TEXAS INSTRUMENTS

Texas Instruments Incorporated

January 15, 2009

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

Re: File Reference: Proposed FSP FAS 107-a

Dear Technical Director:

This letter is submitted on behalf of Texas Instruments Incorporated (TI) in response to the FASB's request for comment in connection with Proposed FSP FAS 107-a, "*Disclosures about Certain Financial Assets: An Amendment of FASB Statement No. 107*"

TI designs, makes and sells high-technology components and systems to more than 80,000 customers all over the world. 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 appreciate the Board's attempt to address the needs of investors to understand the complexities surrounding reporting issues arising from the global financial crisis, including fair value and impairments. However, we vigorously object to the issuance of this proposed standard for several reasons:

1. *Timing* – The accelerated pace at which this proposal has been prepared and disseminated for public comment does not permit adequate "due process." Issuing this proposal on Christmas Eve and allowing only a 20-day comment period while many companies are fully focused on year-end closing represents a disproportionate sense of urgency than the situation warrants. Moreover, mandating an effective date as of this year end does not provide companies enough time to responsibly establish the methodologies, processes and internal controls needed to ensure compliance with the proposed new disclosure requirements. We do not believe we can get the required disclosures prepared and audited by the time our financial statements are required to be filed with the SEC.

2. *Lack of clarity and understanding* –The terminology and/or concept of "Incurred Loss" included in the proposal is unfamiliar to us and, we suspect, to most users of financial statements. We believe that the proposal has improperly labeled the information requested and therefore will cause more user confusion than benefit. As a result of that mislabeling, we

will have to provide additional descriptive language in our footnote disclosures to explain what this new information is and how it helps users of the financial statements. This will be more difficult as the proposed FSP is itself short on descriptive language explaining its intent.

3. *Difficulty in administering the new requirements during the year end closing cycle* – Calculating and supporting the "incurred loss" valuations as required by this proposal will be a time-consuming effort, requiring manual calculations for each asset. Assumptions would have to be made about each asset's remaining expected cash flows. This will take time away from previously scheduled year-end reporting processes and interfere with the normal closing process

4. *Doubtful benefit to users* – As we mentioned before, the "incurred loss" terminology and concept is not generally understood to us (and we believe to investors as well as other preparers) and thus would require additional narrative disclosure to help explain what these new amounts mean, why they are different from FAS 157 fair value amounts and why they are required disclosures. This narrative would be in addition to the "qualitative" disclosures proposed in paragraph 15G of this standard. As we are unsure what the FASB intended with this term/concept we are at a disadvantage already in being able to communicate that effectively to the users of the financial statements.

   In addition, the presentation of the "incurred loss" amount would seem to weaken the validity and usefulness of FAS 157 fair value amounts. Disclosing an amount that is neither measured nor recorded at its historical cost nor its fair value would be in effect creating a non-GAAP disclosure to the financial statements.

   Finally, we do not see the benefit of the pro-forma income before taxes disclosures. The Board appears to be saying that all of the existing GAAP rules regarding the "correct" way to report temporary impairments are no longer useful. This proposal would require us to report income three different ways – 1) per the original existing rules, 2) as if we knowingly violated the original rules, and 3) using a new valuation concept which is poorly understood. This additional requirement calls into question whether the Board truly believes its existing accounting for impairments of these types of financial securities is adequate. If that is the case, then there is an even greater need to take a more thorough and logical examination of existing GAAP rules, following the proper due process, rather than pressing to implement the proposed FSP.

We have also responded to the specific questions included in the proposed FSP (please see Appendix A to this letter).

Summary: We agree that the proper measurement of these debt securities (or loans and long-term receivables) should be based on fair value determined in accordance with FAS 157 (using market participant assumptions). In the current economic environment, the fair value of these investments may be lower than the carrying value and even the value ultimately expected to be received, based on liquidity issues rather than the credit quality of the underlying security issuers. In these situations, where companies have already conducted the impairment tests under existing GAAP and determined that an impairment is temporary, we believe that it is unnecessary to further quantify and disclose what those expected future values may be (which we suspect is what the "incurred loss" amount means in this proposed FSP). Adding additional numbers on a table does not mean it is better disclosure especially when the terminology and concept behind that additional number is not clear.

We believe existing GAAP disclosure requirements are adequate and there is no need to add additional disclosure requirements at this time. We strongly recommend that this proposal not be finalized.

However, should the Board feel there is enough justification to warrant issuing this FSP; we believe the Board should ***at least*** make the following changes to the proposed standard:

1. Change the title of the data to be disclosed in the new column from "Incurred Loss Amount" to something like "Present Value of Expected Recovery Amount" or even "Amortized Cost" (as is proposed in the IASB version of this proposal amending IFRS 7). The terminology as proposed is very misleading and does not correspond to the underlying basis of the data used in the measurement. As proposed, the amount to disclose would be based on the cash flows expected to be recovered – NOT how much loss is expected to be incurred.

2. We understand the Board's reluctance to issue industry-specific guidance in light of convergence with IFRS standards. However, we believe that many financial services firms would find this form of additional disclosure beneficial in providing their investors with another calibration point to show that current fair value requirements may be too severe in some circumstances. Therefore we recommend that the Board consider making this standard a **requirement** for the financial services industry but allow it to be an **optional** disclosure for all other industries in which financial assets are material and/or the fair value of those financial assets may be considered to be misleading. Companies opting for voluntary disclosures would follow the same disclosure requirements as the financial services industry.

3. If nothing else is done, we strongly recommend that the Board move the effective date of these disclosure requirements to at least the first quarter of 2009 (i.e. for annual and interim periods beginning after December 15, 2008). Later implementation would be even more preferable.

We appreciate the opportunity to present our comments to the Board. If you have any questions regarding this letter, please contact Rod Harden at (214) 480-1025.

Sincerely,

CHARLES R. MILLER

Charles R. Miller
Vice President and Controller

APPENDIX A

Addressing the specific questions the Board requested comments on:

1. Do you believe that requiring disclosure of different reporting measurement attributes (that is, as reported in the statement of financial position, at fair value, and at the incurred loss amount) for certain financial assets within the scope of this proposed FSP would (a) improve the quality of information provided to users of financial statements and (b) increase the comparability of financial statements under U.S. generally accepted accounting principles (GAAP) and IFRS? Why or why not?

Response: No, this proposal would not improve the quality of information provided to users nor improve comparability.

The valuation concept referred to as "incurred loss" isn't universally understood or consistently applied among financial statement users and preparers. There are many questions as to the proper way to calculate "incurred loss," especially for more complex securities like mortgage-backed securities. There is also a question as to whether or not financial statement users would see any benefit from knowing the "incurred loss" numbers in addition to the fair value numbers we already report. It may just create confusion, especially if preparers don't use consistent methodologies to calculate "incurred loss".

2. Do you agree that the proposed disclosures should not include financial assets measured at fair value in the statement of financial position with changes in fair value recognized through earnings? *If not, would you propose including such financial assets within the scope of this proposed* FSP? Should financial assets measured at the lower of cost or fair value (such as mortgage loans) be included within the scope of this proposed FSP? Why or why not?

Response: Yes, we agree that assets that are "marked-to-market" through earnings should not be included in the proposed disclosures, as this accounting treatment implies that the assets are generally being held for trading purposes (i.e. to make a profit from short-term market price swings). Due to the nature of those investments, the current valuation is what is expected to be collected. We interpret that the focus of this standard is on financial assets held for longer term purposes, where the reported valuations and measurement of temporary impairments based on FAS 157 fair value amounts may have been too low for certain financial assets in stressed or inactive markets. Recovery of the true value may take more time, but it is still expected to occur.

3. Do you believe that requiring disclosures of the pro forma income from continuing operations (before taxes) for financial assets within the scope of this proposed FSP as if those financial assets were carried (a) at fair value with changes in fair value recognized through earnings and (b) at the incurred loss amount with changes recognized through earnings would improve financial reporting? Why or why not? Should the disclosure requirements described in the preceding sentence also be required for net income and shareholders' equity? Why or why not?

Response: No. We believe that this requirement would result in presentation of non-GAAP information that under Regulation G of the SEC rules and regulations would require further disclosures reconciling to the nearest GAAP numbers (i.e., FAS 157 fair value or amortized cost amounts). Additionally, we believe that presenting pro forma information as if fair value changes had been recognized through earnings is redundant to existing disclosures for investments in available for sale debt securities. Changes in fair value for those investments are already reflected in the disclosures to Other Comprehensive Income under FAS 130. As to (b) – pro formas based on incurred loss amounts – we are, at this time, unable to determine how we would implement a methodology or process to prepare such numbers for the annual period just completed, nor do we believe an investor or user of the financial statements would understand what the pro forma disclosure means. Requiring a pro forma net income disclosure in addition to the pro forma income from continuing operations would also be redundant to the user. They would already know the pre-tax effect; companies would simply be "doing the math" for users by adding the tax effect. We believe this proposal would add little extra value.

4. Would including separate reconciliations of reported income from continuing operations (before taxes) to the proposed pro forma adjusted income from continuing operations (before taxes) under both a fair value basis and an incurred loss basis for financial assets within the scope of this proposed FSP be useful? Why or why not?

Response: No. This reconciliation would be required by the SEC under Regulation G anyway as the pro forma amounts proposed herein would be considered non-GAAP information. We believe all the proposals for pro forma information would not be useful and would be misunderstood by investors.

5. Do you believe that the provisions of this proposed FSP should be effective for interim and annual reporting periods ending after December 15, 2008? Why or why not? Do you believe that the disclosures in this proposed FSP should be provided on a comparative basis for subsequent periods after initial application of the proposed FSP? Why or why not?

Response: No. The proposed effective date does not allow adequate time for the development of an understanding of the disclosure requirements, development of the methodologies and processes by which we could assimilate and prepare the necessary data, nor development and testing of internal controls over the processes used to prepare the final disclosures. In addition, we doubt that our auditors would have sufficient time to audit these disclosures. It is simply too short a time frame to work the disclosures into the existing year-end work-flow processes of consolidation and financial reporting given the late starting date and the complexities of trying to calculate these new disclosures.

6. Are all of the disclosures in this proposed FSP operational based on the proposed effective date? Why or why not? Please be specific in your response.

Response: No. For specific responses please see our opening objections detailed above. We do not believe we could realistically or operationally calculate the "incurred loss' amounts for all of our available for sale debt securities (based on our current understanding and assumptions of the FASB's intent with this proposal) plus prepare the necessary qualitative disclosures and have all of that audited within the time remaining in our closing process to include those disclosures in the footnotes of our annual report for the year ending December 31, 2008.