



Texas Instruments Incorporated

October 12, 2009

Russell Golden, Technical Director  
File Reference No. 1710-100  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, Connecticut 06856-5116

**Re: File Reference: Proposed ASU, *Improving Disclosures about Fair Value Measurements* (Topic 820)**

Dear Mr. Golden:

This letter is submitted on behalf of Texas Instruments Incorporated (TI) in response to the FASB's request for comment in connection with Proposed Accounting Standards Update (ASU), "*Improving Disclosures about Fair Value Measurements*" (Topic 820).

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 effort to improve disclosure requirements related to recurring and nonrecurring fair value measurements. However, we believe that the cost of implementing certain aspects of this proposed standard is out of proportion to the benefit to users of financial statements. We also question the level of detail required to be disclosed for companies outside of the financial services industry that do not have significant exposure to fair value.

Specifically, our comments and recommendations are as follows:

1. We agree that fair value measurement information for each class of asset or liability, segregated into the applicable fair value hierarchies as of the reporting date (i.e. balance sheet date) would be meaningful information for investors. However, the separate disclosure of the significant transfers into and out of Level 1 and Level 2 of the fair value hierarchy, without requiring the disclosure of the additional components to reconcile the beginning and ending fair value of those assets and liabilities, would not be meaningful data and should not be required.
2. Assuming significant transfers between the different Levels of the fair value hierarchy have occurred as of the beginning of the interim period in which the transfer occurred does not make sense. Fair value is determined as of the end of the period. Accordingly, a company

will not have additional fair value information before that time. Under the proposal, a company would be using the end-of-period fair value from the prior quarter to measure the Transfer— so if a company reported a Level 1 asset on March 31, then in the next quarter the company would be assuming it was a Level 2 asset as of the very next day, on April 1. We do not believe that assumption is appropriate. If this were a significant asset, that change in assumption should probably be considered for a subsequent events disclosure in the first quarter report. We recommend that a company should make the assumption that the transfer was done as of the end of the reporting period unless adequate information is available to support an earlier transfer and a company has the ability to measure changes in fair value from the date of transfer.

3. We believe that investors do not need the detailed disclosure of the gross amounts of changes in FV of Level 3 assets and liabilities (i.e. the purchases, sales, issuances and settlements, etc.) by each type of asset and liability as required in paragraph 820-10-50-2 (c)(2). We believe this level of presentation may actually distract investors and is not cost-beneficial. The purchases, sales, issuances and settlements, etc. represent the operational/investment decisions made by the company and may be just as usefully displayed on a net basis. Tracking and accumulating the data to provide the detailed disclosures proposed would be time-consuming and costly. Therefore we recommend that these changes in fair value be allowed to continue to be presented on a net basis. Rather than request disclosure of gross amounts of changes as proposed, it would be more useful to focus on the measurement valuations reflected in the realized/unrealized disclosures required in the table. Specifically, we believe it could benefit investors for the reporting entity to disclose, on a gross basis, actual sales and gains/losses versus booked values. If gains/losses are significant, a company should disclose the reasons for the difference so investors can judge if the market has changed rapidly, the company's valuation methodologies are not effective, or there is some other cause.
4. We question the usefulness of the information required by paragraph 820-10-50-2 (d). This information is a subset of the disclosures required by paragraph 820-10-50-2 (c) (1). Having to track this information separately for those assets and liabilities still held as of the balance sheet date will be time-consuming and very costly.
5. We object to the proposed requirement to disclose the valuation techniques and inputs used in determining the fair value of each class of asset or liability using Level 2 inputs. We understand and agree with the applicability of that requirement to each class of asset or liability using Level 3 inputs because of their more uncertain nature. We propose that at most, companies should be allowed to give a summary of the valuation techniques and inputs used that would apply to all Level 2 assets and liabilities – not for each class.
6. We agree that investors may be interested in the disclosure of a range of fair values for assets and liabilities using Level 3 inputs. However, if the reporting company is able and chooses to represent that Level 3 assets are not needed to fund current operations and are not likely to be sold within the next year, the additional presentation of possible alternative

values is irrelevant. Therefore, we vigorously object to disclosure of ‘the total effects of changes in reasonably possible alternative inputs’ for each class of assets and liabilities that use significant unobservable inputs (Level 3). Moreover, the criteria under proposed paragraph 820-10-50-2 (f) to be considered in determining this ‘sensitivity analysis’ are simply too broad. Requiring companies to address all inputs that have more than a remote chance of occurring would lead to misinterpretation and would result in a lack of meaningful comparability among reporting companies. Under this proposed scenario a company could choose to prepare multiple iterations of fair value computations involving almost every possible input over the entire expected useful life of the asset or liability being measured. This would be unmanageable and subject to gross manipulation. (Companies could cherry pick the input assumptions they could use to obtain a more favorable sensitivity analysis to ‘prove’ the value of those assets and liabilities they expect to finally realize.) To avoid confusion, FASB should clarify that these disclosures about alternative inputs are as of the balance sheet date, not speculation about what inputs may become reasonably possible at some future date. Further, we recommend that this requirement, at least be limited to only those inputs that could have been ‘probable’ of being changed as of the balance sheet date (or at least ‘more likely than not’). We do not believe a ‘forward looking’ sensitivity analysis that may consider alternative inputs over a long period of time would provide meaningful and comparable data. There should be clear language for investors that valuations as of a certain date may not be representative of values that may be obtained in the future; just as a Level 1 stock quote as of the balance sheet date does not indicate what the security will be worth at a future date. Rather, we believe an analysis that represents a realistic alternative valuation as of the balance sheet date assuming different inputs could have been in effect as of that date – similar to the ‘pro forma’ disclosures for other postretirement benefits under ASC 715-20-50 (formerly FAS 106) where the only input being modified is a one percent change in the assumed health care cost trend rate - would be more cost beneficial to investors.

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 to their investors. Therefore we recommend that the Board consider making this standard a **requirement** for the financial services and related industries but allow it to be an **optional disclosure** for all other industries in which financial assets or liabilities are material. Companies opting for voluntary disclosures would follow the same disclosure requirements as the financial services industry.

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