2010, starting at [ ] [a.m. / p.m.] Pacific Time at [ ].

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***Q: What are the proposals that will be voted on at the special meeting?***

A: You will be asked to consider and vote on (1) the adoption of the merger agreement with Intel, (2) the adjournment or postponement of the special meeting to a later date, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement and (3) such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting. We are currently not aware of any other business to come before the special meeting.

***Q: Who is entitled to attend and vote at the special meeting?***

A: The record date for the special meeting is [ ], 2010. If you own shares of McAfee common stock as of the close of business on the record date, you are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting. As of the record date, there were approximately [ ] shares of McAfee common stock issued and outstanding.

***Q: How many votes are required to adopt the merger agreement?***

A: The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of McAfee common stock entitled to vote at the special meeting in person or by proxy, in accordance with Delaware law.

***Q: How many votes are required to adopt the proposal to adjourn or postpone the special meeting to a later time, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement?***

A: The adoption of the proposal to adjourn or postpone the special meeting to a later time, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement requires the affirmative vote of a majority of the votes cast (or if stockholders representing a quorum fail to attend the special meeting, the chairman of the meeting or the holders of a majority of the shares of McAfee common stock present in person or represented by proxy at the special meeting may adjourn the special meeting).

***Q: How are votes counted? Why is my vote important?***

A: Votes will be counted by the inspector of elections appointed for the special meeting, who will separately count for and against votes and abstentions. The affirmative vote of the holders of a majority of the outstanding shares of McAfee common stock is required under Delaware law to adopt the merger agreement. As a result, the failure to vote or the abstention from voting will have the same effect as a vote against the adoption of the merger agreement.

Because the affirmative vote of a majority of the votes cast (or if stockholders representing a quorum fail to attend the special meeting, the chairman of the meeting or the holders of a majority of the shares of McAfee common stock present in person or represented by proxy at the special meeting may adjourn the special meeting) is required to adopt the proposal to adjourn or postpone the special meeting, if necessary or appropriate, the failure to vote your shares will have no effect on the outcome of the proposal.

***Q: What do I need to do now?***

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- A: After carefully reading and considering the information contained in this proxy statement, including the annexes and the other documents referred to in this proxy statement, please vote your shares as described below. You have one vote for each share of McAfee common stock you own as of the record date.

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***Q: How do I vote if I am a stockholder of record?***

A: You may vote:

by using the telephone voting instructions printed on your proxy card;

by using the Internet voting instructions printed on your proxy card;

by completing, signing and dating each proxy card you receive and returning it in the enclosed postage-paid envelope; or

in person by appearing at the special meeting.

If you are voting by telephone or via the Internet, your voting instructions must be received by the date and time indicated on the applicable proxy card(s).

Voting via the Internet, by telephone or by mailing in your proxy card will not prevent you from voting in person at the special meeting. You are encouraged to submit a proxy by mail, via the Internet or by telephone even if you plan to attend the special meeting in person, to ensure that your shares of McAfee common stock are present in person or represented at the special meeting.

If you give your proxy, but do not indicate how you wish to vote, your shares will be voted **FOR** the proposal to adopt the merger agreement and **FOR** the adoption of the proposal to adjourn or postpone the special meeting, if necessary or appropriate. With respect to any other matter that properly comes before the special meeting, shares present in person or represented by all proxies received by McAfee will be voted with respect thereto in accordance with the judgment of the persons named as attorneys in the proxies.

***Q: How do I vote if my shares are held by my brokerage firm, bank, trust or other nominee?***

A: If your shares are held in a brokerage account or by another nominee, such as a bank or trust, then the brokerage firm, bank, trust or other nominee is considered to be the stockholder of record with respect to those shares. However, you still are considered to be the beneficial owner of those shares, with your shares being held in street name. Street name holders generally cannot vote their shares directly and must instead instruct the brokerage firm, bank, trust or other nominee how to vote their shares. Your brokerage firm, bank, trust or other nominee will only be permitted to vote your shares for you at the special meeting if you instruct it how to vote. Therefore, it is important that you promptly follow the directions provided by your brokerage firm, bank, trust or other nominee regarding how to instruct them to vote your shares. If you wish to vote in person at the special meeting, you must bring a proxy from your brokerage firm, bank, trust or other nominee authorizing you to vote at the special meeting.

In addition, because any shares you may hold in street name will be deemed to be held by a different stockholder than any shares you hold of record, shares held in street name will not be combined for voting purposes with shares you hold of record. To be sure your shares are voted, you should instruct your brokerage firm, bank, trust or other nominee to vote your shares. Shares held by a corporation or business entity must be voted by an authorized officer of the entity.

***Q: What if I fail to instruct my brokerage firm, bank, trust or other nominee how to vote?***

A: Your brokerage firm, bank, trust or other nominee will not be able to vote your shares unless you have properly instructed your nominee on how to vote. The adoption of the merger agreement requires an affirmative vote of the holders of a majority of the outstanding shares of McAfee common stock. Because your brokerage firm, bank, trust or other nominee does not have discretionary authority to vote on the



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proposal, the failure to provide your nominee with voting instructions will have the same effect as a vote against the proposal to adopt the merger agreement.

The proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement, requires the affirmative vote of a majority of the votes cast

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(or if stockholders representing a quorum fail to attend the special meeting, the chairman of the meeting or the holders of a majority of the shares of McAfee common stock present in person or represented by proxy at the special meeting may adjourn the special meeting). Because your brokerage firm, bank, trust or other nominee does not have discretionary authority to vote on the proposal, the failure to instruct your broker or other nominee with voting instructions on how to vote your shares will have no effect on the approval of that proposal.

***Q: What constitutes a quorum for the special meeting?***

A: The presence, in person or by proxy, of stockholders representing the holders of a majority of the shares of McAfee common stock entitled to vote at the special meeting will constitute a quorum for the special meeting. If you are a stockholder of record and you submit a properly executed proxy card, vote by telephone or via the Internet or vote in person at the special meeting, then your shares will be counted as part of the quorum. If you are a street name holder of shares and you provide your brokerage firm, bank, trust or other nominee with instructions as to how to vote your shares or obtain a legal proxy from such broker or nominee to vote your shares in person at the special meeting, then your shares will be counted as part of the quorum. All shares of McAfee common stock held by stockholders that are present in person or represented by proxy and entitled to vote at the special meeting, regardless of how such shares are voted or whether such stockholders abstain from voting, will be counted in determining the presence of a quorum.

***Q: What does it mean if I receive more than one proxy?***

A: If you receive more than one proxy, it means that you hold shares that are registered in more than one account. For example, if you own your shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and you will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Therefore, to ensure that all of your shares are voted, you will need to sign and return each proxy card you receive or vote by telephone or via the Internet by using the different control number(s) on each proxy card.

***Q: May I change my vote after I have delivered my proxy?***

A: Yes. If you are the stockholder of record of McAfee common stock, you have the right to change or revoke your proxy at any time before the vote being taken at the special meeting:

by delivering to McAfee's Corporate Secretary a signed written notice of revocation bearing a date later than the date of the proxy, stating that the proxy is revoked;

by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

by signing and delivering a new proxy, relating to the same shares of McAfee common stock and bearing a later date; or

by submitting another proxy by telephone or via the Internet by the date and time indicated on the applicable proxy card(s).

Written notices of revocation and other communications with respect to the revocation of any proxies should be addressed to:

McAfee, Inc.

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3965 Freedom Circle

Santa Clara, California 95054

Attn: Corporate Secretary

If you are a street name holder of McAfee common stock, you should contact your brokerage firm, bank, trust or other nominee to obtain instructions as to how to change or revoke your proxy.

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***Q: Should I send in my stock certificates now?***

A: No. After the merger is completed, you will be sent a letter of transmittal with detailed written instructions for exchanging your shares of McAfee common stock for the merger consideration. If your shares are held in street name by your brokerage firm, bank, trust or other nominee, you will receive instructions from your brokerage firm, bank, trust or other nominee as to how to effect the surrender of your street name shares in exchange for the merger consideration. **PLEASE DO NOT SEND IN YOUR CERTIFICATES NOW.**

***Q: What happens if I sell my shares of McAfee common stock before the special meeting?***

A: The record date for stockholders entitled to vote at the special meeting is earlier than the date of the special meeting and the expected closing date of the merger. If you transfer your shares of McAfee common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares. In addition, if you sell your shares prior to the special meeting or prior to the effective time of the merger, you will not be eligible to exercise your appraisal rights in respect of the merger. For a more detailed discussion of your appraisal rights and the requirements for perfecting your appraisal rights, see Appraisal Rights beginning on page [ ] and Annex C.

***Q: Am I entitled to appraisal rights in connection with the merger?***

A: Stockholders are entitled to appraisal rights under Section 262 of the General Corporation Law of the State of Delaware, or the DGCL, provided they satisfy the special criteria and conditions set forth in Section 262 of the DGCL. For more information regarding appraisal rights, see Appraisal Rights beginning on page [ ]. In addition, a copy of Section 262 of the DGCL is attached as Annex C to this proxy statement.

***Q: What are the material United States federal income tax consequences of the merger to me?***

A: The receipt of cash for shares of McAfee common stock by U.S. holders pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a U.S. holder of McAfee common stock will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of cash received in the merger and (ii) the holder's adjusted tax basis in the shares. Non-U.S. holders of McAfee common stock generally will not be required to pay U.S. federal income tax on the receipt of cash in exchange for shares of McAfee common stock in the merger. Stockholders, including non-U.S. stockholders, should consult their tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the merger. Because your individual circumstances may differ, we recommend that you consult your own tax advisor to determine the particular tax effects of the merger to you. See The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page [ ].

***Q: What happens if the merger agreement is not adopted by our stockholders or if the merger is not completed for any other reason?***

A: If the merger agreement is not adopted by our stockholders or if the merger is not completed for any other reason, our stockholders will not receive any payment for their shares in connection with the merger. Instead, we will remain a stand-alone public company, and McAfee common stock will continue to be listed and traded on the New York Stock Exchange. Under specified circumstances, we may be required to pay to Intel a termination fee or expenses associated with the transaction, as described below under The Merger Agreement Termination Fees and Expenses beginning on page [ ].



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***Q: Who can answer further questions?***

A: For additional questions about the merger, assistance in submitting proxies or voting shares of McAfee common stock, or additional copies of the proxy statement or the enclosed proxy card, please contact us or our proxy solicitor, Georgeson Inc. toll-free at (866) 277-8239 or collect at (212) 440-9800, or at:

McAfee, Inc.

3965 Freedom Circle

Santa Clara, California 95054

Attn: Investor Relations

Phone: +1 (408) 346-5223

Investor-Relations@mcafee.com

Georgeson Inc.

199 Water Street

26th Floor

New York, NY 10038

Toll-Free: (866) 277-8239

Collect: (212) 440-9800

**If your brokerage firm, bank, trust or other nominee holds your shares in street name, you should also call your brokerage firm, bank, trust or other nominee for additional information.**

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**SUMMARY**

*The following summary highlights information in this proxy statement and may not contain all the information that is important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. We sometimes make reference to McAfee, Inc. and its subsidiaries in this proxy statement by using the terms McAfee, we, our or us. Each item in this summary includes a page reference directing you to a more complete description of the item in this proxy statement.*

**The Merger (Page [ ])**

The Agreement and Plan of Merger, dated as of August 18, 2010, which we refer to as the merger agreement, among Intel Corporation, or Intel, Jefferson Acquisition Corporation, a wholly owned subsidiary of Intel, or Merger Sub, and McAfee, provides that Merger Sub will merge with and into McAfee. As a result of the merger, McAfee will become a wholly owned subsidiary of Intel. Upon completion of the proposed merger, shares of McAfee common stock will no longer be listed on any stock exchange or quotation system. At the effective time of the merger, each outstanding share of McAfee common stock will be automatically converted into the right to receive \$48.00 in cash, without interest and less applicable withholding taxes (other than shares of McAfee common stock held by Intel, McAfee or any of their wholly owned subsidiaries, or by any holder who has properly exercised appraisal rights of such shares in accordance with Section 262 of the General Corporation Law of the State of Delaware, or the DGCL, as described in this proxy statement). We refer to this amount in this proxy statement as the merger consideration.

At the effective time of the merger, any shares of McAfee capital stock owned by McAfee, Intel or any of their wholly owned subsidiaries will be cancelled and retired without any conversion thereof and no merger consideration will be paid by Intel with respect to such shares.

**The Special Meeting (Page [ ])**

**Date, Time and Place.** The special meeting will be held on [ ], 2010, starting at [ ] [a.m. / p.m.] Pacific Time at [ ].

**Purpose.** You will be asked to consider and vote upon (1) the adoption of the merger agreement, (2) the adjournment or postponement of the special meeting to a later date, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement and (3) such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting. We are currently not aware of any other business to come before the special meeting.

**Record Date and Quorum.** You are entitled to vote at the special meeting if you owned shares of McAfee common stock at the close of business on [ ], 2010, the record date for the special meeting. You will have one vote for each share of McAfee common stock that you owned on the record date. As of [ ], 2010, there were [ ] shares of McAfee common stock issued and outstanding and entitled to vote. A majority of McAfee common stock issued, outstanding and entitled to vote at the special meeting, present in person or represented by proxy, constitutes a quorum for the purpose of the special meeting. In the event that a quorum is not present at the special meeting, the meeting may be adjourned or postponed pursuant to the terms of the merger agreement.

**Vote Required.** The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of McAfee common stock. Approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement requires the majority of the votes cast, or if stockholders representing a quorum shall fail to attend the

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special meeting, the chairman of the meeting or the holders of a majority of the shares of McAfee common stock present in person or represented by proxy at the special meeting may adjourn the special meeting.

***Voting and Proxies.*** Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, via the Internet, by returning the enclosed proxy card by mail, or by voting in person at the special meeting. If you intend to submit your proxy by telephone or via the Internet, you must do so no later than the date and time indicated on the applicable proxy card(s). **If you do not return your proxy card, submit your proxy by phone or via the Internet or attend the special meeting, your shares of McAfee common stock will not be voted, which will have the same effect as a vote against the adoption of the merger agreement.** Even if you plan to attend the special meeting, if you hold your shares of McAfee common stock in your own name as the stockholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card or by using the telephone number printed on your proxy card or by using the Internet voting instructions printed on your proxy card.

If you give your proxy, but do not indicate how you wish to vote, your shares will be voted **FOR** the proposal to adopt the merger agreement and **FOR** the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement, if applicable.

If your shares of McAfee common stock are held in street name, you should instruct your brokerage firm, bank, trust or other nominee on how to vote such shares of common stock using the instructions provided by your broker or nominee. If your shares of McAfee common stock are held in street name, you must obtain a legal proxy from such nominee in order to vote in person at the special meeting. If you fail to provide your nominee with instructions on how to vote your shares of McAfee common stock, your nominee will not be able to vote such shares at the special meeting. Because the adoption of the merger agreement requires an affirmative vote of the holders of a majority of the outstanding shares of McAfee common stock for approval, the failure to provide your nominee with voting instructions will have the same effect as a vote against the proposal to adopt the merger agreement.

Because the proposal to adjourn or postpone the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement requires the affirmative vote of a majority of the votes cast (or if a quorum fails to attend the special meeting, the chairman of the meeting or the holders of a majority of the shares of McAfee common stock present in person or represented by proxy at the special meeting may adjourn the special meeting), and because your brokerage firm, bank, trust or other nominee does not have discretionary authority to vote on the proposal, the failure to instruct your nominee with voting instructions on how to vote your shares will have no effect on the approval of that proposal.

***Revocability of Proxy.*** Any holder of record of McAfee common stock may revoke his or her proxy at any time, unless noted below, before it is voted at the special meeting by any of the following actions:

delivering to McAfee's Corporate Secretary a signed written notice of revocation bearing a date later than the date of the proxy, stating that the proxy is revoked;

attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

signing and delivering a new proxy, relating to the same shares of McAfee common stock and bearing a later date; or

by submitting another proxy by telephone or via the Internet by the date and time indicated on the applicable proxy card(s).



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Written notices of revocation and other communications with respect to the revocation of any proxies should be addressed to:

McAfee, Inc.  
3965 Freedom Circle  
Santa Clara, California 95054  
Attn: Corporate Secretary

If you are a street name holder of McAfee common stock, you may change your vote by submitting new voting instructions to your brokerage firm, bank, trust or other nominee. You must contact your nominee to obtain instructions as to how to change or revoke your proxy.

## **The Companies (Page [ ])**

**McAfee.** McAfee, Inc., a Delaware corporation, is the world's largest dedicated security technology company, delivering proactive solutions and services that help secure systems and networks around the world, allowing users to safely connect to the Internet, browse and shop the web more securely. McAfee creates innovative products that empower home users, businesses, the public sector and service providers by enabling them to prove compliance with regulations, protect data, prevent disruptions, identify vulnerabilities and continuously monitor and improve their security. McAfee's principal executive offices are located at 3965 Freedom Circle, Santa Clara, California 95054, and its telephone number is +1 (408) 988-3832. See also [Where You Can Find More Information](#). McAfee common stock is publicly traded on the New York Stock Exchange under the symbol [MFE](#).

**Intel.** Intel Corporation, a Delaware corporation, is a semiconductor chip maker that develops advanced integrated digital technology products, primarily integrated circuits, for industries such as computing and communications. Intel also develops platforms, which are integrated suites of digital computing technologies that are designed and configured to work together to provide an optimized user computing solution compared to components that are used separately. Intel's principal executive offices are located at 2200 Mission College Boulevard, Santa Clara, California, 95054, and its telephone number is +1 (408) 765-8080. Intel's common stock is publicly traded on the NASDAQ Global Select Market under the symbol [INTC](#).

**Jefferson Acquisition Corporation.** Jefferson Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Intel, was formed solely for the purpose of facilitating Intel's acquisition of McAfee. Jefferson Acquisition Corporation has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Jefferson Acquisition Corporation will merge with and into McAfee and will cease to exist. Jefferson Acquisition Corporation's principal executive offices are located at 2200 Mission College Boulevard, Santa Clara, California, 95054, and its telephone number is +1 (408) 765-8080.

## **Reasons for the Merger (Page [ ])**

In reaching its decision to adopt and approve, and declare advisable, the merger agreement, the merger and the other transactions contemplated by the merger agreement, the McAfee board of directors consulted with McAfee's management, as well as its financial and legal advisors, and considered a number of factors that the board members believed supported their decision. In particular, the McAfee board of directors reviewed the strategic alternatives available to the company, including remaining as a stand-alone public company, and concluded that the merger and the merger agreement reflected the highest value reasonably attainable for McAfee stockholders.

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**Table of Contents****Recommendation of the McAfee Board of Directors (Page [ ])**

The McAfee board of directors has unanimously determined that it is in the best interests of McAfee and its stockholders that McAfee enter into the merger agreement and consummate the merger and unanimously recommends that you vote **FOR** the adoption of the merger agreement. The McAfee board of directors also unanimously recommends that McAfee stockholders vote **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement.

**Opinion of McAfee's Financial Advisor (Page [ ])**

Morgan Stanley & Co. Incorporated, or Morgan Stanley, delivered its written opinion to the McAfee board of directors that, as of August 18, 2010, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth therein, the consideration to be paid to the holders of shares of McAfee common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The full text of the written opinion of Morgan Stanley dated August 18, 2010, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken in connection with its opinion, is attached as Annex B to this proxy statement and is incorporated herein by reference. Morgan Stanley provided its opinion for the information of the McAfee board of directors in connection with and for the purposes of the evaluation of the transactions contemplated by the merger agreement. Morgan Stanley's written opinion addresses only the consideration to be paid to the holders of shares of McAfee common stock pursuant to the merger agreement, and does not address any other matter. Morgan Stanley's opinion does not constitute a recommendation to any stockholder of McAfee as to how such stockholder should vote with respect to any matter or whether to take any other action with respect to the merger.

**Treatment of Stock Options, Other Awards and Employee Stock Purchase Plan (Page [ ])**

The terms below have the following meanings as used in this section:

*exchange ratio* means a fraction, the numerator of which is \$48.00 and the denominator of which is the average closing price of Intel common stock on the NASDAQ Global Select Market over the five trading days immediately preceding (but not including) the closing date;

*continuing employees* means persons who are employees of McAfee or any of its subsidiaries who (i) are offered and accept employment prior to the effective time of the merger by Intel or any of its subsidiaries, (ii) at the effective time of the merger continue their employment with McAfee or any of its subsidiaries or (iii) remain or become at the effective time of the merger employees of McAfee or, outside the U.S., at the effective time of the merger remain or become employees of McAfee, Intel or any subsidiary as required by applicable law; and

*non-U.S. jurisdiction exception* means any McAfee equity award that is subject to the laws of a non-U.S. jurisdiction and Intel determines such McAfee equity award may not be assumed (i) under a law of the relevant non-U.S. jurisdiction, (ii) under the policies and practices of Intel with respect to the grant of equity awards in the relevant non-U.S. jurisdiction, or (iii) due to Intel's administrative practices with respect to equity awards.

**Stock Options.** At the effective time of the merger, each option to purchase shares of McAfee common stock outstanding immediately prior to the effective time of the merger that is held by a continuing employee, is not subject to the non-U.S. jurisdiction exception and was not granted under the McAfee.com Corporation Amended and Restated 1999 Stock Plan will be assumed by Intel and automatically converted into an option to acquire, on substantially the same terms and conditions applicable to such McAfee stock option immediately

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prior to the merger, a number of shares of Intel common stock (rounded down to the nearest whole number) equal to the product of (x) the number of shares of McAfee common stock that would be issuable upon exercise of such assumed option immediately prior to the effective time of the merger and (y) the exchange ratio. The per share exercise price for assumed stock options will equal the quotient determined by dividing the per share exercise price for the McAfee stock option immediately prior to the effective time by the exchange ratio (rounded up to the nearest whole cent). It is the intent that all options assumed by Intel will be incentive stock options to the maximum extent permitted by the Internal Revenue Code if such options qualified as such prior to the effective time of the merger.

At the effective time of the merger, each McAfee stock option outstanding immediately prior to the effective time of the merger that is not assumed by Intel (including by reason of the fact that such stock option is not held by a continuing employee or is subject to the non-U.S. jurisdiction exception) and was not granted under the McAfee.com Corporation Amended and Restated 1999 Stock Plan will be cancelled and automatically converted into the right to receive an amount in cash (less all applicable deductions and withholdings required by law) determined by multiplying (x) the excess, if any, of \$48.00 over the applicable per share exercise price of such cancelled option by (y) the number of shares of McAfee common stock subject to such cancelled option (after giving effect to any applicable acceleration).

In addition, no stock options under the McAfee.com Corporation Amended and Restated 1999 Stock Plan will be assumed by Intel. Any such stock options that are not exercised prior to the effective time of the merger will be cancelled for no consideration at the effective time of the merger.

Options to purchase McAfee common stock held by McAfee's non-employee directors will not be assumed, and pursuant to the terms of the applicable option agreement and equity award plan pursuant to which such options were granted, the unvested portion of such options will be accelerated and such options will be cancelled and converted into the right to receive an amount in cash as set forth above, unless exercised prior to the effective time, consistent with the general treatment of non-assumed stock options.

***Restricted Stock Units.*** At the effective time of the merger, each restricted stock unit granted under McAfee equity incentive plans and outstanding immediately prior to the effective time of the merger that is then unvested (and does not otherwise vest by its terms at the effective time of the merger), is held by a continuing employee and is not subject to the non-U.S. jurisdiction exception will be assumed by Intel and automatically converted into a restricted stock unit representing the right to acquire, on substantially the same terms and conditions applicable to such McAfee restricted stock unit immediately prior to the effective time of the merger, a number of shares of Intel common stock (rounded down to the nearest whole number) calculated by multiplying (i) the number of shares of McAfee common stock that would be issuable under such assumed restricted stock unit immediately prior to the effective time of the merger by (ii) the exchange ratio.

At the effective time of the merger, each restricted stock unit granted under McAfee equity incentive plans outstanding immediately prior to the effective time of the merger that is not assumed by Intel (including by reason of the fact that such restricted stock unit vests and becomes settleable by its terms at the effective time of the merger, is not held by a continuing employee or is subject to the non-U.S. jurisdiction exception) will be cancelled and automatically converted into the right to receive an amount in cash (less all applicable deductions and withholdings required by law) determined by multiplying \$48.00 by the number of shares of McAfee common stock subject to such cancelled restricted stock unit (after giving effect to any applicable acceleration).

Restricted stock units held by McAfee's non-employee directors will not be assumed, and pursuant to the terms of the applicable restricted stock unit agreement and applicable equity award plan pursuant to which such restricted stock units were granted, the unvested portion of such restricted stock units will be accelerated and will convert into the right to receive an amount in cash as set forth above, consistent with the general treatment of non-assumed restricted stock units.

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**Performance Stock Units.** At the effective time of the merger, each performance stock unit granted under McAfee equity incentive plans and outstanding immediately prior to the effective time of the merger that is then unvested (and does not otherwise vest by its terms at the effective time of the merger), is held by a continuing employee and is not subject to the non-U.S. jurisdiction exception will be assumed by Intel and automatically converted into a performance stock unit representing the right to acquire, on substantially the same terms and conditions applicable to such McAfee performance stock unit immediately prior to the effective time of the merger (as such terms and conditions are amended as described below), a number of shares of Intel common stock (rounded down to the nearest whole number) calculated by multiplying (i) the number of shares of McAfee common stock that would be issuable under such assumed performance stock unit immediately prior to the effective time of the merger by (ii) the exchange ratio. In the merger agreement, McAfee has agreed to amend each performance stock unit award (that is not subject to McAfee's change of control and retention plan or other change of control retention agreements) so that upon the merger, each such performance stock unit award will be vested to the extent that it would have vested if the award had been granted originally with a 4-year vesting schedule with annual vesting. Vesting will continue after the merger (assuming continuous service) on the same time-based vesting schedule, except that to the extent any performance stock unit award is not fully vested at the 18-month anniversary of the merger, it will become fully vested on such 18-month anniversary.

At the effective time of the merger, each performance stock unit granted under McAfee equity incentive plans outstanding immediately prior to the effective time of the merger that is not assumed by Intel (including by reason of the fact that such performance stock unit vests and becomes settleable by its terms at the effective time of the merger, is not held by a continuing employee or is subject to the non-U.S. jurisdiction exception) will be cancelled and automatically converted into the right to receive an amount in cash (less all applicable deductions and withholdings required by law) determined by multiplying \$48.00 by the number of shares of McAfee common stock subject to such cancelled performance stock unit (after giving effect to any applicable acceleration).

**Restricted Stock Awards.** At the effective time of the merger, each restricted stock award denominated in shares of McAfee common stock outstanding immediately prior to the effective time of the merger will accelerate in full immediately prior to but effective as of the effective time of the merger. The holders of such shares will be treated like other McAfee stockholders and will receive an amount in cash (less all applicable deductions and withholdings required by law) determined by multiplying \$48.00 by the number of such shares of McAfee common stock.

**Employee Stock Purchase Plan.** The business day prior to the effective time of the merger will be treated as the final purchase date for purposes of the McAfee 2002 Employee Stock Purchase Plan (which we refer to as the ESPP), unless the offering period in effect on the date the merger agreement was signed terminates by its terms prior to such time, in which case the scheduled termination date will be the final purchase date. Each outstanding award under the ESPP will be exercised on the final purchase date for the purchase of shares of McAfee common stock in accordance with the terms of the ESPP, and McAfee will refund to each participant in the ESPP all amounts remaining in such participant's account after such purchase. McAfee has agreed to take all actions necessary so that no offering periods or purchase periods will be commenced following the final purchase date and no payroll deductions or other contributions will be made or effected after the final purchase date. In addition, McAfee has agreed to terminate the ESPP as of the effective time of the merger.

**Material U.S. Federal Income Tax Consequences of the Merger (Page [ ])**

The receipt of cash for shares of McAfee common stock by U.S. holders pursuant to the merger will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a U.S. holder of McAfee common stock will recognize gain or loss in an amount equal to the difference, if any, between (1) the amount of cash received in the merger and (2) the holder's adjusted tax basis in the shares. Non-U.S. holders of McAfee common stock generally will not be required to pay U.S. federal income tax on the receipt of

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cash in exchange for shares of McAfee common stock in the merger. Stockholders, including non-U.S. stockholders, should consult their tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the merger.

**Interests of McAfee's Directors and Executive Officers in the Merger (Page [ ])**

McAfee's directors and executive officers have economic interests in the merger that are different from, or in addition to, those of McAfee's stockholders generally. The McAfee board of directors was aware of and considered these interests, among other matters, in reaching its decision to adopt and approve, and declare advisable, the merger agreement, the merger and the other transactions contemplated by the merger agreement. McAfee's executive officers are parties to change of control and retention agreements with McAfee or are covered under McAfee's change of control retention plan, which provide severance payments and other change of control benefits in the case of certain terminations of employment in connection with a change of control of McAfee, including consummation of the merger. In addition, certain of McAfee's executive officers have entered into employment agreements and/or retention letters with Intel, subject to the closing of the Merger. The merger agreement contemplates that certain other executive officers of McAfee may enter into retention letters with Intel prior to or following the closing of the merger on terms to be mutually agreed upon between Intel and such executive officers. With respect to McAfee directors, their outstanding stock option and stock unit awards will become fully vested in accordance with their terms as of immediately prior to the closing of the merger and such awards will be treated just as other McAfee awards to holders that do not continue employment with McAfee or any subsidiary following the merger. The non-employee McAfee directors (and their respective tax dependents) who are participating in McAfee's health plans are also permitted to maintain their health coverage under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (which we refer to as COBRA) and any similar state law, as of and following the effective time of the merger, provided that such McAfee directors are qualified beneficiaries under applicable law. In addition, executive officers and directors of McAfee have rights to indemnification and directors' and officers' liability insurance that will survive consummation of the merger.

**Common Stock Ownership of Directors and Executive Officers (Page [ ])**

As of [ ], 2010, the record date for the special meeting, the directors and executive officers of McAfee beneficially owned in the aggregate approximately [ ] shares of McAfee common stock entitled to vote at the special meeting, representing approximately [ ]% of McAfee's outstanding common stock as of the record date for the special meeting.

**Appraisal Rights (Page [ ])**

Under Delaware law, McAfee stockholders who do not vote in favor of adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and comply with the other Delaware law procedures explained in this proxy statement.

**Conditions to the Merger (Page [ ])**

**Conditions to Each Party's Obligations.** Each party's obligation to consummate the merger is subject to the satisfaction of the following mutual conditions:

McAfee must have received the affirmative vote of the holders of a majority of the outstanding shares of McAfee common stock in favor of adoption of the merger agreement;

no injunction, writ, judgment, decree, determination, ruling or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation

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of the merger shall be in effect, and no law or regulation shall have been enacted, entered or enforced by any governmental authority that prevents or prohibits the consummation of the merger; and

the waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (which we refer to as the HSR Act), must have expired or been terminated and all other required waiting periods, clearances, consents or approvals of government entities applicable to the merger under the antitrust laws of specified jurisdictions must have expired, been obtained or been terminated.

***Conditions to Intel's and Merger Subs' Obligations.*** The obligations of Intel and Merger Sub to consummate the merger are subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of McAfee relating to capitalization set forth in the merger agreement must be true and correct in all respects on the date of the merger agreement and as of the closing date, except where the failure of such representations and warranties to be true and correct does not, directly or indirectly, result in additional costs to Intel or the surviving corporation of the merger in excess of \$30 million, in the aggregate;

the representations and warranties of McAfee relating to authority, intellectual property matters in government contracts, brokers and expenses, takeover laws and the vote required as set forth in the merger agreement, to the extent not qualified by materiality or Material Adverse Effect (which definition is described in *The Merger Agreement Representations and Warranties* ), must be true and correct in all material respects, and to the extent so qualified, must be true and correct in all respects, on the date of the merger agreement and as of the closing date (other than those representations and warranties that address matters only as of a particular date or only with respect to a specified period of time, which need only be true and correct as of such particular date or with respect to such specified period);

the other representations and warranties of McAfee made in the merger agreement, without giving effect to any qualification as to materiality or Material Adverse Effect set forth therein, must be true and correct on the date of the merger agreement and as of the closing date (other than those representations and warranties that address matters only as of a particular date or only with respect to a specified period of time, which need only be true and correct as of such particular date or with respect to such specified period), except where the failure of such representations and warranties to be true and correct has not had and would not have, individually or in the aggregate, a Material Adverse Effect (excluding, for this purpose, clause (y) of the definition of *Material Adverse Effect*, which is described in *The Merger Agreement Representations and Warranties* );

McAfee must have complied with or performed in all material respects all of its covenants, obligations and agreements under the merger agreement that are required to be complied with or performed by it prior to the effective time of the merger;

no Material Adverse Effect (excluding, for this purpose, clause (y) of the definition of *Material Adverse Effect*, which is described in *The Merger Agreement Representations and Warranties* ) must have occurred since June 30, 2010 and be continuing;

Intel must have received a certificate signed on behalf of McAfee by its chief executive officer or chief financial officer as to the satisfaction of the conditions described in the preceding five bullets; and

no legal proceeding by any governmental authority must have been instituted and remain pending (i) challenging or seeking to make illegal, or otherwise, directly or indirectly, restraining or prohibiting the consummation of the merger, or (ii) seeking to prohibit or limit the ownership or operation by McAfee, Intel or any of their subsidiaries of all or any of the business or assets of McAfee, Intel or any of their subsidiaries, or to compel McAfee, Intel or any of their subsidiaries to dispose of, license or hold separate all or any portion of the business or assets of McAfee, Intel or any of their subsidiaries.



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**Conditions to McAfee's Obligations.** The obligation of McAfee to consummate the merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of Intel and Merger Sub made in the merger agreement must be true and correct in all material respects as of the date of the merger agreement and as of the closing date (other than those representations and warranties that address matters only as of a particular date or only with respect to a specified period of time, which need only be true and correct as of such particular date or with respect to such specified period), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not prevent or materially delay consummation of the merger or otherwise prevent Intel or Merger Sub from performing any of their material obligations under the merger agreement;

Intel and Merger Sub must have complied with or performed in all material respects all of their respective covenants, obligations and agreements under the merger agreement that are required to be complied with or performed on or prior to the closing date; and

McAfee must have received a certificate signed on behalf of Intel and Merger Sub by an authorized officer of Intel and Merger Sub as to the satisfaction of the conditions described in the preceding two bullets.

**No Solicitations (Page [ ])**

Immediately upon signing of the merger agreement, McAfee agreed to cease any discussions, negotiations or other activities with respect to any actual or potential acquisition proposal from a third party. In addition, under the merger agreement, McAfee, its subsidiaries and their respective representatives are not permitted to, among other things, (i) solicit, initiate, knowingly encourage or knowingly facilitate any acquisition proposal (as defined in The Merger Agreement No Solicitations ) or the making of any acquisition proposal, (ii) enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish any information to, other otherwise cooperate in any way with, any third party (or its representatives) that is seeking to make or has made an acquisition proposal, or (iii) waive, terminate, modify or fail to enforce any provision of any contractual standstill or confidentiality or similar obligation of any third party. The parties agreed that any breach of the non-solicitation provisions of the merger agreement by any McAfee subsidiary or any representative of McAfee or any McAfee subsidiary would be deemed a breach by McAfee.

Notwithstanding the restrictions described above, at any time before the adoption of the merger agreement by McAfee's stockholders, in response to a bona fide unsolicited written acquisition proposal made after the date of the merger agreement, that did not result from or arise out of a breach of the non-solicitation provisions of the merger agreement, and that the McAfee board of directors determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) is, or is reasonably likely to lead to, a superior proposal (as defined in The Merger Agreement No Solicitations ), McAfee may (i) furnish information regarding McAfee and its subsidiaries to the person making the acquisition proposal (and its representatives) pursuant to a confidentiality agreement containing confidentiality and other provisions not less restrictive to such third party than the provisions in the confidentiality agreement between McAfee and Intel, provided that all such information previously has been made available to Intel or is made available to Intel prior to, or concurrent with, the time it is provided to such person and (ii) participate in discussions or negotiations with the person making such acquisition proposal (and its representatives), but in each case under the preceding clauses (i) and (ii), only if the McAfee board of directors determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) that the failure to take such action would reasonably be expected to be a breach of its fiduciary duties under applicable law. In addition, McAfee must notify Intel in writing at least two business days prior to taking any of the actions referred to in clauses (i) or (ii).



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**Termination of the Merger Agreement (Page [ ])**

McAfee and Intel may terminate the merger agreement by mutual written consent at any time before the consummation of the merger. In addition, with certain exceptions, either Intel or McAfee may terminate the merger agreement before the consummation of the merger if:

the merger is not consummated by May 18, 2011 (which we refer to as the end date); provided, however, that if the consummation of the merger has not occurred by May 18, 2011, but on such date the condition set forth in the first bullet point under Conditions to the Merger Conditions to Each Party's Obligations has been satisfied and the conditions set forth in the second (solely as it relates to applicable antitrust laws) and third bullet points under Conditions to the Merger Conditions to Each Party's Obligations have not been satisfied or waived in writing, then the end date will be extended to August 18, 2011; provided further, that if the consummation of the merger has not occurred by August 18, 2011, but on such date the condition set forth in the first bullet point under Conditions to the Merger Conditions to Each Party's Obligations has been satisfied and the conditions set forth in the second (solely as it relates to applicable antitrust laws) and third bullet points under Conditions to the Merger Conditions to Each Party's Obligations have not been satisfied or waived in writing, then the end date may be extended to November 18, 2011, by McAfee by written notice to Intel on or prior to 11:59 p.m. Pacific Time on November 18, 2011; provided further, that a party whose failure to fulfill any obligation under the merger agreement has been the cause of, or resulted in, the failure of the merger to be consummated before the end date will not be entitled to exercise its right to terminate the merger agreement because of this reason;

any governmental authority in any jurisdiction that is material to the business of Intel or McAfee (i) enacts, issues, promulgates or enforces any law or regulation that makes consummation of the merger illegal or otherwise prohibited or (ii) issues an order, decree, injunction or ruling or takes any other action, in each case which is final and non-appealable and has the effect of enjoining the consummation of the merger; provided, that a party whose failure to fulfill any obligation under the merger agreement has been the cause of, or resulted in, the events described in this bullet will not be entitled to terminate the merger agreement because of this reason; or

stockholder approval of adoption of the merger agreement is not obtained at the special meeting (or any adjournment or postponement thereof).

Intel or Merger Sub may also terminate the merger agreement if:

there is an inaccuracy in McAfee's representations in the merger agreement or McAfee breaches its covenants in the merger agreement, in either case such that the conditions set forth in the first four bullet points under Conditions to the Merger Conditions to Intel's and Merger Sub's Obligations would not be satisfied, and such inaccuracy or breach is not cured within 30 days after notice thereof; provided, that the termination right described in this bullet point will not be available to Intel or Merger Sub if they are then in material breach of their covenants or obligations contained in the merger agreement;

the McAfee board of directors or any committee thereof makes a change in recommendation (as defined in the section entitled The Merger Agreement McAfee Board Recommendation );

McAfee fails to publicly reconfirm its recommendation that its stockholders approve adoption of the merger agreement within ten business days of receipt of a written request by Intel to do so following a publicly announced acquisition proposal or commencement of a tender or exchange offer for shares of McAfee common stock;

McAfee fails to include in this proxy statement the McAfee board's recommendation that stockholders adopt the merger agreement; or



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McAfee materially breaches its obligations under the non-solicitation and board recommendation provisions of the merger agreement.

McAfee may also terminate the merger agreement:

if there is an inaccuracy in Intel's or Merger Sub's representations in the merger agreement or Intel or Merger Sub breaches its covenants in the merger agreement, in either case such that the conditions set forth in the first and second bullet points under

Conditions to the Merger Conditions to McAfee's Obligations would not be satisfied, and such inaccuracy or breach is not cured within 30 days after notice thereof; provided, that the termination right described in this bullet point will not be available to McAfee if it is then in material breach of its covenants or obligations contained in the merger agreement;

prior to receipt of approval of the adoption of the merger agreement by McAfee's stockholders, if the McAfee board of directors effects a change in recommendation in accordance with the terms of the merger agreement in connection with its acceptance of a superior proposal; provided, that concurrently with such termination, McAfee enters into an acquisition agreement relating to such superior proposal and pays the termination fee described under Termination Fees and Expenses below; or

not later than 10 business days following written notice to McAfee and Intel of a decision by the European Commission under the EC Merger Regulation to prohibit the merger.

**Termination Fees and Expenses (Page [ ])**

McAfee has agreed to pay Intel a termination fee of \$230 million in the event that the merger agreement is terminated:

by Intel or McAfee pursuant to the provisions described in the third bullet point in the first paragraph under Termination of the Merger Agreement above, *provided* that following execution and delivery of the merger agreement and prior to the special meeting, an acquisition proposal has been publicly announced and not publicly withdrawn (excluding, for the purposes of this provision, from the definition of acquisition proposal any inquiries) and within 12 months following the date of such termination, McAfee has entered into a definitive agreement with respect to, or completed, an acquisition proposal with any third party (*provided, however*, that for purposes of this bullet point only, all references to 15% and 85% in the definition of acquisition proposal will be references to 50.1%);

by Intel or Merger Sub pursuant to the provisions described in the first bullet point in the second paragraph under Termination of the Merger Agreement above (in respect of a breach by McAfee of its covenants under the merger agreement following the public announcement of an acquisition proposal or receipt by the McAfee board of directors of an acquisition proposal), provided that prior to such termination, an acquisition proposal (excluding, for the purposes of this provision, from the definition of acquisition proposal any inquiries) has been publicly announced and not publicly withdrawn or has been communicated to the McAfee board and within 12 months following the date of such termination, McAfee has entered into a definitive agreement with respect to, or completed, an acquisition proposal with any third party (*provided, however*, that for purposes of this bullet point only, all references to 15% and 85% in the definition of acquisition proposal will be references to 50.1%);

by Intel or Merger Sub pursuant to the provisions described in the final four bullet points in the second paragraph under Termination of the Merger Agreement above (*provided, however*, in the case of the last bullet point, that the applicable breach was not by a person who was an employee of McAfee or its subsidiaries with a title and responsibilities below that of vice president, and who had not at any time had a title or responsibilities of vice president or above, and who was not directed or authorized by or on behalf of McAfee or any of its subsidiaries to take such actions constituting the breach); or



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by McAfee pursuant to the provisions described in the second bullet point in the third paragraph under Termination of the Merger Agreement above.

In addition, if the merger agreement is terminated by Intel because stockholder approval of adoption of the merger agreement is not obtained at the special meeting and neither Intel nor Merger Sub is in material breach of their respective agreements, representations and warranties in the merger agreement, McAfee has agreed to reimburse Intel and Merger Sub for all out-of-pocket expenses and fees actually incurred or accrued in connection with the transactions contemplated by the merger agreement in an amount up to \$25 million (any expense reimbursement amount paid by McAfee will be credited against any obligation of McAfee to pay Intel the termination fee described above).

### **Regulatory Approvals (Page [ ])**

Under the provisions of the HSR Act, the merger may not be completed until notification and report forms have been filed with the Antitrust Division of the United States Department of Justice (which we refer to as the Antitrust Division) and the Federal Trade Commission (which we refer to as the FTC) by McAfee and Intel and the applicable waiting period has expired or been terminated. In addition, the expiration or termination of the applicable waiting period in the European Union and certain other specified jurisdictions is a condition to each of McAfee's and Intel's respective obligations to consummate the merger. McAfee and Intel are preparing their respective notification and report forms for filing with the Antitrust Division and the FTC under the HSR Act. In addition, McAfee and Intel are preparing antitrust and competition filings in the European Union and certain other specified foreign jurisdictions and are in the process of reviewing where merger control filings or approvals may be required in other foreign jurisdictions.

### **Consummation of the Merger (Page [ ])**

We currently expect the merger to be completed before the middle of 2011. However, we cannot predict the exact timing of the consummation of the merger or whether the merger will be consummated. In order to consummate the merger, McAfee's stockholders must adopt the merger agreement and the other closing conditions under the merger agreement, including receipt of certain regulatory approvals, must be satisfied or, to the extent legally permitted, waived.

### **Current Market Price of Common Stock (Page [ ])**

The merger consideration of \$48.00 per share to be received by McAfee stockholders represents a premium of approximately 60% over the closing price of McAfee common stock on the New York Stock Exchange on August 17, 2010, the trading day immediately preceding the day that the proposed transaction with Intel was publicly announced, and a premium of approximately 52% over the average closing price of McAfee common stock on the New York Stock Exchange over the 30-day period ending on such date.

The closing sale price of McAfee common stock on the New York Stock Exchange on September 2, 2010 was \$47.25. You are encouraged to obtain current market quotations for McAfee common stock in connection with voting your shares.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION**

This proxy statement, and the documents to which we refer you in this proxy statement, include forward-looking statements based on estimates and assumptions. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings

Summary, The Special Meeting, The Merger, Opinion of McAfee's Financial Advisor, Regulatory Approvals, and in statements containing words such as believes, estimates, anticipates, continues, predict, potential, contemplates, expects, may, will, likely, could, or other similar words or phrases. These statements are subject to risks, uncertainties, and other factors, including, among others:

the effect of the announcement of the merger on McAfee's business relationships, operating results and business generally;

the retention of certain key employees at McAfee;

the outcome of any legal proceedings that have been or may be instituted against McAfee related to the merger and the merger agreement;

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;

the adoption of the merger agreement by McAfee's stockholders or other conditions to the completion of the transaction may not be satisfied, or the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule, if at all;

the amount of the costs, fees, expenses and charges related to the merger; and

McAfee's and Intel's ability to meet expectations regarding the timing and completion of the merger.

In addition, we are subject to risks and uncertainties and other factors detailed in McAfee's annual report on Form 10-K for the fiscal year ended December 31, 2009, filed with the Securities and Exchange Commission, which we refer to herein as the SEC, on February 26, 2010, and McAfee's quarterly report on Form 10-Q for the fiscal quarter ended June 30, 2010, filed with the SEC on August 6, 2010, which should be read in conjunction with this proxy statement. See [Where You Can Find More Information](#). Many of the factors that will determine McAfee's future results are beyond McAfee's ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management's views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent McAfee's views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

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**THE SPECIAL MEETING**

**Date, Time, Place and Purpose of the Special Meeting**

This proxy statement is being furnished to McAfee's stockholders as part of the solicitation of proxies by the McAfee board of directors for use at the special meeting to be held on [ ], 2010, starting at [ ] [a.m. / p.m.] Pacific Time, at [ ], or at any postponement or adjournment thereof. The purpose of the special meeting is for McAfee's stockholders to consider and vote on adoption of the merger agreement and to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement. If McAfee's stockholders fail to adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A. You are urged to read the merger agreement in its entirety.

**Record Date and Quorum**

We have fixed the close of business on [ ], 2010 as the record date for the special meeting, and only holders of record of McAfee common stock on the record date are entitled to vote at the special meeting. As of [ ], 2010, there were [ ] shares of McAfee common stock outstanding and entitled to vote. Each share of McAfee common stock entitles its holder to one vote on all matters properly coming before the special meeting.

A majority of the shares of McAfee common stock issued, outstanding and entitled to vote at the special meeting, present in person or represented by proxy, constitutes a quorum for the purpose of considering the proposals. Shares of McAfee common stock held by stockholders present in person or represented at the special meeting but not voted, including shares of McAfee common stock for which proxies have been received but for which stockholders have abstained, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the special meeting, the special meeting may be adjourned or postponed for one time only for no more than five business days to solicit additional proxies. In addition, McAfee may postpone or adjourn the special meeting if and to the extent that:

McAfee is required to postpone or adjourn the special meeting by applicable law or order or a request from the SEC or its staff, and McAfee uses its reasonable best efforts to hold or resume the special meeting as soon as practicable;

the McAfee board of directors has determined in good faith (after consultation with outside legal counsel) that it is required by law to postpone or adjourn the special meeting, including in order to give McAfee stockholders sufficient time to evaluate any information or disclosure by McAfee that McAfee has sent to its stockholders or otherwise made available to its stockholders by issuing a press release, filing materials with the SEC or otherwise (including in connection with a change in recommendation); provided that such postponement or adjournment of the special meeting may be for no more than seven business days and that this ability to postpone or adjourn the special meeting does not apply to any information or disclosure related to an acquisition proposal (including any superior proposal); or

the McAfee board of directors has provided to Intel written notice that it intends to make a change in recommendation or terminate the merger agreement in response to receipt of a superior proposal, in accordance with the procedures set forth in the merger agreement and described below under "The Merger Agreement - McAfee Board Recommendation"; provided that such postponement or adjournment of the special meeting shall be to a date no later than 15 business days after the date of delivery to Intel of such written notice.

**Vote Required for Approval**

You may vote FOR or AGAINST, or you may ABSTAIN from voting on, the proposal to adopt the merger agreement. Consummation of the merger requires the adoption of the merger agreement by the affirmative vote

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of the holders of a majority of the outstanding shares of McAfee common stock. **Therefore, if you abstain or fail to vote, it will have the same effect as a vote against the adoption of the merger agreement.**

The adoption of the proposal to adjourn or postpone the special meeting to a later time, if necessary or appropriate, (i) one time for up to five business days for the purpose of soliciting additional proxies, if there are holders of an insufficient number of shares present or represented by proxy at the special meeting to constitute a quorum, (ii) if required by applicable law or order or a request from the SEC or its staff, (iii) one time for up to seven business days to give McAfee stockholders sufficient time to evaluate any information or disclosure by McAfee (except in the case of information or disclosure related to an acquisition proposal, including a superior proposal) or (iv) for up to 15 business days (after notice is provided to Intel) if the McAfee board of directors has provided to Intel written notice that it intends to make a change in recommendation or terminate the merger agreement in response to receipt of a superior proposal, requires the affirmative vote of a majority of the votes cast (or if stockholders representing a quorum fail to attend the special meeting, the chairman of the meeting or the holders of a majority of the shares of McAfee common stock present in person or represented by proxy at the special meeting may adjourn the special meeting). **Therefore, if you abstain, it will have the same effect as a vote against the adoption of the proposal to adjourn or postpone the special meeting and if you fail to vote, it will have no effect on the outcome of the proposal.**

As of the record date, McAfee's directors and executive officers held and are entitled to vote, in the aggregate, approximately [ ] shares of McAfee common stock, representing approximately [ ]% of McAfee's outstanding common stock.

## **Proxies and Revocation**

If you are a stockholder of record of your shares of McAfee common stock and you submit a proxy by telephone or via the Internet or by returning a signed and dated proxy card by mail that is received by McAfee before the date of or at the special meeting, your shares will be voted at the special meeting as you indicate. If you give your proxy without indicating your vote, your shares will be voted **FOR** the adoption of the merger agreement and **FOR** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies in the event there are insufficient votes at the time of the special meeting to adopt the merger agreement or pursuant to the terms of the merger agreement, and in accordance with the recommendations of the McAfee board of directors on any other matters properly brought before the special meeting, or at any adjournment or postponement thereof, for a vote. We are currently not aware of any other business to come before the special meeting.

If your shares of McAfee common stock are held in street name, you will receive instructions from your brokerage firm, bank, trust or other nominee that you must follow in order to have your shares voted. If you have not received such voting instructions or require further information regarding such voting instructions, contact your brokerage firm, bank, trust or other nominee, as the case may be. Brokers who hold shares of McAfee common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that are non-routine, such as adoption of the merger agreement, without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker or other nominee that are present in person or represented at the meeting, but with respect to which the broker or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker does not have discretionary voting power on such proposal. Because it is expected that brokers and other nominees will not have discretionary authority to vote on either proposal, McAfee anticipates that there will not be any broker non-votes in connection with either proposal. If your broker or other nominee holds your shares of McAfee common stock in street name, your broker or other nominee will vote your shares only if you provide instructions on how to vote. Please follow the simple directions on the voting instruction form sent to you by your broker or other nominee with this proxy statement.



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Proxies received by McAfee at any time before the vote being taken at the special meeting, which have not been revoked or superseded before being voted, will be voted at the special meeting. If you are a stockholder of record of shares of McAfee common stock, you have the right to change or revoke your proxy at any time, unless noted below, before the vote is taken at the special meeting:

by delivering to McAfee's Corporate Secretary, a signed written notice of revocation bearing a date later than the date of the proxy, stating that the proxy is revoked;

by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);

by submitting a later-dated proxy card relating to the same shares of McAfee common stock; or

by voting again by telephone or via the Internet before the date and time indicated on the applicable proxy card(s);

If you are a street name holder of McAfee common stock, you may change your vote by submitting new voting instructions to your brokerage firm, bank, trust or other nominee. You must contact your nominee to obtain instructions as to how to change or revoke your proxy.

Written notices of revocation and other communications with respect to the revocation of any proxies should be addressed to:

McAfee, Inc.

3965 Freedom Circle

Santa Clara, California 95054

Attn: Corporate Secretary

## **Adjournments and Postponements**

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies, (i) one time for up to five business days if there are holders of an insufficient number of shares present or represented by proxy at the special meeting to constitute a quorum, (ii) if required by applicable law or order or a request from the SEC or its staff, (iii) one time for up to seven business days to give McAfee stockholders sufficient time to evaluate any information or disclosure by McAfee (except in the case of information or disclosure related to an acquisition proposal, including a superior proposal) or (iv) for up to 15 business days (after notice is provided to Intel) if the McAfee board of directors has provided to Intel written notice that it intends to make a change in recommendation or terminate the merger agreement in response to receipt of a superior proposal. McAfee's amended and restated bylaws provide that any adjournment may be made without notice if announced at the meeting at which the adjournment is taken and if the adjournment is to a date that is not greater than 30 days after the original date fixed for the special meeting and no new record date is fixed for the adjourned meeting. Any signed proxies received by McAfee prior to the special meeting in which no voting instructions are provided on such matter will be voted **FOR** an adjournment or postponement of the special meeting, if necessary or appropriate. The affirmative vote of a majority of the votes cast is required to adjourn the special meeting (or if stockholders representing a quorum fail to attend the special meeting, the chairman of the meeting or the holders of a majority of the shares of McAfee common stock present in person or represented by proxy at the special meeting may adjourn the special meeting). Any adjournment or postponement of the special meeting pursuant to the terms of the merger agreement will allow McAfee's stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

## **Solicitation of Proxies**

We have retained Georgeson Inc. to assist in the solicitation of proxies for the special meeting for a fee of \$40,000, plus reimbursement of reasonable out-of-pocket expenses. Our directors, officers and employees may



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also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of McAfee common stock that the brokers and fiduciaries hold of record. Upon request, we will reimburse them for their reasonable out-of-pocket expenses. The expense of the solicitation of proxies will be borne by McAfee.

## **Questions and Additional Information**

If you have questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please contact our proxy solicitor, Georgeson Inc., by calling toll-free at (866) 277-8239 or collect at (212) 440-9800, or by mail at Georgeson Inc., 199 Water Street, 26th Floor, New York, NY 10038.

## **Availability of Documents**

Documents incorporated by reference (excluding exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents) will be provided by first class mail without charge to each person to whom this proxy statement is delivered upon written or oral request of such person. In addition, our list of stockholders entitled to vote at the special meeting will be available for inspection at our principal executive offices at least 10 days prior to the date of the special meeting and continuing through the special meeting for any purpose germane to the meeting; the list will also be available at the meeting for inspection by any stockholder present at the meeting. See [Where You Can Find More Information](#). for more information regarding where you may request any of the documents incorporated by reference in this proxy statement or other information concerning McAfee.

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**THE COMPANIES**

**McAfee**

McAfee, Inc., a Delaware corporation, is the world's largest dedicated security technology company, delivering proactive solutions and services that help secure systems and networks around the world, allowing users to safely connect to the Internet, browse and shop the web more securely. McAfee creates innovative products that empower home users, businesses, the public sector and service providers by enabling them to prove compliance with regulations, protect data, prevent disruptions, identify vulnerabilities and continuously monitor and improve their security. McAfee's principal executive offices are located at 3965 Freedom Circle, Santa Clara, California 95054, and its telephone number is +1 (408) 988-3832. See also [Where You Can Find More Information](#). McAfee common stock is publicly traded on the New York Stock Exchange under the symbol [MFE](#).

**Intel**

Intel Corporation, a Delaware corporation, is a semiconductor chip maker that develops advanced integrated digital technology products, primarily integrated circuits, for industries such as computing and communications. Intel also develops platforms, which are integrated suites of digital computing technologies that are designed and configured to work together to provide an optimized user computing solution compared to components that are used separately. Intel's principal executive offices are located at 2200 Mission College Boulevard, Santa Clara, California, 95054, and its telephone number is +1 (408) 765-8080. Intel's common stock is publicly traded on the NASDAQ Global Select Market under the symbol [INTC](#).

**Jefferson Acquisition Corporation**

Jefferson Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Intel, was formed solely for the purpose of facilitating Intel's acquisition of McAfee. Jefferson Acquisition Corporation has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Jefferson Acquisition Corporation will merge with and into McAfee and will cease to exist. Jefferson Acquisition Corporation's principal executive offices are located at 2200 Mission College Boulevard, Santa Clara, California, 95054, and its telephone number is +1 (408) 765-8080.

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**THE MERGER**

*This discussion of the merger is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as Annex A and which is incorporated by reference into this proxy statement. You should read the entire merger agreement carefully as it is the legal document that governs the merger.*

**Background of the Merger**

As part of the ongoing evaluation of our business, our board of directors and members of our senior management regularly review and assess opportunities to achieve long-term strategic goals, including potential opportunities for business combinations, acquisitions, dispositions, internal restructurings and other strategic alternatives. In addition, during the course of discussions with existing or potential strategic partners regarding commercial relationships during the past few years, David G. DeWalt, our Chief Executive Officer and President, had general discussions about potential strategic business combination transactions. None of these discussions, however, resulted in a proposal to acquire McAfee.

In early 2009, Intel and McAfee, as part of their normal ongoing business dialog, discussed a joint research project in the area of enhanced security. On June 23, 2009, McAfee and Intel entered into a Memorandum of Understanding related to the development of joint products which utilize each company's expertise with the goal of creating a more secure computing experience for end users. Throughout the rest of 2009 and early 2010, the companies dedicated resources towards the planning and development of joint products to achieve this objective. The resulting products are in the testing phases at both companies and with selected end customers.

In the first quarter of 2010, Mr. DeWalt had discussions with numerous senior executives of a large technology company regarding a possible business combination transaction. McAfee did not receive a proposal from this company regarding such business combination transaction.

On June 10, 2010, Mr. DeWalt met with Renee J. James, the Senior Vice President and General Manager, Software Services Group, of Intel to discuss the companies' results of the joint development projects and ongoing businesses. During the course of this meeting, Ms. James expressed Intel's potential interest in acquiring McAfee and communicated that Intel would be sending an indication of interest to McAfee shortly.

On June 12, 2010, we received from Intel a non-binding indication of interest, dated June 11, 2010, in acquiring McAfee in which McAfee stockholders would receive \$45.00 per share in cash. Intel's indication of interest was subject to the completion of due diligence to Intel's satisfaction, negotiation of a mutually satisfactory definitive agreement, approval by Intel's board of directors, and any necessary third party consents or regulatory approvals required to complete the acquisition. Intel's indication of interest was also conditioned upon McAfee entering into an agreement to negotiate exclusively with Intel for 30 days if McAfee wished to move forward with the proposed transaction, and included a proposed exclusivity agreement. An initial due diligence request list also accompanied Intel's non-binding indication of interest letter.

On June 12, 2010, McAfee's board of directors convened a special meeting to consider Intel's offer. Representatives of Wilson Sonsini Goodrich & Rosati, Professional Corporation (Wilson Sonsini), our outside legal counsel, also attended this meeting. At the meeting, Mr. DeWalt discussed with the board of directors Intel's offer to acquire McAfee as outlined in its indication of interest and based on conversations between Mr. DeWalt and Ms. James in the prior few days. Mr. DeWalt also provided the board with background on the existing business partnership between McAfee and Intel. Following such discussion, representatives of Wilson Sonsini advised the board of directors regarding its fiduciary duties in connection with its consideration of Intel's June 11<sup>th</sup> indication of interest, particularly in the context of a transaction that might result in a sale of McAfee. As part of this discussion, the board of directors also discussed with representatives of Wilson Sonsini, among other things, potential responses to Intel's indication of interest, the benefits and risks in allowing Intel to commence a due diligence review of McAfee, and the need for a protective nondisclosure agreement between

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McAfee and Intel if McAfee permitted Intel to commence a due diligence review. The board of directors then discussed the retention of an external financial advisor to assist the board and our senior management team in their evaluation of a potential acquisition by Intel (including strategic alternatives to a potential acquisition by Intel). After discussion of various alternatives, the board of directors determined to engage Morgan Stanley & Co. Incorporated ( Morgan Stanley ) and authorized Charles J. Robel, the non-executive chairman of our board of directors, working in conjunction with representatives of Wilson Sonsini, to negotiate an engagement letter with Morgan Stanley to act as our financial advisor in connection with a potential acquisition.

On June 13, 2010, McAfee's board of directors convened another special meeting to consider Intel's June<sup>th</sup> indication of interest. Representatives of Wilson Sonsini also attended this meeting. At the meeting, Mr. DeWalt informed the board of directors that a few members of McAfee's board of directors had discussions with representatives of Morgan Stanley to discuss the engagement of Morgan Stanley relating to a potential acquisition by Intel, and that it was management's recommendation that the board retain Morgan Stanley as McAfee's financial advisor in connection with such possible transaction. The board of directors then discussed the terms of a possible engagement of Morgan Stanley, and following such discussion, approved Morgan Stanley's engagement as McAfee's financial advisor in connection with a potential acquisition and a review of other strategic alternatives. Following this discussion, representatives of Wilson Sonsini reviewed with the board of directors its fiduciary duties under Delaware law in connection with its consideration of Intel's offer to acquire McAfee. In particular, representatives of Wilson Sonsini discussed with the board its consideration of McAfee's stand-alone business plan and valuation on a risk adjusted basis, and discussed the board's assessment of other potential acquirors. The board of directors then discussed with McAfee's management and representatives of Wilson Sonsini the next stage of engagement with Intel. Following such discussions, the board of directors authorized Mr. DeWalt and other members of McAfee's management to engage in preliminary due diligence discussions with Intel in order to assist Intel in improving its offer for McAfee. The board of directors also agreed to hold another special meeting on June 17, 2010 and requested, among other things, that Wilson Sonsini prepare and deliver a detailed presentation on the board's fiduciary duties at the June 17, 2010 special meeting.

On June 14, 2010, Mr. DeWalt contacted Ms. James to convey McAfee's willingness to provide additional information regarding McAfee that would support a higher valuation for a potential acquisition by Intel.

On June 14, 2010, we entered into an engagement agreement with Morgan Stanley, pursuant to which Morgan Stanley would act as our financial advisor in connection with a potential acquisition of McAfee.

On June 14, 2010, Mr. DeWalt and Mr. Robel, working in conjunction with representatives of Wilson Sonsini, contacted representatives of Morgan Stanley and requested that Morgan Stanley deliver a financial analysis of Intel's offer price and a comparison of Intel's offer price to various financial and transactional valuation metrics, and they also asked Morgan Stanley to address the strategic alternatives available to McAfee (including other potential acquirors or remaining as a stand-alone public company).

To facilitate the further exchange of confidential information in contemplation of a potential acquisition of McAfee, we entered into a confidentiality agreement with Intel on June 15, 2010.

On June 15 and 16, 2010, Mr. DeWalt, Joseph Gabbert, our Executive Vice President of Human Resources, Gerhard Watzinger, our Executive Vice President of Corporate Strategy and Business Development, and representatives of Wilson Sonsini and Morgan Stanley met with Ms. James, other Intel representatives, representatives of Goldman Sachs & Co. ( Goldman Sachs ), Intel's financial advisor, and Morrison & Foerster LLP ( Morrison & Foerster ), Intel's outside legal counsel (attending by teleconference), in order to provide additional information regarding McAfee. In particular, Messrs. DeWalt, Gabbert and Watzinger provided a broader overview of the structure and operation of the McAfee business, its strategic partners and its product offerings. In addition, Messrs. DeWalt, Gabbert and Watzinger provided Intel and its representatives with additional financial information and engaged in a discussion with Intel and its representatives regarding potential synergies in a business combination involving Intel and McAfee.

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On June 17, 2010, McAfee's board of directors convened a special meeting to continue its evaluation of Intel's June<sup>11</sup> indication of interest. Representatives of Wilson Sonsini and Morgan Stanley also attended this meeting. At the meeting, Mr. DeWalt and representatives of Morgan Stanley provided the board of directors with a summary of the due diligence sessions that were conducted with Intel and its representatives on June 15 and 16, 2010. Representatives of Morgan Stanley also advised the board of directors of discussions between McAfee and its representatives, on the one hand, and Intel and its representatives, on the other hand, regarding Intel's June 1<sup>st</sup> indication of interest. Following such discussion, Mr. DeWalt informed the board of directors that Intel requested a response on its June 11<sup>th</sup> indication of interest promptly. Representatives of Morgan Stanley then delivered to McAfee's board of directors its assessment of Intel's June 11