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March 13, 2017

Ms. Susan M. Cosper, Technical Director
Financial Accounting Standards Board
File Reference No. 2017-210
401 Merritt 7
P. O. Box 5116
Norwalk, CT 06856-5116

Proposed Accounting Standards Update, Disclosure Framework—Changes to the Disclosure Requirements for Inventory

Dear Ms. Cosper:

Intel is pleased to comment on the Proposed Accounting Standards Update, Disclosure Framework—Changes to the Disclosure Requirements for Inventory (the "ASU"). We support the Board's overall objective to improve the effectiveness of financial statement disclosures. We do not believe that disclosures regarding inventory by segment, specific change approach or the cost composition of inventory will necessarily achieve the Board's objective. We recommend the Board refine and finalize the *Disclosure Framework: Board's Decision Process* (the "Disclosure Framework") before continuing forward with this and other proposed disclosure updates.

We understand the Board applied the Disclosure Framework when developing the proposed disclosures in the ASU. However, the ASU does not meaningfully improve our current inventory disclosures, nor does it result in inventory disclosures based on the way we assess the quality of our inventory. We manage our inventory based upon products that are sold into our market segments. Product-based inventory disclosures, therefore, would be consistent with how we manage our inventory and complements the revenue disclosures provided by a registrant either through the guidance in Item 101(c)(i) of Regulation S-K and the disaggregation of revenue recognized from contracts with customers (pending adoption). We recommend the Board expand the entity-level disclosures in the Disclosure Framework to allow preparer's to determine their disclosures based on a principles based approach which considers how companies manage their business.

Responses to the questions presented in the Exposure Draft, are included in an Appendix to this letter.

Thank you for your consideration of our views. If you have any further questions or would like to discuss our response further, please contact me at (971) 215-1229, or Sam Roberts, Financial Reporting Controller, at (971) 215-4573.

Sincerely,

Kevin T. McBride
Vice President, Finance Corporate Controller, Intel Corporation

Appendix: Questions for Respondents

Question 1: Would the amendments in this proposed Update result in more effective, decision-useful information about inventory? Please explain why or why not.

The ASU does not meaningfully improve our current inventory disclosures, nor does it result in inventory disclosures based on the way we manage our inventory. We provide inventory disaggregated by component, material inventory adjustments and qualitative descriptions of our inventory costing methodology. We do not believe the ASU provides more effective, decision-useful information. Rather, more effective disclosures on inventory could be achieved by a more principle based implementation guidance.

In our quarterly earnings release, we provide the key drivers of gross margin based on our platform product sales and manufacturing costs. Our analyst community values this type of information as it provides greater insight into our gross margins and performance of our key products. As our CODM manages our business based on total inventory by key products, we believe requiring disclosure of disaggregated inventory based on the nature of their products would provide our users with meaningful and useful information. We recommend the Board finalize the Disclosure Framework before continuing forward with this and other proposed disclosure updates. The Board should expand the entity-level disclosures in the Disclosure Framework to allow preparer's to determine their disclosures based on a principles based approach which considers how companies manage their business.

Question 2: Are the proposed disclosure requirements operable and auditable? If not, which aspects pose operability or auditability concerns and why?

No response

Question 3: Would any of the proposed disclosures impose significant incremental costs? If so, please describe the nature and extent of the additional costs.

No response

Question 4: Paragraph 330-10-50-7 proposes a requirement to disclose certain specific changes in the inventory balance. Is this requirement sufficiently operable? Why or why not? Would a requirement to include a rollforward of inventory impose significantly greater costs? If so, please describe the nature and extent of the additional costs. Would the informational benefit of a rollforward be sufficient to justify the additional costs? Are there other ways to provide users with this information without imposing significant incremental costs, and, if so, what are they?

We agree with the use of the specific changes approach as this approach is much more operable then the full rollforward of inventory which we do not believe is operable and do not think provides decision-useful information.

We do not use the rollforward approach when analyzing our inventory balances. The cost of preparing a rollforward exceeds the benefit and would require us to modify systems and processes, and we believe the specific changes approach is able to provide users with similar level of decision useful information.

Question 5: The proposed amendments would apply to all entities, except for the requirements in paragraphs 280-10-50-25 and 280-10-50-32, which apply only to those public entities subject to the guidance in Topic 280. Is it appropriate to exclude entities that are not public business entities from this guidance? Are there other disclosures for which entities other than public business entities should be allowed a modification?

No response

Question 6: Paragraph 330-10-50-11 proposes a requirement to disclose a qualitative description of types of costs that an entity capitalizes into inventory. Would this requirement provide useful information to users?

We do not believe this requirement would meaningfully improve our current inventory disclosures, nor would it provide our analyst community with greater insight into our gross margins and performance of our key products. Our concern is this type of disclosure would viewed as "boiler plate" and not provide any additional insights.

Question 7: Paragraph 330-10-50-12 proposes a requirement for entities that record inventory using the RIM to disclose qualitative and quantitative information about the critical assumptions used under that method. Is this disclosure requirement incremental to existing guidance for critical accounting estimates and significant accounting policies? Would it be operable and provide useful information to users?

Not applicable

Question 8: Are there any other disclosures that should be required by Topic 330 on the basis of the proposed Concepts Statement or for other reasons? Please explain why.

See our response in Question #1.

Question 9: Should the proposed disclosures be required only for the fiscal year in which the requirements are effective and years after that fiscal year, or should prior periods be restated in the year in which the requirements are effective? Please explain why

No response

Question 10: How much time would be needed to implement the proposed amendments? Should the amount of time needed to implement the proposed amendments by entities other than public business entities be different from the amount of time needed by public business entities? Should early adoption be permitted? Please explain why.

No response