

# Intel replaces its chief executive after a rocky stretch

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In this Oct. 1, 2019, file photo the symbol for Intel appears on a screen at the Nasdaq MarketSite, in New York. Intel is replacing its CEO after two years. The computer company said Wednesday, Jan. 13, 2021, that Pat Gelsinger will become its new CEO, effective Feb. 15. He takes over for Bob Swan, who became CEO in January 2019. (AP Photo/Richard Drew, File)

Intel is replacing its CEO after only two years in what had been a rough stretch for the chipmaker.

Bob Swan, who became the company's chief executive in early 2019, will be replaced in mid-February by tech industry veteran Pat Gelsinger.

The choice of Gelsinger, who started his career as an Intel engineer decades ago, puts the semiconductor pioneer back in the hands of a tech expert at a time when it is struggling to keep up with market changes and growing competition.

"The CEO has to understand what's going on with this market and how to respond to it," said Glenn O'Donnell, an analyst at Forrester Research. "Pat's built a lot of that business over the years."

Intel's stock jumped 7% Wednesday on news of the change at the top.

The Santa Clara, California, company said that the change in leadership is unrelated to its financial performance last year, but the surprise shakeup followed several weeks of investor activism by hedge fund Third Point, which had pushed for big changes.

Intel acknowledged in late December that it had received a letter from the New York fund and was working with it on ideas "regarding enhanced shareholder value." Third Point CEO Daniel Loeb tweeted on Wednesday that "Swan is a class act and did the right thing for all stakeholders stepping aside for Gelsinger."

Intel spokesman William Moss said Wednesday the changeover "was not driven by Third Point."

Intel Chairman Omar Ishrak said in a prepared statement that "the board concluded that now is the right time to make this leadership change to

draw on Pat's technology and engineering expertise during this critical period of transformation at Intel."

In mid-2020, Intel disclosed that there would be a substantial delay in its development of a next-generation chip-making process already in use by other major suppliers, including Taiwan's TSMC.

The unexpected snag meant that Intel's 7-nanometer processing technology is unlikely to be ready until the end of 2022 or early 2023, potentially putting the company behind its rivals.

Apple also dealt a blow to Intel last year when it began replacing Intel processors with Apple-designed chips on new Mac computers. And it faced yet another challenge when U.S. graphics chip maker Nvidia announced plans in the fall to buy U.K.-based Arm Holdings in a deal that would create a global powerhouse in the industry.

Gelsinger has been the CEO of software company VMware since 2012 and has more than four decades of experience in the tech industry. He spent most of that time with Intel Corp., where he began his career and was its first chief technology officer.

Swan, a former chief financial officer at Intel, assumed interim leadership in 2018 after CEO Brian Krzanich resigned after the company learned of what it called a past, consensual relationship with an employee. After a search, Intel confirmed Swan as CEO in early 2019.

Swan's finance background, including top finance roles at eBay and several other firms, marked a shift for Intel, which has mostly had engineers at the top since its 1968 founding, though its fifth CEO was an economist.

Swan said in a prepared statement Wednesday that it is the right time for

a transition and that he fully supports Gelsinger's arrival.

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