

McAfee, Inc.
Form DEF 14A
March 25, 2009

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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
(Amendment No. __)**

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.

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:

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**MCAFEE, INC.
3965 FREEDOM CIRCLE
SANTA CLARA, CALIFORNIA 95054**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD MONDAY, APRIL 27, 2009**

You are cordially invited to join us at the annual meeting of stockholders of McAfee, Inc. on Monday, April 27, 2009, at 12:00 p.m. Pacific Daylight Time at our corporate headquarters located at 3965 Freedom Circle, Santa Clara, California 95054.

Our 2009 annual meeting of stockholders will be held for the following purposes:

1. To elect three Class II directors for three-year terms;
2. To amend and restate our Second Restated Certificate of Incorporation, as amended, to effect the declassification of our board of directors over the next three years;
3. To approve amendments to our 1997 Stock Incentive Plan, as amended, to increase the number of shares available for issuance by 8.0 million, to provide for non-fungible share counting and to make certain administrative changes;
4. To approve an amendment to our 2002 Employee Stock Purchase Plan, as amended, to increase the number of shares available for issuance by 3.0 million;
5. To amend and restate our 1993 Stock Option Plan for Outside Directors, as amended, to modify the structure of equity awards granted to our non-employee directors and to make certain administrative changes;
6. To ratify the appointment of Deloitte & Touche LLP as our independent public accountants for the year ending December 31, 2009; and
7. To transact any other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Only stockholders owning our shares at the close of business on March 10, 2009 are entitled to attend and vote at the meeting. For ten days prior to the meeting, a complete list of these stockholders will be available during ordinary business hours at our corporate headquarters located at 3965 Freedom Circle, Santa Clara, California 95054.

It is important that your shares are represented and voted at the annual meeting. Whether or not you plan to attend the annual meeting, please complete, sign, date and promptly return the accompanying proxy in the enclosed postage-paid envelope or vote by telephone or the Internet by following the instructions on the proxy card. Returning the proxy does not deprive you of your right to attend the annual meeting.

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On behalf of our board of directors, I would like to thank you for your continued interest in McAfee. I look forward to seeing you at the annual meeting.

By order of our board of directors,

Mark D. Cochran
Executive Vice President,
General Counsel and Corporate Secretary
Santa Clara, California
March 25, 2009

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**MCAFEE, INC.
3965 Freedom Circle
Santa Clara, California 95054**

The accompanying proxy is solicited by our board of directors for use at the 2009 annual meeting of stockholders to be held on Monday, April 27, 2009, at 12:00 p.m. Pacific Daylight Time at our corporate headquarters located at 3965 Freedom Circle, Santa Clara, California 95054, or any adjournment or postponement of the meeting. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the meeting. **Please read it carefully.**

We will bear the cost of soliciting proxies and we will reimburse brokerage firms and others for their reasonable expenses in forwarding solicitation material to stockholders. We may use the services of our officers, directors, and others to solicit proxies, personally or by telephone, without additional compensation. We have engaged the firm of Morrow & Co. to assist us in the solicitation of proxies. We have agreed to pay Morrow & Co. a fee of \$7,500 plus expenses for these services.

In some instances, we may deliver only one copy of this proxy statement to multiple stockholders sharing a common address. If requested in writing, we will promptly provide a separate copy of this proxy statement to a stockholder sharing an address with another stockholder. Requests in writing should be sent to our corporate secretary at our corporate headquarters. Stockholders sharing an address who currently receive multiple copies and wish to receive only a single copy should contact their broker or send a signed, written request to us at the address above.

These proxy solicitation materials will be mailed to all stockholders entitled to vote at the meeting, beginning on or about March 25, 2009.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR STOCKHOLDERS MEETING TO BE HELD ON APRIL 27, 2009

We are mailing or otherwise delivering to you the proxy statement, proxy card and annual report on Form 10-K for the year ended December 31, 2008. These proxy materials are also available to you on the Internet. The proxy statement, proxy card and annual report on Form 10-K for the year ended December 31, 2008 are available at investor.mcafee.com. You may access your proxy card on the Internet by following the instructions on the proxy card included at the end of the proxy statement. Please note that you will not be required to provide any personal information, other than the identification number provided on the proxy card, to execute a proxy.

VOTING INFORMATION

Who may vote? You may vote if you own shares of our stock at the close of business on March 10, 2009 (the record date). As of the record date, there were 154,726,975 shares outstanding.

Can I revoke my proxy or change my vote? Yes. Subject to any rules that your broker, trustee or nominee may have, if you are a stockholder whose shares are registered in your name, you may revoke your proxy or change your vote at any time before your proxy is voted at the annual meeting by:

delivering to our corporate secretary a written notice of revocation before the meeting;

executing a proxy bearing a later date; or

attending the meeting and voting in person.

If you hold your shares in street name (through a broker, bank or other nominee), you cannot revoke your proxy and will not be permitted to vote in person at the meeting unless you first obtain a legal proxy issued in your name from your broker, bank or other nominee (which is referred to as the record holder).

What is the minimum number of stockholders that must attend for the meeting to be valid? The holders of a majority of the outstanding shares of our stock as of the record date must be present in person or by proxy for the meeting to be authorized to transact business. This minimum number of required shares is referred to as a quorum.

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How many votes are required to approve an item of business? Each of the three directors will be elected if he receives the affirmative vote of a majority of the shares of stock present or represented and voting for the election of directors at the meeting. Stockholders may not cumulate their votes, which means that they cannot allocate more than one vote to a director candidate for each share they hold. If a director nominee fails to receive the required number of votes for reelection, our board of directors (excluding the director in question) will, within 90 days after certification of the election results, decide whether to accept the director's previously-submitted conditional resignation. Absent a legitimate business purpose for the director to remain on our board of directors, our board will accept the resignation.

The proposal to amend and restate our Second Restated Certificate of Incorporation, as amended (Certificate) to effect the gradual declassification of our board of directors will require the affirmative vote of the holders of at least 66²/₃% of the voting power of all of the outstanding shares of stock entitled to vote in the election of directors as of the record date.

All other proposals require the affirmative vote of the holders of a majority of the shares of stock present or represented and voting at the meeting.

We count abstentions for purposes of determining both (i) the presence or absence of a quorum for the transaction of business and (ii) the total number of votes cast with respect to a proposal (other than the amendment and restatement of our Certificate). Accordingly, abstentions on a given proposal generally will have the same effect as a vote against the proposal, but it will not affect the amendment and restatement of our Certificate, except to the extent that abstentions do not contribute to the affirmative vote required. In the election of directors, a nominee will be elected if the votes cast for the nominee constitute a majority of the shares of common stock present or represented by proxy and voting at the meeting and also constitute at least a majority of the required quorum. We count broker non-votes (shares held by a broker for which the beneficial stockholder has not given specific voting instructions) for purposes of determining the presence or absence of a quorum for the transaction of business, but not for purposes of determining the number of votes cast with respect to the particular proposal. Thus, a broker non-vote is not deemed to be a vote cast and, accordingly, will not affect the outcome of the voting on a proposal.

What is the deadline for making stockholder proposals for next year's annual meeting of stockholders? In order for stockholder proposals to be considered at the 2010 annual meeting, stockholders who wish to present proposals at that meeting must submit their proposals so that we receive them no later than February 26, 2010, but no earlier than January 27, 2010 (not less than 60 calendar days nor earlier than 90 calendar days before the one-year anniversary of the date of the preceding year's annual meeting). If the date of next year's annual meeting is changed by more than 30 days before or after the anniversary date of this year's annual meeting, then our corporate secretary must receive the proposal by the close of business on the later of (i) 90 calendar days prior to next year's annual meeting, or (ii) ten calendar days following the day on which we first publicly announce the date of next year's annual meeting. For such a stockholder proposal to be included in our proxy statement and proxy card, we must receive it no later than December 28, 2009 (not less than 120 calendar days before the one-year anniversary of the date of the preceding year's annual meeting, and also if will need to comply with the procedures set forth in our bylaws and Rule 14a-8 as promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act), regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

McAfee, Inc.
Attn: Corporate Secretary
3965 Freedom Circle
Santa Clara, CA 95054
Fax: (408) 346-5348

Under our bylaws, a stockholder's notice of business to be brought before an annual meeting must set forth, as to each proposed matter: (1) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting; (2) the name and address, as they appear on our books, of the stockholder proposing such business and any Stockholder Associated Person (as defined below); (3) the class and number of shares held of record or beneficially owned by the stockholder or any Stockholder

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Associated Person and any derivative positions held or beneficially held by the stockholder or any Stockholder Associated Person; (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the stockholder or any Stockholder Associated Person with respect to any of our securities, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect of which is to mitigate loss to, or manage the risk or benefit from share price changes for, or increase or decrease the voting power of, the stockholder or any Stockholder Associated Person with respect to any of our securities; (5) any material interest of the stockholder or a Stockholder Associated Person in such business; and (6) a statement whether either the stockholder or any Stockholder Associated Person will deliver a proxy statement and form of proxy to holders of at least the percentage of our voting shares required under applicable law to carry the proposal. Stockholders must also supplement their notice no later than ten calendar days following the record date to disclose the information contained in items (3) and (4) above as of the record date. A Stockholder Associated Person of any stockholder is (x) any person controlling, directly or indirectly, or acting in concert with, that stockholder, (y) any beneficial owner of shares of stock owned of record or beneficially by that stockholder and on whose behalf the proposal or nomination, as the case may be, is being made, or (z) any person controlling, controlled by or under common control with that person referred to in the preceding items (x) and (y).

A stockholder desiring to recommend a nominee to the governance and nominations committee should review all of the requirements contained in our bylaws that address the process by which a stockholder submit a notice of business to be brought before an annual meeting. Our bylaws are available on our investor relations website at investor.mcafee.com under Governance Documents.

The rules of the Securities and Exchange Commission (SEC) establish a different deadline for submitting stockholder proposals that are not intended to be included in our proxy statement with respect to discretionary voting. The discretionary vote deadline for the 2010 annual meeting of stockholders is February 8, 2010 (45 calendar days prior to the anniversary of the mailing date of this proxy statement). If the date of next year's annual meeting of stockholders is changed by more than 30 days from this year's annual meeting, then notice must be received a reasonable time before we send our proxy materials for the 2010 annual meeting. If a stockholder gives notice of a proposal after the discretionary vote deadline, our proxy holders will be allowed to use their discretionary voting authority to vote against the stockholder proposal when and if the proposal is raised at our 2010 annual meeting of stockholders. We have not been notified by any stockholder of his or her intent to present a stockholder proposal from the floor at this year's annual meeting of stockholders.

PROPOSALS TO BE VOTED ON

Proposal No. 1 Election of Directors

The total number of authorized directors is nine, and we currently have nine board members. Our board of directors is divided into three classes, with three members in each of Classes I, II and III.

Our board of directors has nominated three Class II directors for election to a three-year term at the 2009 annual meeting. All of the nominees for election at this meeting are currently directors. Messrs. Denend and Robel were previously elected by the stockholders in 2006. Mr. DeWalt was appointed to our board of directors in connection with his becoming president and chief executive officer in 2007.

If elected, Messrs. Denend, DeWalt and Robel each would serve as a Class II director until the annual meeting in 2012, or until his earlier death, resignation or removal from our board of directors. The declassification of our board of directors discussed in Proposal 2 would not operate to shorten the term of any of these nominees, if elected. Each nominee will be elected as a director if he receives the affirmative vote of the holders of a majority of the shares of stock present or represented and voting for the election of directors at the meeting.

See Directors, Executive Officers and Corporate Governance below for additional detail regarding our board of directors.

Our board of directors recommends that you vote for the election of Messrs. Denend, DeWalt and Robel as Class II directors.

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Proposal No. 2 Amend and Restate our Certificate of Incorporation to Effect the Gradual Declassification of our Board of Directors

The Seventh Article of our Certificate and Section 1 of Article II of our Third Amended and Restated Bylaws each provides for the classification of our board into three classes of directors (Classes I, II and III). Currently, directors in each class are elected every three years for three-year terms.

Our board of directors has determined that the classified board structure should be eliminated over time so that, from and after the 2012 annual meeting, all directors would be subject to annual election. The declassification would be accomplished gradually as follows:

1. at the 2010 annual meeting, the directors whose current terms expire at the 2010 annual meeting would be elected to hold office for a two-year term expiring at the 2012 annual meeting;
2. at the 2011 annual meeting, the directors whose current terms expire at the 2011 annual meeting would be elected to hold office for a one-year term expiring at the 2012 annual meeting; and
3. at and after the 2012 annual meeting, when the terms of the Company's last classified directors expire, all directors would be elected to hold office for a one-year term expiring at the next annual meeting.

Because the declassification process discussed in this Proposal 2 would not be complete until the 2012 annual meeting, it would not operate to shorten the upcoming term of any of our Class II directors nominated for election at the 2009 annual meeting.

In order to declassify its structure, our board of directors unanimously adopted a resolution approving an amendment and restatement of the Certificate in the form attached as Appendix A hereto (the Restated Certificate). Our board of directors has declared this action advisable and recommends that our stockholders approve the Restated Certificate. If our stockholders approve the Restated Certificate, it will become effective upon filing with the Secretary of State of the State of Delaware. We plan to file the Restated Certificate promptly after the annual meeting if the requisite stockholder vote is obtained.

Our board of directors also has passed a resolution to amend and restate our bylaws to provide for a declassified board and to conform the election processes provided in our bylaws with the declassification process described in the Restated Certificate. The amendment and restatement of our bylaws does not require stockholder approval. But because the amendment and restatement of our bylaws is part of the process to declassify our board of directors, the amendment and restatement of our bylaws is conditional and would only become effective if the Restated Certificate is approved by our stockholders and becomes effective.

Our board of directors believes that our stockholders should have the opportunity to vote on the election of all directors each year and that the elimination of the classified board structure will both enhance our corporate governance practices and be an effective way to maintain and enhance the accountability of our board. However, our board of directors also believes that declassification should be accomplished gradually. Our board of directors approval of the declassification and its recommendation of this proposal also are requirements of our settlement agreement with plaintiffs in the consolidated derivative action *In re McAfee, Inc. Derivative Litigation* (the *Derivative Settlement*) and are made in keeping with that settlement. In making the determination to declassify its structure, our board of directors considered the effect that the declassification would have on the time in which stockholders might be able to replace a majority of the members of our board. Under our current classified board structure, a majority of our board of directors may be replaced only after two annual elections. Under a declassified board structure, our entire board of directors may be replaced each year.

The affirmative vote of the holders of at least 66²/₃% of the voting power of all of the outstanding shares of stock entitled to vote in the election of directors as of the record date, will be required to approve this proposal.

Our board of directors recommends a vote for the adoption of the Restated Certificate to effect the gradual declassification of our board of directors.

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Proposal No. 3 Approval of Amendments to Our 1997 Stock Incentive Plan, as Amended

We believe that equity awards are an important factor in attracting, motivating, and retaining qualified personnel who are essential to our success. Our 1997 Stock Incentive Plan, as amended (the Incentive Plan), provides a significant incentive by allowing employees to receive or purchase shares of our common stock.

Currently, a maximum of 43,475,000 shares have been authorized to be granted under our Incentive Plan. As of March 8, 2009, 41,897,840 shares had been granted and 1,577,160 shares remained available for grant. The proposed amendments to our Incentive Plan would increase the number of shares available for grant under our Incentive Plan by 8,000,000 shares, bringing the total that may be granted under our Incentive Plan to 51,475,000 shares. In addition, the amendments would return to our Incentive Plan other forfeited or cancelled shares subject to awards under certain stock plans assumed in connection with Company acquisitions. As of the record date, no benefits or amounts relating to the additional 8,000,000 shares have been received by, or allocated to, any individuals.

Additionally, we recognize that depleting our Incentive Plan 's share reserve by granting awards with an exercise price that is less than the fair market value of our common stock on the date of grant (e.g., restricted shares and stock units) potentially makes our Incentive Plan more costly to its stockholders. Accordingly, in order to address potential stockholder concerns, the amendments provide that each future award other than stock options and stock appreciation rights granted under our Incentive Plan will count against our Incentive Plan 's share reserve as 1.62 shares for every one share subject to such award.

The amendments will also clarify that (i) with respect to awards of stock options and stock appreciation rights under our Incentive Plan, the exercise price per share shall be no less than 100% of the fair market value of our common stock on the grant date, and the maximum term is 10 years, and (ii) a cash buyout of underwater options would not be permitted without stockholder approval.

The compensation committee of our board of directors has approved the amendments to our Incentive Plan, subject to the approval of our stockholders where appropriate. The affirmative vote of the holders of a majority of the shares of stock present or represented and voting at the meeting will be required to approve this proposal.

Table of Contents**Our board of directors recommends a vote for the approval of the amendments to our 1997 Stock Incentive Plan, as amended.**

If stockholders do not approve the proposed amendments to our Incentive Plan we would soon be unable to continue making grants under our Incentive Plan. This would make it extremely difficult for us to attract and retain talent. If you would like more information about our Incentive Plan, a summary of its terms is included in Appendix B to this proxy statement. The table below sets forth certain information relating to our equity plans and outstanding awards as of March 8, 2009, and as of that date after giving effect to the proposed amendments to our Incentive Plan.

	As of 3/08/2009	After Giving Effect to Proposed Amendments
Available shares from all equity plans:		
1997 Stock Incentive Plan, as amended	1,577,160	9,577,160
Amended and Restated 1993 Stock Option Plan for Outside Directors, as amended	657,392	657,392
Foundstone, Inc. 2000 Stock Plan*	380,875	
SafeBoot Option Plan 2006*		
Secure Computing Corporation 2002 Stock Incentive Plan*	7,113	
Secure Computing Corporation (formerly CypherTrust, Inc.) 2000 Stock Option Plan*		
CyberGuard Corporation Third Amended and Restated Employee Stock Option Plan*	76	
TOTAL:	2,622,616	10,234,552
Outstanding (granted but unvested) full-value awards	5,572,986	5,572,986
Outstanding (granted but unexercised) stock options	10,697,072	10,697,072
Weighted-average exercise price for these outstanding stock options	\$ 28.75	\$ 28.75
Weighted-average remaining term for these outstanding stock options	7.61 years	7.61 years

* The proposed amendments to our Incentive Plan would return to our Incentive Plan other forfeited or cancelled shares subject to awards under these stock plans assumed in connection with Company acquisitions. In connection with our board of directors' approval of the amendments to our Incentive Plan, our board of directors irrevocably agreed to make no further grants of equity awards out of any existing stock compensation plans other than our Incentive Plan (and automatic grants under our 1993 Stock Option Plan for Outside Directors).

Proposal No. 4 Approval of Amendment to Our 2002 Employee Stock Purchase Plan, as Amended

We believe that providing our employees with the opportunity to purchase shares of our common stock is also an important factor in attracting, motivating, and retaining qualified personnel who are essential to our success. Our 2002 Employee Stock Purchase Plan, as amended (ESPP) is intended to offer a significant incentive by allowing employees to purchase our stock at a price equal to 85% of the lower of the fair market value on either the opening or closing date of the respective purchase period.

Currently, a maximum of 5,000,000 shares have been authorized for issuance under our ESPP. As of March 8, 2009, 3,928,910 shares had been issued and 1,071,090 shares remained available for issuance. The amendment would

increase the number of shares issuable under our ESPP by 3,000,000 shares, bringing the total that may be issued under our ESPP to 8,000,000 shares.

The compensation committee of our board of directors has approved the amendment to the ESPP, subject to the approval of our stockholders. The affirmative vote of the holders of a majority of the shares of stock present or represented and voting at the meeting will be required to approve this proposal.

Our board of directors recommends a vote for the approval of the amendment to our 2002 Employee Stock Purchase Plan, as amended.

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If stockholders do not approve the proposed amendment to our ESPP, we would soon be unable to issue shares under our ESPP. This would also make it difficult for us to attract and retain talent. If you would like more information about our ESPP, a summary of its terms is included in Appendix C to this proxy statement.

Proposal No. 5 Amend and Restate Our 1993 Stock Option Plan for Outside Directors, as Amended

We believe that long-term equity awards are an important factor in securing the services of outside directors, who bring knowledge and experience that are essential to our success.

Under the existing version of our 1993 Stock Option Plan for Outside Directors (the Existing Plan), our non-employee directors receive an option to purchase 30,000 shares of our common stock when they first become a director. This initial grant vests 1/3 each year over 3 years from the date of grant, subject to the holder's continuing service as a director on each vesting date. Each year after the initial grant, non-employee directors are entitled to receive an additional option to purchase 15,000 shares of our common stock under the Existing Plan. These subsequent grants vest in full on the first anniversary of the date of grant. Options to purchase our common stock are granted under the 1993 Stock Option Plan for Outside Directors at a price equal to the fair market value on the date the stock options are granted, and only become valuable if the price of our common stock increases over time and as the options vest.

After careful consideration of our compensation program for non-employee directors, the compensation committee of our board of directors has decided it is in our best interests to amend and restate the Existing Plan, subject to stockholder approval (the Director Plan) to, among other revisions: (i) provide for the grant of stock units; (ii) revise the process of granting annual awards so that they are granted at the annual meeting of stockholders, as opposed to the anniversary of a director's appointment to our board; (iii) provide that initial grants will consist of (a) stock options having an aggregate Black-Scholes value of \$200,000 on the grant date; and (b) stock units covering a number of shares having an aggregate fair market value of \$200,000 on the grant date; (iv) provide that annual grants will consist of (x) stock options having an aggregate Black-Scholes value of \$100,000 on the grant date; and (y) stock units covering a number of shares having an aggregate fair market value of \$100,000 on the grant date; and (v) provide that the Director Plan will have a term of 10 years.

Under the proposed terms of the Director Plan, if initial grants were made on March 6, 2009, using the closing price of our common stock on March 6, 2009 of \$28.49 and our current Black-Scholes assumptions for financial statement purposes (described in Note 14 to our consolidated financial statements included in our Form 10-K for the year ended December 31, 2008), the initial grants would consist of 13,876 stock options and 7,022 stock units. Similarly, if annual grants were made on March 6, 2009 using the same assumptions, the annual grants would consist of 6,938 stock options and 3,511 stock units.

Currently, a maximum of 1,932,813 shares may be granted under the Existing Director Plan. As of March 8, 2009, 1,275,421 shares had been granted and 657,392 shares remained available for grant.

The compensation committee of our board of directors has adopted this amendment and restatement of the Existing Plan, subject to stockholder approval. If the stockholders approve this amendment, such action will amend and restate the Existing Plan. Otherwise, the Existing Plan will continue as it existed prior to the amendment and restatement.

The affirmative vote of the holders of a majority of the shares of common stock present or represented by proxy and voting at the annual meeting will be required to approve this proposal.

Our board of directors recommends a vote for the amendment and restatement of our Amended and Restated 1993 Stock Option Plan for Outside Directors.

If you would like more information about our Amended and Restated Stock Option Plan for Outside Directors, a summary of its terms is included in Appendix D to this proxy statement.

Proposal No. 6 Ratification of Independent Public Accountants

The audit committee of our board of directors has selected Deloitte & Touche LLP (Deloitte), an independent registered public accounting firm, to audit our financial statements for the year ending December 31, 2009. This

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selection is being presented to the stockholders for ratification at the meeting as a matter of good corporate practice, though the approval of the stockholders is not actually required. A representative of Deloitte is expected to attend the annual meeting in order to respond to appropriate questions from stockholders and will have the opportunity to make a statement if the representative so desires or to respond to appropriate questions from stockholders.

Audit Fees

Deloitte served as our principal independent accountant for the years ended December 31, 2008 and 2007. Audit fees billed to us by Deloitte related to 2008 and 2007 for the audit of our consolidated financial statements included in our annual report on Form 10-K and its audit of our internal control over financial reporting, review of the quarterly reports on Form 10-Q, statutory audits for foreign entities and securities filings totaled \$5,804,000 and \$6,094,000, respectively. The 2007 fees differ from the fees reported in our 2008 proxy statement because we received invoices for 2007 audit fees subsequent to the filing of our proxy statement in 2008.

Audit-Related Fees

Audit-related fees in 2008 and 2007 for assurance services and services related to our audits and reviews of our consolidated financial statements that are not considered audit fees totaled \$10,000 and \$4,000, respectively. These fees included amounts paid for review of our Form S-8s and other assurance services.

Tax Fees

Fees billed to us by Deloitte related to 2008 and 2007 for tax related services, including compliance, planning and tax advice, totaled \$808,000 and \$322,000, respectively. The 2007 fees differ from the fees reported in our 2008 proxy statement because we received invoices for 2007 tax fees subsequent to the filing of our proxy statement in 2008.

All Other Fees

Fees billed to us by Deloitte related to 2008 and 2007 for online accounting research tool subscriptions totaled \$5,000 and \$3,000, respectively. No other fees were billed to us by Deloitte during 2008 or 2007.

Our audit committee charter includes a requirement that the audit committee of the board of directors pre-approve the services provided by our independent public accountants, including both audit and non-audit services. The pre-approval of non-audit services performed by our independent public accountants includes making a determination that the provision of the services is compatible with maintaining the independence of our independent accountants. All of the services performed by Deloitte described above under the captions **Audit-Related Fees**, **Tax Fees** and **All Other Fees** were pre-approved by our audit committee.

The affirmative vote of the holders of a majority of the shares of stock present or represented and voting at the meeting will be required to approve this proposal.

Our board of directors recommends a vote for ratification of the appointment of Deloitte & Touche LLP as our independent public accountants.

Table of Contents**DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The names of our director nominees, continuing directors and current executive officers and related biographical information are set forth below.

Directors Nominees and Continuing Directors

Name	Age	Principle Occupation	Committee Memberships	Year Term Expires	Director Since
<i>Nominees for Class II Directors:</i>					
Leslie G. Denend	68	Director, Verifone, Inc. and USAA	Compensation Committee, Chairman	2009	1995
David G. DeWalt	44	Chief executive officer and president, McAfee, Inc.; Director, Polycom, Inc.		2009	2007
Charles J. Robel	59	Director, Autodesk, Inc., DemandTec, Inc. and Informatica Corporation	Non-Executive Chairman of the Board; Governance and Nominations Committee, Chairman; Audit Committee	2009	2006
<i>Continuing Class III Directors:</i>					
Thomas E. Darcy	58	Executive vice president, chief financial officer and director, Tocagen Inc.	Audit Committee, Chairman	2010	2008
Denis J. O Leary	52	Private Investor and Consultant; Director, Fiserv, Inc.	Compensation Committee	2010	2003
Robert W. Pangia	57	Partner, Ivy Capital Partners, LLC; Chief executive officer, Highlands Acquisition Corp.; Director, Biogen Idec Inc.	Audit Committee	2010	2001
<i>Continuing Class I Directors:</i>					
Carl Bass	51	President, chief executive officer and director, Autodesk, Inc.	Governance and Nominations Committee	2011	2008
Jeffrey A. Miller	58	President and chief executive officer, JAMM Ventures; Director, Data Domain, Inc.	Compensation Committee	2011	2008

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Anthony Zingale	53	Director, Coverity, Inc. and Jive Software, Inc.	Compensation Committee; Governance and Nominations Committee	2011	2008
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Table of Contents**Executive Officers**

Name	Age	Position
David G. DeWalt	44	Chief executive officer and president
Albert A. Rocky Pimentel	54	Chief financial officer and chief operating officer
Christopher S. Bolin	41	Executive vice president and chief technology officer
Mark D. Cochran	50	Executive vice president, general counsel and corporate secretary
Michael P. DeCesare	44	Executive vice president, worldwide sales operations
Keith S. Krzeminski	47	Senior vice president, finance and chief accounting officer

Director Biographies

Leslie G. Denend has been a director of our company since June 1995. From December 1997 to April 1998, Mr. Denend was president of our company. From 1993 to 1997, Mr. Denend was chief executive officer and president of Network General Corporation, which merged with McAfee Associates to form McAfee, Inc. Mr. Denend serves on the board of directors of Verifone, Inc. and United Services Automobile Association (USAA).

David G. DeWalt has served as our chief executive officer and president, and as a director, since April 2007. Prior to joining McAfee, Mr. DeWalt served as executive vice president and president customer operations and content management software, at EMC Corporation from 2005 to 2007, and as its executive vice president, EMC Software Group, from 2003 to 2005. EMC is a provider of information infrastructure technology and solutions. Mr. DeWalt joined EMC in 2003 upon its acquisition of Documentum, Inc., where he served as its chief executive officer and president from 2001 to 2003. Prior to joining Documentum, Mr. DeWalt was founding principal and vice president of Eventus Software, a web content software company, where he was responsible for marketing and sales, consulting services and support, product management and business development. Mr. DeWalt currently serves on the board of directors of Polycom, Inc.

Charles J. Robel has been a director of our company since June 2006 and has served as the non-executive chairman of our board of directors since October 2006. He served as a managing member and chief operating officer at Hummer Winblad Venture Partners, a venture capital fund, from 2000 to 2005. Mr. Robel began his career at PricewaterhouseCoopers LLP, from which he retired as a partner in 2000. Mr. Robel currently serves on the board of directors of Autodesk, Inc., DemandTec, Inc. and Informatica Corporation.

Thomas E. Darcy has been a director of our company since January 2008. Since August 2007, Mr. Darcy has served as executive vice president, chief financial officer and director of Tocagen Inc., a biopharmaceutical company. Mr. Darcy previously served as executive vice president for strategic projects at Science Applications International Corporation, a provider of scientific, engineering, systems integration and technical services and solutions, since November 2005, and retired in April 2007. Prior to that, Mr. Darcy served Science Applications International as corporate executive vice president beginning in December 2003, executive vice president beginning in October 2000, and as chief financial officer from October 2000 through November 2005. Prior to joining Science Applications International, Mr. Darcy was with the accounting firm currently known as PricewaterhouseCoopers LLP from 1973 to 2000, where he served as partner from 1985 to 2000.

Denis J. O'Leary has been a director of our company since July 2003. From 1993 to 2003, Mr. O'Leary was executive vice president of J.P. Morgan Chase & Co., having joined the bank in June 1978. During his career at J.P. Morgan

Mr. O Leary held a number of senior positions including director of finance, chief information officer, and head of retail branch banking. Mr. O Leary currently serves on the board of directors of Fiserv, Inc.

Robert W. Pangia has been a director of our company since April 2001. Since 2003, Mr. Pangia has been a general partner and a managing member of Ivy Capital Partners, LLC, a private equity fund. Since October 2007, Mr. Pangia has also served as chief executive officer of Highlands Acquisition Corp., an AMEX-traded special purpose acquisition company. Prior to 2003, Mr. Pangia was self-employed as a private investor. From 1987 to 1996,

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Mr. Pangia held a number of senior level management positions at PaineWebber Incorporated, including director of investment banking. Mr. Pangia currently serves on the board of directors of Biogen Idec Inc.

Carl Bass has been a director of our company since January 2008. Mr. Bass joined Autodesk, Inc, a design innovation technology company, in 1993 and currently serves as its chief executive officer, president and director. From 2004 to 2006, Mr. Bass served as chief operating officer. From 2002 to 2004, Mr. Bass served as senior executive vice president, design solutions group. From 2001 to 2002, Mr. Bass served as executive vice president, emerging business and chief strategy officer. He has also held other executive positions within Autodesk.

Jeffrey A. Miller has been a director of our company since May 2008. He has served as president of JAMM Ventures Inc., a consulting and venture capital firm, since 2002. From 2002 to 2007, Mr. Miller also served as a venture partner with Redpoint Ventures, a venture capital firm focused on investments in information technology. Prior to his tenure at Redpoint, Miller served as chief executive officer of Documentum, Inc., a provider of content and storage management software, from 1993 to 2001. Mr. Miller currently serves on the board of directors of Data Domain, Inc.

Anthony Zingale has been a director of our company since May 2008. He served as president and chief executive officer of Mercury Interactive, a provider of business technology optimization (BTO) solutions that included the quality, performance, availability and governance of enterprise software applications, from 2004 until it was acquired by Hewlett Packard at the end of 2006. Prior to that, Mr. Zingale was a private investor from 2001 to 2004. From 2000 to 2001, Mr. Zingale served as president of Nortel Networks' billion-dollar eBusiness Solutions Group. Prior to that, Mr. Zingale served as president and chief executive officer of Clarify, a customer relationship management (CRM) provider, from 1997 until it was acquired by Nortel Networks in 2000. Mr. Zingale currently serves on the board of directors of Coverity, Inc. and Jive Software, Inc.

Executive Officer Biographies

Information pertaining to Mr. DeWalt, who is both a director and an executive officer, may be found in the section above entitled Director Biographies.

Albert A. Rocky Pimentel has served as our chief financial officer and chief operating officer since May 2008. Prior to that, Mr. Pimentel served as executive vice president and chief financial officer of Glu Mobile, Inc., a publisher of mobile games, since 2004. Prior to joining Glu Mobile, Mr. Pimentel served as executive vice president and chief financial officer of Zone Labs, Inc., an end-point security software company, from 2003 until it was acquired in 2004 by Checkpoint Software, Inc. From 2001 to 2003, he served as a partner of Redpoint Ventures. Prior to joining Redpoint, he served as chief financial officer for WebTV Networks, Inc., a provider of set-top Internet access devices and services acquired by Microsoft Corporation, and LSI Logic Corporation, a semiconductor and storage systems developer. Mr. Pimentel currently serves on the board of directors of Seagate Technology LLC.

Christopher S. Bolin has served as our executive vice president and chief technology officer since April 2004. Mr. Bolin served as our senior vice president of engineering from 2002 to 2004, vice president of engineering from 2000 to 2002, and director of engineering from 1999 to 2000.

Mark D. Cochran has served as our executive vice president and general counsel since September 2007, and as our corporate secretary since January 2008. Prior to joining McAfee, Mr. Cochran served as vice president and general counsel of Hyperion Solutions Corporation, a provider of business performance management software, from 2005 to 2007. Prior to joining Hyperion, Mr. Cochran was vice president, general counsel and secretary of Brocade Communications Systems, Inc., a storage networking company, from 2003 to 2004. From 1999 to 2003, he served as vice president and general counsel at AvantGo, a provider of mobile enterprise software and now subsidiary of Sybase Inc.

Michael P. DeCesare was appointed executive vice president, worldwide sales operations in October 2007. Prior to that, Mr. DeCesare served as senior vice president, worldwide field operations of EMC Corporation, from 2004 to 2007, and as executive vice president of worldwide field operations for Documentum (then a division of EMC), from 2002 until 2004. Prior to joining Documentum, Mr. DeCesare served as executive vice president,

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worldwide sales and alliances, at Asera Inc., a provider of e-business infrastructure that accelerates implementation of enterprise software applications, from 2001 to 2002.

Keith S. Krzeminski has served as our chief accounting officer since March 2008. Mr. Krzeminski has also served as our senior vice president, finance since joining us in March 2007. Prior to that, Mr. Krzeminski served as senior vice president and chief financial officer of Home Interiors & Gifts, Inc., a marketer and manufacturer of home décor products, from 2005 to 2006. Before joining Home Interiors & Gifts, Mr. Krzeminski worked for Electronic Data Systems Corporation (EDS), a global information technology services company, where he served in several capacities during his six-year tenure. From 2004 to 2005, he served as vice president of planning and financial analysis. Mr. Krzeminski served as chief financial officer of EDS product lifecycle management software and services business, from 2003 to 2004. From 2002 to 2003, Mr. Krzeminski served as global finance director of EDS applications and information technology consulting business. Mr. Krzeminski joined EDS in 1999 as chief accounting officer, where he served until 2002.

Our executive officers serve at the discretion of our board of directors. There are no family relationships among any of our directors and executive officers.

Board of Directors and Board Committees

During 2008, our board of directors held eleven meetings. Each director, with the exceptions of Messrs. Miller and Zingale, who joined our board of directors on May 27, 2008, and Mr. Denend, who was unavailable during portions of the first half of 2008 to successfully treat a medical condition, attended at least 75% of all board and applicable committee meetings during 2008. During the second half of 2008, Mr. Denend resumed regularly attending board and applicable committee meetings. Our board of directors has determined that each of its members, other than Mr. DeWalt, is independent as defined under the New York Stock Exchange corporate governance standards, and has no material relationship with us. Mr. Robel serves as non-executive chairman of our board of directors and has been designated as our lead independent director for presiding over executive sessions of our board of directors without management.

Our board of directors has a standing audit committee, compensation committee and governance and nominations committee. Each committee has a written charter, which is available on our investor relations website at investor.mcafee.com under Governance Documents, or by calling or writing our corporate secretary at our corporate headquarters.

Audit Committee

The audit committee reviews, acts and reports to our board of directors on various auditing and accounting matters, including the appointment of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the approval of services to be performed by our independent accountants, the performance of our independent accountants and our accounting practices. The audit committee held eleven meetings during 2008. Messrs. Darcy, Denend, Pangia and Robel served as members of the audit committee during all or portions of 2008. The committee is currently comprised of Messrs. Darcy, Pangia and Robel, with Mr. Darcy serving as chairman. Each of the current members of the audit committee has been designated by our board of directors as an audit committee financial expert (as defined under the SEC rules implementing Section 404 of The Sarbanes-Oxley Act).

Compensation Committee

The compensation committee is primarily responsible for reviewing and approving all executive officer compensation programs and decisions, administering our various equity compensation plans, and providing advice to our board of

directors and management regarding other compensation and benefit programs. The compensation committee held twelve meetings during 2008. Messrs. Denend, Miller, O Leary, Pangia, and Zingale and Ms. Liane Wilson, a former director whose term expired on July 28, 2008, were members of the compensation committee during all or portions of 2008. The committee is currently comprised of Messrs. Denend, O Leary, Miller and Zingale, with Mr. Denend serving as chairman.

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Governance and Nominations Committee

The governance and nominations committee addresses issues relating to our board of directors and its committees, including identifying prospective director nominees, developing and recommending governance principles applicable to us, overseeing the evaluation of our board of directors and management, recommending nominees for our board committees and, beginning in 2009, will be reviewing and approving all non-employee director compensation. The committee also reviews and provides guidance relating to broader corporate governance practices and initiatives. The governance and nominations committee held five meetings during 2008. Messrs. Bass, Denend, Robel, and Zingale were members of the committee during all or portions of 2008. Ms. Wilson and Robert B. Bucknam, a former director whose term expired on July 28, 2008, also served as members of the committee during portions of 2008. The committee is currently comprised of Messrs. Robel, Bass and Zingale, with Mr. Robel serving as chairman.

Identification and Evaluation of Candidates for Board Membership

In evaluating director nominees, the governance and nominations committee evaluates each individual in the context of our board of directors as a whole, with the objective of recommending individuals who will best serve our interests and the interests of our stockholders. Nominees for director are selected based on a range of criteria, including:

- significant leadership and management skill and experience;
- extensive knowledge of the enterprise software industry;
- public company experience;
- excellent business judgment;
- strong interpersonal skills;
- strategic thinking;
- independence; and
- integrity.

The governance and nominations committee may also consider other factors as it may deem are in our best interests and the best interests of our stockholders.

For nominations of directors to be elected at an annual meeting of stockholders, the governance and nominations committee identifies nominees by first determining the current members of our board of directors willing to continue in service. Those willing to continue in service are evaluated based on skills and experience that are relevant to our business to determine whether they will be considered for re-nomination. The committee balances the value of continuity of service by existing members of our board of directors with the value of the fresh perspective that a new board member would bring. If our committee decides that a new candidate should be sought, it will identify the desired skills and experience of a new nominee in light of the criteria above and any other factors the governance and nominations committee may deem appropriate. Current members of the governance and nominations committee and board of directors are polled for suggestions for individuals meeting the criteria of the governance and nominations committee. The committee may engage third-party consultants to assist in identifying, evaluating and narrowing down the list of potential nominees. For nominations of directors to be appointed by our board of directors to fill a vacancy on our board, the committee follows a similar process to determine the desired skills and experience for a nominee,

and to identify and evaluate candidates.

Historically, we have not had a formal policy concerning stockholder recommendations to the governance and nominations committee. However, as required by the Derivative Settlement, we have agreed that the governance and nominations committee will establish a procedure to elicit, receive and consider director candidates submitted by holders of greater than 5% of our common stock. To that end, our governance and nominations committee chairman met with several of our greater than 5% and other significant stockholders in late 2008 and early 2009 to discuss board governance matters as well as the process and criteria associated with the nomination of directors.

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Further, as required by the Derivative Settlement, we will provide information on our website by June 2009, describing how individuals and entities that hold greater than 5% of our outstanding common stock may recommend candidates for consideration by the governance and nominations committee during its annual director nomination process.

Any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as a director at a meeting only if timely notice of such stockholder's intent to make such nomination is given in compliance with the requirements of our bylaws. The committee considers any nominee recommended by a stockholder if the nomination is submitted as described below.

In order to be considered timely for our 2010 annual meeting, written notice of a stockholder's nominee must be received by our corporate secretary no later than February 26, 2010, but no earlier than January 27, 2010 (not less than 60 calendar days nor earlier than 90 calendar days before the one-year anniversary of the date of the preceding year's annual meeting). If the date of next year's annual meeting is changed by more than 30 days before or after the anniversary date of this year's annual meeting, then our corporate secretary must receive the nominee by the close of business on the later of (i) 90 calendar days prior to next year's annual meeting, or (ii) ten calendar days following the day on which we first publicly announce the date of next year's annual meeting. The notice must include as to each nominee:

the name, age, business address and residence address of the nominee;

the principal occupation or employment of the nominee;

the class and number of shares of held of record or are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee;

whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any of our securities, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or manage the risk or benefit from share price changes for, or increase or decrease the voting power of the nominee with respect to any of our securities;

a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder;

a written statement executed by the nominee acknowledging that as a director, the nominee will owe fiduciary duties under Delaware law with respect to McAfee, Inc. and its stockholders;

a written statement of the nominee that the nominee, if elected, intends to tender, promptly following the election, an irrevocable resignation effective upon the nominee's failure to receive the required vote for reelection at the next meeting at which the nominee would face reelection and upon acceptance of such resignation by our board of directors in accordance with our bylaws;

any other information relating to the nominee that would be required to be disclosed about the nominee if proxies were being solicited for the election of the nominee as a director, or is otherwise required, in each case pursuant to Rule 14a-8 as promulgated under the Exchange Act; and

such other information as described in our bylaws.

A stockholder desiring to recommend a nominee to the governance and nominations committee should review all of the requirements contained in our bylaws that address the process by which a stockholder may nominate an individual to stand for election to our board of directors. Our bylaws are available on our investor relations website at *investor.mcafee.com* under Governance Documents.

Communications with our Board of Directors

Stockholders and other interested parties who would like to communicate directly with our board of directors should send their communications in writing to our corporate secretary at our corporate headquarters at McAfee,

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Inc., 3965 Freedom Circle, Santa Clara, California, 95054. Our corporate secretary will review the communication and deliver it to the director or directors named in the correspondence, provided that it relates to our business and it is not determined to be inappropriate for consideration by our board of directors. If the communication requires a response, our corporate secretary will work with the appropriate director(s) to prepare and send a response.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file certain reports of ownership with the SEC. Such officers, directors and stockholders are also required by SEC rules to furnish us with copies of all Section 16(a) forms they file. All reports required to be filed during 2008 pursuant to Section 16(a) of the Exchange Act by directors, executive officers and 10% beneficial owners were filed on timely basis, except with respect to the Form 4 reports disclosing the February 11, 2008 equity grant and vesting activities for Messrs. DeWalt, Cochran and DeCesare. Each of these three reports was subsequently filed with the SEC on February 20, 2008.

Other Corporate Governance Matters

Our board of directors has adopted corporate governance guidelines, a code of business conduct and ethics, and a separate code of ethics that applies to our chief executive officer, chief financial officer, corporate controller and other senior finance organization employees (CEO/Finance Code). These guidelines and codes establish minimum standards of professional responsibility and ethical conduct. They can be viewed at *investor.mcafee.com* under Governance Documents, or may be obtained without charge by writing our corporate secretary at our corporate headquarters. If we make any substantive amendments to the CEO/Finance Code or grant any waiver, including any implicit waiver, from a provision of the code to our chief executive officer, chief financial officer, corporate controller, or other senior finance organization employee subject to the code, we will disclose the amendment or waiver on that website or in a report on Form 8-K.

Our bylaws require our chairman of the board of directors to attend stockholder meetings. Although we do not have a formal policy regarding attendance by any other members of our board of directors at our annual meeting of stockholders, our other directors are encouraged to attend the meeting. Eight of our nine current board members, including our chairman of the board of directors, attended the 2008 annual meeting.

In October 2008, the compensation committee of our board of directors adopted stock ownership guidelines for our executive officers and directors. The target ownership levels are 90,000 shares by our chief executive officer, 20,000 shares by each of our Section 16 officers, and 5,000 shares by each of our non-employee directors. Shares are considered owned if they are owned outright, held in 401(k) accounts or acquired via our employee stock purchase plan. Our executive officers and directors should achieve the ownership target levels within five years, with interim targets of 40% of ownership target levels after two years, 60% of ownership target levels after three years, and 80% of ownership target levels after four years.

Table of Contents**COMPENSATION DISCUSSION AND ANALYSIS****A. Executive Summary**

This compensation discussion and analysis explains our 2008 executive compensation programs and compensation paid under those programs. This discussion principally relates to the following named executive officers for 2008:

Name	Position
David G. DeWalt	Chief executive officer and president
Albert A. Rocky Pimentel	Chief financial officer and chief operating officer
Christopher S. Bolin	Executive vice president and chief technology officer
Mark D. Cochran	Executive vice president, general counsel and corporate secretary
Michael P. DeCesare	Executive vice president, worldwide sales operations
Keith S. Krzeminski(1)	Senior vice president, finance and chief accounting officer
<i>Former Named Executive Officers</i>	
Eric F. Brown(2)	Former chief operating officer and chief financial officer

(1) Mr. Krzeminski also performed functions similar to those of a chief financial officer following the departure of Mr. Brown until we appointed Mr. Pimentel as our chief financial officer in May 2008.

(2) Mr. Brown served as our chief operating officer and chief financial officer until April 4, 2008.

All significant executive compensation decisions are approved by the compensation committee of our board of directors. This committee consists of four non-employee directors who meet the independence requirements established by the SEC and the New York Stock Exchange.

Our executive compensation programs for named executive officers consist primarily of cash compensation in the form of base salary and performance-based cash bonuses, and equity awards in the form of stock options, restricted stock units and restricted stock awards. Also, we grant performance stock units, which are restricted stock units that vest based on achievement of specific objectives, rather than based solely on continued employment. All named executive officers are entitled to severance and/or change of control benefits. In addition, we provide employee benefits to all named executive officers generally on the same terms as provided to all other employees.

Salaries are generally established based on market comparables among our peer companies. Performance-based cash bonuses and equity awards are linked to company and/or individual executive performance against key performance metrics that are established at least annually for each executive. The compensation committee also considers competitive benchmarking and other factors, such as leadership effectiveness, integrity, innovation, and work ethic in determining bonus and equity awards. The size and timing of equity awards are determined based on all of these factors. Vesting is based on continued service and, for certain equity grants, on the achievement of performance metrics. When it makes executive compensation decisions, the compensation committee focuses on total direct compensation (the total compensation to be paid if all performance goals are fully met) as well as on specific elements of compensation.

The compensation committee relies primarily on performance-based compensation and equity to attract, reward and retain a talented and dedicated executive team and to ensure a strong connection between executive compensation and our financial performance. Base salaries are only a portion of total compensation, and perquisites are generally minimal, so these are not sufficient to attract or retain executives without using other compensation vehicles.

In 2007 and 2008, the compensation committee worked with its outside consultants and legal counsel to conduct a complete review of change of control and retention compensation for our named executive officers and other officers in order to standardize terms within the executive team and to provide competitive-market based change of control and severance compensation. The committee reviewed benchmarking data and discussed industry best practices in designing the change of control and retention program described below and later in this proxy

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statement. The ultimate program was developed through numerous meetings of the compensation committee both in executive session and with the input of members of management.

We are continuing to refine the performance-based components of our executive compensation programs and are expanding our use of performance stock units. In 2008, we adopted a new Executive Bonus Plan and Corporate Bonus Plan to replace our 2007 cash bonus program. Payments under the new plans are calculated based solely on achievement of objective performance criteria, including execution against company-wide and/or individually-established KPMs, although the compensation committee has the discretion to pay amounts less than calculated.

B. Executive Compensation Design

1. Compensation Objectives and Philosophy

Our executive compensation programs have three primary objectives:

Attract, reward and retain the most talented and dedicated executives available;

Link cash and equity incentives to company and/or individual performance; and

Align executive incentives with stockholder value creation.

The compensation committee reviews total compensation for each named executive officer annually, and determines the appropriate amount and mix of compensation based on the following principles:

Use simple and reasonable measures of performance;

For senior executives, provide cash compensation with a significant variable (bonus) compensation component, so that cash compensation has a significant link to performance;

For senior executives, provide total compensation that is primarily weighted toward equity compensation (performance stock units, restricted stock units and options) rather than cash, to reflect senior executives greater influence on overall corporate results and stockholder return;

Use multi-year equity vesting to ensure that senior executives hold sufficient unvested equity value to provide a meaningful retention incentive;

Use competitive benchmarking with peer companies (described in Section C3);

Use an outside consulting firm, as appropriate, to validate market practices and trends for our industry; and

Minimize executive perquisites.

2. Elements of Compensation

The compensation committee evaluates executive compensation with a goal of establishing compensation components that it believes are similar to those provided to executives in comparable companies. Accordingly, our executive officers' compensation has three primary components:

Base salary;

Annual and/or quarterly cash bonuses; and

Equity compensation in the form of performance stock units, restricted stock units, restricted stock awards and stock options.

3. *Key Performance Metrics (KPMs) and Other Performance Criteria*

Cash bonuses and, to a lesser extent, equity awards for executives are linked to performance assessments against quarterly and/or annual key performance metrics (KPMs). KPMs generally include a combination of financial metrics, including revenue-related and profit-related objectives reflected in our internal business plan, because they are the most direct indicators of increased stockholder value.

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KPMs may also include, among others, measures of customer success and employee success – both of which have a less direct, but nonetheless significant, impact on stockholder value. Financial metrics are drawn from our internal business plan, but may differ from the GAAP line items. These non-GAAP metrics exclude items that are not, in the committee's view, related to ongoing operating performance, such as restructuring charges, amortization expenses associated with purchased intangible assets, and non-cash stock-based compensation expense. KPMs typically also include operational goals that are specific to each executive's respective area of responsibility. See Section D2 below for specific details on 2008 KPMs.

Although performance against KPMs is the primary determinant of bonus and equity compensation, the compensation committee also considers the following secondary factors, among others, to determine final compensation:

Leadership style and effectiveness, including teamwork;

Innovation;

Integrity;

Work ethic; and

Employee retention.

4. Base Salaries

Base salaries are intended to provide a fixed amount of cash compensation for services rendered during the year. We believe that setting competitive base salaries assists us in hiring and retaining individuals in a competitive environment. In determining individual salaries, the compensation committee considers the scope of job responsibilities, individual contribution, business performance, overall job market conditions, current compensation levels, the Radford High-Tech Executive Survey, and other relevant third-party compensation data provided by Compensia.

5. Cash Bonuses

Our executive cash bonus program provides quarterly or annual cash payments to executive officers. The compensation committee establishes target cash bonus amounts for each executive officer, designated as a percentage of base salary or as a variable target amount, at the beginning of the year. Actual payments are contingent on successful achievement of certain company and/or individual executive performance KPMs approved by the compensation committee, as described above. The compensation committee typically establishes KPMs for our chief executive officer. Our chief executive officer then proposes KPMs for the remaining executives, which are reviewed and approved by the compensation committee.

During 2008, KPMs were generally set as quarterly targets, and performance against them was assessed on a quarterly basis. These quarterly checkpoints served as preliminary indicators of potential bonus payouts. As a general matter, actual payments were determined and paid on an annual basis, shortly after completion of the year. However, bonuses for Mr. Brown, our chief operating officer and chief financial officer until April 2008, were determined and paid quarterly in accordance with his employment agreement.

In 2008, we adopted a new Executive Bonus Plan and Corporate Bonus Plan to replace our 2007 cash bonus program. Payments under the new plans have been tied solely to objective performance criteria. The core metrics to be utilized for each bonus plan are comprised of: our financial performance, customer success, and employee success. With

respect to the Executive Bonus Plan, the compensation committee will not have discretion to increase any award beyond what is payable based on performance, although it retains the discretion to reduce an award and uses achievement against individual KPMs to make determinations as to whether to exercise such discretion. We expect that all payments under the Executive Bonus Plan will be tax deductible as performance-based for purposes of Section 162(m) of the Internal Revenue Code. See Section E below for a more detailed discussion of tax considerations relating to executive compensation.

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6. Equity Compensation in General

We regard equity compensation as a key element of compensation, particularly for our executive officers, for whom equity compensation generally represents a majority of total direct compensation. Equity awards with multi-year vesting periods or performance measurement periods allow us to:

Strengthen the link between the creation of stockholder value and long-term executive compensation;

Provide an opportunity for increased equity ownership by executives;

Provide long-term retention incentives to executives; and

Maintain competitive levels of total direct compensation.

We grant a significant equity award to each executive when the executive is initially hired. In subsequent years, we grant annual refresher awards to supplement the initial award. The annual awards are generally granted during the first quarter, as part of our annual performance and compensation review process. The size of initial and follow-on grants varies among executives based on equity award practices among our peer group, the scope of their responsibilities and their performance against KPMs.

7. Stock Options, Stock Units and Restricted Stock Awards

Prior to fiscal 2006, our primary form of equity awards for all employees, including executives, was non-qualified stock options. In 2005, we granted a limited number of restricted stock awards (RSAs) to certain members of our executive team. In 2006, we began granting restricted stock units (RSUs) to our executive team and certain other key employees. In 2008, we utilized on a more widespread basis performance stock units (PSUs), which are RSUs with performance-based vesting. We believe RSUs, RSAs and PSUs have certain key advantages compared to stock options, particularly for employees with relatively large equity awards, as we describe below. The compensation committee has determined that these types of awards are particularly useful to recruit senior level executives if a prospective candidate has existing in-the-money unvested equity awards that the executive would lose if he or she joined our company.

RSUs give an executive the right to receive a specified number of shares of our common stock, without cost if the executive remains with us until the shares vest. RSAs are similar to RSUs, but the executive actually owns the shares as of the grant date (subject to vesting), rather than having a right to receive stock at vesting. Vesting of RSUs and RSAs granted through 2008 is contingent on the executive's continued employment with us. We are now granting a combination of RSUs and PSUs, with the PSUs having vesting based on achievement of performance objectives. For RSUs and PSUs that do not vest because an executive's employment terminates, the unvested shares are never issued. Except with respect to Mr. DeCesare's PSU grant issued pursuant to the terms of his offer letter agreement, for PSUs that do not vest because the performance criteria are not satisfied, the unvested shares are never issued. For RSAs, if an executive's employment terminates, the executive must generally return to us all shares that are unvested on the termination date. The vesting of equity awards held by our named executives may accelerate in certain termination situations. For additional details, see the descriptions of individual change of control and severance arrangements for each named executive below and the section "Severance and Change of Control Benefits" on page 40 of this document.

At grant, each RSU and PSU has a value equal to our stock price on the grant date of the award. Each RSA has a value on the grant date equal to our stock price on the grant date less \$0.01 per share. Thus, RSUs, PSUs and RSAs provide immediate, meaningful and measurable economic value for executives as of the grant date and an incentive to remain with us at least through vesting. Moreover, these types of awards retain value, and encourage retention, regardless of

short-term stock price fluctuations. In contrast, the entire value to executives of stock options depends on future stock price appreciation, so options have little perceived value if the stock price declines after the grant date. Because of these differences, restricted equity awards can deliver more immediate tangible value to executives at grant than stock options, with significantly fewer shares and potentially less dilution for our stockholders.

We typically determine the size of RSU, PSU and RSA grants taking into account peer data on the value of annual grants that is provided by Compensia.

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Recent RSU and RSA grants generally vest over three years, with one-third vesting at the end of each year. RSUs granted in 2006 generally vest 50% after two years and 50% after three years. These infrequent, but sizable vesting tranches create a strong incentive to continue employment with us over the vesting period. Although vesting of the awards through 2007 was based solely on continued service, the size of the grant to each executive was linked to performance. In addition, part of the value of the RSUs will depend on the performance of the executive team and our company during the vesting period, as measured by our stock price. In 2008, we began granting PSUs to our executive team and certain other non-executive employees. PSU grants to our executives vest as to one-third on an annual basis based upon meeting performance metrics during the year. PSUs are generally granted in February with a determination by the compensation committee of the units earned occurring the following January or February. PSU annual grants to certain other employees vest similar to those grants to our executive team, however such PSU grants cliff-vest up to 50% of the shares after 4 years, subject to continued service, if the performance goals are not met.

8. Mix of Salary, Cash Bonuses and Equity; Total Direct Compensation

The compensation committee does not use a specific formula for allocating compensation among the compensation components described above. Rather, the committee uses a market-based approach. We assign a significant majority of our executives' total compensation to the variable cash bonus program and equity compensation, in order to focus our executives on achievements that will create stockholder value. We consider equity compensation to be the most important performance-based compensation component, so it represents the highest proportion of total compensation for senior executives. When the compensation committee makes executive compensation decisions, it focuses on total direct compensation (the total compensation to be paid if all performance goals are fully met) as well as on specific elements of compensation.

9. Change of Control and Retention Arrangements

As described earlier, in 2008, we entered into change of control and retention agreements or a change of control protection plan with our executive officers to provide severance and/or change of control benefits. The compensation committee believes these types of agreements are essential in order to attract and retain qualified executives and promote stability and continuity in our senior management team. We believe that the stability and continuity provided by these agreements are in the best interests of our stockholders. For details, see *Severance and Change of Control Benefits* on page 40 of this document.

10. Perquisites and Other Benefits

In general, we do not view perquisites as a significant component of our executive compensation structure. As frequent travelers, all named executive officers are provided upgraded air travel because it results in them arriving at their destinations more rested and able to work. Also, the compensation committee occasionally approves perquisites, primarily for retention purposes or to accommodate specific, and usually temporary, circumstances of executives who do not reside near their work locations. See the *Summary Compensation Table* for more details. Our executive officers are eligible to participate in our benefit plans on the same terms as other full-time employees. These plans include medical and dental insurance, life insurance, vision, short-term disability insurance, 401(k) plan, employee stock purchase plan and discounts on our products. In addition our executive officers receive long-term disability insurance benefits that are commensurate with the market for executive officers of relevant companies.

C. Executive Compensation Implementation

1. Independent Compensation Committee Determines Executive Compensation

The compensation committee determines compensation for our named executive officers. All four members are independent under New York Stock Exchange and SEC definitions. Executive compensation is reviewed annually by the compensation committee in connection with executive performance evaluations. During the first quarter of each year, the compensation committee typically conducts an evaluation of our chief executive officer's performance, utilizing formal individual input from each of our independent directors. The compensation

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committee also reviews the performance of our other named executive officers with our chief executive officer. The compensation committee then evaluates total current compensation to determine if any changes are appropriate based on the considerations explained throughout this compensation discussion and analysis. The compensation committee reviews and gives considerable weight to our chief executive officer's compensation recommendations for our other named executive officers because of his direct knowledge of the executives' performance and contributions. No other named executive officers have any input on the compensation committee's executive compensation decisions. The compensation committee members make independent decisions based on their collective judgment.

2. The Role of Consultants

During 2008, the compensation committee directly engaged the services of Compensia, an executive compensation consulting firm. No member of the compensation committee or any named executive officer has any affiliation with Compensia. Compensia reported directly to the chairman of the compensation committee for executive compensation matters.

In connection with specific compensation decisions, the compensation committee sought input from Compensia on a range of external market factors, including appropriate comparison companies for benchmarking purposes, market survey data, and best practices for executive compensation arrangements. Although Compensia provided extensive data, it does not determine or recommend the amount or form of compensation for any executives. During the second half of 2007, Compensia also conducted an extensive review and evaluation of our executive compensation programs. Based in part on Compensia's review and evaluation, the committee identified certain improvements to the executive compensation program that it adopted for 2008, including merit pay adjustments and grants of PSUs. During 2008, Compensia contributed significantly to an effort by the compensation committee to standardize our change of control programs to ensure that they were appropriate and reflective of our peer group's practices.

3. The Role of Peer Groups, Survey Data and Benchmarking

With the assistance of Compensia, the compensation committee selected the peer group of technology companies listed below for executive compensation benchmarking. Peer companies were selected in order to include (i) our most direct business competitors; (ii) companies with whom we compete for talent; and (iii) software companies that are roughly comparable to us in terms of market capitalization and/or revenue. We seek to maintain stability in the peer group from year to year. However, we have eliminated a number of peer companies that have been acquired over the past few years as our industry consolidates. This has contributed to a reduction in the size of the peer group. We also make occasional changes to ensure that the peer group continues to meet the selection criteria described above. The table below shows data regarding each of the peer companies, as compared to us.

Comparative Framework/Peer Companies

The data shown below is based on the four fiscal quarters ending December 31, 2008. The listed companies are the peers used by the compensation committee for assessing compensation competitiveness at its February 2009 meeting. Adobe Systems, CA, EA, and Symantec were not in the listed peer companies used in 2008, but were added to McAfee's peer group list to take into account McAfee's revenue performance and increase in size during 2008.

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Company	Last Four Quarters Revenue (\$MM)	Last Four Quarters Net Income (\$MM)	Employees at FYE	Market Cap (\$MM) as of 1/16/09	Headquarters
Activision Blizzard	\$ 3,165.4	\$ 223.9	2,640	\$ 12,076.9	California
Adobe Systems	\$ 3,575.8	\$ 848.1	6,959	\$ 11,059.8	California
Autodesk	\$ 2,424.4	\$ 385.4	7,300	\$ 3,503.0	California
BMC Software	\$ 1,830.1	\$ 249.2	5,800	\$ 5,077.7	Texas
CA	\$ 4,379.0	\$ 643.0	13,700	\$ 9,303.2	New York
Cadence Design Systems	\$ 1,475.5	\$ 178.5	5,300	\$ 1,009.7	California
CIBER	\$ 1,202.5	\$ 31.1	8,400	\$ 272.8	Colorado
Citrix Systems	\$ 1,567.2	\$ 181.0	4,620	\$ 4,128.9	Florida
EA	\$ 4,328.0	\$ (532.0)	9,671	\$ 5,535.2	California
Intuit	\$ 3,107.4	\$ 445.4	8,200	\$ 7,623.9	California
Mentor Graphics	\$ 843.7	\$ (84.6)	4,358	\$ 481.2	Oregon
NetApp	\$ 3,602.1	\$ 278.5	7,645	\$ 4,708.1	California
Novell	\$ 956.5	\$ (8.7)	4,100	\$ 1,270.8	Massachusetts
Parametric Technology	\$ 1,070.3	\$ 79.7	5,087	\$ 1,106.2	Massachusetts
salesforce.com	\$ 1,004.1	\$ 37.1	3,318	\$ 3,378.2	California
Sybase	\$ 1,122.0	\$ 164.8	3,996	\$ 2,015.0	California
Symantec	\$ 6,223.3	\$ 645.0	17,600	\$ 11,286.2	California
Synopsys	\$ 1,337.0	\$ 190.0	5,196	\$ 2,628.8	California
VeriSign	\$ 1,232.4	\$ (494.8)	4,251	\$ 3,566.4	California
VMware	\$ 1,778.9	\$ 256.9	5,000	\$ 8,703.7	California
75th Percentile	\$ 3,268.0	\$ 305.2	7,784	\$ 7,893.8	
60th Percentile	\$ 2,067.8	\$ 234.0	6,264	\$ 4,855.9	
50th Percentile	\$ 1,673.1	\$ 185.5	5,248	\$ 3,847.7	
Average	\$ 2,311.3	\$ 185.9	6,657	\$ 4,936.8	
25th Percentile	\$ 1,182.4	\$ 35.6	4,331	\$ 1,828.9	
McAfee	\$ 1,532.6	\$ 139.0	5,600	\$ 4,460.2	California

Compensia provides reports to the compensation committee comparing compensation of our most senior executive officers to that of the most senior executive officers at our peer group companies. Peer company data is derived from the Radford High-Tech Executive Survey (which is focused on compensation in the technology sector) and SEC filings by our peer companies. The committee does not establish specific percentile targets for executive compensation. Rather, it makes each decision based on what it believes is necessary and appropriate to attract, motivate and/or retain the executives under the particular circumstances in which the decision is made. These circumstances include but are not limited to the external competitive landscape. In light of the recent challenges we have faced stemming from our 2006 stock option investigation, the committee's executive compensation decisions have resulted in top quartile compensation for many named executives in order to attract the necessary executives to join McAfee.

All 2008 equity-based awards were approved by our compensation committee. During 2007, we adopted a formal equity granting policy that includes the following refinements to our grant policies and procedures:

All new-hire, promotional and retention grants are aggregated for approval on predetermined dates (typically once per quarter following our earnings announcements);

No individual or committee other than the compensation committee or our board of directors is authorized to approve grants;

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All grants are approved at a meeting of the compensation committee or our board of directors, and not by written consent;

We determine the exercise price of a stock option based on the fair market value of our common stock on the grant date (unless otherwise legally required for grants to non-US individuals); and

There are detailed procedures in place for grant approvals and documentation.

D. 2008 Executive Compensation Decisions

I. Overview

This section describes the executive compensation decisions made by the compensation committee for 2008. The compensation decisions made during 2008 related to the hiring of Albert Rocky Pimentel as chief financial officer and chief operating officer, the adopting of a new executive bonus plan and corporate bonus plan, and the entering into of change of control and retention agreements with our executive officers.

For executives who were already employed at the beginning of 2008, only three received salary increases. In February 2008, we granted PSUs whose vesting was based upon achievement of performance measures established by our compensation committee. In June 2008, the compensation committee rescinded the unvested portion of the February 2008 PSU grants and granted these executive officers identical number of PSUs. The performance period for the June 2008 PSU grants was April 1, 2008 to December 31, 2008. The 2008 performance measures for these June awards are equal to the 2008 performance measures less our actual performance in the first quarter of 2008.

The equity grants made by the compensation committee during 2008 to each of Messrs. DeWalt, Cochran, DeCesare and Krzeminski include grants that would have been made during 2007 in accordance with the terms of their respective 2007 offer letter agreements with us, but for the fact that we were unable to grant equity awa