



May 2, 2008



LETTER OF COMMENT NO. *13*

Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

**Re:** *Employers' Disclosures about Postretirement Benefit Plan Assets*  
**Reference Number:** Proposed FSP FAS 132(R)-a.

To whom it may concern:

As a registered publicly-held company, Texas Instruments Incorporated (TI) feels it is necessary to comment on the tentative decisions reached on March 18, 2008 regarding a proposed FAS Staff Position amending Statement of Financial Accounting Standard No. 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits*, with a stated goal to enhance the disclosures of plan assets in postretirement benefit plans.

TI designs, makes and sells high-technology components and systems to more than 50,000 customers all over the world. The company has two separate business segments: Semiconductor and Education Technology. Semiconductor is by far the largest of these business segments. TI is among the world's largest semiconductor companies as measured by revenue, having been ranked in the top five for the past decade.

We offer our comments below to the questions specifically requested to be addressed and include other comments as well.

**The Board requests that constituents provide comments on the following:**

1. Is the principle of disclosing categories by type of plan asset understandable?

**TI Response:** Yes, but we believe that requiring additional levels or categories beyond what is already required in FAS 132(R) does not add additional value. Expanded disclosures may in fact create more confusion as the proposal places the same degree of detail reserved for assets that are actually reported on a company's balance sheet, which may lead a reader to conclude that these assets still belong to the company rather than to plan participants.

2. Are the asset categories that must be disclosed, if significant, representative of the types of assets held in postretirement benefit plans? Should any other categories be added?

**TI Response:** We believe that the existing general categories of plan assets are representative of the types of assets held in postretirement benefit plans and, as mentioned above, expanding asset categories from four to a dozen does not add additional value. In addition, we believe that the existing guidance is sufficiently clear regarding when expanded disclosures regarding asset categories and concentration of risk may be required (see paragraph 5 (d) (4) of FAS 132(R) below) so there is no need for this additional requirement in the proposed standard.

FAS 132(R) para. 5 (d)(4) - Disclosure of additional asset categories and additional information about specific assets within a category is encouraged if that information is expected to be useful in understanding the risks associated with each asset category and the overall expected long-term rate of return on assets.

Expanded disclosure may be appropriate specifically for 'alternative investments', such as investments in private-equity or venture capital or hedge funds that carry a greater degree of risk than investments in marketable equity and debt securities.

3. Is the requirement to disclose concentrations of risk arising within or across categories of plan assets from a lack of diversification understandable, and is this information useful? Would another disclosure principle be better?

**TI Response:** We agree that a discussion of concentration of risk may be beneficial, particularly where there is a significant direct investment in a single company's equity or debt securities (as contrasted to an indirect investment through a diversified mutual fund or other similarly diversified instrument). However, even though the degree of diversification risk must be tested on a plan-by-plan basis, we believe that the disclosure should be limited to an aggregation of plans which have such a diversification risk. This could be along the aggregation lines as currently required under FAS 132(R), para 6 (a) and (b). In this case, in plans that have a diversification risk, a company would disclose the total benefit obligations, total plan assets and amount of plan assets subject to diversification risk, each aggregated across the subset of plans that have a diversification risk. This could be contrasted to the total of all plans to indicate the degree of diversification risk.

In addition, it should be made very clear that an over-proportionate investment in securities offered within a single country may not indicate a diversification risk by country for individual plans that owe most of their liabilities within that country. (For example, if a plan in Japan had 50% of its assets invested in marketable securities from a diversified mix of Japanese issuers, this would not be a diversification risk.) However, on a global consolidated basis, diversification risk by country should further be judged according to significant aggregate investments within countries which are: 1) considered to be highly inflationary or, 2) have restrictions that would limit the availability or access to cash sales or withdrawals. (For example, if 5% of total assets of all plans were invested in securities offered in a highly inflationary Latin American country – that would be a diversification risk.)

4. Would the disclosures about fair value measurements of plan assets provide decision-useful information?

**TI Response:** We do not believe this type of information will be useful. Investments in plan assets are made based on their expected long-term rate of returns, not on current fair values. The funded status of a plan as of the reporting date is only a snapshot of the current valuations and not an analysis of the plan's ability to meet its future obligations. The funded status is highly dependent upon current interest rates, market prices and market conditions.

5. Would any of the required disclosures impose excessive incremental costs? If so, please describe the nature and extent of the additional costs.

**TI Response:** Even though the cost of providing this proposed additional disclosure may not be considered 'excessive', there will be an incremental cost. In the case where investment managers would have to provide additional detailed reports to support FAS 157 type disclosures, their costs to revise systems and processes to separate plan assets into the various input levels will be passed along to the sponsor company. In addition, plan administrators would have to coordinate among the various plans, investment managers and trusts (in a multi-plan environment) to obtain the necessary concentration of risk information in the various different diversification formats currently proposed. This will require a great deal of time and effort to obtain the data and analyze it.

6. Is the time needed to compile the information required to support annual reporting disclosures sufficient given the proposed effective date for fiscal years ending after December 15, 2008? If not, please describe the nature and extent of the effort required and the time needed.

**TI Response:** We do not believe that the time given to implement this proposal is sufficient. To provide the various additional disclosures proposed under this standard, we would need the cooperation and support of the various investment managers, trustees and plan administrators of all the plans we have around the world. It may be especially difficult to obtain the necessary information for our foreign plans in countries that currently follow International Financial Reporting Standards (IFRS). We believe that an additional one year delay should be considered in order to co-ordinate the efforts of all these entities.

#### ***Additional Considerations –***

1. We believe that current disclosure requirements under FAS 132(R) are adequate and should not be amended. Disclosures for pension and other postretirement benefit plans have been amended or revised so frequently over the past several years that the sheer magnitude of the existing required disclosures raises the question of relevancy. The pension and other postretirement benefit plan footnote is currently the biggest in the

annual report of most companies, including T1's. There are several other pending issues in the current phase 2 of the pension project that the FASB is working on that may require revisions to future disclosures once that project is finalized. In addition, companies currently following IFRS standards are not required to provide this much in-depth analysis of plan assets. Therefore, in light of the current status of phase 2 of the pension project, and in view of the potential of US companies adopting the requirements of IFRS standards, we respectfully request that the Board consider a postponement of implementing this standard until one or the other mentioned events is finalized.

2. Should the Board consider moving ahead with this proposal, we would recommend that consideration be given to providing additional qualitative disclosure rather than the quantitative type information proposed. This qualitative information would address issues such as: 1) how does the company's management choose to handle its responsibility to meet benefit obligations in the future? 2) Has management set limits on the amounts or percentages of investments in 'alternative investments? 3) How is diversification risk managed?

We believe that a company's disclosures should take a more principles-based approach – that quantitative disclosures should be tailored to follow the type of qualitative disclosure. For example, where a company has delegated its management of plan assets and allowed the investment managers to invest in alternative investments, the company would then disclose the types and amounts of investments that fall in that category, describing how such investments fit into the target allocation mix and how they are intended to meet future benefit obligations.

Using this type of approach would put companies following this standard in a better position to implement IFRS.

We appreciate the opportunity to present our comments to the Board. If you have any questions regarding this letter, please feel free to contact Charlie Tobin/Joe Anderson at 972-917-6938 or 972-917-7220.

Sincerely,



Charles D. Tobin  
Vice President and Treasurer