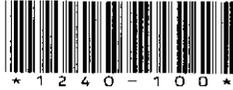




Texas Instruments Incorporated



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LETTER OF COMMENT NO. 16

December 2, 2008

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

**Re: File Reference No. 1240-100**

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 revised Exposure Draft - Proposed Statement of Financial Accounting Standards No. 128(R), *Earnings per Share, an amendment of FASB Statement No. 128*.

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.

Although we agree with many of the proposed changes in the Exposure Draft, we believe the "two-class" method required for participating securities should be modified to address the situation where there is only one class of common stock that results from its application.

We understand the need for the "two-class" method where an entity has multiple classes of common stock, each with different rights to dividends or undistributed earnings. However, we believe that the "two-class" method currently required under FAS 128 should be modified in the case where a company has only one class of common stock and has unvested share-based awards (i.e. restricted stock or restricted stock units (RSUs)) that are "participating securities" as currently defined by FSP EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*.

The exchange of RSU's to common stock is generally not dependent upon any market price at the time of exercise/vesting – it is simply based on the passage of time or vesting (for service-based awards). We believe that requiring an earnings allocation approach in this case is misleading to investors, because the required adjustment to the numerator (i.e. reducing earnings for an amount attributable to the RSUs) implies that those earnings would not be available for distribution to holders of the single class of common stock.

The RSUs are exchangeable into only one class of common stock; there is no allocation required. We believe that the effect of these RSUs should be reflected in the denominator by adding the outstanding RSUs at the end of the reporting period that are expected to vest to the other potentially dilutive securities outstanding.

It seems inconsistent to require an earnings allocation approach during periods when the participating security is still outstanding and then to switch to reflecting the underlying common shares in average shares outstanding once the participating security is exchanged for common shares. The only thing that has changed is the passage of time and the fulfillment of vesting requirements. We use both RSUs and stock options as part of our compensation package and see little difference in how they should be treated for earnings per share – they both should impact the denominator.

We believe that this approach results in the same diluted earnings per share amounts as provided by the earnings allocation approach, but investors could more readily understand its impact based on the earnings and shares outstanding as disclosed on the face of the statement of income. Under the current two-class method we would have to provide in the footnotes a reconciliation between the earnings on the face of the statement of income to the earnings allocated to common shares used in the calculation of earnings per share, and we would also need to provide an explanation as to why the reconciliation was necessary in the first place.

Therefore we propose that paragraphs 61A, 61B, 61C and 63 of the Exposure Draft be modified to exclude participating securities that are exchangeable or convertible into common shares where there is only one class of common stock from applying the two-class method.

Regardless, we do not believe that there should be any effect on the calculation of basic earnings per share from the application of the two-class method. We disagree that participating securities should be included in the calculation of basic earnings per share. The only effect from the two-class method should be on diluted earnings per share. This would be consistent with the inclusion of dilutive stock options only in the diluted earnings per share computation. Therefore, we propose that paragraphs 60, 60A and 61 be deleted from the Exposure Draft.

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