

BUILDING A BETTER FUTURE

2006 Corporate Citizenship Report



LETTER TO OUR STAKEHOLDERS

Active corporate citizenship has been a vital part of Texas Instruments (TI) since the day we first opened our doors. We believe that innovation transcends creating great products – it fuels our drive to make a difference in the world. Our goal is straightforward. We want to build a better future for not only our company and our customers, but for those who work at TI and the communities in which we operate.

With increasing interest from our customers, partners and the public in the values that guide our operations, we are for the first time providing information on the broad range of TI's citizenship activities, including corporate governance, ethics, employee well-being, community involvement and product stewardship. This 2006 report, "Building a Better Future," replaces the Environmental, Safety and Health Annual Review and Operations Report we have issued in years past and gives all our stakeholders – customers, employees, investors and communities – an annual update on our social and environmental performance, as well as driving greater innovation and accountability within our company.

This report highlights some important goals we set and reached during the past year. We are very proud to have the best safety rate in the U.S. semiconductor industry and, in 2006, we achieved our greatest recorded safety performance in more than 76 years of operations. Our employees are our most valuable asset, and ensuring their safety and well-being is a responsibility we take seriously.

On the environmental front, we reduced the amount of energy we used in 2006 by investing in efficiency improvements at TI facilities worldwide. These actions reduced our energy costs, affirming our belief that power conservation contributes to a stronger bottom line and reduces environmental impact, including greenhouse gas emissions. We also completed construction of the first "green" building of its kind in the world in 2006 – our newest semiconductor manufacturing plant in Richardson, Texas. As a result of innovative design and construction, the plant will use much less water, energy and materials than similar buildings – features we plan to incorporate in future buildings.

Despite our achievements, we still have much to do. We're committed to reaching beyond the accomplishments of the last year as we continue to look for new and better ways to operate as a responsible corporate citizen – building a better future.

Regards,

A handwritten signature in black ink, appearing to read "R. Templeton". The signature is stylized and fluid, written over a white background.

Richard K. Templeton
President and Chief Executive Officer

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REPORT SCOPE

“Building a Better Future” is Texas Instruments first corporate citizenship report, which provides a comprehensive view of our social and environmental performance in fiscal year 2006. The information presented covers all wholly owned TI operations worldwide (unless otherwise stated). It does not include data on partially owned subsidiaries, joint ventures, leased facilities or outsourced operations.

This inaugural report serves as a companion to TI’s 2006 Annual Report, available at www.ti.com/corp/docs/investor/ar06/ar06.pdf, which provides financial performance data.

MEASUREMENTS

All \$ references throughout the report reflect currency in U.S. dollars. Data measurements are noted in each chart and vary according to medium.

GLOBAL REPORTING INITIATIVE

To achieve the openness and transparency expected by our stakeholders, TI used the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines to craft this report. This expands on TI’s annual Environmental, Safety and Health (ESH) Reviews and related Operations Reports we’ve published previously.

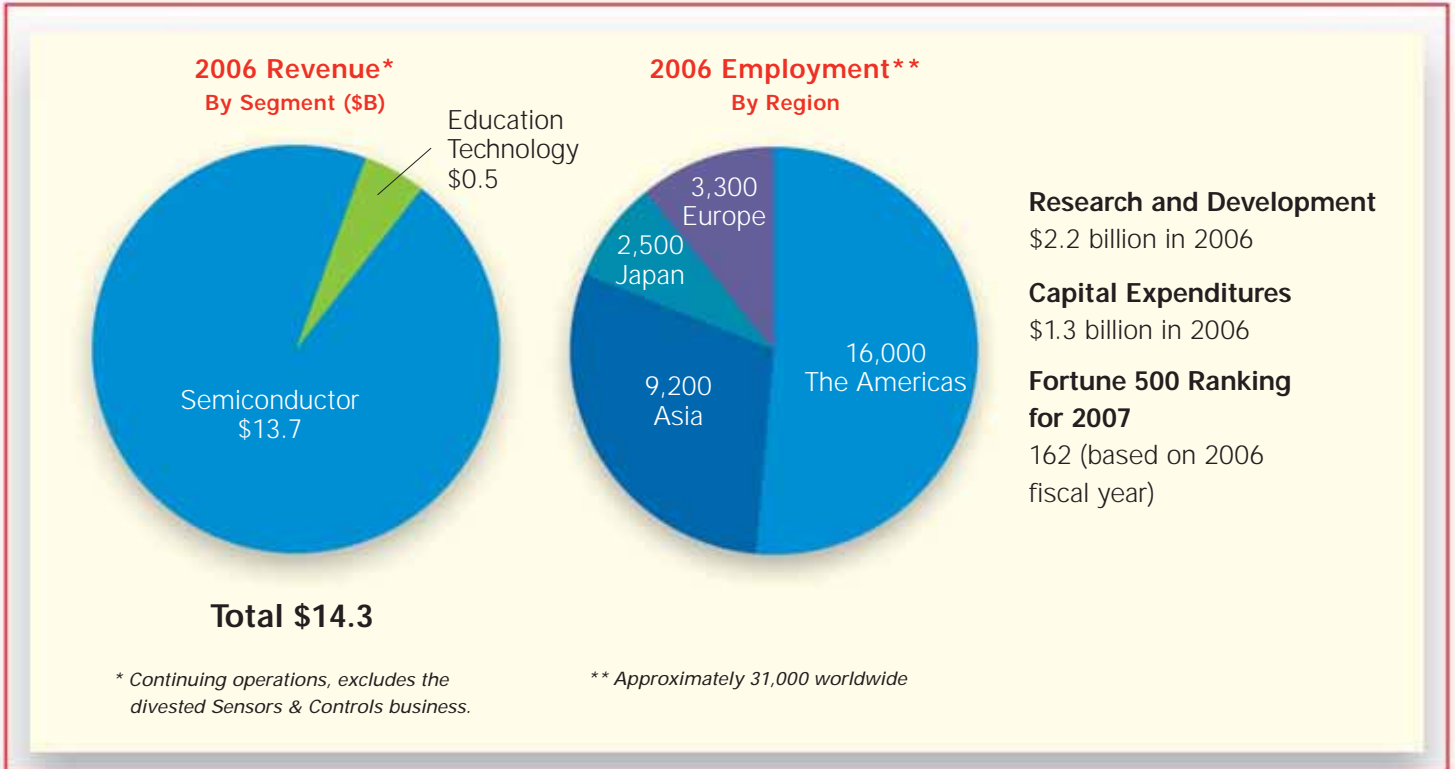
Through careful study and implementation of the GRI framework, we learned a good deal more about ourselves, identified reporting gaps and made plans for more robust data collection and reporting in coming years. We believe achieving real transparency is an evolutionary process; thus, TI welcomes any comments or questions you may have as we continue on this journey.

More information about GRI is available at www.globalreporting.org.

ABOUT TI

TI began operating in 1930 as a geophysical exploration company, helping customers find reservoirs of oil and gas around the world through technology leadership and a passion for innovation. We have remained firm in that commitment, growing beyond our roots in oil and gas exploration to become the world's leading provider of analog and digital signal processing technologies.

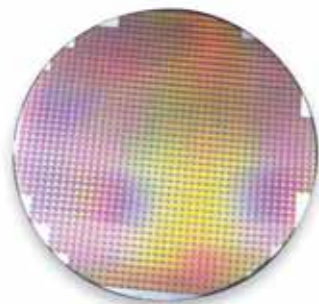
Today, we operate in more than 25 countries around the globe, developing products and services that help customers succeed in a rapidly changing marketplace. As the company that developed the integrated circuit with inventor Jack Kilby and ushered in the Information Age, we remain at the forefront of semiconductor technology, working with customers every day to expand the boundaries of the digital world.



OUR BUSINESS

Semiconductors

Texas Instruments serves the world's most innovative electronics companies, helping develop new ideas that change the way we live. By providing semiconductor technologies that promote greater power efficiency, enable more features, enhance the performance of electronic devices and deliver more value, TI expands the possibilities every day for how we learn, connect, grow and discover.



Analog, DSP and DLP® Technologies

Analog chips are an essential element in today's digital world. They convert "real-world" signals such as voice, sound, pressure, temperature and electricity into the digital 1s and 0s that can be rapidly processed by digital signal processors (DSPs) and converted back into real-world signals again, integral to devices such as cell phones. TI specializes in these real-time technologies, which are widely used in thousands of today's fastest growing markets such



as wireless communications, digital audio, high-resolution imaging and digital motor control.

DLP® technology is a revolutionary display solution that uses an optical semiconductor to manipulate light digitally. It is a highly reliable, all-digital chip that uses millions of tiny mirrors to deliver the best picture across a broad range of products, including high-definition televisions (HDTVs), projectors for business, home, educational institutions and large venues, and digital cinema.

Education Technology



Beginning with the introduction of the TI-81 graphing calculator more than 15 years ago, TI has become one of the top technology choices among math and science educators and students. By involving educators in every step of product development and relying on the latest and best available teaching instruction research, TI provides students with the most appropriate and effective educational technology such as the TI-84 Plus graphing calculator.

OUR CULTURE

Throughout our history, TI's leaders and employees have been firmly grounded in the principles of ethics, responsible governance and dedication to building a better future for the communities where we operate.

The Business of Integrity

Our commitment to ethics and responsible governance was established as a part of TI's culture and a framework for doing business in the earliest days of the company. As TI grew and became more global, facing new challenges, our leaders recognized the need to formalize and thoroughly communicate company standards. In 1961, "Ethics in the Business of TI" became the company's first written code of ethics, among the first of its kind in corporate America.

Today, TI's culture of ethics is defined in the booklet's eighth revision, completed in 2006 and now titled "The Values and Ethics of TI." Using the company's three core values – integrity, innovation and commitment – as pillars for ethical behavior, the booklet charges each employee with the personal responsibility to protect, preserve and enhance TI's ethical reputation.

Employees are first introduced to the company's culture of ethics through candid discussion during new-hire orientation. The orientation includes an introduction to our Code of Business Conduct, a section that was added to TI's "Values and Ethics" report in 2004 that defines the company's expectations of directors, officers and employees as required by the listing standards of the New York Stock Exchange.

Employees worldwide are expected to comply with TI values and ethics and with our Code of Business Conduct; managers are held accountable for this compliance.

This level of responsibility and individual empowerment to "do what's right" has spawned a culture of trust, innovation and productivity; within these parameters, individuals have the freedom to pursue big ideas. Whether it's developing an integrated circuit with the industry's lowest power consumption rate, educating employees on maintaining an inclusive workplace, designing new facilities with a goal to reduce costs and environmental impact, or supporting math and science education, employees are encouraged to do what's right.

TI has been honored many times for distinguished ethical conduct. In 2006, TI was once again selected by Business Ethics magazine as one of its 100 Best Corporate Citizens.

Building a Better Future

As a global leader in technologies that are driving profound social change, we must take responsibility for carefully defining the scope, direction and pace of that change. Our commitment to making positive contributions to society and building a better future is ingrained in everything we do; from conscientious product development and consideration for environmental impact to philanthropic care for our communities and employees. These values were established by TI's founders and are still upheld today, with a particular emphasis on supporting programs that increase educational opportunities (particularly in math and science), leading our industry in green building and energy efficiency initiatives, and working closely with employees to engage and encourage community involvement. We also promote minority- and women-owned businesses as a path to greater economic development and as a means of uncovering new sources that improve our ability to serve customers, communities and shareholders.

Corporate Citizenship Awards and Honors

TI is recognized for its social and environmental achievements by a variety of third parties. Many of these awards are featured throughout the report. A comprehensive list of related awards and honors is available at www.ti.com/corp/docs/company/awardfactsheet.shtml.



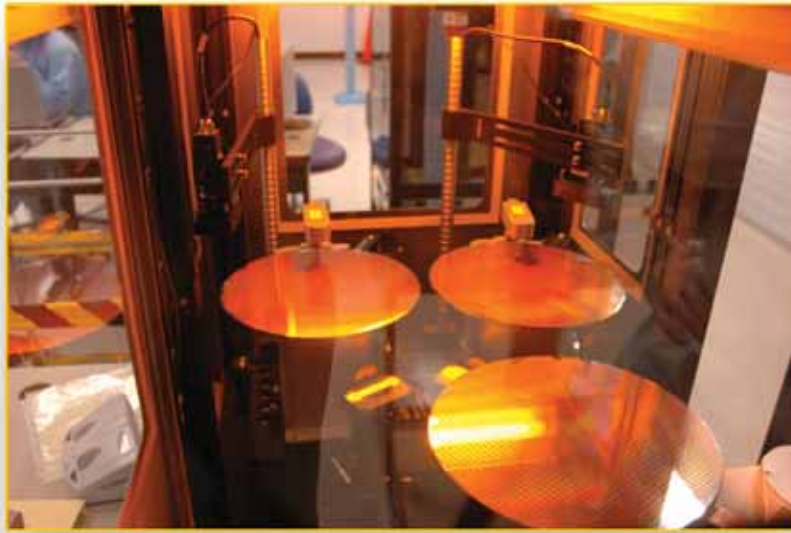
TEXAS INSTRUMENTS MAJOR WORLDWIDE LOCATIONS



Product Stewardship



Customers today demand more
from the products they buy than ever before;
from quality and reliability to
ecological considerations.



*Semiconductor manufacturing
in a Dallas facility*

Just as expectations for product performance escalate, so do expectations for reducing environmental impact. Customers increasingly want products that are made from safe materials, operate efficiently and are conscientiously packaged.

These market demands have culminated in some of the biggest challenges for today's product design engineers. At TI, we view these demands as opportunities.

We meet these challenges by designing products that incorporate energy efficiency, reduced power consumption, eco-friendly development, product longevity and conscientious waste disposal – all components of TI's holistic approach to product stewardship.

GREEN DESIGN

TI leads the industry in providing digital and analog solutions with low power consumption and greater energy efficiency. These innovations enable our customers to meet and exceed stringent energy guidelines and create new, increasingly complex applications, such as multi-function cell phones with long battery life spans and energy-efficient data center computer servers.

TI's digital signal controllers and green-mode power supply controllers enable high-definition televisions (HDTVs) and other electronics to achieve energy efficiency levels as high as 90 percent. Our microcontrollers also address efficiency by reducing energy loss in standby mode. It is estimated that 5 percent of the electricity used by U.S. homes goes to objects that absorb and lose energy in standby mode, such as HDTVs and set-top boxes. That estimate jumps to 12 percent in Japan – equivalent to the output of 18 U.S. power

generation stations. TI's microcontroller and analog technologies enable products that consume as little as 500 nanoamps of electricity in standby mode, consuming less power than a watch battery.

Our "green" power management chips and digital power technologies improve the reliability of power supplies by enabling our customers to design systems that lose less energy from the power source to the product or device. These savings result in reduced cooling requirements, extending life spans, improving reliability through failure prediction and enabling more precise performance. As a result, TI energy-efficient enabling technologies products are now used in an array of applications, including server farms, industrial universal power supplies, alternative energy sources, consumer electronics like HDTVs and laptops as well as hybrid and solar-powered vehicles.

TI's motor control technologies, like digital signal controllers and analog components, enable customers to use smaller, more efficient motors. This, in turn, lowers voltages and produces less heat so that systems can achieve a longer life and higher reliability. In the U.S., where goods such as refrigerators consume almost 10 percent of the world's electrical power, it is increasingly important that appliances operate more efficiently.

Using TI's digital power technology, designers of high-end servers and telecom infrastructure systems can achieve greater power efficiency, monitoring and control. The reduced component count and added intelligence enhances reliability – an important criterion of power design – and enables features like failure prediction.

True green energy – clean and renewable power sources like wind and solar – also benefit from TI's experience in power management. For example, TI products are used among the key electronics solar power systems, including inverters, which convert electricity from the panels into a usable household voltage. These high-performance inverters enable maximum system efficiency during all weather conditions, including cloudy days.

ENVIRONMENTAL AND SOCIAL BENEFITS

TI technology has many applications that help reduce environmental impact and improve the quality of life for all living things.

Our innovative radio frequency identification (RFID) technology enables scientists to track and study endangered animals such as the South American white-lipped peccary, a type of wild pig. TI-RFid™ radio frequency identification and tracking devices have also helped American businesses gain a competitive edge in areas such as supply chain management, manufacturing, contact-less payment (systems such as credit cards and key fobs that can make quick secure payments without a signature), and identity management. For example, TI-RFid technology improves efficiency and reduces vehicle emissions for Wal-Mart by helping the company maintain accurate inventories. This alleviates unnecessary truck deliveries as well as the number of trips customers make to the store for items that would have otherwise been out of stock during their initial visit.

TI's innovative technology also reaches into classrooms and is revolutionizing the way mathematics and science are

RFID Protects Amazon Wild Pigs

TI-RFID™ tags track white-lipped peccaries in the Amazon as part of a five-year study to protect the species and its habitat. World Wildlife Fund scientists applied ear tags to the animals and installed readers near salt and mineral licks to capture data on visitation habits. The information they gather will help answer one of the core questions of conservation science: "How big is big enough when it comes to creating animal preserves?". It will also help researchers make better decisions about how to preserve animal habitats in the Amazon and provide an opportunity to develop preserves based on ecological needs versus country borders.

The low-frequency passive RFID system costs up to 100 times less than the global positioning system (GPS) technology typically used for such studies. It is less intrusive to the animals and is considered 30 percent more effective than other animal identification systems in identifying individual peccaries.



taught and learned. Technologies like the TI Navigator™, Classroom Learning System in tandem with TI's graphing calculators, enable teachers to gauge students' understanding of math concepts in the classroom in real-time. Teachers use the information to efficiently and effectively tailor their lessons. And it's proven to be successful in schools across the country. For example, the proportion of middle school students in Canton, Ohio, who scored at or above "proficient" in the state's 8th grade achievement test has risen since they began using TI-Navigator™ and TI graphing calculators in the classroom.

Our digital signal controllers are a key component behind two significant advances in automotive safety and efficiency. In tire pressure monitoring systems, our controllers reduce braking distances and the risk of accidents caused by flawed or under-inflated tires; additionally, properly inflated tires can improve fuel efficiency by as much as 10 percent. TI digital controllers also help reduce engine drag and increase efficiency by eliminating the hydraulic pump in power steering systems.

TI technology is revolutionizing the way math and science are taught and learned. The TI-Navigator and Classroom Learning System, in tandem with TI's graphing calculators, helps teachers gauge students' understanding of math concepts and effectively tailor their lessons.

Our leading technology in high-quality mobile and wireless communications is changing the way we work by making telecommuting and teleconferencing a viable alternative to transportation that contributes to climate change. TI technology also enables more efficient and accurate instrumentation (such as lab equipment) to precisely collect and analyze data on phenomena like climate change.

INNOVATION/FUTURE APPLICATIONS

Our power management products and digital signal controllers enable LED lights to operate almost anywhere, from a tiny backlight on a cell phone keypad to HDTVs and Jumbotron scoreboards at football stadiums. TI and our customers work with leading corporations to evaluate how new power management innovations can improve industrial lighting and save energy.

A low-power converter from TI enables portable devices such as a cell phone or PDA to apply a tiny single solar cell to maintain a full battery charge. Our microcontrollers allow portable products like blood pressure monitors, blood oxygen meters, security sensors and consumer products to run on batteries for years. As a result, TI customers can produce products that don't require battery replacements and effectively reduce waste.

Public utilities are beginning to adopt electronic-based meter-reading technology to reduce costs and offer consumers new services and energy-saving options. TI's low-power microcontrollers help reduce energy consumption through electronic metering of gas, water and electricity. Replacing mechanical meters with fully electronic meters not only reduces wasted power from the meter itself but allows time-of-day billing and "load shedding" – switching off consumers' heating and cooling units when they are not at home.



Semiconductor wafer testing

Driving Green Standards

We drive innovation and the development of industry power management standards by collaborating with top electrical engineering research universities and leading high-tech companies that are often also our customers. Together, we evaluate product performance and capacity to meet certain power requirements. TI is a member of several industry consortia, including The Green Grid, American Electronics Association, Semiconductor Industry Association, European American Business Council, and Institute of Electrical and Electronics Engineers. We actively participate in working groups, standards committees and other initiatives that aim to advance energy efficiency within the industry and related business sectors.

SUSTAINABLE MANUFACTURING

Based on benchmark data, we believe we have one of the most stringent processes in the industry for determining the safest and most effective materials to manufacture our products.

We comprehensively screen all incoming chemicals before incorporating them into our manufacturing lines. Screening includes a review of customer concerns and regulatory standards, in addition to any health, safety and environmental controls required for their use. If concerns about a chemical or material arise during review, the matter is elevated to a chemical and material review board staffed by TI experts.

If a chemical or material is thought to be necessary for manufacturing but concerns still exist, the company's manufacturing leaders review the issue, and in some cases, authorize additional time and resources to seek a safer alternative or more stringent use controls.

Lead-Free Becomes the Norm

In the late 1980s, TI became an industry leader in developing lead-free alternatives for products, long before legislation required such measures. In 1989, TI introduced its first lead-free alternative, the nickel/palladium finish.

In 2003, the European Union (EU) passed the "Restriction on Use of Hazardous Substances in Electrical and Electronic Equipment" (RoHS). In effect since July 2006, RoHS bans

Defining Green Products

TI defines "green" to mean lead-free (RoHS compliant), bromine-free and antimony-free; specifically, that these homogenous elements do not individually exceed 0.1 percent of the product by weight. We completed the majority of our conversion to green compounds at the end of 2005 and continue to convert more products. For those products not identified for conversion, we work with customers to find suitable RoHS-compliant or green solutions.

Additionally, we do not supply integrated circuit components that use a mold compound containing inorganic (red) phosphorous as an alternative flame-retardant system.

any new electrical or electronic equipment that contains more than agreed-upon levels of lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl and polybrominated diphenyl ether flame retardants.

Because of our proactive efforts, we completed most component conversions nearly one year ahead of the EU deadline. Our lead-free products also meet the new China Management Methods for Controlling Pollution by Electronic Information Products (China RoHS) requirements.

Supplier Stewardship

Our external Eco-Info and Lead (Pb)-Free Web site, a product content database, allows customers to assess the materials contained in our products to ensure compliance throughout the supply chain. The information is available at www.ti.com/ecoinfo.

We ensure TI raw material and external manufacturing supplier compliance with the EU's RoHS restrictions and other regulatory and customer requirements through an annual certification process for raw chemicals and materials used in TI products. In 2006, we began offering proof-of-compliance analytical data from raw material suppliers for those customers who wanted more than certification as proof of content compliance.

RESPONSIBLE PACKAGING AND DISTRIBUTION

Product packaging and distribution is another stage of product development where we work to reduce environmental impact and maintain compliance with international regulations, from reducing waste packaging to properly identifying our products.

Accurate product labeling and responsible packaging are critical for timely distribution to customers, but are also opportunities in the product distribution process to reduce environmental impact.

We identify our products consistently throughout the sales process, from order entry to package labeling, to ensure that all TI products meet international shipping standards.

After June 1, 2004, we began shipping lead-free products using packing labels that meet standards set by the Joint Electronic Device Engineering Council (JEDEC). We also provide the necessary information for compliance with the new China RoHS requirements when applicable.

Although we don't currently track greenhouse gas emissions related to global product shipments, we do systematically review the packing material used to transport semiconductor chips between our manufacturing locations and our customers. During the past 10 years, we have significantly reduced the amount of packing materials, resulting in lower shipping weights, shipping costs and fuel consumption as well as reduced waste.

One of our sustainable packaging programs is the Multipak reusable packing system, used primarily in Japan. After receiving an order, the customer returns the entire package (box and shipping materials) to a third party, which certifies the packing for reuse. With Multipak, we are able to reuse 100 percent of the shipping container and internal packing materials. If the materials do not pass inspection, they are recycled.

Our DLP devices are shipped to customers in non-toxic reusable plastic packages. These are reused continuously until the end of their useful life and eventually recycled.

PRODUCT END-OF-LIFE

TI addresses product end-of-life and disposal issues both as a components manufacturer and as an equipment manufacturer of devices such as graphing calculators.

Some end-equipment companies have begun to create their own product take-back programs in recent years. TI works with our customers to explore these programs and provide usable customer information about the content of our semiconductors through our Eco-Info Web site.

TI also has a take-back program for our Education Technology devices in Europe, where electronic waste issues currently receive much attention. TI is concerned about mounting electronic waste as well as the proper disassembly and disposal of our products at the end of their useful life. TI works to reduce waste by designing Education Technology products using Flash technology. This enables consumers to add software applications, extending the life and long-term value of the product. We also increase product lifespan by designing products durable enough to withstand years of use in classrooms.

Our recycling of retail display packaging for handheld educational devices is also carried out in some European countries under the Green Dot program. A green dot indicates that the packaging is part of a privately organized recycling system and that corresponding expenses have been paid.

Outside Europe, government jurisdictions have different ideas about how to manage electronic waste. To ensure compliance, education technology experts continuously monitor the varying requirements for registration/certification, labeling, batteries and product packaging.

Environment



TI's ultimate goal
for sustainable operations is to achieve
zero wasted resources.



Our approach to environmental stewardship has long been interdisciplinary and comprehensive. We seek new opportunities to reduce air emissions, energy consumption, water use and waste, while increasing resource conservation and energy efficiency in all aspects of our operations.

In short, we work to achieve a healthy balance between people, profits and the planet. In the last few years, our drive toward sustainability has culminated in a new approach to green building design. TI is an industry leader in green building design and operations.

REDUCING AIR EMISSIONS

TI is committed to reducing air emissions related to our operations worldwide, including manufacturing, transportation and even our landscaping upkeep. We maintain robust programs that address all of these areas, with teams dedicated to managing and measuring their success.

We leverage external expertise and share our own knowledge with government and industry entities, taking seriously our responsibility to ensure a healthier planet.

In 2006, we continued to make strides toward reducing air emissions.

ADDRESSING CLIMATE CHANGE

We recognize that global climate change, or global warming, is a serious issue that requires higher levels of worldwide concern and commitment to action.

According to the U.S. Environmental Protection Agency (EPA), the semiconductor industry is responsible for just 0.2 percent of greenhouse gas emissions worldwide. Although the emissions are relatively minimal, we are not complacent. To

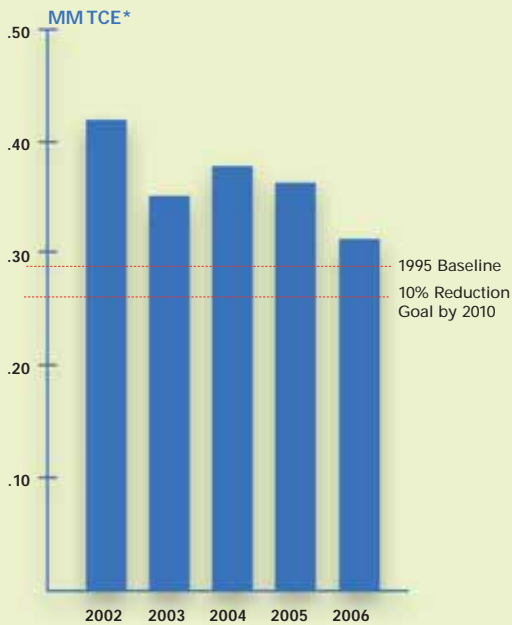
minimize our contributions to climate change, we work to reduce energy use, replace or more efficiently use certain chemicals and encourage less polluting transportation methods.

We were a significant force in a collective commitment to reduce greenhouse gas emissions by encouraging companies to set air emissions reduction goals, by building consensus on the need to meet those goals, and by supporting an initiative that influenced industry suppliers to use alternative chemical processes that reduce perfluorocarbons (PFCs).

PFC chemicals are essential to existing semiconductor manufacturing methods, including plasma etch thin films and clean chemical vapor deposition tool chambers. The industry collectively recognizes that it is a significant challenge to find technically feasible alternatives that reduce these emissions; however, PFCs are potent and persistent greenhouse gases, so TI is meeting the challenge head-on.

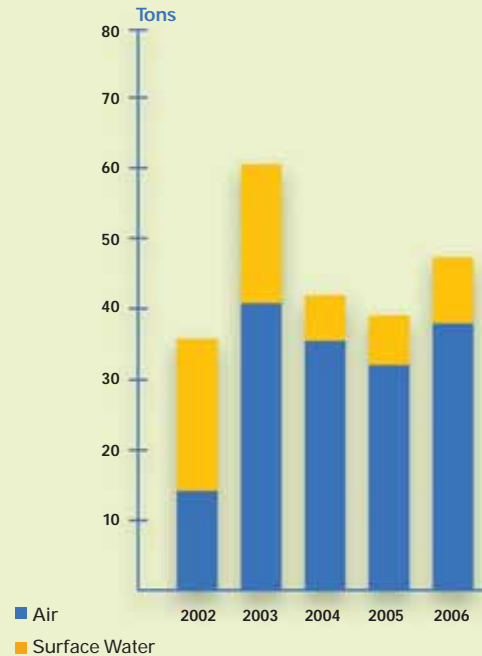
We played a key role in securing the Semiconductor Industry Association's 2001 voluntary memorandum of understanding with the EPA. This memorandum calls for a 10 percent

PFC Emissions



* MMTCE – Million Metric Tons of Carbon Equivalent (a unit of measurement for greenhouse gas emissions)

Permitted Chemical Releases to Air and Water



Includes chemicals specified in the U.S. EPA inventory only.

collective reduction of semiconductor manufacturers' annual absolute PFC emissions (on a million metric tons of carbon equivalents basis) from 1995 baseline levels by 2010. TI is among those companies annually reporting PFC emissions to the EPA and World Semiconductor Council.

We have successfully reduced our global PFC emissions from peak levels in 1999 by 48 percent, taking production growth into account.

Although we're encouraged by what we've achieved so far, we continue to seek ways to further reduce emissions wherever feasible and successfully reach our PFC emissions reduction goal by 2010.

At the end of 2006, we recognized the development of a global climate change strategy was necessary to further reduce our impact. As a result, TI is now investigating greenhouse gas emissions at our manufacturing operations globally – the first step in developing a strategy.

The purpose of our investigation is to account for indirect carbon dioxide (CO₂) emissions from energy use and determine a good method for modeling and accumulating information. We will use this information to make future decisions on reducing CO₂ emissions, engaging in carbon trading, participating in voluntary emissions-reduction programs, investing in equipment with reduced emissions, and developing manufacturing and process changes that reduce emissions.

Knocking out NO_x

In 2000, our environmental team set out to devise ways to better and more effectively reduce ozone-forming nitrogen oxide (NO_x) emissions at our Dallas operations.

TI created a "Comprehensive Ozone Precursor Control Program," to identify activities to reduce NO_x emissions, including:

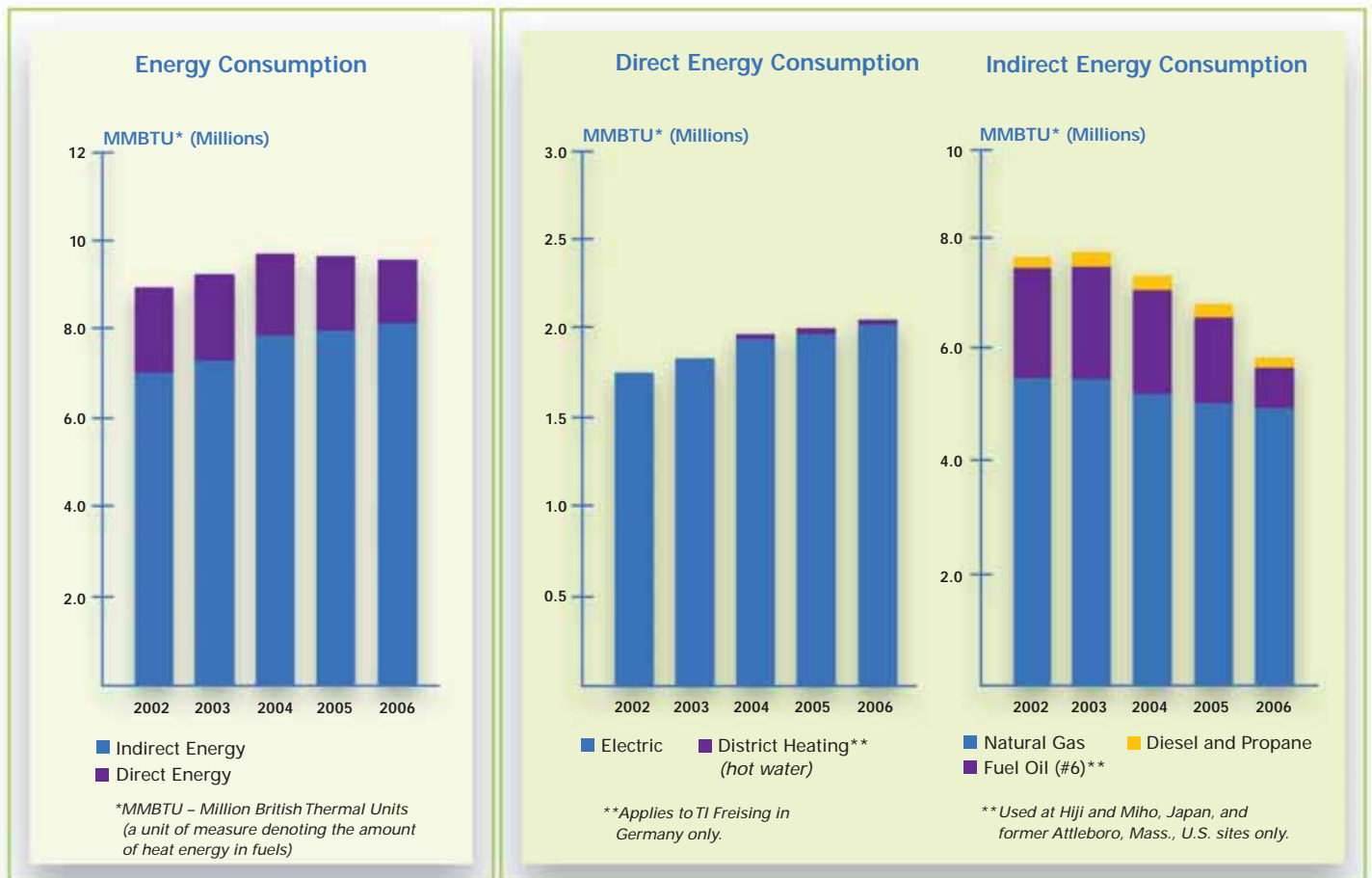
- **Generator testing** – We prohibited generator testing at Dallas sites during peak ozone hours, when the hot North Texas climate causes emissions to react and produce ozone.

- **Boiler efficiency** – We upgraded older boilers and installed more efficient models for those needing replacement.
- **Other technological upgrades** – We retrofitted and replaced manufacturing equipment and processes to achieve maximum efficiency and reduced emissions.
- **Lawn maintenance** – We prohibited lawn and facilities work requiring the use of combustion engines during peak hours on designated “Ozone Action” days.
- **Employee vehicle use** – We developed a car trip reduction program for our workforce commuters, to address one of the largest sources of NO_x in the area: single-occupancy vehicles. The program has received national accolades for its success.
- **Construction** – We proactively reduced NO_x related to construction activities during the development of TI’s newest manufacturing facility in Richardson, Texas (completed in 2006). This was accomplished by:
 - Forbidding equipment to idle longer than 30 minutes
 - Enforcing a 10 miles per hour speed limit at the construction site
 - Maintaining all equipment in peak operating condition
 - Restricting the refueling of large equipment to after hours, when cooler ambient temperatures result in lower volatile organic compound emissions
 - Restricting street and parking lot cleanings when “Ozone Action” days were in effect
 - Providing a hybrid (gas/electric) vehicle for the project office staff
 - Scheduling site preparation work and construction during cooler seasons

A GLOBAL ENERGY STRATEGY

TI’s global energy strategy focuses on consumption, costs and the environmental impact of our energy use. We invest capital and employee time on site-based and global initiatives, sharing best practices to more fully leverage our success.

We realigned our energy steering team in late 2005 to drive specific efficiency and cost improvements.



By the end of 2006, the team had accomplished its goals to limit costs, reduce use and improve efficiency. Our successes include:

- Reducing energy supply rates through smart purchasing
- Commissioning more than 100 different energy-saving projects, saving TI \$5 million annually
- Developing a plan to replace less efficient manufacturing equipment with higher efficiency equipment
- Establishing and communicating efficiency goals to manufacturing equipment suppliers designing high-efficiency versions of tools for TI factories
- Improving collaborative processes between facilities and manufacturing organizations to share best efficiency practices
- Launching a "Reduce Your Use" communications campaign, encouraging employees to conserve energy and recognizing those with outstanding energy-saving ideas

Our energy teams continue to drive conservation in 2007, with an updated Texas energy purchasing strategy to adjust

for changing market conditions and an aggressive goal of spending \$19 million less on energy bills than in 2006. TI's energy-efficiency teams estimate another \$3 million in savings by purchasing high-efficiency equipment for facilities and manufacturing equipment and through energy-saving projects designed to operate existing equipment more efficiently.

ALTERNATIVE TRANSPORTATION

TI is a global company, yet one-third of our employees work at sites within 15 miles of our U.S.-based corporate headquarters in Dallas, Texas.

Since 2004, the Dallas-Fort Worth area has been designated as "non-attainment," meaning that the region fails to meet federal air standards for ozone air pollution. Ozone, the main ingredient in urban smog, forms when emissions from automobiles and other sources accumulate and react to the hot, sunny conditions of North Texas.

Employee Trip Reduction Impact – 2006

NO _x Savings Effort Description	Number of Vehicles/day	Total* Miles	NO _x Emissions Averted During Ozone Season (tons)
Ridesharing (carpool/vanpool combo)	320	9600	1.84
Mass Transit	720	21600	4.14
Cycling/Walking	34	340	0.07
Motorcycles	100	3000	0.29
On-site Shuttles	1000	3000	0.58
Concierge Service (off-site trips avoided)	100	2000	0.38
Dining Services (off-site meal trips avoided)	3965	39650	7.60
Compressed Work Week	565	11200	2.17
Telecommute	1000	20000	3.83
Totals	7904	110490	20.8

**Estimates from Dallas site only during peak ozone season (May-October)*

Environmentally Friendly Commuting and Exercise Go Hand-in-hand

Craig Herteg, an IT manager, loves his 15-mile morning commute to work. It traverses a city park, takes him over a bridge and passes a meadow that's often blanketed with low-lying fog. He also loves burning thousands of calories each week rather than gallons of gasoline.

When he arrives at TI's North Campus in Dallas, Texas, about 55 minutes after leaving home, Craig uses an on-site shower to prepare for his workday. He slips into business clothes he carried in a backpack and parks his bike in his office. At lunchtime, he visits the salad bar in the company cafeteria or eats food he brought with him. As often as five times a day, he uses on-call TI shuttles to travel to meetings in other buildings.



Craig is one of many employees at our sites who choose bicycle transportation several times each week. To encourage others, Craig coordinates TI's annual Bike to Work Day.

Craig thrives on the physical and environmental benefits of biking. "First and foremost, cycling is fun, and it's good for my muscles, cardiovascular system, and my mind. It's motivating to know that I've reduced my car's emissions and wear-and-tear and saved money on gas."

When it's time to head home, Craig knows he's already worked exercise into his busy schedule. "With TI's shuttle buses, transportation programs and amenities," he said, "I don't need my car at work every day."

During gas shortages and rationing in the 1970s, we began operating on-site shuttles and employee vanpools to cut costs and meet employee needs. As TI grew, we stepped up our efforts, initiating a formal Dallas-based Employee Trip Reduction program in 1996. The program continues to grow and employees worldwide are encouraged to use alternative transportation.

Because so many of TI's employees live, work and commute within the urban area around our Dallas headquarters, TI provides employees with annual mass transit passes to reduce the number of cars on the road. Our Employee Trip Reduction program provides subsidized vanpools, a database for initiating carpools, on-site concierge service and dining,

bicycle facilities, telecommuting and flexible work options. This encourages employees to reduce travel, reduce stress, increase productivity and promote alternative, cleaner transportation.

In 2006, our Dallas-based Employee Trip Reduction program kept an estimated 7,800 vehicles off the road during the summer months and averted almost 21 tons of NO_x emissions, which are a precursor to ozone formation. Similar programs exist at TI sites around the world. At facilities with large employee populations in the U.S., such as Manchester, N.H., and Tucson, Ariz., Employee Trip

Reduction coordinators assist with employee trip reduction and awareness activities. Globally, we provide buses and jeeps to transport employees to work in the Philippines; in France, we host an internal Web site to educate employees on commuting options in the area, with an EcoCalculator to help employees calculate the annual costs of their transportation choices.

TI's total investment in these programs was \$1.5 million in 2006. These innovative programs and commitment to improving quality of life for the communities around our site earned TI the distinct honor of being named one of the EPA's top 20 "Best Workplaces for Commuters" in 2004, 2005 and 2006.

EFFICIENT WATER USE

Efficient water use is important to TI because ultra-clean semiconductor manufacturing processes require large amounts of water, and we want to be good stewards of this precious and finite resource. Our environmental goal of zero wasted resources means reducing water use through water conservation, reclamation, recycling and reuse practices.

Our innovations have made us one of the more efficient water users among industry peers. Two of our manufacturing facilities in Japan use integrated water treatment systems that enable zero discharge of industrial wastewater.

In 2006, our normalized worldwide water use (accounting for production increases) remained relatively flat at assembly/test sites and decreased by almost 13 percent from the previous year at semiconductor manufacturing facilities. Efficiency measures and conservation practices based on each site's unique characteristics, costs, needs and available financial resources made this possible.

Reusing Water Effluents

TI recycles almost 4 million gallons of water every day at manufacturing sites globally.

In 2006, our manufacturing facilities made progress toward even greater water efficiency by identifying ways to reduce use and costs through improving manufacturing tool efficiency and by investing in water conservation systems at sites worldwide.



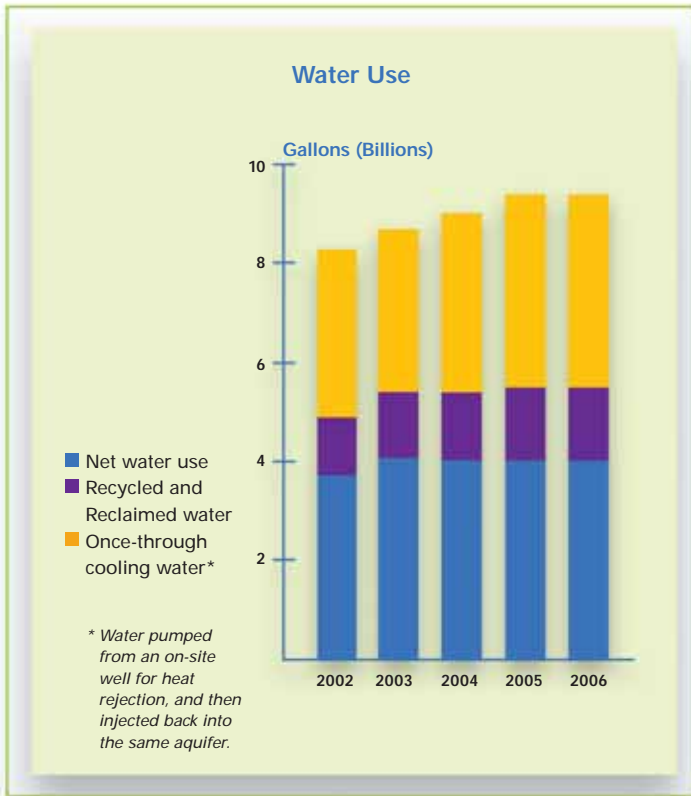
TI won the Blue Thumb Award from the City of Dallas Water Utilities for the sixth consecutive year in 2006. The award recognizes TI's commitment to protecting the City's water systems

A system installed at our Kuala Lumpur, Malaysia, manufacturing site in 2006 is saving 3 million gallons of water per month by reusing water. A cooling tower reuse system now operating at the Dallas North Campus site in the U.S. is saving 3 to 7 million gallons per month, depending on the season. A third system installed in Dallas is expected to reuse up to 3 million gallons of water per month when the cooling tower is fully operational in 2007.

TI reuses a portion of its water in air abatement systems, which "scrub" manufacturing exhaust. In 2006, about 349 million gallons of water were reused in abatement systems in Dallas. Another 173 million gallons were reused in cooling towers, which feed heating and cooling systems for buildings.

Our Freising, Germany, site has an indoor climate control system that uses a once-through water cooling process. Cold water is pumped from underground aquifers, cycled through a heating/cooling system that keeps the aquifer water separate from all other plant water and processes, and remains uncontaminated when it re-enters the aquifer.

In total, about 1.5 billion gallons of water were reused throughout TI worldwide in 2006, up 3.4 percent from 2005.



The "Anything that Tears" program promotes the recycling of office paper, corrugated boxes, pamphlets and folders – anything that tears. Workspaces and conference rooms have recycling bins and employees receive periodic updates on ways to reduce and recycle waste. Recyclables are picked up from office and factory areas, transported to our building docks, weighed, sorted and bundled, and finally sent to recycling centers. In 2006, we achieved a recycling rate of 90 percent worldwide.

We expect to show continued improvement in 2007 by expanding the materials we recycle in the U.S. to include cafeteria and electronic waste.

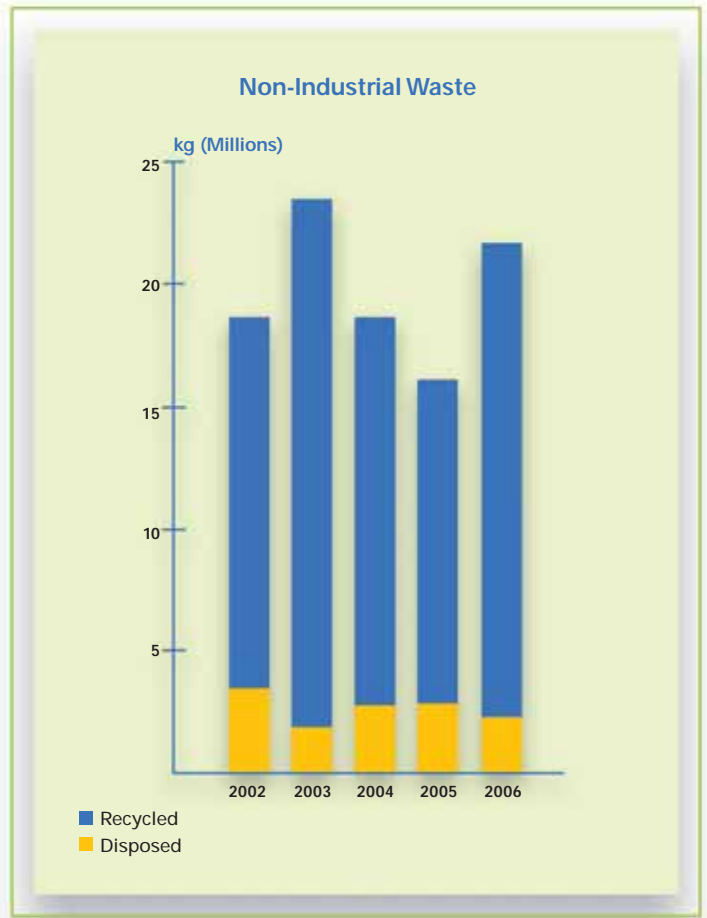
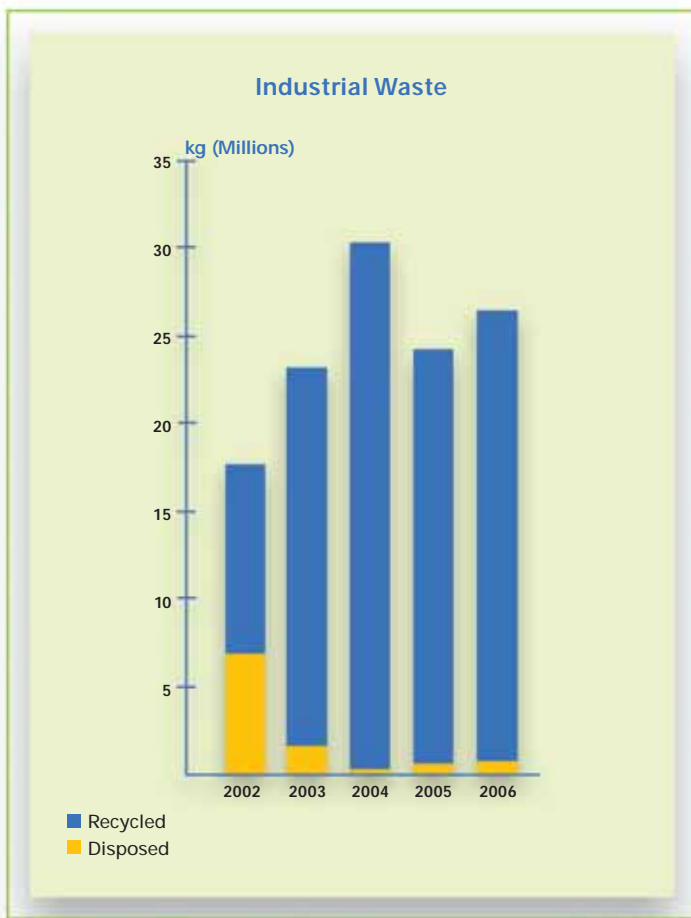
Our Kuala Lumpur, Malaysia, site has set a company standard with its organic waste recycling program. Each day, the site sends between 1,100 and 1,650 pounds of cafeteria waste to its outdoor rapid composting system, the first of its kind in that country. The composting machine runs nonstop to aerate the material and break down waste. Every two days, the partly composted material is sent to a facility where it is sifted to make fertilizer for organic farmers.

MATERIAL RESOURCES AND RECYCLING

Materials used in TI's business processes are conscientiously managed for the sake of the environment.

We follow industrial ecology principles to reduce waste and optimize waste collection processes worldwide. We start by decreasing the amount of materials used in manufacturing as much as practically possible. Then we recycle much of what remains. Our well-orchestrated recycling practices have resulted in industry-leading annual recycling rates for materials used in TI offices, factories and construction sites. In our manufacturing operations, we have reduced chemical use by recapturing and recycling valuable pump oils, using high-pressure water in place of chemicals in some clean-up applications, replacing chemicals with environmentally benign substitutes, and using new methods of chemical transportation and storage.





This cafeteria waste program was successfully piloted in 2006 at our Spring Creek site in Plano, Texas, with capital allocated to fully implement the program there. In 2007, we expect that as many as three Dallas-area sites will begin sending organic cafeteria waste to a nearby community composting center.

TI's non-industrial waste recycling program has saved 727 million pounds of trash from landfills in the last 14 years. This equates to an estimated savings of nearly 1.2 million cubic yards of landfill space, 146 million gallons of oil, 1.6 billion gallons of water and 1.6 billion kilowatt hours of electricity, representing about \$280 million in savings.

New Waste Metrics Implemented

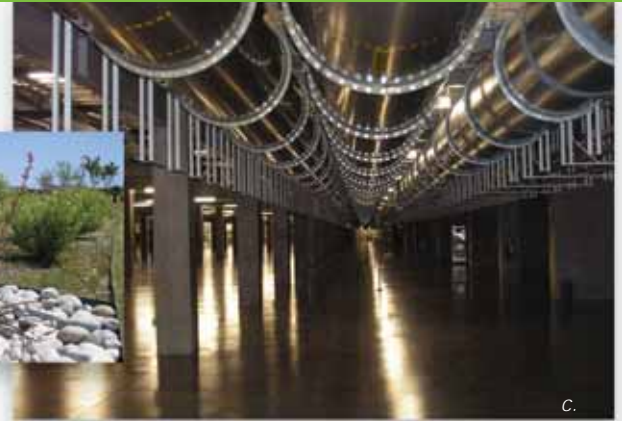
In 2006, we modified our solid waste recycling goal to better reflect actual environmental impact. Rather than simply measuring recycling rates and waste reduction, this new goal measures efficiency in recycling and minimizing the quantity of chemicals and materials that leave our sites for no other use or purpose except disposal. This metric tracks the efficient use of resources by comparing the weight of reused or recycled material to the weight of disposed material.



a.



b.



c.

SUSTAINABLE SITE

In 2006, we completed construction of our latest state-of-the-art semiconductor manufacturing facility – the first green building of its kind in the world – and were able to prove that efficient design can save money and benefit the environment.

The Richardson, Texas, fab (RFAB) design team used Leadership in Energy and Environmental Design (LEED®) principles to guide design and development and reduce costs and environmental impact. Because of their efforts, the fab was built for an estimated 30 percent less per square foot than TI's previous facility, constructed just six miles away 10 years earlier. RFAB will have lower emissions and will use less water, energy and materials than similar buildings. Operating costs are projected to be considerably lower as well.

TI expects to secure LEED® certification for RFAB in 2007. The lessons we learned through LEED® principles and conscientious design proved so valuable that we have begun implementing green principles at new sites worldwide, with the latest set to begin in 2007 in the Philippines. We have also set a goal to pursue LEED®-EB (existing building) certification for all U.S. sites by 2011.

Many third parties have recognized the building as innovative. Honors include:

- Sustainable Leadership Award for Design & Development, Multinational Business, by American Institutes of Architects, CoreNet Global and International Interior Design Association
- Eagle Mega Projects over \$100 Million by American Builders and Contractors Association
- ABC Excellence in Construction, Judges' Award by Associated Builders and Contractors, Inc., North Texas Chapter
- Excellence in Environmental Awareness Corporate Award by League of Women Voters
- Best of '06 – First Place Judges Award by *Texas Construction* magazine
- Topping Out Award by *Topping Out* magazine

- a. Solar shading keeps unwanted heat out of the RFAB facility
- b. RFAB landscaping uses native plants to reduce maintenance
- c. Big, straight ducts reduce friction, which saves fan energy

Manufacturing: Big and Green in Texas

RFAB is one of the largest green buildings in the U.S. The fabrication plant, or fab for short, was designed to produce sophisticated semiconductors, the brains inside a vast array of electronics such as digital cameras and cell phones.

But beyond the cutting-edge products it will manufacture, RFAB's innovative, high-efficiency design gives the company competitive advantages through lower operating costs and reduced environmental impact.

Here are a few of the features that make RFAB green:

- Passive solar innovations, including heat-reflecting white roofing and solar shading, which keeps unwanted heat out
- Waterless urinals, saving about 40,000 gallons per year per unit
- Native landscaping and plants that requires little or no water or maintenance
- Smart, networked lighting with built-in daylight sensors and motion detectors
- Ventilation rates controlled by building's CO₂ levels
- Solar water heaters for administrative areas
- Light shelves to increase natural daylight in offices
- Faucets with sensors recharged by a small water turbine
- On-site water retention pond to collect rain for irrigation, eliminating storm runoff

More information, including an online video about the fab's construction, is available at www.ti.com/rfab.

Employee Well-Being



Maintaining a safe
healthy, and inclusive work environment
is critical to our success.



Wellness programs like the "Walk this Way" on-site walking program allow employees to incorporate fitness into their busy schedules

TI Founder Cecil Green underscored TI's people philosophy when he said, "Getting ahead depends not on working people, but on working with people." In that spirit, TI pays close attention to the safety, health and well-being of its workforce of 31,000 employees worldwide. We believe that a safe, open and diverse working environment inspires innovation, which is integral to our long-term success as a company. This applies to all employees of all ethnicities, age, gender, religious beliefs and sexual orientation.

SAFETY

In 2006, we achieved the lowest occupational injury and illness rate of any U.S. semiconductor company for the third consecutive year. We continue to work toward our long-standing goal of zero work-related injuries and illnesses.

TI's rate of 0.19 on-the-job injuries per 100 employees was also the lowest in the company's 76-year history, accounting for just 71 injuries and illnesses requiring medical treatment among 31,000 employees worldwide. In our drive toward zero, we virtually eliminated all serious injuries. This has enabled us to focus more on employee comfort and well-being, which resulted in an 89 percent decline in ergonomics-related recordable injuries since 1999.

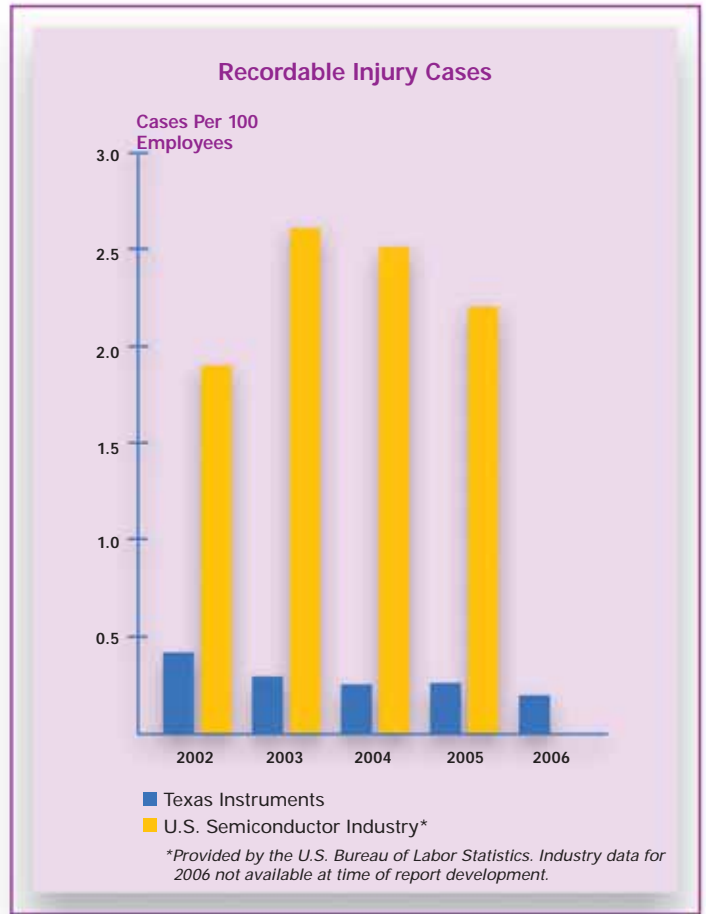
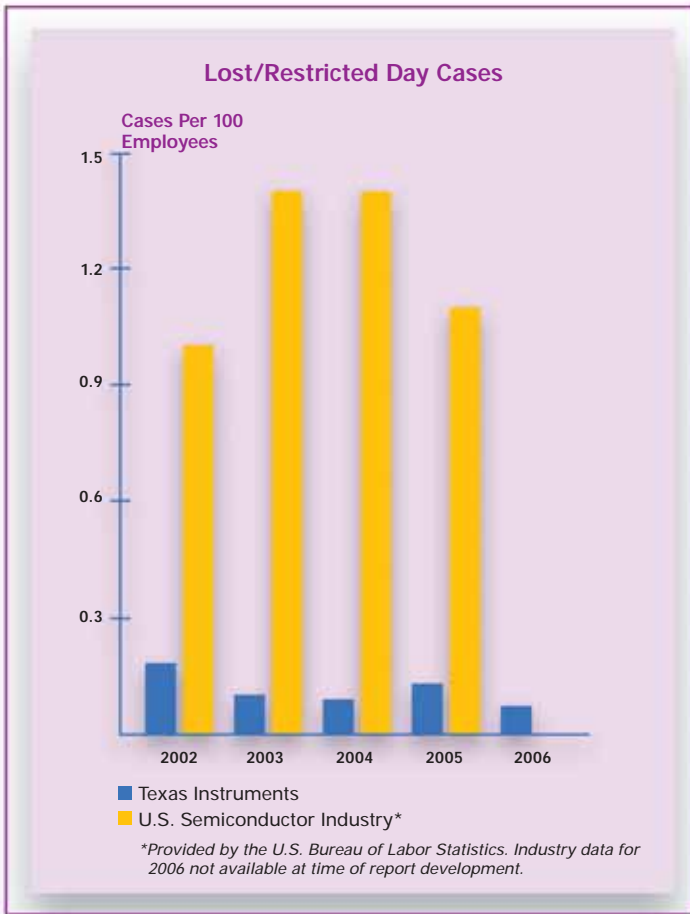
Collaboration and sound processes are at the heart of our outstanding safety records. We have active Safety Committees led by top managers at each site and involve employees at all levels.

All of our sites globally operate under a comprehensive set of Environmental, Safety and Health Policy and Principles that set a high standard for performance and is endorsed by President and CEO, Rich Templeton. Compliance with

these standards is monitored through site-level audits and periodically examined through corporate audits, which are reported to our Board of Directors.

In addition, we recognize the International Standard on Environmental Management Systems (ISO 14001), the European Union Environmental Management and Audit Scheme (EMAS) and the Occupational Health and Safety Assessment Series (OHSAS 18001) as tools that may help individual sites meet TI environmental, safety and health goals. These certifications may also help sites meet regional standards and marketplace expectations.

All of our sites outside the U.S. hold current ISO 14001 certificates. In the U.S., especially in Texas and Arizona, sites are subject to very stringent regulatory constraints that in many areas go far above and beyond the stipulations of ISO 14001 or OHSAS 18001. We are working to achieve 100 percent certification at all TI manufacturing sites by the end of 2008 in both ISO 14001 and OHSAS 18001.



Nurturing a Safe Workplace

We have the resources, training, equipment and systems in place to protect employees. Employees are trained to recognize potential hazards, safely use equipment and chemicals, effectively use personal protective equipment, prevent chemical spills and report potential hazards.

We also train employees to meet all regulatory requirements. Additional training is provided globally as needed for sites where local or national regulations may be more stringent than TI baseline standards.

We track employee compliance with both required and optional training courses through electronic training management systems. These systems help us ensure that training is scheduled and completed within the timeframes required by regulations or TI standards.

We also provide engineering controls such as safety interlocks and ventilation to prevent employee exposure to chemicals. Employees who work with or near chemical processes are required to wear personal protective equipment and understand how to properly use it.

Optimizing Our Work Environment through Ergonomics

We take a progressive approach to establishing optimal working conditions for employee comfort, safety and to maximize performance.

Our ergonomics program focuses on three key areas:

- **Employee comfort and productivity** – Ergonomics and safety professionals evaluate individual workspaces, develop and implement corrective actions, and provide ergonomics training for all employees.

- **Material handling** – We analyze material handling tasks in manufacturing and support areas to identify the best way to perform certain tasks and prevent problems. We also share best practices between TI sites and monitor new work area and equipment installations to ensure that ergonomics are appropriately incorporated.
- **Equipment design** – Our environmental, safety and health and ergonomics professionals review new equipment and work with suppliers to ensure that we meet performance expectations. We are also involved in the development of ergonomic design guidelines through the Semiconductor Equipment Materials International (SEMI) association for new equipment and materials. Although some TI-specific standards go beyond these guidelines, this industry-wide effort is critical to establishing better working conditions and safe equipment.
- **Just-in-time purchasing** – We implement inventory controls to reduce potential chemical storage risks while maintaining an appropriate supply.
- **Closed chemical delivery system** – We maintain carefully constructed distribution systems with state-of-the-art leak detection, ventilation and abatement controls that automatically feed chemicals to work locations. Double-walled piping and additional containment systems are available as necessary.
- **Used chemical management** – We minimize any amount of discharged chemicals through several protective measures, including wastewater treatment, wet scrubbers, thermal oxidizers and absorbers. Where on-site treatment is not available, licensed disposal contractors reuse valuable materials or dispose of wastes appropriately.

In 2006, we performed extensive ergonomic assessments at TI sites in Japan, Mexico, Malaysia and Taiwan, defining corrective measures and introducing ergonomic aids. Additionally, when ergonomics-related concerns were identified and corrected at one site, the proven solutions were often fanned out to sites with similar equipment, further reducing the risk of injury to employees.

Chemical Selection and Screening

Producing world-class semiconductors involves the controlled use of chemicals and gases. To safely manage any potential risks from chemical exposure, we adopted a comprehensive program to fully assess the ESH impact of proposed new chemicals, gases and manufacturing materials. We make continuous revisions to include new scientific information.

Chemical Handling

After chemicals are approved for handling at TI, we carefully manage their transport, distribution and use. The basic goal of chemical safety is to minimize human contact with all chemicals. We accomplish this in five ways:

- **Availability of information** – We work closely with our chemical supply chain to ensure that up-to-date usage and handling information is available to employees and contractors.
- **Chemical dock operations** – We tightly control and protect chemical deliveries and storage by conducting chemical handling at every site in a central location with chemical professionals. An internal numbering system controls internal delivery and safety procedures.

Chemical Use Policy and Practices

- TI prohibits the use of Class I and Class II ozone-depleting substances in manufacturing
- TI prohibits the use of persistent organic pollutants as defined by the United Nations Environmental Program
- TI prohibits chemicals on the Prior Informed Consent list under the Rotterdam Convention
- TI supports the mission and objectives of the Basel Convention (Annex I, II, III and VIII), which addresses environmental protection through proper management of used chemicals and materials
- TI does not use or allow manufactured products to contain radioactive substances
- TI requires all sites to be responsible environmental stewards by conserving water and energy

Equipment Safety

We purchase semiconductor manufacturing equipment that meets applicable laws, industry standards and guidelines. Equipment manufacturers must adhere to TI's equipment acquisition policies for safe and reliable equipment. All used equipment acquisitions are evaluated for compliance with applicable laws and regulations, along with confirmation that previous owners have not compromised safety through equipment modifications or upgrades.



ENABLING A HEALTHY WORKFORCE

TI pioneered its employee well-being programs in the 1950s with the introduction of “Texins” gyms and recreational clubs.

Today, we continue our commitment to employees’ quality of life with a variety of programs designed to prevent disease, promote health and well-being, enhance productivity, and reduce costs associated with health plans.

Our U.S.-based employees and their dependents are encouraged to take an online wellness assessment, which identifies individual health risks and suggests an action plan to address those risks. Those participating receive a discount on their medical benefits costs. The 2005 benchmark assessment drew an 80 percent employee participation rate, followed by an almost 85 percent participation rate on the 2006 assessment.

We use aggregate assessment data to determine the effectiveness of existing programs and identify additional program needs. Based on assessment findings, we introduced:

- Healthier food options in TI cafeterias and vending machines
- On-site nutrition and weight management programs
- On-site walking programs
- Additional communications to educate employees about wellness

Other standard offerings within TI’s “Live Healthy” initiative include:

- On-site blood-pressure monitor stations
- On-site preventive screenings, including male and female wellness exams, cancer screenings and flu shots

- A smoking-cessation program
- A diabetes awareness, wellness and nutrition (medical nutrition therapy) intervention program
- An employee assistance program, which provides confidential counseling services to help employees resolve personal issues
- An e-health portal and online wellness programs and seminars
- Consistent and accessible wellness communications and resources

2006 Health Program Results

TI offers fitness and weight-related programs at exercise facilities located at major TI sites. We allow dependents of TI employees to participate in our offerings, encouraging a healthy lifestyle for the entire family.

From 2005 to 2006, our employees improved their health and lowered many of their health risk factors. For example, the percentage of employees who reported four or more health risk factors in the annual online wellness assessment decreased from 46.6 percent in 2005 to 39.8 percent in 2006.

Based on industry research, these risk reductions correlate to a health plan cost avoidance of approximately \$1.8 million and a reduction in lost productivity equivalent to 1.32 days per employee per year.

Our 2006 results also indicate that employees continue to struggle with weight, cholesterol and hypertension, presenting challenges for us to address in 2007.



Wellness Benefits are Catalysts for Healthy Lifestyle Changes

Mary Early made healthy lifestyle changes with the help of our well-being programs. She has incorporated exercise into her daily routine and maintains her weight in an ideal range.

Mary, a technical documentation team leader in Dallas, determined her body's resting metabolic rate through a screening at Texins Activity Center. She purchased the BalanceLog software program to track her calories and determine her daily caloric needs based on activity.

"BalanceLog and TI's walking programs helped me trim off 20 pounds," she said.

To hit her goal of 30 minutes of walking each day, Mary parks her car far from her office building and walks the perimeter during breaks. After taking an exercise class at Texins, she added that discipline to her at-home exercise repertoire.

Mary said that her energy level is higher and she doesn't feel as tired at the end of the day.

"These programs made me more conscious of health, weight and exercise and have improved my work life and my personal life. I've even developed a whole new attitude about house cleaning and laundry – tasks I've always dreaded, I now view as exercise," she said.

"I use a number of TI's well-being programs," she added, "including online health seminars. These programs are a great TI benefit and one of the reasons I like working for TI."

TI offers a wide range of programs to encourage wellness for employees and their families.



HIV/AIDS

We are committed to furthering education on HIV/AIDS prevention and providing access to medical treatment for HIV/AIDS for employees worldwide.

In India, where HIV/AIDS is widespread and pervasive, we provide:

- Full medical coverage to employees and family members living with HIV or AIDS
- Extensive and non-discriminatory medical reimbursement for employees and family members
- Paid hospitalization for HIV/AIDS-related illnesses not covered by insurance
- Print and online materials that explain how HIV/AIDS is contracted and how to prevent its spread
- Informational open houses for employees, their families and friends
- An on-site medical clinic offering free consultation to employees on a wide range of illnesses, including HIV/AIDS
- Free private counseling services available online, by phone or face-to-face

At all other sites, we provide:

- Medical insurance for employees and family members in areas without government-sponsored insurance, which includes HIV/AIDS coverage
- Company-funded employee assistance programs for counseling on issues such as medical conditions
- Easily accessible medical care at some TI locations
- Health and wellness programs and communications about communicable diseases

TI has been a corporate sponsor for the U.S. AIDS LifeWalk for more than 10 years. We also sponsor fundraising activities to benefit AIDS organizations. Many employees represent TI in AIDS research- and prevention-related events on the local and federal level.

"What I most admire in TI is that TI respects you as an individual and fosters your growth as a person. That enables you to improve in all aspects."

— Cristina Sampaio
Market Communications and Media Relations
Brazil

WORK-LIFE PROGRAMS

Employees are deeply valued for their talents, commitment and contributions, which is why we maintain a healthy suite of work-life programs. TI leaders realized long ago that to recruit, fully engage and retain the best people, we must enhance the work experience with “employer of choice” - class benefits, programs and practices.

In 2006, Fortune Magazine included TI on its “100 Best Companies to Work For” list for the seventh year, highlighting our employee retention success. We have been able to reach these milestones by responding to issues that matter most to our workforce.

Employee Retention

A “career” employee is not uncommon at TI, but is increasingly unique in the semiconductor industry. An estimated 20 percent of TI employees have more than 20 years of service with the company, while another 10 percent have worked at TI for 15 years. Our retention success is also reflected at the highest levels, where 18 of our top 22 leaders are career employees.

“ I have been with TI for a little over 21 years. The number one reason I enjoy working here are the opportunities I have to work on multiple projects at a time to keep busy. I also have flexible working hours, which gives me time to enjoy family life outside of TI. Another real good reason from my perspective is I have always had excellent management/supervisors no matter where I have worked within TI. It seems TI does their homework in this area whether hiring from outside or promoting from within.”

— Glenwood Settle,
Facilities, Kilby West, Dallas

Annual random surveys show that of our various workplace practices, employees most value flexible work options. Where practical, we encourage flex-time, telecommuting, part-time positions, job-sharing and compressed workweek options for employees. Supervisors are empowered to evaluate employees’ schedules and develop solutions that meet customer and organizational needs.

In 2006, we extended paid time off to new fathers, adoptive parents and qualifying same-gender couples. We also initiated a partnership with College Coach, an organization that helps families apply to colleges and finance tuition. College Coach also gives employees access to in-depth educational topics relevant to age groups as they move closer to college admissions time.

These initiatives are important additions to our already extensive work-life program offerings, including:

- Access to quality dependent care expertise and resources
- Child care resources and discounts with selected child care providers
- Adoption assistance and reimbursement benefits
- Elder care resources, including seminars and newsgroups
- Parenting support, including on-site parent education classes and e-mail forums
- Free concierge service
- On-site banking and ATMs
- Work-life newsletters, seminars and newsgroups
- Access to financial products at group/corporate rates
- On-site cafeterias and dining rooms
- Fitness centers

Programs for our U.S. employees are coordinated by a dedicated Work-Life manager headquartered in Dallas. Our sites outside the U.S. are encouraged to develop and implement work-life programs that provide competitive advantages specific to those cultures and locations.

DIVERSITY AND INCLUSION

For nearly two decades, we have focused our workforce development efforts on diversity – strategically strengthening our businesses, workforce and leadership by recruiting and retaining talented people of diverse ethnicities, perspectives and genders. Through years of discussion, action and executive support, diversity has become central among our core values. We continue to build on our progress by focusing efforts on maintaining an inclusive work environment globally.

By setting a “diversity and inclusion” expectation, we can achieve a greater competitive advantage, as employees feel empowered and comfortable to engage, innovate and share ideas.

Diversity Initiatives

In 1989, diverse grassroots employee groups began forming at our headquarters in Dallas – with executive endorsement – to build a stronger, more cohesive workforce and enhance TI’s competitiveness. These groups, called diversity initiatives, are successful in supporting business objectives such as recruiting top talent and hosting customers

from around the globe. They also support employees' individual growth and advancement through mentoring, coaching, networking and leadership development. There are now multiple diversity initiatives at various sites in the U.S., including:

- Able Initiative (supporting disabled employees)
- Bangladeshi Diversity Initiative
- Black Employee Initiative
- Chinese Initiative
- Christian Values Initiative
- Filipino Diversity Initiative
- Hispanic Employees Initiative Forum
- Indian Diversity Initiative
- Japanese Diversity Initiative
- Korean Diversity Initiative
- Muslim Employees Initiative
- TI Pride Network (supporting gay, lesbian, transgendered and bisexual employees)
- Women's Initiative Network
- Vietnamese Initiative

Each initiative is sponsored by a member of our senior management, has a budget and meets on company time. Any employee may participate in any initiative.

The TI Diversity Network (TIDN) is a leadership team comprising participants from each initiative. TIDN brings the initiatives together to collaborate and coordinate in support of TI's business goals. Collectively, the initiatives work on projects related to career development, communications, community involvement, recruiting and diversity award applications.

Diversity in Leadership

Twenty women have earned corporate officer titles at TI; additionally, four of our 12 board members are women and one is a person of color. Approximately 32 percent of TI's officers are women or people of color. In addition, since 1989, the number of people of color in management positions has increased more than fivefold.

In 2006 our diversity and work-life initiatives have been recognized by several third-party entities, including:

- Our eleventh consecutive appearance on *Working Mother* magazine's list of 100 Best Companies for Working Mothers
- Our eleventh consecutive appearance on *Hispanic Magazine's* Corporate 100 list
- Our seventh appearance on *Fortune Magazine's* list of the 100 Best Companies to Work For
- Our second consecutive appearance on the 50 Best Companies to Work For in Germany according to *Capital* magazine
- One of the Top U.S. Companies for Asian Americans according to *Asian Enterprise* magazine
- One of the U.S. Top 30 Companies for Female Executives by the National Association of Female Executives (NAFE)
- Corporation of the Year by the DFW Minority Business Council

A complete list of awards is available at www.ti.com/corp/docs/company/awardfactsheet.shtml.



Addressing the Elephant in the Room

Terry Howard, TI's director of diversity and inclusion, makes it a point to bring up difficult topics and get employees thinking about how they interact with one another.

But Terry is not the only person at TI who is challenging employees to learn more about each other. Since September 11, 2001, TI's Christian and Muslim initiatives have hosted several roundtables, including "Creating an Inclusive Environment: Christians and Muslims at Work Together" in 2006. The purpose of the event was to improve understanding and respect between people of these religions inside and outside of the workplace.

This type of employee engagement is one of many examples of our commitment to diversity and inclusiveness and our appreciation of the unique and varied talents and perspectives of every employee.

Community



TI and employee volunteerism have
helped build and sustain
strong communities for more than 40 years.



TI employees volunteer with United Way partner agencies on a year-round basis

More than 75 years ago, TI's founders established the belief that the company's worth was based not only on the strength of its balance sheet but also on its contributions to society. This philosophy became a foundation for all operations and is still evident today in our ongoing efforts to improve education, the environment and quality of life for our employees, neighbors and community.

OUR COMMITMENT TO EDUCATION

Education has been a high priority in our philanthropic efforts since TI's inception. Quality education is a critical building block for economic vitality and quality of life. It also generates future employees, suppliers and customers. We work with educators to create programs that produce measurable, sustainable and replicable gains in student achievement.

In the late 1980s, under the leadership of our then-CEO Jerry Junkins, the TI Foundation partnered with Southern Methodist University and Head Start to create a language-rich curriculum for economically disadvantaged children at the preschool level, which expanded to include a Spanish component during the 1990s. This curriculum allows children to become better equipped for grade school and excel at reading and learning. Pioneered in Dallas the program is now used in preschools around the country.

Today, we focus our efforts on science, technology, engineering and math performance at middle school level and above. Our volunteer and philanthropic commitments prepare under-represented populations (women and minorities) for success in engineering and science.

In 2006, TI and the TI Foundation provided education-related grants of more than \$7.4 million, including the following highlighted programs:

- **The Infinity Project** – A technology-based curriculum that exposes high school students and freshman-level engineering majors to creative and transformational applications of engineering skills.
- **TI Algebra Initiative** – A model for improving student achievement in math at low-performing urban high schools.
- **High-Technology Coalition of Collin County** – A corporate/public school/higher education collaboration designed to ensure quality science, technology, engineering and math education instruction in North Texas.



- **AP Strategies Incentive Program** – Delivering advanced placement curriculum standards and motivating students at the high school level.

- **Destination Graduation** – A program designed to help every student in the Dallas Independent School District earn a high school diploma.
- **The National Center for Educational Accountability** – Working to improve student performance (among other initiatives) in the Dallas Independent School District.

We also invest in university programs designed to increase the number of graduates with electrical engineering expertise and to advance basic research in the field of nanoelectronics. Recent partnerships include:

- **Southwest Academy of Nanoelectronics (SWAN)** – TI, the State of Texas, the University of Texas System and the Nanoelectronics Research Initiative contributed \$30 million to help form SWAN, headquartered at the University of Texas at Austin. This effort will attract top academic researchers to address the long-term research needs of the semiconductor industry. TI was the lead corporate sponsor, with a \$5 million commitment.
- **University of Texas Southwestern Medical School** – Our \$1.5 million endowment is helping to attract clinical scientists to conduct innovative research in advanced imaging technologies.
- **Southern Methodist University** – We donated \$3 million to fund the construction of the Jerry Junkins Electrical Engineering Building.
- **Community colleges** – We gave \$1.4 million to establish the Rising Star Scholarship Program, which covers tuition for high-performing students from low or moderate income families who enroll in the Dallas County Community College District. TI also gave \$1 million to the SMART Scholars initiative, led by the Collin County Community College District.

We are also involved in university-level education and research initiatives, including:

- **DSP University Program** – TI established university education and DSP research 20 years ago. We have invested \$55 million in the program and helped create more than 1,600 DSP labs at universities worldwide in the last decade, where close to 100,000 electrical engineering students are learning about DSP technology.
- **DSP Leadership Universities** – A collaborative network of three leading universities in the DSP field – Rice University, Georgia Tech and MIT – that was initiated by TI and supported with \$9 million in grants.

- **DSP Elite Universities** – A group of 99 premier electrical engineering schools worldwide, which receive product development tools and access to TI research personnel.
- **Analog University Program** – A partnership with top electrical engineering departments to give students design experience using TI analog integrated circuits, established and funded by TI. In the 2007-2008 school year, the program's core component, an analog design contest, will include 20 U.S. universities and be piloted in Europe and China.
- **Texas Engineering and Technical Consortium** – A collaboration of the State of Texas, institutions of higher education and technology-related companies to increase the number of graduates in engineering and computer science from Texas universities to meet increasing market demands. TI spearheaded the development of the consortium and helped raise \$26 million to support the initiative. Following TETC's inception, the numbers of students graduating with bachelors degrees in electrical engineering and computer science has increased.

HEALTH AND HUMAN SERVICES

Our primary philanthropic partner in health and human services is United Way. In the early 1960s, company co-founder Erik Jonsson helped oversee efforts by the American Red Cross and the Community Chest in Dallas to create what was then called the United Fund in the Dallas area. Jonsson was the first chairman of the United Fund board and instrumental in expanding programs for the less fortunate in the community. In the years since, TI employees have been involved with United Way as board members and volunteers.

For the past five years, TI has been the largest corporate contributor to United Way of Metropolitan Dallas, running United Way campaigns at sites across the U.S. TI's international sites contribute to similar organizations around the world.

In 2006, TI and the TI Foundation donated \$4.6 million to United Way chapters across America. In addition to United Way, Texas Instruments is also a principal sponsor of annual fundraising walks/runs for the Juvenile Diabetes Research Foundation and the Susan G. Komen Breast Cancer Foundation in the Dallas area.

TI India Foundation: Improving Lives Today, Investing for India's Tomorrow

TI India's increasing philanthropic contributions to nearby communities and our employees' grassroots humanitarian activities led to the formation of the TI India Foundation in 2003, with a focus on improving education and the environment.

Today, the India Foundation coordinates the charitable work of 140 TI volunteers, with a core team who plans and organizes events. Programs include financial and volunteer support for a school for the blind, a home for the elderly, six preschools, blood donation camps and environmental projects such as tree planting. TI volunteers teach high school computer science classes in Bangalore. The foundation also gives food each month to a home for the destitute.

Foundation volunteers work to influence the value and perception of education in the country. TI India's women employees reach out to girls and their families to show how education can lead to greater opportunities. In low-income areas, employees persuade families to send their children to school rather than work.

In 2006, through the foundation and employee donations, 20 Early Bird scholarships to underprivileged children, enabling them to attend primary school.

Each fall, the foundation conducts a TI Jack Kilby Science and Technology Quiz for high school students. In 2006, more than 1,200 teams from Bangalore, New Delhi and Chennai participated, making it one of the most popular science quizzes in India. The winning team earned a trip to Texas to visit a TI manufacturing facility and NASA's Space Center in Houston.



The TI India Foundation raised enough money through employee donations to send 20 children from the slums of Bangalore to primary school in July. Volunteers included: Sudharsanan Ramachandran (left), foundation leader Sylvia Subbaiah (third from left); Shweta Vaidya (third from right) and Anand Jutty (right). The other women pictured are school teachers

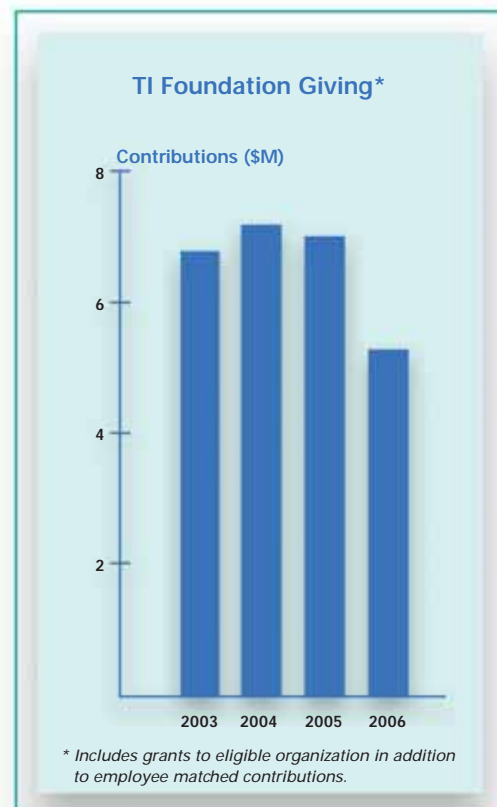
TI FOUNDATION

Established in 1964, the TI Foundation serves as an important vehicle for community support. Each year, the foundation donates between \$6 million and \$10 million to education, arts and cultural organizations and community services.

In addition to the grants noted above, recent TI Foundation gifts include:

- \$5 million – For the new Center for Performing Arts in Dallas; the center's concert hall will be named for Margaret McDermott, wife of TI co-founder Eugene McDermott
- \$1 million – For an advanced medical care facility at Children's Medical Center of Dallas
- \$500,000 – For a permanent home for the Dallas Black Dance Theater
- \$500,000 – For the Visiting Nurses Association in recognition of TI's 75th anniversary

Contributions to eligible educational and arts organizations by U.S. employees and retirees of TI and our subsidiaries are matched by the TI Foundation's Matching Gifts Program. In 2006, the foundation's matching contributions exceeded \$700,000.





"Our internal mandates for excellence in supplier diversity and economic inclusion in North Texas are driven by TI's core values. The rewards for all of us and for this region are far greater than we can imagine."

*– Rich Templeton
President and Chief Executive Officer*

MINORITY AND WOMEN BUSINESS DEVELOPMENT

TI has been a pacesetter in developing and supporting businesses owned by minorities and women for more than 20 years, growing our minority purchases to \$263 million in 2006. Our investment in minority- and women-owned business development (MWBD) gives TI a competitive advantage in the marketplace by increasing the breadth of available vendors.

Minority- and women-owned business development is evident in every aspect of our business. For example, the construction team for the RFAB manufacturing facility in Richardson, Texas, set goals to procure 25 percent of the project's activities from minority suppliers and 10 percent from women suppliers. The team exceeded those goals, spending 26 percent of total construction dollars with minority suppliers and 15.5 percent with women-owned suppliers. These businesses earned \$120 million in contracts related to the Richardson project. For more on the RFAB construction project, please see the "Sustainable Site" section on page 24.

TI recognizes individual employees and teams that support our company's MWBD efforts. At our 17th annual Minority/Women Business Development Awards Ceremony in June 2007, we honored approximately 100 employees for their leadership in increasing the revenue of incumbent minority- and women-owned suppliers and in providing business opportunities for new suppliers in 2006. We also recognized eight prime suppliers with Gold Partner and Silver Partner awards for their alignment with our commitment to economic inclusion.

In 2006, we received top honors in supplier diversity from the Women's Business Council-Southwest and the Dallas/Fort Worth Minority Business Council. Both organizations named TI "Corporation of the Year" at their annual awards galas.

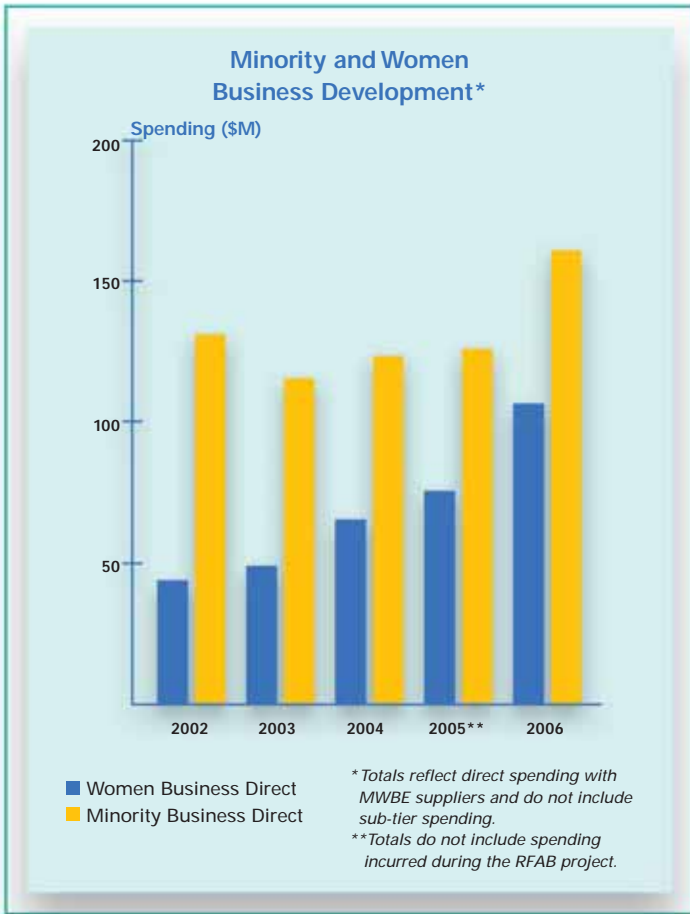
Minority suppliers and TI: a Winning proposition

Like many minority-owned businesses, LogistiCorp needed someone to give it an opportunity. That turned out to be TI, who chose the Dallas-based company to manage its on-site shuttle service.

Now, nine years later, TI uses LogistiCorp for additional services such as special event transportation, management of 45,000 inbound shipments annually, thousands of inter- and intra-campus office moves, and around-the-clock movement of materials between manufacturing and distribution locations.

"TI first provided our Hispanic-owned company with an opportunity to perform," said Garry Castro, president and CEO of LogistiCorp. "Given this chance, our managers and employees worked to exceed TI's expectations. For many diverse business owners, all we need is that single opportunity to prove our value. TI gave us that opportunity. Our record of award-winning growth is now history."





activities. These activities include a partnership with the Chinese Institute of Engineers to support youth development and a collaboration with a preschool program to provide more than 1,500 immunizations, physicals, vision and dental screenings, and other health services for children.

The Women of TI Fund, established in 2002, is developing a permanent endowment to increase the number of women pursuing university-level degrees in science, technology, engineering and mathematics (STEM). The fund's two flagship programs are Summer Physics Camps for Girls, aimed at giving female high school students a jumpstart on upcoming Advanced Placement coursework; and Gender Equity Training, designed to make the STEM classroom experience positive for both girls and boys.

The Women of TI Fund provided seed money in 2006 to the University of Texas at Arlington to establish a Gender Equity Institute.



EMPLOYEE AND RETIREE PROGRAMS

The TI Alumni Association (TIAA) formed in 1999 when a small group of retirees saw a need to continue communications, education and community involvement among former employees. Today, the association has more than 2,600 members. The association helps former employees stay connected to TI and serves as a resource for communications, networking, health care and benefits questions. The organization also provides a means for members to continue to serve TI as ambassadors in the community. In 2006, the TI Alumni Association golf tournament raised more than \$25,000 for Senior Source, an organization dedicated to improving the quality of life for senior citizens in North Texas.

Our Community Involvement Team, comprising representatives from different facets of the company, has worked for 10 years to build and sustain community programs that improve quality of life. The team's annual budget is dedicated to education, health and human services, and cultural arts



Hundreds of TI alumni gather for the TIAA Annual Meeting, Big Event, to socialize, eat, hear about TI business, receive immunizations and health screenings and learn more about health benefits

TECH SMART BIG HEART

Texas Instruments and the Community



TI employees volunteer in communities around the world where we operate

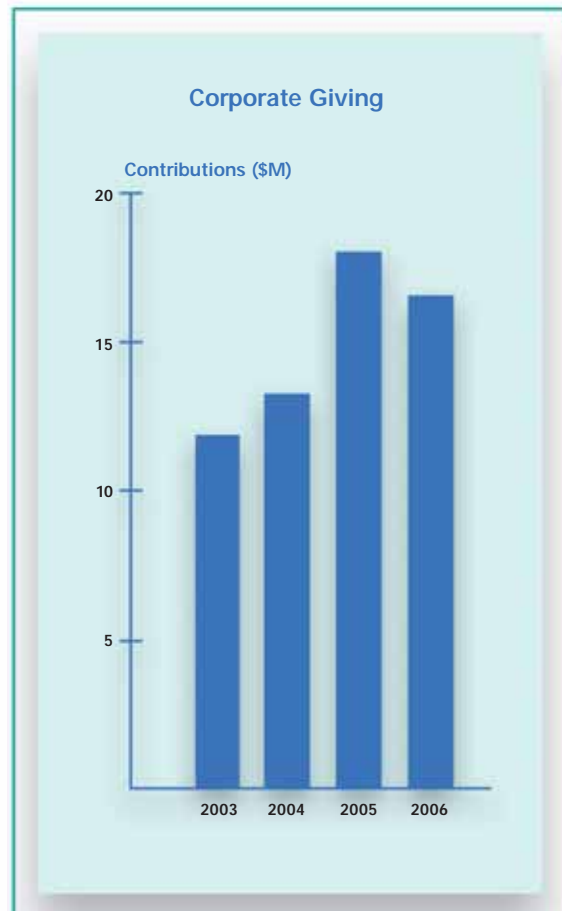
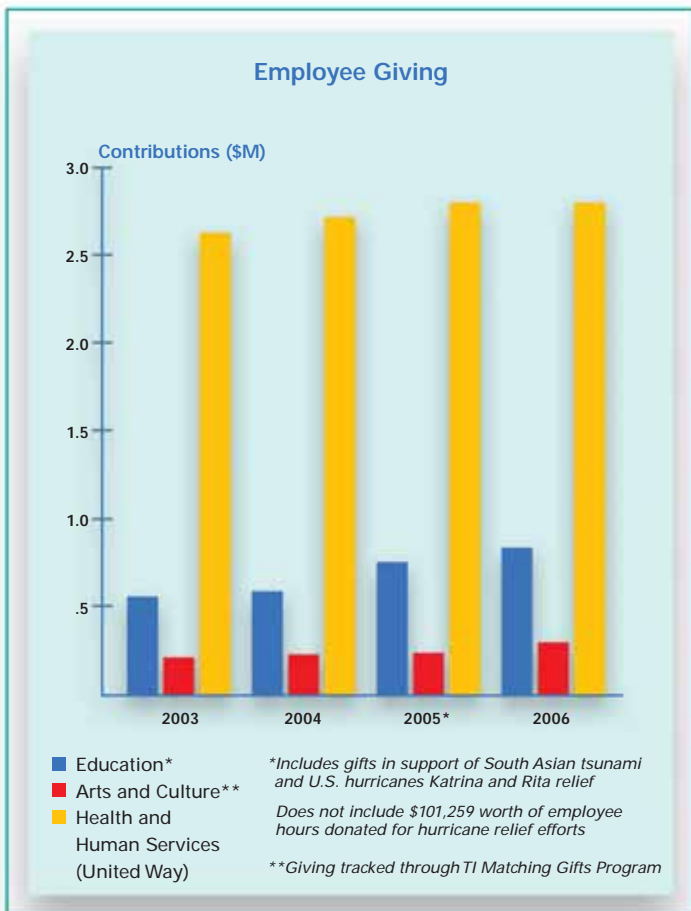
TECH SMART BIG HEART

Tech Smart Big Heart is our philanthropic banner program devoted to employee giving, volunteerism and community engagement.

The program's largest annual project is coordinating our annual United Way campaign. Tech Smart Big Heart encourages year-round participation with United Way and works with our business units to coordinate volunteer projects and visit with United Way partner agencies. This level of activity helps employees gain a real understanding of community needs and the impact of giving.

Tech Smart Big Heart also serves as a liaison between employees and the community by matching volunteer opportunities with those willing to help. In response to community requests or as part of ongoing programs, TI volunteers work on a variety of projects including fundraising and education for charitable causes, cleaning up neighborhood parks, staffing community events and mentoring local students and children in need.

Moreover, the program provides opportunities for TI employees to enjoy art and cultural institutions. In 2006, more than 20,000 employees and their families attended symphony concerts, theater productions, museums, gardens and zoos as part of our partnership with affiliated organizations.



Advocacy



When it matters and where it counts,
TI plays an active role in public policy development.



African officials visit the TI DLP Demonstration Center as part of the 7th Annual African Economic Forum in Dallas.

TI actively engages in legislative and regulatory processes at the local, state, federal and international levels, with an emphasis on issues that impact TI's ability to grow our businesses or the business environment in which we operate. Our Government Relations team has employees in Washington, D.C., Texas, China, India and Europe. We monitor and engage in policy debates on a broad array of issues, including, but not limited to international trade, workforce, research and innovation, telecommunications, intellectual property protection, taxation, environment, benefits and education.

GOVERNMENT RELATIONS

Our Government Relations team monitors and participates in legislative and regulatory policy debates at many levels of government to promote and safeguard TI's interests in a responsible, ethical manner. The team strives to work in a constructive manner to articulate our point of view while adhering to the high ethical standards established by our founders. Our goal is to secure results that facilitate growth or do not disadvantage the company or its stakeholders.

PUBLIC POLICY PRIORITIES

Our public policy objectives are carefully aligned with TI's strategic business priorities to help ensure continued growth and profitability. There are several key areas that we monitor and address globally including telecommunications policy, international trade, export control policy, tax, innovation, intellectual property protect, digital rights management, workforce, standards development, environment, safety and health, education and human resources.

AFFILIATIONS

We collaborate regularly with representatives in the business community, technology community and others to advance sound public policies. Among the organizations we work with are the Semiconductor Industry Association, the American Electronics Association, the Information Technology Industry Council and Business Roundtable. Internationally, we are involved with the U.S., China, India and Japan Business Councils, U.S. Information Technology Organization (China), the European Union-American Business Council, European Information & Communications

Technology Industry, the Cellular Operators Association of India and others. TI employees take an active role in these

organizations and often chair committees, leading special projects and helping to influence relevant policies and programs. A list of additional trade associations in which TI is a member is available at www.ti.com/corp/docs/company/citizen/government/trade.shtml.

We are also engaged in the U.S. electoral process through the Texas Instruments Political Action Committee (TI PAC).



Ramsen Betfarhad (left), Deputy Assistant to Vice President Dick Cheney, chats with Tom Engibous during the DLP® Technology Event at the National Museum of the American Indian in Washington, D.C. – May 2, 2006

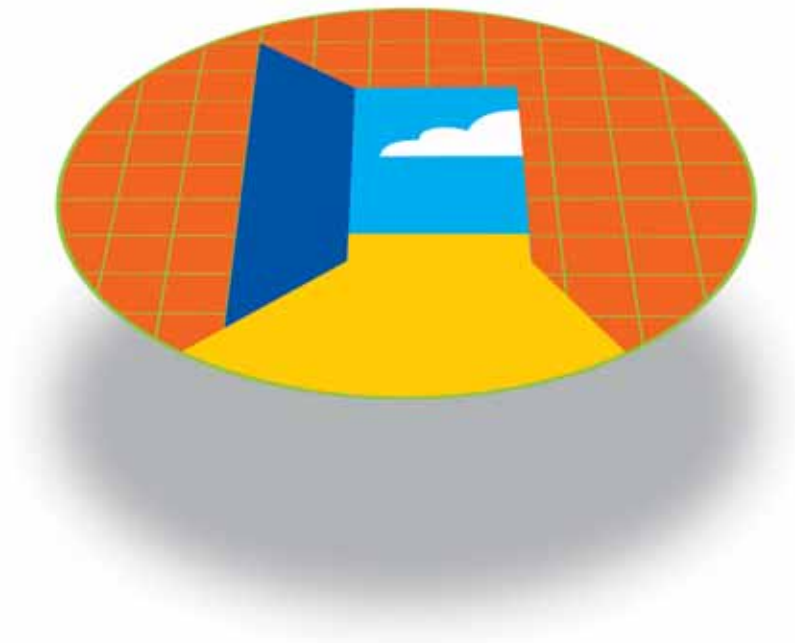


Attending the TI-hosted Science and Technology Luncheon were (l to r) Paula Collins, TI Vice President, Government Relations; Congresswoman Eddie Bernice Johnson (D-TX); Gerald Borders, TI Director of State and Community Affairs; Stephanie Wilson, NASA Astronaut; former Secretary of Education Rod Paige; and Melendy Lovett, TI Senior Vice President and President of Education Technology



Nancy Fares, Business Manager for DLP Cinema® Products (right) greets Laureen Daly with the Office of Technology Policy at the Department of Commerce

Corporate Governance



At TI, we believe
good corporate governance is a
fundamental element of
the company's long-term success.



Our board of directors is committed to responsible and effective corporate governance. They first adopted written governance guidelines and committee charters in 1973. Our policies and practices have evolved over time, adapting to the needs of the company, our employees and our stockholders. In addition, our codes of conduct, commitment to quality and compliance at every level of operation ensure that both employees and board members are held to the highest ethical standards.

BOARD ORGANIZATION

The TI board of directors comprises a diverse group of individuals dedicated to building stockholder value over the long term. Directors' skills and experiences come from business, government and education. Each director is elected annually and is subject to stock ownership guidelines.

Directors serve as members of three standing committees: Audit, Compensation, and Governance and Stockholder Relations.

Director Nominations

The board is responsible for approving nominees for election to the board. To assist in this task, the board delegated authority to the Governance and Stockholder Relations Committee to review and recommend board nominees. The board adopted a written charter, "Statement of Responsibilities," for the committee, available at www.ti.com/corporategovernance.

The board also considers director nominees recommended by stockholders.

Face-to-face: TI's Board of Directors, Managers and Directors

TI's board of directors is well-acquainted with the leaders of the company and their strategic thinking. For decades, TI's leaders have frequently appeared at regularly scheduled board meetings to report on high-level strategies, the competitive landscape and ongoing business activities. They field directors' questions and consider any feedback directors may provide.

The board also holds a Strategic Planning Conference annually, which serves as an in-depth educational opportunity. The agenda for this conference varies according to the issues relevant at the time, but generally, this full-day meeting includes an immersion in strategic overviews provided by several TI leaders. Directors are encouraged to give feedback and guidance. The goal is to ensure that the board is aware of and in tune with TI's businesses and the competitive environment in which we operate. The process is an extension of TI's open-door environment, where we share information and value different ideas and perspectives.



GOVERNANCE PRACTICES

The Governance and Stockholders Relations Committee typically considers and makes recommendations to our board on governance matters. Our board regularly assesses its governance practices, including most recently:

- **Majority voting** – In 2006, the board amended TI's bylaws to change the voting standard for non-contested director elections from a plurality to a majority vote.
- **The roles of chairman and CEO** – Our board does not believe it is in the best interest of stockholders to be permanently bound to separate roles for the chairman and CEO. It is up to the board to determine the leadership structure that best serves the company at any given time.
- **Retirement age and term limits** – Our board maintains a retirement age of 70 for directors without term limits. Members concluded that term limits can result in the loss of directors who have developed an in-depth understanding of the company and provide a valuable contribution to the board as a whole.

EXECUTIVE COMPENSATION PRACTICES

The Compensation Committee of the board sets executive compensation at TI. Our executive officers do not have employment contracts, and they are not guaranteed salary increases or bonus amounts. Pension benefits are calculated on salary and bonus only. The proceeds earned on equity or other performance awards are not part of the pension calculation.

We believe that our compensation program holds our executive officers accountable for the financial and competitive performance of TI and for their individual contributions toward that performance.

Our compensation program is based on two fundamental principles:

- **Pay for performance** – Specifically, pay above the market median for performance that is superior to competitors and pay below the market median for performance that is inferior to competitors.
- **Rewards** – Offer rewards that encourage executives to think and act in both the near-term and long-term interests of our stockholders.

The Compensation Committee judges one-year and three-year performance based on three specific measures: revenue growth, operating margin and total stockholder return. Additionally, the committee assesses the company's strategic progress in key markets and technologies.

TI's executive compensation is designed to strike the right balance between steady pay and highly leveraged performance-based rewards that promote stockholder interests. The Compensation Committee grants long-term compensation through a combination of nonqualified stock options and restricted stock units. This combination encourages retention in all market environments. The committee believes that equity compensation promotes long-term focus, aligns our executives' interests with those of our stockholders and helps retain key individuals.

Communications with the Board

Stockholders and others who wish to communicate with the board as a whole or to individual directors may write to P.O. Box 655936, MS 8658, Dallas, TX 75265-5936. All communications sent to this address will be shared with the board or an individual director, if specifically addressed.

Anyone may also anonymously submit a complaint or concern to the board about accounting, internal accounting controls or auditing matters at our online accounting and audit hotline at

www.ti.com/corp/docs/investor/corpgov/feedback.shtml.

Company Leadership

Our senior management team guides the strategic direction and operation of the company and bases decisions on the best long-term interests of our company and our stakeholders. The team comprises our top leaders in operational, support and staff functions, including the chairman, president and CEO, chief financial officer, the leaders of major business units, regional presidents, and the leaders of technology and manufacturing, as well as those leading TI's legal, human resources, public affairs, communications and investor relations departments.

ETHICS

TI's board of directors established an ethics office in 1987 and appointed the company's first ethics director.



TI's Values and Ethics booklet defines the culture of ethics within the company and is now in its eighth revision since 1961

Our ethics director and staff have three primary functions:

- Ensure that business policies and practices are continuously aligned with ethical principles
- Clearly communicate ethical expectations
- Provide multiple channels for feedback, through which stakeholders may ask questions, voice concerns and seek resolution of ethical issues.

The TI ethics director reports to the Audit Committee of the board of directors and serves on an oversight group, the TI Ethics and Compliance Committee. The ethics director is also responsible for updating the TI Ethics and Compliance Committee, the Audit Committee of the board of directors and the president and CEO on a regular basis.

CODE OF BUSINESS CONDUCT

The formalized Code of Business Conduct may be fairly new, but it contains principles that have long been part of TI's Values and Ethics statement. Former Chairman, President and CEO Jerry Junkins explained the spirit of the code of conduct more than 10 years ago: "We will not let the pursuit of sales, billings or profits distort our ethical principles. We will always place integrity before shipping, before billings, before profits, before anything. If it comes down to a choice between making a desired profit or doing it right, we don't have a choice. Expedient compromises or shortcuts for near-term gains are not acceptable." The Code of Business Conduct is available at www.ti.com/corp/docs/investor/corpgov/valuesethicsconduct.pdf.

"There are things at TI that haven't changed, and we're working hard to make sure they don't change. We've had values and principles that have guided us very well through 75 years. I have learned first-hand the level of ethics at TI and how much a leadership position it is for us."

– David Reid

TI's Vice President and Director of Ethics

QUALITY AND COMPLIANCE

We achieve business excellence by encouraging and expecting the creative involvement of every employee, listening to our customers, and continuously improving our processes, products and services.

Many sites first achieved the International Organization for Standardization's (ISO) Quality Management System (ISO 9001) and Environmental Management System (ISO 14001) certifications in 1996 and have maintained compliance with ISO requirements since. TI is also TS 16949-certified; this is an international quality system standard specifically formulated for the global automotive industry. In addition, our sites have achieved Sony Green Partner certification and first achieved Occupational Health and Safety Assessment Series (OHSAS) 18001 certification in 2007. A complete listing of certifications is available at [/focus.ti.com/quality/docs/qualityhome.tsp](http://focus.ti.com/quality/docs/qualityhome.tsp).

COMPANY INFORMATION

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www.ti.com

Media Information

Phone: 214-480-6893
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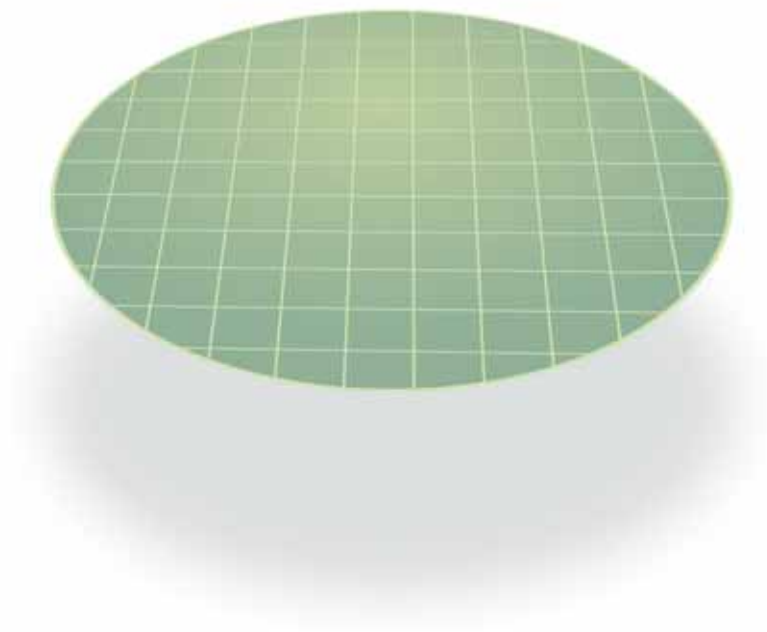
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DLP and TI-RFid.

All other trademarks are the property of their respective owners.

 Paper conservation in practice.

TI continues to consider new ways to reduce costs and conserve resources. For the launch of our first Corporate Citizenship Report, we opted to provide the document as an electronic file only, saving an estimated \$28,846 approximately 375,000 sheets of paper and as many as 10 trees. If you print this document, please recycle it or pass it on to a friend.



We welcome your comments and questions about this report.
Please e-mail any feedback to citizenshipreport@ti.com.