September 12, 2005

Letter of Comment No:

File Reference: FSP123RBU

Date Received:

Mr. Reginald Oakley
FAS 123(R) Resource Group
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, Connecticut 06856-5116

Dear Mr. Oakley:

Intel Corporation wishes to comment on the "mutual understanding" issue related to determining the grant date for stock options. The purpose of this letter is to facilitate the FASB staff's understanding of our point of view prior to the Resource Group meeting on September 13. We understand that a proposed FSP will be discussed then.

We believe that the "mutual understanding" of the important terms of the grant may be sufficiently established by the combination of 1) the action of the Board in making the grant, and 2) the general understanding on the part of the employees of the important terms of the stock program, including an expectation of the general size of the grants and their timing (and thus of the price by reference to the current market).

At Intel, the action of the Board, or of its Compensation Committee, is believed to create an obligation on the part of the company and, in practice, the option grants are not rescinded except pursuant to the stated terms and conditions (such as in the case of a termination for cause). The purchase price is set equal to the average of the high and low price in the market for the date of the grant, the vesting terms are set from the date of grant, and the employee begins to benefit from the option from that date.

The employees of companies that have broad-based stock award programs, such as Intel, consider their stock option or stock grants to be an important part of their compensation and the terms of the program are well understood. Options are generally granted at expected times, such as in connection with the annual performance review, and based on custom, various communications with employees, and the existence of guidelines for the size of grants at various levels in the organization, the employees have a general expectation of the size of the grants. They know approximately when the grants are made by the Board and they can estimate the price of their option grant based on the market activity around that time.

At Intel, as at most companies, the employees do not negotiate the terms of equity grants. The company makes the grants on a "take it or leave it" basis, and the employees understand that. Thus a notification to the employee represents communication only, and does not represent the completion of a bargaining process. Since the communication has no effect on the key terms of the grant, we believe that delaying the effective date of the grant until the communication has occurred is not appropriate.

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If the FASB believes that the employees' understanding of the general terms of their grants must be confirmed with a communication of the specific number of shares and the specific price of option grants, we recommend that a reasonable amount of time be allowed for the communication to take place without affecting the determination of the date of grant.

For the majority of grants we make at Intel, the number of shares that the employee is being recommended for to the Board is discussed with the employee in a performance review prior to the Board action. In practice, this number of shares does not change once it has been communicated to the employee. However, the exercise price is set at the time of the Board action and the vesting schedule is tied to that date. Until these terms are established and the Board has approved, there is no grant. In Intel's case, a reasonable amount of time to manage the logistics of communicating the price of the grants might be a week, given the size and global nature of our employee base.

Other companies may prefer to communicate the number of shares after their Board action as part of a constructive performance and compensation discussion between the manager and the employee. It seems that forcing an immediate impersonal electronic communication in order to avoid the administrative nightmare of tracking the timing of individual communications and many different grant dates would not be a productive outcome. These companies might need a longer period of time, perhaps three weeks to a month, to complete the communications.

We believe that an email notification, or another electronic communication consistent with the practice of the company, should be sufficient to satisfy any notification requirement. Given that this is not a negotiated process, a specific acceptance on the part of the employee should not be relevant.

In summary, we believe that for many companies, including Intel, a mutual understanding is established by the action of the Board in combination with the understanding of the terms by the employees based on custom, guidelines and plan documents. If a confirming communication is felt to be needed, a reasonable period of time should be allowed without affecting the determination of the date of grant.

We appreciate the opportunity to clarify our point of view and we will be prepared to discuss the issue at the meeting on the 13th. If the FASB issues a proposed FSP, we will be happy to submit comments on that.

Sincerely,

/s/ Barbara C. Canup

Barbara C. Camp External Reporting Controller Intel Corporation