

18-02599-FOIA

July 25, 2018

U.S. Securities and Exchange Commission  
Office of FOIA Services  
100 F Street, NE Mail Stop 2745  
Washington, DC 20549-5100



Dear FOIA Office:

Under the Freedom of Information Act (FOIA), we are requesting a copy of the following:

TEXAS INSTRUMENTS INC comment letters.  
DOC\_DATE: 1/1/2001 to 12/31/2006  
CIK\_NUM: 0000097476

Process this request up to our education-use entitlements.

Thank You,

Dr. Amy Hutton  
Boston College  
Carroll School of Management,  
Chestnut Hill, Massachusetts 02467





UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
STATION PLACE  
100 F STREET, NE  
WASHINGTON, DC 20549-2465

Office of FOIA Services

August 22, 2018

Dr. Amy P. Hutton  
Boston College  
Carroll School of Management  
Chestnut Hill, MA 02467

RE: Freedom of Information Act (FOIA), 5 U.S.C. § 552  
Request No. **18-02599-FOIA**

Dear Dr. Hutton:

This letter is in response to your request, dated and received in this office on July 25, 2018, for access to comment letters relating to Texas Instruments Inc., issued from January 1, 2001 to December 31, 2006.

The search for responsive records has resulted in the retrieval of 14 pages of records that may be responsive to your request. They are being provided to you with this letter.

If you have any questions, please contact me at [osbornes@sec.gov](mailto:osbornes@sec.gov) or (202) 551-8371. You may also contact me at [foiapa@sec.gov](mailto:foiapa@sec.gov) or (202) 551-7900. You also have the right to seek assistance from Ray J. McInerney as a FOIA Public Liaison or contact the Office of Government Information Services (OGIS) for dispute resolution services. OGIS can be reached at 1-877-684-6448 or [Archives.gov](http://Archives.gov) or via e-mail at [ogis@nara.gov](mailto:ogis@nara.gov).

Sincerely,

A handwritten signature in cursive script that reads "Sonja Osborne".

Sonja Osborne  
FOIA Lead Research Specialist

Enclosures

Mail Stop 0306

October 16, 2002

William A. Aylesworth, Senior Vice President and Chief Financial Officer

Texas Instruments Incorporated

12500 TI Boulevard

Post Office Box 660199

Dallas, Texas 75266

Via U S Mail and FAX [(214) 480-2900]

Re: Texas Instruments Incorporated  
Form 10-K for the fiscal year ended December 31, 2001  
Forms 10-Q for the fiscal quarters ended March 31 and June 30,  
2002  
File No. 1-3761

Dear Mr. Aylesworth:

We have reviewed your filing and have the following comments. We have limited our review to only your financial statements and related disclosures and will make no further review of your documents. Where indicated, we think you should revise your documents in response to these comments in all future filings with the Commission. Please provide the proposed revised disclosures in response to each comment to us in a supplemental letter. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 2

Form 10-K for the Fiscal Year Ended December 31, 2001

Financial Statements

## Balance Sheets - Page C-2

1. You report \$748 for Goodwill and other acquisition-related intangibles at December 31, 2001. However you report a balance of \$1,748 in your Note - Goodwill and Other Acquisition-Related Intangibles on page C-10. In addition, the schedule for fiscal 2000 (page C-10) does not foot. Please reconcile these differences supplementally and in future filings.

## Statements of Stockholders` Equity - Page C-4

2. Please explain to us supplementally the nature of the items included in "Other Stock Transactions, Net".

## Note on Accounting Policies and Practices

## -- Revenue Recognition - Page C-5

3. Supplementally and in detail, please clarify how your policy complies with the requirements of SAB 101 regarding the rights of return and credits with distributors. Address whether you defer recognition of revenue in any of these circumstances.

4. In this regard, please supplementally tell us more about your return policies. What do you mean when you state that "in some cases" the dealer may return product? Under what circumstances may a dealer do this? How do you determine the amount of product that can be returned? What percentage of the dealer`s purchases or his inventory may be returned and how often may he do this? What do you mean by "an extended time period?" Is there a minimum or a maximum period of time during which product must be returned? Would you accept a return of product from a dealer if it has become dated or obsolete? Please provide us with a schedule of activity in your related allowance during the periods for which income statements have been presented.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 3

5. Finally, please supplementally tell us more about your credits. Are you referring to price adjustments? When do you offer these credits and how are the amounts determined? Please be specific in your response. In addition, please supplementally quantify the amount of the credits you have granted during each period for which an income statement has been presented.

6. Supplementally quantify royalty revenue for each of the periods presented. Please explain why, and to what extent, royalty revenues must be estimated. When and how do you correct your estimates if they vary from actual sales reports? What has been the range of the impact of these variances on revenue and gross margin on a quarterly basis? Please provide us with a maximum quarterly variance.

## --Investments - Page C-5

7. We assume that the investments of which you speak are classified

as available for sale. We also assume that you have no investments accounted for using the equity method and no equity investments that do not fall within the scope of SFAS 115. If you do, we would not generally expect them to be stated at fair value. Please clarify, supplementally and in future filings.

-- Change Method of Accounting - Page C-6

8. We see that prior to adoption of SAB 101 you recognized revenue on some product sales before title passed. The Staff Accounting Bulletins are not new GAAP but, rather, set forth our interpretation of what GAAP has been for public companies. GAAP requires recognition of revenue for product sales when title passes: in this case, upon delivery for some products. It appears to us that you have not previously complied with GAAP. If true, you should apply the guidance in APB 20 for the correction of an error, as explained in SAB Topic 13-B, Interpretive Response to Question 2. Please revise accordingly, or advise.

Goodwill and Other Acquisition-Related Intangibles - Page C-10

9. You appear to be categorizing deferred compensation adjustments as "acquisition-related" costs. Supplementally explain the nature and origin of this balance. We assume that it constitutes some form of severance payment. Please advise, supplementally.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 4

Note on Debt and Lines of Credit - Page C-10

10. Supplementally explain your treatment of the convertible notes in connection with the pooling transaction. Were these securities considered to be "essentially residual equity interests?" How was the conversion price determined in terms of TI common shares? Please advise, supplementally.

Note on Financial Instruments - Page C-12

11. Supplementally tell us the fair value/carrying amounts of your swaps and of your forward contracts at the balance sheet dates.

12. In future filings, please specifically identify the risk exposure that the interest rate swaps are designed to hedge (variability in cash flows, for example), as contemplated by SFAS 133.

13. Refer to the forward purchase contract for shares of common stock disclosed on page C-13. Please supplementally describe and quantify the deferred compensation obligations "denominated in TI stock" and explain how this contract minimizes any related adverse earnings impact.

14. Under Risk Concentration, we see that the Italian government may demand that you repay a portion of the grants. Please supplementally

clarify the circumstances under which such a demand would be made, the basis, the amount or percentage of grant which could be so demanded, whether you have provided for this obligation in the financial statements and, if not, the basis therefore.

15. As a related matter, you refer (page 9) to investigations and proceedings conducted by the EPA and certain state environmental agencies. We assume that you have not been identified as a PRP in connection with any of these matters. If our assumption is not correct, please supplementally explain why no related financial statement or MD&A disclosures have been provided in accordance with SAB Topic 5-Y, Interpretive Responses to Comments 5 and 6.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 5

Retirement and Incentive Plans - Pages C-17 to C-21

16. You indicate that a number of these plans may invest in TI common stock. Supplementally and in future filings, please state the number of TI common shares held by each plan grouping at each balance sheet date. In addition, for each plan grouping please state the value of the TI common shares held at the balance sheet dates and the amount of dividends received on these shares for each fiscal period presented.

17. It appears that you are using, and have been using, an assumed long-term rate of return on plan assets of 9% for US plans. Supplementally and in detail, explain why you believe that the use of this rate was appropriate in fiscal 2001 and indicate whether you plan to adjust this rate of return in the near future. Supplementally describe the nature of the plan assets on which you are estimating the return and indicate the relative dollar allocation of funds to these assets by major category. Are there any significant restrictions on the amount or nature of the investments that may be acquired or held by the plan? Please advise. It may also be appropriate to discuss the effects of changing assumptions in your MD&A on an ongoing basis.

Note on Restructuring Actions - Page C-22

18. In future filings, please expand the disclosures to clearly indicate the status of each exit activity at the end of the fiscal year. Indicate when each is expected to be completed. For example, we see you have \$37 million accrued and unpaid for actions adopted before 1999. In each quarterly and annual period, we would expect to see disclosure regarding the number of employees actually terminated and a description of the types of exit costs paid and charged against the liability. We would also expect a clear explanation of any other adjustments to the liability including changes in estimates. Finally, for any remaining liability at the balance sheet date, please clearly describe the specific actions that must be completed and indicate when (over what periods) you expect to complete them. Please refer to the requirements set forth in EITF 94-3 and SAB Topic 5-P, Item 4 (Disclosures) This comment applies to your future interim filings, as well.

19. In future filings, please clearly label all items as either cash or noncash in your schedules. Prior to adoption of SFAS 144, for asset write-downs we would expect to see the disclosures required by paragraphs 13 or 19 of SFAS 121, as appropriate. Please provide the SFAS 121 disclosures supplementally for each period presented. It is not always clear, from your current narrative, which paragraph you are applying with respect to individual write-downs asset write-downs and planned closures of facilities. This comment applies to your future interim filings, as well.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 6

20. We note various significant charges characterized as "acceleration of depreciation." For each of these charges, please supplementally explain the specific circumstances that gave rise to the charge and how you measured the amount of the charge. Support the timing of the charge, as well.

Note on Business Segment and Geographic Area Data - Page C-25

21. We see the "rest of world" aggregate represents 55% of net revenues. Please revise future filings to present separately each material country or area as contemplated by paragraph 38 of SFAS 131. In addition, consideration should be given, in future filings, to whether information is required on significant customers pursuant to paragraph 39 of the Statement.

Management`s Discussion and Analysis

2001 Results of Operations Compared with 2000 - Page C-32

2000 Results of Operations Compared with 1999 - Page C-38

22. Your discussions of changes are vague and generalized. Please revise future filings to provide more details of the causes and reasons for the changes in comparisons of each of the components of results of operations. Include quantified information to the extent practicable. This comment and the comments below apply to your interim filings, as well.

23. For example, in your revenue discussions, you attribute revenue decreases to market weaknesses. In future filings, please indicate the degree to which revenue increases or decreases are attributable to volume changes and to price changes. When discussing your individual segments or product lines, tell us more about conditions in the particular industries to which you sell your products. That is, describe more clearly what you mean by weakness in "control markets." If material variances are attributable to particular acquisitions or dispositions, please quantify the impact of these transactions. If sales reductions have been offset by the introduction of new products, such as DSPs that operate at 600 megahertz or copper-based products, quantify the impact of these new products on revenues as a whole and on segment revenues. If changes in revenue or changes in margins have resulted from changes in product mix, quantify the changes and indicate why and how they occurred. If sales to a particular country or region have

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 7

significantly increased or decreased, quantify the variance and discuss the reasons for same. Quantify and describe material changes in royalty revenues from period to period. What specific events caused revenue growth in the semiconductor business to resume in the fourth quarter and how much did revenue increase? Did any of your restructuring activities cause material decreases in revenues, as well as costs? Your future disclosures should address, but not be limited to, these matters, as applicable.

24. In future filings, please expand to more completely discuss gross margin on a comparative basis. If practicable, address gross margin by segment. Was the fiscal 2001 increase in cost of revenue the same in all segments and in all products? Did your product mix change? Was the increase entirely attributable to underutilization of manufacturing capacity? What was the impact of cost savings from your restructuring activities on gross margin? That is, to what degree did cost savings offset the cost increases attributable to underutilization of capacity? If cost savings did not impact your profit margin, when and how do you expect that they will do so? To what degree were cost savings in one category offset by corresponding increases in other cost categories or decreases in revenues. In this regard, you appear to place importance on gross margin in your press releases and transcripts of investor conference calls. Describe and quantify the factors that lie behind it in future MD&A discussions.

25. We assume that inventory write-downs or write-offs have not significantly impacted gross margin during any of the periods presented. If our assumption is not correct, supplementally and in future filings, please quantify and describe any such write-downs. Tell us the significant components of the write-down and support the timing of each significant write-down and of your valuation of the individual inventory items impacted. Finally, please tell us when and how these inventory items were disposed of. If they remain on hand, tell us when and how disposal will occur.

26. Please expand your discussion of R&D expenses in future filings to explain and quantify all factors that caused the changes. Please quantify and briefly describe material IPR&D charges arising from each acquisition and clarify what this charge represents. Explain other significant changes in R&D such as costs of early development of new products as more developed products reach commercialization.

27. In your discussion of operations, we note various general references to the impact of "cost reductions." For example, we see this reference in your opening summary, your segment discussions, and your comparative discussions of annual operating results. When you adopt an exit plan, you should quantify and disclose the expected effect of that plan on

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 8

future earnings and cash flows (for example, reduced depreciation, reduced salaries, or other) and identify the income statement line items expected to be impacted. You should also indicate the initial period in which these effects are expected to be realized. In later

periods, if actual savings fall short of expected savings or are achieved in periods other than as expected, MD&A should discuss that outcome, its reasons, and its likely effects on future operating results of activities. We would expect to see your discussions of cost savings quantified and described in this context. We invite your attention to SAB Topic 5-P, Interpretive Response to Question 16, which specifies the disclosure requirements. Please revise accordingly in future annual and interim filings.

28. In future filings, please provide more specific details of the reasons for the significant loss from operations in 2001, when there was significant profit from operations in 2000 and 1999.

29. In future filings, please discuss and compare the components of "Other income (expenses), net". We see this line item has great variability from year to year.

#### Restructuring Charges

30. Refer to your discussion of special charges (pages C-33, and C-38 through C-42). We see you have recorded restructuring charges for closing facilities and for severance in most of the quarters of 2001, 2000, and 1999. You characterize this activity as restructuring actions in your financial statement footnotes and disclose and discuss this activity primarily in that format. Where the activities that will not be continued are significant to the enterprise's revenue or operating results or where exit costs recognized at the commitment date are material, we would expect to see a description of the exit plan, including the major actions to be taken, the activities that will not be continued, the proposed method of disposition and the anticipated date of completion. If you anticipate significant additional charges in future periods in connection with that plan (but these charges cannot be accrued) we would expect to see these matters discussed. On the basis of your tabular schedules, it appears that you have engaged in several restructuring plans - rather than in random, unplanned terminations and asset write-downs. If true, in future filings, you should also provide MD&A disclosures organized on that basis. Your descriptions of plan activity for the period should be similarly organized. Alternatively you should disclose the fact that the various charges are not related and/or associated with any planned activities. See also our related comments regarding disclosure of cost savings, actual and anticipated. Please refer to SAB Topic 5-P, Item 4, and the Interpretive Response to Question 16 for guidance. This comment and the related comments below apply to both your annual and your interim filings.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 9

31. Where you state that certain amounts were "included in the cost of revenues", please clarify, supplementally and in future filings, the nature, types, and purposes of the charges. If the charges include any inventory write-offs or write-downs, please separately quantify and discuss them.

32. Supplementally and in future filings, please clarify whether the "voluntary retirement" program disclosed in the first paragraph on

page C-33, was adopted as part of your restructuring and cost reduction efforts. Disclose the numbers, types and locations of the employees affected for the entire program and those retired in each fiscal year. (A)

33. In future filings, your discussions of restructuring charges should not be commingled with your discussions of other "special charges" or "gains." If you elect to include your discussion under this caption, please present it separately under a subcaption such as "Restructuring Activities." (A)

34. Supplementally and in future filings, please explain what caused the significant tax provision increase in the second quarter of fiscal 2001? In addition, please explain the \$69 million credit recorded in the fourth quarter of fiscal 2000. (A)

35. We agree that disclosures of unusual or infrequent charges and adjustments on a quarterly basis is valuable to investors, particularly when it accompanies quarterly financial data disclosures. However, we believe that the filing should include a full and comprehensive analysis and comparison of comparative operating results for the annual period on a consolidated basis, as well as full and complete discussions on the basis of operating segments. The comprehensive quarterly discussion may accompany these disclosures, but does not provide an adequate substitute. Please revise accordingly in future filings.

#### Financial Condition - Page C-35

36. In future filings, please expand your discussion of liquidity to address, in greater detail, the components of net cash flows from each of operating, investing and financing activities. Please refer to FRC Section 501.03a. In addition, we note that you quantify certain particular cash flow balances and that you set forth your debt-to-total-capital ratio. In future filings, please explain how management interprets these balances or ratios and describe the causes of any material period-to-period variances in same. Explain the importance of these disclosures and the conclusions that you draw from them.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 10

#### Accounting Policies - Page C-36

37. We see that you have addressed critical accounting estimates in MD&A, including a general description of various methodologies used by management to determine these estimates. In future filings, please consider expanding these disclosures to more fully comply with the guidance proposed in Release No. 33-8098. Specifically, you might consider disclosing material assumptions or projections that underlie your estimates, particularly those that reflect matters highly uncertain at the time the estimate was made. If there are specific known trends, demands, events or uncertainties that are reasonably likely to occur and materially affect the methodology or assumptions applied, you might disclose these as well. You mention that, if actual results differ significantly, there could be a

material effect upon your financial statements. Please consider more precisely explaining the significance of the accounting estimate to each of your financial statements and, where material, identify the financial statement line items affected by the estimate. If material changes to the estimate have been made in recent years, you might discuss the nature of and reasons for the change and quantify its actual effect upon individual financial statement items and financial performance. You might identify the segments impacted by the estimate. Please see the above cited release for more detailed guidance.

Forms 10-Q for the Quarters Ended March 31, and June 30, 2002

38. In future filings, please comply with our comments regarding Form 10-K, as applicable, and with the following comments.

39. Please refer to Footnote 4 on page 5 of the filing. We assume, from your presentation, that the sale of the software business unit in fiscal 1997 was not accounted for as a discontinued operation. Please confirm, supplementally.

40. Refer to the release of your investor conference call of July 22. We read that you have recorded "catch-up royalties" of \$30 million in the second quarter from your patent cross license agreement which was signed in that quarter. Please explain this accounting to us supplementally and include support in the accounting literature.

41. We have read of the closure in July 2002 of Ridge Run, a start up firm for which you have provided funding since November 2000. We read that the closure was due to the

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 11

lack of additional funding from TI due to lack of agreement on terms. Please supplementally quantify and explain to us your evaluation of recoverability of your investments in and/or advances to Ridge Run at the end of fiscal 2001 and at the end of each quarter of 2002.

42. With regard to any impaired assets, including those held for disposal, please note the disclosure requirements of paragraphs 26 and 47, as applicable, of SFAS 144 in future filings.

43. As you have adopted a new standard, in future filings please explain the concept of reporting units under SFAS 142 and identify yours. It is not clear whether your segments are your reporting units. In addition, please describe the two-step impairment test that you will apply under the new standard.

As appropriate, please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a response letter that keys your responses to our comments and provides the requested supplemental information. Confirm that you will comply with these comments in all future filings with the

Commission. Provide a copy of the proposed disclosures in a supplemental letter to the staff. Detailed response letters greatly facilitate our review. Please file your response letter on EDGAR. Please understand that we may have additional comments after reviewing your responses to our comments and the requested supplemental information. When sending supplemental information regarding this filing, please include the following ZIP+4 code in our address: 20549-0306.

You may contact Jeanne Bennett at (202) 942-1915 if you have questions regarding comments. In her absence you may contact me at (202) 942-1839.

Sincerely,

Margery E. Reich

Senior Assistant Chief Accountant

Mail Stop 0306

December 23, 2002

William A. Aylesworth, Senior Vice President and Chief Financial  
Officer  
Texas Instruments Incorporated  
12500 TI Boulevard  
Post Office Box 660199  
Dallas, Texas 75266

Via U S Mail and FAX [(214) 480-2900]

Re: Texas Instruments Incorporated  
Form 10-K for the fiscal year ended December 31, 2001  
Forms 10-Q for fiscal 2002  
File No. 1-3761

Dear Mr. Aylesworth:

We have reviewed the supplemental information you filed on November 8, 2002, and the Form 10-Q for the quarter ended September 30, 2002. We have the following additional comments from that review. We have limited our review to only your financial statements and related disclosures and will make no further review of your documents. Where indicated, we think you should revise your documents in response to these comments in all future filings with the Commission. Please provide the proposed revised disclosures in response to each comment to us in a supplemental letter. If you disagree, we will consider your explanation as to why our comment is inapplicable or a revision is unnecessary. Please be as detailed as necessary in your explanation. In some of our comments, we may ask you to provide us with supplemental information so we may better understand your disclosure. After reviewing this information, we may or may not raise additional comments.

Please understand that the purpose of our review process is to assist you in your compliance with the applicable disclosure requirements and to enhance the overall disclosure in your filing. We look forward to working with you in these respects. We welcome any questions you may have about our comments or on any other aspect of our review. Feel free to call us at the telephone numbers listed at the end of this letter.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 2

Form 10-K for the fiscal Year Ended December 31, 2001

Financial Statements  
Note on Accounting Policies and Practices

## Revenue Recognition - Page C-5

1. We have read your response to our prior comment #4. In future filings, please explain your policy in greater detail and include a schedule of activity in the notes or with your other schedules. Please quantify the impact of pricing credits as well.
2. As a related matter, we understand that the price credits are used to reduce the price of subsequent purchases. We assume that you do not return cash to these customers. Please confirm our understanding supplementally.
3. Please refer to your response to our prior comment #6. You indicate that you accrue royalty revenue each quarter, that royalty revenue statements are received semiannually from licensees and that you adjust royalty revenue upon receipt of these statements. You also demonstrate the impact of the over or under accrual relative to quarterly royalty revenue. Please tell us more about the semiannual statements and reporting periods. Specifically, how many times a year are the royalty statements received from licensees? Do all licensees provide the same number of statements each year and do all of the licensee reporting periods begin and end on the same days? Alternatively, are royalty statements received at various times throughout the year from licensees? Please advise supplementally.
4. As a related matter, how significant are your adjustments on a cumulative basis? That is, if you received two statements per year from each licensee, the catch-up adjustments would related to two quarters, rather than one. How significant would these adjustments be to operating income for the periods in question? Please advise and provide numerical support with your response.
5. Finally, we are particularly concerned about quarters 2, 3 and 4 of fiscal 2001 and quarters 1, 2 and 3 of fiscal 2002. We note that you recorded over accruals in five of these six quarters. It appears that this condition could result in adjustments that are significant to periodic operating earnings. Please address our concern supplementally. In addition, please supplementally explain the reasons for the persistent overaccruals. What caused these events to occur? How do you estimate quarterly revenue for the licensee`s

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 3

royalty bearing products? Are you basing your estimates upon historical sales? What ability do you have to take current industry conditions and/or events and circumstances specific to the customer into account when preparing these estimates? Please advise, supplementally and in detail.

## Note on Financial Instruments - Page C-12

6. Refer to your response to our prior comment #12. We note your proposed disclosures. Please also specifically state (if true) that you have designated the instrument as a "cash flow" hedge.

Risk Concentration - Page C-12

7. Refer to your response to prior comment #14. We understand, from your response, that you do not expect aggregate repayments to the Italian Government to have a material impact upon financial position, operating results and/or liquidity. If true, please revise future filings to clarify, as applicable.

8. Refer to your response to prior comment #15. We do not disagree with your understanding of SAB 92, Topic 5-Y as expressed in the first paragraph of your response. However, in the final paragraph of your response, you appear to have concluded that a reasonably possible liability amount (not to exceed \$38.4 million) need not be disclosed based upon a comparison of that amount with your stockholders' equity balance. Please note that the Interpretive Response to Question 5 of the SAB indicates that readers should be fully informed where reasonably possible outcomes could have a material effect upon financial condition, results of operations or liquidity. We assume that you and your auditors have assessed materiality in those terms and through the application of the guidance set forth in SAB 99, rather than simply by quantifying, in percentage terms, the magnitude of the restatement to the stockholders' equity balance. Please confirm our understanding supplementally.

Mr. William A. Aylesworth  
Texas Instruments Incorporated  
Page 4

Management's Discussion and Analysis

9. Please refer to your supplemental response to prior comment #26. We see in Exhibit A your discussion of R&D expenses for the quarter slightly revised and for the nine-month period unchanged. Supplementally clarify whether you have considered all factors that caused the changes in those periods. We assume that there were no individually significant IPR&D charges arising from acquisitions. Please confirm. In addition, please tell us whether there have been any other significant changes such as costs of early development of new products as more developed products reach commercialization.

As appropriate, please respond to these comments within 10 business days or tell us when you will provide us with a response. Please furnish a response letter that keys your responses to our comments and provides the requested supplemental information. Confirm that you will comply with these comments in all future filings with the Commission. Provide a copy of the proposed disclosures in a supplemental letter to the staff. Detailed response letters greatly facilitate our review. Please file your response letter on EDGAR. Please understand that we may have additional comments after reviewing your responses to our comments and the requested supplemental information. When sending supplemental information

regarding this filing, please include the following ZIP+4 code in our address: 20549-0306.

You may contact Jeanne Bennett at (202) 942-1915 if you have questions regarding comments. In her absence you may contact me at (202) 942-1839.

Sincerely,

Margery E. Reich

Senior Assistant Chief Accountant