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April 29, 2011

Leslie Seidman, Chairman  
Financial Accounting Standards Board  
401 Merritt 7  
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Norwalk, CT 06856-5116

Sir David Tweedie, Chairman  
International Accounting Standards Board  
30 Cannon Street  
London EC4M6xh  
United Kingdom

Submitted via electronic mail to [director@fasb.org](mailto:director@fasb.org)

**File Reference No. 2011-100, Exposure Draft: *Balance Sheet, Offsetting***

Dear Madam and Sir:

Intel is pleased to respond to your request for comment on the Exposure Draft: *Balance Sheet, Offsetting* ("Exposure Draft"). We support the joint effort of the Boards to improve the comparability of the statements of financial position under US GAAP and IFRS by developing a solution for the offset of financial assets and financial liabilities. However, we are concerned with certain aspects of the proposed guidance as outlined in the Exposure Draft. Specifically, it is unclear whether intercompany assets and liabilities are included within the scope of the Exposure Draft. In addition, we are concerned with the Board's application of 'simultaneous settlement' to transactions settled through a clearinghouse.

***Grossing Up Intercompany Assets and Liabilities Will Overstate the Balance Sheet and Distort Financial Ratios, Without Providing Further Benefit to Users***

It is unclear whether the Exposure Draft intends to include or exclude intercompany assets and liabilities. If the intention is to exclude intercompany assets and liabilities, then we recommend that the final standard contain explicit language to note this exclusion. If the intention is to include intercompany assets and liabilities in the scope of this proposal, we do not agree with the proposed change to existing practice. We think that the current consolidation guidance permitting the elimination of intercompany assets and liabilities is preferable. We do not believe there is any additional benefit to users by grossing up

intercompany assets and liabilities. Further, reporting intercompany assets and liabilities at gross amounts would overstate balance sheets and distort financial ratios, without providing any further information regarding the true exposure of an entity to the users of our financial statements. We recommend that the Boards exclude intercompany assets and liabilities from the scope of the final standard.

***Applying the 'Simultaneous Settlement' Criterion to Transactions Settled through a Clearinghouse May Preclude Net Presentation, Without any Change to Risk Exposure***

The Exposure Draft states that 'simultaneous settlement' is the realization of an eligible asset and the settlement of an eligible liability at the same moment. This implies that settlements taking place during a single day, but not at the exact same moment, would not meet the simultaneous settlement criteria, even in the absence of any substantive credit and liquidity risks connected with the timing difference. The proposed guidance is more restrictive than current practice and may preclude certain financial instruments, settled through a clearinghouse or centralized counterparty, from qualifying for net presentation. This does not seem practical given that clearinghouses are designed and operated to facilitate net settlement and typically have adequate policies and oversight in place to minimize any liquidity and credit risk. We believe the Boards should continue to allow financial instruments to be presented on a net basis where settlement occurs on the same date through a clearinghouse or centralized counterparty.

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Thank you for your consideration of the points outlined in this letter. If you have any further questions or would like to discuss our responses further, please contact me at (971) 215-7931, or Liesl Nebel, Accounting Policy Controller, at (971) 215-1214.

Sincerely,

James G. Campbell

Vice President, Finance Corporate Controller  
Intel Corporation