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October 8, 2009

Technical Director—File Reference No. 1710-100Financial Accounting Standards Board
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Proposed Accounting Standards Update (ASU): Improving Disclosures about Fair Value Measurements

Intel is pleased to respond to the FASB's request for comment on the proposed ASU *Improving Disclosures about Fair Value Measurements*. We agree that the ASU's requirements would improve fair value measurement disclosures when disclosures regarding classes of assets and valuation techniques are too aggregated to provide useful information. However, as discussed herein, we believe that the cost and difficultly of implementing the proposed sensitivity disclosure are significant enough to warrant additional consideration of the methods preparers use to communicate key risks and uncertainties to users.

Like many companies, we use third-party pricing services as a starting point to estimate fair values for complex debt securities, such as asset backed securities. These services are attractive from a financial reporting perspective because they are objective, widely accepted by market participants, and incorporate relevant market data that is otherwise difficult and costly to obtain. The pricing services use proprietary methodologies to produce their estimates. They do not provide detailed visibility into their model mechanics and input correlations and, based on the proprietary nature of these models, we do not expect them to provide that visibility. In order to produce reliable estimates of valuation *sensitivity* for these measures, preparers would need greater visibility into these proprietary models. Absent such visibility, preparers would need to create in-house models to develop the sensitivity disclosures. The subjectivity, cost and decrease in the quality of the estimate associated with producing in-house estimates would defeat the purpose of using pricing services.

In addition, we have investments in non-marketable equity instruments in over 350 private companies. For financial reporting purposes, we employ multiple valuation techniques to value our non-marketable equity instruments. The valuation techniques are selected on a company-by-company and instrument-by-instrument basis, according to the characteristics of the investee and the instrument, and the availability of market and performance data needed to employ the valuation techniques. We rely on both income and market approaches to estimate fair value, as appropriate. Significant inputs include, but are not limited to: comparable company inputs, performance projections, future funding needs and capital market conditions, exit market forecasts, liquidation preference outcomes, discount rates, technology inflection points, etc. Developing and maintaining sensitivity models that *properly* consider the joint probability relationships between multiple unobservable inputs would be difficult and subjective. Further, in our experience, a portfolio of investments' value is far more sensitive to

macroeconomic factors than to microeconomic factors that pertain to an individual asset. These macroeconomic risk factors are discussed within MD&A.

In summary, implementing the proposed sensitivity disclosures would be costly and difficult. That being said, we recognize that users are requesting additional information about key risks and uncertainties that could significantly change management's assumptions and estimates over time. This correlates with the growing discomfort with the level of subjectivity in management's judgment required to produce measures that cannot be confirmed or substantiated by having others independently measure the phenomenon with exactly the same results. Producing the fair value sensitivity disclosure, however, requires additional judgments that are inherently more subjective. This is compounded by the fact that "reasonably possible alternative inputs" is not clearly defined in the proposed ASU. We believe that additional debate about the method in which key risks and uncertainties are communicated between preparers and users is necessary. Therefore, we recommend that the Board address the sensitivity disclosure within its Disclosure Framework project. Absent addressing this issue within a broad framework, we are concerned that this disclosure will perpetuate the observation, made by the Advisory Committee on Improvements to Financial Reporting, that dealing with disclosure in a piecemeal manner leads to repetitive disclosures and disclosures that may confuse rather than inform.

Thank you for your consideration of the points outlined in this letter. Should the Board finalize the proposed sensitivity disclosures, we recommend that this requirement become effective for interim periods ending after **December 15, 2010**. The additional time is necessary in order to develop the processes, standards and systems necessary to comply with the requirement. If you have any questions, please contact me at (971) 215-7931, or Kevin McBride, Accounting Policy Controller, at (971) 215-1229.

Sincerely,

James G. Campbell

Vice President, Finance Corporate Controller Intel Corporation