

Intel Corporation
2200 Mission College Blvd.
Santa Clara, CA 95052-8119
Tel: 408-765-8080
Fax: 408-765-8871



May 16, 2005

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 018

Members and Staff of the Public Company Accounting Oversight Board (the "Board"):

Thank you for the opportunity to comment on the Proposed Auditing Standard, *Reporting on the Elimination of a Material Weakness* (the "Proposed Standard"). We appreciate the Board's flexibility in providing for elective engagements to report on the correction of material weaknesses; however, we are concerned such engagements will, in practice, become de facto required audit services.

Despite cautionary advice to audit committees to carefully weigh the costs and benefits of such engagements,¹ the simple availability of this option will likely lead to compulsory reporting over time. In the current environment of benchmarking against other companies and the pursuit of best practices, audit committees will be pressured into these elective engagements. The voluntary nature of the Proposed Standard is illusory.

In our view, such engagements would add costs without corresponding benefit to investors. Under Section 302 of the Sarbanes-Oxley Act, management must evaluate the effectiveness of disclosure controls and procedures and disclose "any change . . . that has materially affected, or is reasonably likely to materially affect . . . internal control over financial reporting."² Thus, disclosure of the continued existence or correction of material weaknesses would most likely be addressed through the Section 302 certifications. As an added measure of assurance, auditors must perform certain quarterly procedures to determine whether management should make any

¹ See, e.g., PCAOB Board Member Daniel L. Goelzer, Statement at the Public Meeting of the Board (Mar. 31, 2005), available at http://www.fei.org/files/spacer.cfm?file_id=1517.

² Final Rule: Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, Securities and Exchange Commission Release Nos. 33-8238, 34-47986, IC-26068, 68 Fed. Reg. 36646 (June 18, 2003).

disclosure modifications to comply with Section 302.³ Finally, enhanced criminal penalties offer further incentive for transparent management reporting.⁴

In closing, we would encourage the Board to reconsider the Proposed Standard in light of current investor protections. Existing Section 302 certification requirements are sufficient, and this proposal will likely only add costs for shareholders.

Thank you for consideration of our views. Please do not hesitate to contact me at (503) 696-7931 if you would like any further information in connection with our comments.

Sincerely,

/s/ James G. Campbell

James G. Campbell
Vice President
Corporate Controller

³ Auditing Standard No. 2, An Audit of Internal Control Over Financial Reporting Performed in Conjunction With an Audit of Financial Statements (PCAOB) at A-85 and A-86.

⁴ See 18 U.S.C. §§ 1348 and 1350 (2004) and 15 U.S.C. §78ff(a) (2004).