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Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100F Street, NE
Washington, D.C. 20549-1090

WORK PLAN FOR THE CONSIDERATION OF INCORPORATING INTERNATIONAL FINANCIAL REPORTING STANDARDS INTO THE FINANCIAL REPORTING SYSTEM FOR U.S. ISSUERS

Dear Ms. Murphy:

Intel Corporation is pleased to respond to your request for comment on the ongoing consideration of incorporating International Financial Reporting Standards ("IFRS") into the financial reporting system for U.S. issuers. We support the goal of developing high quality accounting and reporting standards that promote the objectives of global transparency and comparability of financial information. Incorporation of IFRS, as issued by the IASB, as the single set of standards is one approach to achieve global transparency and comparability. We believe that continued convergence of U.S. GAAP and IFRS is a more cost-effective approach to achieve these objectives.

We have invested considerable time and effort understanding IFRS and its differences as compared to U.S. GAAP and other statutory GAAPs. This has enabled us to be well-informed about the costs and benefits that a date-certain adoption of IFRS would have to our shareholders. Our experience has shown that although other countries where we conduct business, such as China and India, plan to adopt a local version of IFRS, there continues to be differences between the local version of IFRS and IFRS, as issued by the IASB. These differences raise the cost of conversion and require on-going maintenance, without providing the benefits of global transparency and comparability for the investing community, and reduced costs for shareholders through systems and process standardization. As a result, we expect that the cost required to prepare our consolidated financial statements in accordance with IFRS, as issued by the IASB, will exceed the financial benefit.

We would not choose to undertake an investment without an adequate return for our shareholders. We have, therefore, considered alternative approaches of adopting IFRS that could significantly reduce our estimated costs while achieving a high degree of global transparency and comparability. Our cost models show that following the path of continued convergence between U.S. GAAP and IFRS would reduce our convergence costs by approximately 50-60% as compared to a date-certain full adoption of IFRS, as issued by the IASB. The higher cost associated with the date-certain full adoption of IFRS is primarily driven by the need for dual reporting capabilities. This cost may be slightly reduced by the framework proposed by the Commission, which would allow a phased approach to the incorporation of IFRS over 5-7 years as well as prospective application of IFRS standards where possible; however, we are looking for the best way to achieve the objectives of global transparency and comparability while minimizing conversion costs.

The Boards' MOU addresses a significant portion of guidance where differences between U.S. GAAP and IFRS currently exist. We believe that the Boards' continued effort for convergence would substantially achieve the Commission's objectives, but would not carry the cost of full adoption. Should the Commission require U.S. issuers to incorporate IFRS into the financial reporting system following the proposed framework, we are concerned about whether the framework can be practically applied. Specifically, it is unclear what role the Commission and the FASB will perform upon the incorporation of IFRS by U.S. domestic companies and how often exceptions will be made to IFRS standards issued by the IASB upon incorporation into U.S. GAAP. For example, within the *Balance Sheet – Offsetting* project, the Boards' have recently decided not to converge on the presentation of derivatives. It is unclear whether this will be a "rare" example of where the FASB would not fully incorporate an IFRS standard into U.S. GAAP, thereby resulting in differences between IFRS, as issued by the IASB, and U.S. GAAP. The same question can be applied to the Boards' progress towards convergence within the *Financial Instruments* project, a project where the FASB and IASB have reached different conclusions on the classification and measurement of financial instruments. We believe that the FASB's due process results in a set of world class standards. The differences that have arisen between the Boards within the current convergence projects suggests that differences upon incorporation by U.S. issuers should not be "rare" and may, in fact, reduce the quality of GAAP in the U.S.

In addition, a significant amount of professional judgment is required to apply the more principles-based IFRS. Professional judgment is affected by long standing practices, laws, and cultural and social norms, which can result in practitioners in multiple countries arriving at different conclusions on the same set of facts and circumstances. It is unclear to what degree the Commission, audit firms and industries will interpret standards differently. If history is a good indicator, differences will emerge. This would result in divergence in application and, ultimately, the reemergence of U.S. GAAP. Are we certain that IFRS can be used to achieve the objectives global comparability and transparency? Given the cost to convert, any answer less than certain is unsatisfying.

Regardless of the approach forward, we strongly recommend that the Commission not make a roadmap decision until significant convergence projects are complete. We think this would allow the FASB to continue to influence the direction of the convergence projects in the interest of U.S. companies. In addition, the final standards that result from convergence, including the areas where the Boards are not converged as well as post implementation interpretations of the final standards, will give the Commission an indication of whether IFRS is a better framework under which U.S. issuers should prepare consolidated financial statements.

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Thank you for your consideration of our views. If you have any further questions or would like to discuss our responses further, please contact me at (408) 765-5545, or Liesl Nebel, Accounting Policy Controller, at (971) 215-1214.

Sincerely,

Leslie Culbertson

Vice President, Director, Finance
Intel Corporation