TEXAS INSTRUMENTS

Texas Instruments Incorporated

LETTER OF COMMENT NO. 190

March 31, 2009

LETTER OF COMMENT NO. 228

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

Re: File Reference:
Proposed FSP FAS 157-e
Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b

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 the Proposed FSPs FAS 157-e " *Determining Whether a Market Is Not Active and a Transaction Is Not Distressed"* and FSP FAS 115-a, FAS 124-a, and EITF 99-20-b, "*Recognition and Presentation of Other-Than-Temporary Impairments*".

We believe that Proposed FSP 157- e should at least be postponed. Moreover, we vigorously object to the issuance of the proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b.

Below we have summarized our concerns.

Regarding the Proposed FSP FAS 157-e:

We agree that the proper measurement of investments in debt and equity securities should be based on fair value determined in accordance with FAS 157 (using market participant assumptions). Therefore, we do not object to the issuance of this proposed FSP in general as its guidance may be beneficial for companies in their determination of when markets may be inactive and whether prices obtained there from are associated with a "distressed' transaction. However, we are concerned that the adoption of this FSP could lead to a divergence in accounting between US GAAP and IFRS that would have to be addressed again at some later point either as part of a mandatory IFRS adoption or within the context of an expanded convergence effort. Our recommendation would be to at least delay the issuance of a final FSP until the IASB has had the opportunity to address and comment on the issues and any differences have been worked out between the two Boards.

Regarding the Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b:

For this FSP, we agree with the Alternative Views of Messrs. Thomas J. Linsmeier and Marc A. Siegal set forth in this proposal. We believe that if the guidance in Proposed FSP FAS 157-e is adopted, and investments are more appropriately measured at fair value without the burden of using

'distressed transaction' prices, there is no need to require the additional reporting and disclosure requirements of Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b.

We believe that the existing rules for determining whether an impairment is other-than-temporary are adequate and do not need to be changed.

In particular, we vigorously object to the issuance of this proposed standard for several reasons:

Complexity – This Proposed FSP would change the 'trigger' for recognition of the impairment loss and create separate accounting treatments.

> (For example: If entity *intends to sell* or it is 'more likely than not that the entity will sell before recovery' – that will result in a 'full' impairment where the entity would recognize the entire impairment amount in earnings – similar to existing GAAP. If it is 'more likely than not' that an entity will NOT sell before recovery, but it is 'probable' that the entity will be unable to collect all amounts due – that will result in a 'partial' impairment where the entity would be required to bifurcate the impairment loss into a 'credit' portion which would be recognized in earnings and a 'noncredit' portion which would be recognized in other comprehensive income (OCI) on the balance sheet.

We do not believe it is any easier (or 'operational') for an entity to assess that it 'does not have the intent to sell' an investment than to assess it 'intends to hold' an investment. Therefore, we believe changing the trigger assessment is not necessary and does not clarify an entity's ability or financial wherewithal to hold an investment until recovery. We believe that the 'ability' to hold on to an investment is as meaningful as 'intent' in determining whether an entity is likely to experience a loss on the cash flows from the investment.

In addition, we do not believe that the Proposed FSP provides useful guidance on how to determine and measure the 'credit' portion of an impairment. For example, it is not clear whether the credit portion should include the reduction in the present value of the cash flows resulting from an increase in the discount rate due to higher credit risk premiums; or is only the amount of contractually required cash flow that an investor does not expect to collect discounted at the yield to maturity rate on the acquisition date.

The Proposed FSP indicates that entities should consider the "measurement methodology described in paragraphs 12–16 of FASB Statement No. 114, *Accounting by Creditors for Impairment of a Loan*". This same guidance was previously cited in the failed January 2009 Proposed FSP FAS 107-a, "*Disclosures about Certain Financial Assets: An Amendment of FASB Statement No. 107*" as not being operational for companies in non-financial services industries. We believe that guidance referenced in this Proposed FSP would still not be operational to entities in non-financial services industries.

Timing and *practical application* – As in the January 2009 proposal on FSP FAS 107-a, we believe the accelerated pace at which this proposal has been prepared and disseminated for public comment does not permit adequate time for reasoned review and comment. Moreover, mandating an effective date as of the first quarter of this year does not provide companies enough time to responsibly establish the methodologies, processes and internal controls needed to ensure compliance with the proposed requirements. We also have to take into consideration the recent requirement by the SEC mandating filing of additional financial information in XBRL format for the second quarter of 2009. The simultaneous timing of these two projects will put considerable additional strains on our staff.

Summary:

We believe existing GAAP regarding impairments and determining their other–than-temporary status are adequate and there is no need to add additional guidance or disclosure requirements at this time. We do not believe the Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b would add to comparability or investor understanding. At the same time, their implementation would greatly burden companies in a period of constrained resources. We strongly recommend that the Proposed FSP FAS 115-a, FAS 124-a, and EITF 99-20-b not be finalized.

We understand the Board's reluctance to issue industry-specific guidance in light of convergence with IFRS standards. However, if the Board believes this standard should be issued to assist financial services firms, we strongly recommend that the Board consider making FSP FAS 115-a, FAS 124-a, and EITF 99-20-b a requirement for that industry but allow it to be an optional standard for all other industries in which investments in debt or equity securities are material and/or the fair value of those financial assets may be considered to be misleading. Companies opting for voluntary application would follow the same requirements as the financial services industry.

If nothing else is done, we strongly recommend that the Board move the effective date of these disclosure requirements to <u>at least</u> the third quarter of 2009 or until after the first round of mandatory XBRL filings are completed.

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