Below are comments submitted by Texas Instruments Incorporated in response to the SEC Concept Release Concerning Management's Reports on Internal Control Over Financial Reporting.

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The following questions are addressed in our response below:

1. Would additional guidance to management on how to evaluate the effectiveness of a company's internal control over financial reporting be useful? If so, would additional guidance be useful to all reporting companies subject to the Section 404 requirements or only to a sub-group of companies? What are the potential limitations to developing guidance that can be applied by most or all reporting companies subject to the Section 404 requirements?

3. Should additional guidance be limited to articulation of broad principles or should it be more detailed?

7. Are there potential drawbacks to or other concerns about providing additional guidance that the Commission should consider? If so, what are they? How might those drawbacks or other concerns best be mitigated? Would more detailed Commission guidance hamper future efforts by others in this area?

11. What guidance is needed to help management implement a "top-down, risk-based" approach to identifying risks to reliable financial reporting and the related internal controls?

15 What guidance is needed about the role of entity-level controls in evaluating and assessing the effectiveness of internal control over financial reporting? What specific entity-level control issues should be addressed (e.g., GAAP expertise, the role of the audit committee, using entity-level controls rather than low-level account and transactional controls)? Should these issues be addressed differently for larger companies and smaller companies?

16, Should guidance be given about the appropriateness of and extent to which quantitative and qualitative factors, such as likelihood of an error, should be used when assessing risks and identifying controls for the entity? If so, what factors should be addressed in the guidance? If so, how should that guidance reflect the special characteristics and needs of smaller public companies?

22. In situations where management determines that separate evaluation-type testing is necessary, what type of additional guidance to assist management in varying the nature and extent of the evaluation procedures supporting its assessment would be helpful? Would guidance be useful on how risk, materiality, attributes of the controls themselves, and other factors play a role in the judgments about when to use separate evaluations versus relying on ongoing monitoring activities?

28. How have companies been able to use technology to gain efficiency in evaluating the effectiveness of internal controls (e.g., by automating the effectiveness testing of automated controls or through benchmarking strategies)?

Our company is comfortable with its current understanding of the requirements necessary to evaluate and assess our internal control environment under the current guidance that has been released to date. We are confident that we are also performing our evaluation in accordance with the current guidance in an effective manner. However we do believe that additional guidance could further improve our understanding of what the SEC expects companies to perform as part of this effort and allow us to better evaluate the different alternatives we might have to accomplish this objective.

Currently the guidance we use to determine our methodology is from Auditing Standard 2 and the subsequent FAQs and follow up communications coming from the SEC. As this guidance is focused on the responsibilities of the external auditors we must interpret from this standard what is necessary for us to perform to ensure our evaluation is adequate. For example, since the current guidance covers what an external auditor should assess when reviewing the adequacy of the management evaluation process we use these criteria as a guide as to how to build our assessment strategy. We believe that high level guidance focused toward management would further clarify our responsibilities and allow us to better evaluate and possibly improve our annual internal control assessment efforts. We are hopeful such guidance would allow us to make our current processes more efficient as we could determine what the best approach would be for us. We think this should apply to all companies. Furthermore, guidance focused toward management would more strongly communicate that this effort is meant to be owned by the business in support of our assessment itself as opposed to being potentially viewed as an exercise where the company has to satisfy the external auditors.

Although we have determined that additional guidance focused on management responsibilities to ensure an adequate evaluation would be helpful, such guidance written at too detailed a level in a very prescriptive manner would likely result in a negative effect. There have been many different methodologies that companies have developed to comply with Auditing Standard 2 in such a way that their external auditors have become comfortable with their efforts and the results. A detailed prescriptive communication would likely result in companies and their external auditors moving toward a one-size-fits-all approach. This could require many companies to go through a significant amount of time-consuming adjustments on processes that are already functioning adequately.

As a result, we encourage the SEC to provide additional high-level guidance focused on management responsibilities that offers further insight into acceptable alternatives for management to comply with the standards and support their evaluation. We believe it would be harmful to create a prescriptive detailed communication that would be interpreted in such a way that companies or external auditors feel compelled to change their current processes in order to comply with what could be viewed as stricter standards.

There are some areas where we believe guidance is particularly needed. An example is the use of entity wide test results to determine the appropriate level of detailed testing. It is clear that the SEC finds it acceptable and even encourages detailed testing levels to be based on the understanding and evaluation of the high- level controls. For example if a company determines it has strong policies and procedures that are followed throughout the organization then in general less testing would need to be performed at a detailed level. However, without further guidance it is difficult for management to put this into practice. At this point it is still unclear as to how this might affect the amount of testing that would need to be performed in the accounts payable area, for example. Would the SEC find it acceptable in certain circumstances to forego detailed testing altogether? Furthermore, with the current vague guidelines it is difficult for a company to make a practical decision to reduce testwork based on favorable entity wide test results and execute it, because the external auditor might not agree, thus affecting their conclusion as to the adequacy of management’s evaluation process.

Many of the comments and concerns noted in the previous paragraph related to how to interpret the results of favorable entity-wide test controls also apply to the top-down, risk-based approach. It is clear that the SEC encourages companies to adjust testing based on the level of risk the company has determined should be assessed to a particular area. However, without clear guidance it is difficult for a company to make practical decisions based on this and it is also often difficult for the external auditors to get comfortable with any reductions in testwork based on management’s risk assessment. Some open question the SEC might address are listed below:

* What are some examples of top-down risk assessments that the SEC would consider as adequate justification to support management's decision to reduce testwork in specific areas?

* What type of documentation should be retained if a company determines that a particular area does not represent a large amount of risk and therefore testwork can be substantially reduced?

* What are the main factors (materiality, chance of risk occurring, pervasiveness across the company) the SEC would find acceptable in such an analysis?.

Question number 28 in the concept release addressed technology that companies have been able to use to gain efficiency and effectiveness when performing the internal control assessment testwork. Although we are not sure how such information would be addressed by the SEC, this is an important area for companies to focus on to better ensure they are covering their entire company in the most effective and efficient manner. As a result we are interested in the SEC looking at this topic and providing guidance that might be helpful for companies making this key decision.

Thank you.

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