SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 1994 Commission File Number 1-3761

TEXAS INSTRUMENTS INCORPORATED
(Exact name of Registrant as specified in its charter)

Delaware (State of Incorporation)

75-0289970 (I.R.S. Employer Identification No.)

13500 North Central Expressway, P.O. Box 655474, Dallas, Texas 75265-5474
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code 214-995-3773

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

92,210,170
Number of shares of Registrant's common stock outstanding as of June 30, 1994

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements.

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
Consolidated Financial Statements
(In millions of dollars, except per-share amounts.)

	For Three Months Ended		For Six Months Ended	
Income	June 30 1994	June 30 1993	June 30 1994	June 30 1993
Net revenues	$ 2,510	$ 2,105	$ 4,959	$ 3,988
Operating costs and expenses:				
Cost of revenues	1,802	1,557	3,589	2,963
General, administrative and marketing	317	306	696	590
Employees' retirement and profit sharing plans	99	69	173	123
Total	2,218	1,932	4,458	3,676
Profit from operations	292	173	501	312
Interest income	11	7	22	15

Other income (expense) net	(15)	1	(20)	(5)
Interest on loans	11	12	22	24
Income before provision for income taxes and cumulative effect of accounting changes	277	169	481	298
Provision for income taxes	93	57	163	102
Income before cumulative effect of accounting changes	184	112	318	196
Cumulative effect of accounting changes	--	--	--	(4)
Net income	$ 184	$ 112	$ 318	$ 192
Earnings per common and common equivalent share:				
Income before cumulative effect of accounting changes	$ 1.93	$ 1.18	$ 3.35	$ 2.09
Cumulative effect of accounting changes	--	--	--	(0.05)
Net income	$ 1.93	$ 1.18	$ 3.35	$ 2.04
Cash dividends declared per share of common stock	$ 0.25	$ 0.18	$ 0.43	$ 0.36

Cash Flows

Net cash provided by operating activities	$ 704	$ 334
Cash flows from investing activities:		
Additions to property, plant and equipment	(459)	(326)
Purchases of short-term investments	(289)	(421)
Sales and maturities of short-term investments	105	554
Net cash used in investing activities	(643)	(193)
Cash flows from financing activities:		
Dividends paid on common and preferred stock	(34)	(46)
Sales and other common stock transactions	84	47
Other	(1)	(29)
Net cash provided by (used in) financing activities	49	(28)
Effect of exchange rate changes on cash	7	(5)
Net increase in cash and cash equivalents	117	108
Cash and cash equivalents, January 1	404	356
Cash and cash equivalents, June 30	$ 521	$ 464

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
(In millions of dollars, except per-share amounts.)

Balance Sheet	June 30 1994	Dec. 31 1993
Assets		
Current assets:		
Cash and cash equivalents	$ 521	$ 404
Short-term investments	675	484
Accounts receivable, less allowance for losses of $47 million in 1994 and $42 million in 1993	1,446	1,218
Inventories:		
Raw materials	246	244
Work in process	571	557
Finished goods	277	250
Less progress billings	(210)	(229)
Inventories (net of progress billings)	884	822
Prepaid expenses	65	55
Deferred income taxes	342	331
Total current assets	3,933	3,314
Property, plant and equipment at cost	4,695	4,620
Less accumulated depreciation	(2,367)	(2,417)
Property, plant and equipment (net)	2,328	2,203
Deferred income taxes	236	237
Other assets	180	239
Total assets	$ 6,677	$ 5,993
Liabilities and Stockholders' Equity		
Current liabilities:		
Loans payable and current portion long-term debt	$ 222	$ 211
Accounts payable	663	543
Accrued and other current liabilities	1,423	1,247
Total current liabilities	2,308	2,001
Long-term debt	688	694
Accrued retirement costs	775	739
Deferred credits and other liabilities	230	244
Stockholders' equity:		
Preferred stock, $25 par value. Authorized - 10,000,000 shares. Participating cumulative preferred. None issued	--	--
Common stock, $1 par value. Authorized - 300,000,000 shares. Shares issued: 1994 - 92,314,817; 1993 - 90,919,314	92	91
Paid-in capital	1,016	932
Retained earnings	1,585	1,307
Less treasury common stock at cost. Shares: 1994 - 104,647; 1993 - 102,522	(6)	(5)
Other	(11)	(10)
Total stockholders' equity	2,676	2,315
Total liabilities and stockholders' equity	$ 6,677	$ 5,993

/TABLE

Earnings per common and common equivalent share are based on average common and common equivalent shares outstanding (95.6 and 93.8 million shares for the second quarters of 1994 and 1993, and 95.3 and 93.5 million shares for the six months ended June 30, 1994 and 1993). Shares issuable upon exercise of dilutive stock options and upon conversion of dilutive convertible debentures and, for 1993, conversion preferred stock are included in average common and common equivalent shares outstanding. In computing per-share earnings for the periods, net income is reduced by $7 million for the second quarter of 1993, and $15 million for the six months ended June 30, 1993, for dividends accrued on preferred stock, and increased by $1 million and $7 million for the second quarters of 1994 and 1993, and $1 million and $14 million for the six months ended June 30, 1994 and 1993, for interest (net of tax and profit sharing effect) and dividends on the convertible debentures and conversion preferred stock considered dilutive common stock equivalents.

Results for the first six months of 1994 include the following first-quarter items: special pretax charges of $132 million and one-time royalty revenues of $69 million.

In April 1994, the company amended its asset securitization agreement for accounts receivable and reduced the outstanding balance from $175 million to $125 million.

Effective January 1, 1993, the company adopted two new accounting standards: SFAS No. 106, which requires accrual of expected retiree health-care benefit costs during the employees working careers, and SFAS No. 109, which requires increased recording of deferred income tax assets. This resulted in a charge of $294 million ($3.15 per share) for SFAS No. 106 and a credit of $290 million ($3.10 per share) for SFAS No. 109, for the cumulative effect of the accounting changes.

The statements of income, statements of cash flows and balance sheet at June 30, 1994, are not audited but reflect all adjustments which are of a normal recurring nature and are, in the opinion of management, necessary to a fair statement of the results of the periods shown.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Net revenues for the second quarter of 1994 were $2510 million, up 19 percent from $2105 million in the second quarter of 1993. The increase resulted primarily from strong growth in semiconductor revenues.

The Registrant's (the "company" or "TI") profit from operations for the quarter was $292 million, up 69 percent from $173 million in the second quarter of 1993. Most of the profit increase came from continuing improvement in semiconductor operations. Net income for the quarter was $184 million, compared with $112 million in the second quarter of 1993. Earnings per share were $1.93, an increase of 64 percent from $1.18 in the second quarter of 1993.

Second-quarter 1994 results include an accrual of $49 million for employee profit-sharing plans, compared with a $20 million accrual in the second quarter of 1993.

Profit after tax return on assets (PAT ROA) reached an annualized rate of 10.0 percent in the first half of 1994. TI's goal is to sustain PAT ROA in the range of 8-10 percent to increase value for shareholders.

There were no one-time royalty revenues in the second quarter of 1994 because no new agreements were concluded during the quarter. One-time royalties in the second quarter of 1993 were $31 million. Ongoing royalties were up significantly from the second quarter of 1993 and flat with the first quarter of 1994.

SEMICONDUCTORS

TI's semiconductor orders, revenues and operating profit reached record levels in the second quarter. U.S. orders remained at the record level of the first quarter of 1994, and orders surpassed previous records in Europe, Japan and the Asia-Pacific region. Orders were strong for application-specific products, memory and mixed-signal products. Digital signal processor orders essentially doubled from the second quarter of 1993 and reached record levels, driven by new opportunities in telecommunications and consumer end equipment.

Semiconductor revenues increased substantially over the second quarter of 1993, led by strong growth in memory revenues. Revenues were also up over the first quarter of 1994, with the largest contribution coming from double-digit growth in application-specific and mixed-signal products. Semiconductor margins continued steady improvement, and operating profit more than doubled over the second quarter of 1993. Semiconductor operating profit was up from the first quarter of 1994, with the largest contribution coming from application-specific products.

TI made substantial progress toward its operational excellence goals during the first half of the year. As a result of improved operating efficiencies, the company generated additional wafer output equivalent to almost one additional wafer-fabrication facility. TI also continues to improve on-time delivery performance, at a time when semiconductor capacity is tight. Until new manufacturing facilities come on line in 1995, the rate of growth in TI's semiconductor output will depend upon further improvement in manufacturing efficiencies from existing facilities.

Construction of TI's new submicron CMOS facility in Dallas is progressing on schedule, and this facility is expected to be in initial production of advanced semiconductor products by mid-1995. The TI-Acer joint venture in Taiwan is preparing for its Phase II expansion, which is expected to increase its DRAM production capacity in the second half of 1995.

DEFENSE ELECTRONICS

Revenues in TI's defense electronics business continued to decline because of lower spending by the U.S. Department of Defense. Margins remained stable. TI expects the rate of revenue decline to increase in the second half of 1994, especially in the fourth quarter. During the second quarter, a joint venture of TI and Martin Marietta received the initial low-rate production contract for the Javelin antitank missile developed for the U.S. Army and Marine Corps. The Javelin could provide more than a billion dollars of revenue for TI over the life of the program.

SOFTWARE

Progress continues in focusing TI's software business on the company's primary software development products, the Information Engineering Facility (IEF)(TM) tool set. Revenues increased from the second quarter of 1993, and the business was essentially at breakeven for the quarter. During the quarter, TI and Microsoft Corporation announced an alliance for joint design and marketing of an open, object-oriented repository standard for use by software developers and end users.

OUTLOOK

Although the rate of growth in the world semiconductor market is expected to moderate somewhat in the second half of 1994, forces driving the longer-term growth of the world market remain intact. The Asia-Pacific region continues to be the fastest growing semiconductor market in the world. TI is well positioned in the Asia-Pacific market, and the company is increasing its resources in the region to serve a rapidly expanding customer base.

The district court in Tokyo has completed all hearings relating to the company's litigation with Fujitsu Limited over TI's Kilby patent and has closed the record in that matter. It is not certain when the court will issue its decision. Regardless of the outcome, there should be no significant effect on existing licensing agreements. TI continues to expect a significant ongoing stream of royalty revenue throughout the remainder of the decade.

As TI continues to realize improvements in operating performance, the company will have the flexibility to accelerate research and development in key technologies fundamental to the digital revolution. This includes data compression and transmission, signal processing and digital display technologies. Management will also continue efforts to improve TI's competitive position by ongoing reengineering and streamlining of worldwide operations.

ADDITIONAL FINANCIAL INFORMATION

Segment	Change in orders, 2Q94 vs. 2Q93	Change in net revenues, 2Q94 vs. 2Q93
Components	up 27%	up 29%
Defense Electronics	up 25%	down 8%
Digital Products	up 20%	up 21%
Total	up 24%	up 19%

Segment	Change in orders, 1H94 vs. 1H93	Change in net revenues, 1H94 vs. 1H93
Components	up 31%	up 37%
Defense Electronics	down 29%	down 4%
Digital Products	up 18%	up 18%
Total	up 15%	up 24%

TI's orders for the second quarter of 1994 were $2549 million, compared with $2051 million in the same period of 1993. Higher semiconductor orders accounted for the increase in the components segment. The increase in defense electronics orders reflects the Javelin contract and higher electro-optics system orders. The increase in digital products was primarily in custom manufacturing services and personal productivity products.

TI's revenues in the second quarter of 1994 were $2510 million, compared with $2105 million in the second quarter of 1993. The increase in components segment revenues resulted primarily from higher semiconductor revenues, attributable mainly to increased shipments and new products. Defense electronics revenues were down because of ramp-down of mature production programs. The increase in digital products segment revenues was primarily in personal productivity products and custom manufacturing services.

Profit from operations for the second quarter was $292 million, compared with $173 million in the second quarter of 1993. Components segment profit was up substantially, primarily because of improved semiconductor operations. Digital products segment profit was up because of a profit in personal productivity products compared with a small loss in the year-ago quarter, and improved performance in information technology.

TI's current estimate of the income tax rate for 1994 is 34.0 percent.

For the first six months of 1994, TI's orders were $4963 million, up 15 percent from the first six months of 1993. The increase in components segment orders resulted primarily from increased semiconductor orders. The decrease in defense segment orders was related primarily to the phasing of orders for the High-Speed Antiradiation Missile (HARM). The increase in digital segment orders was primarily in custom manufacturing services and personal productivity products.

Net revenues for the first half of 1994 were $4959 million, up 24 percent from $3988 million in the first half of 1993. Most of the increase was attributable to new products and increased shipments. The increase in components segment revenues reflects doubling of semiconductor memory revenues over the first half of 1993, higher ongoing royalties, and strong growth in mixed-signal devices and application-specific products. Defense segment revenues were down, reflecting the ramp-down of mature production programs. The increase in digital segment revenues was primarily in personal productivity products.

TI's profit from operations for the first six months of 1994 was $501 million, compared with $312 million in the first half of 1993. Essentially all the increase was in the components segment, resulting from improved semiconductor operations and higher ongoing royalties.

Net income for the first half was $318 million, compared with $192 million in the first six months of 1993. Earnings per share were $3.35, compared with $2.04 in the first half of 1993.

In the first quarter of 1994, the company took a pretax charge of $83 million for restructuring of its European operations from the traditional country-by-country approach to business centers that will have pan-European responsibilities. The charge included future cash outlays of $58 million for severance and $17 million for other costs, plus non-cash asset write-downs of $8 million. This action, primarily affecting semiconductor activities, is expected to be essentially complete by the end of 1994 and to result in annual savings of approximately $54 million when fully implemented. Also taken in the first quarter was a pretax charge of $49 million for costs related to the divestiture within the subsequent 12 months of nonstrategic product lines, primarily in information technology. The charge included future cash outlays of $4 million for severance and $22 million for other costs, plus non-cash asset write-downs of $23 million. These restructuring and divestiture actions, which include severance actions affecting approximately 1,000 employees, primarily in Europe, are proceeding essentially on schedule.

First-half 1994 results also include $69 million in one-time royalty revenues in the first quarter, approximately offsetting the restructuring charge in the components segment. One-time royalties in the first half of 1993 were $53 million.

TI's financial condition remains strong. Cash flow from operating activities net of additions to property, plant, and equipment was positive for the first half of 1994.

During the first half of 1994, cash and cash equivalents plus short-term investments increased by $308 million to $1196 million, primarily because of the cash flow mentioned above. Holders of TI's 2.75% convertible subordinated debentures due 2002 have the option of notifying TI (during the thirty-two-day period beginning July 29, 1994) of their intent to redeem these securities at par during the thirty-day period beginning September 29, 1994. These debentures, of which $200 million are outstanding, are also convertible into common stock at a conversion price of $82.875 per share. Any such redemption will be funded from existing cash balances. In early April, the company amended its asset securitization agreement for accounts receivable and reduced the outstanding balance from $175 million to $125 million. On June 17, the company announced an increase in the annual common dividend rate per share from $0.72 to $1.00. At current common share balances, this will amount to approximately $7 million of increased dividend payments per quarter. TI's debt-to-total-capital ratio was .25 at the end of the second quarter, down from .27 at first quarter's end and .28 at year-end 1993.

TI's backlog of unfilled orders as of June 30, 1994, was $3810 million, down $233 million from the end of last year's second quarter. Increases in semiconductor backlog were offset by declines in defense electronics. Backlog is up $5 million from year-end 1993, and up $39 million from the end of the first quarter of 1994, with higher semiconductor backlog offsetting declines in defense electronics.

TI-funded R&D was $168 million in the second quarter of 1994, compared with $145 million in the same period of 1993. The increase was driven primarily by investments in semiconductors and digital micromirror device technology.

Capital expenditures in the second quarter of this year were $254 million, compared with $181 million in the second quarter of 1993, and $459 million for the first six months of 1994, compared with $326 million in the first half of 1993.

Depreciation in the second quarter of 1994 was $162 million, compared with $149 million in the second quarter of 1993, and $317 million for the first six months of 1994, compared with $292 million in the same period of 1993.

PART II - OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders.

At the Annual Meeting of Stockholders held on April 21, 1994, the stockholders voted upon the election of directors.

The board nominees were elected as directors with the following vote:

Nominee	For	Withheld
James R. Adams	79,845,481	72,171
James B. Busey IV	79,831,921	85,731
Gerald W. Fronterhouse	79,818,753	98,899
Jerry R. Junkins	79,835,493	82,159
William S. Lee	79,850,531	67,121
William B. Mitchell	79,832,305	85,347
David M. Roderick	79,822,270	95,382
Gloria M. Shatto	79,836,512	81,140
William P. Weber	79,837,641	80,011
Clayton K. Yeutter	79,840,436	77,216

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Designation of Exhibits in this Report	Description of Exhibit
11	Computation of primary and fully diluted earnings per common and common equivalent share.
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.

(b) Report on Form 8-K

None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEXAS INSTRUMENTS INCORPORATED

WILLIAM A. AYLESWORTH
Senior Vice President,
Treasurer and
Chief Financial Officer

Date: July 15, 1994

Exhibit Index

Designation of Exhibits in this Report	Description of Exhibit	Paper(P) or Electronic (E)
11	Computation of primary and fully diluted earnings per common and common equivalent share.	E
12	Computation of Ratio of Earnings to Fixed Charges and Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.	E

EXHIBIT 11

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
PRIMARY AND FULLY DILUTED EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE
(In thousands, except per-share amounts.)

	For Three Months Ended		For Six Months Ended	
	June 30 1994	June 30 1993	June 30 1994	June 30 1993
Income before cumulative effect of accounting changes......	$183,938	$111,575	$317,640	$196,420
Less preferred dividends accrued:				
Market auction preferred..............................	--	(601)	--	(1,246)
Money market preferred................................	--	(605)	--	(1,321)
Series A conversion preferred.........................	--	(6,164)	--	(12,443)
Add:				
Dividends on series A conversion preferred shares assumed converted...........................	--	6,164	--	12,443
Interest, net of tax and profit sharing effect, on convertible debentures assumed converted............	668	679	1,330	1,350
Adjusted income before cumulative effect of accounting changes..................................	184,606	111,048	318,970	195,203
Cumulative effect of accounting changes...................	--	--	--	(4,173)
Adjusted net income.......................................	$184,606	$111,048	$318,970	$191,030

Earnings per Common and Common Equivalent Share:

Weighted average common shares outstanding................	91,944	83,392	91,573	83,087
Weighted average common equivalent shares:				
Stock option and compensation plans...................	1,219	1,483	1,312	1,358
Convertible debentures................................	2,413	2,413	2,413	2,413
Series A conversion preferred.........................	--	6,544	--	6,610
Weighted average common and common equivalent shares.....	95,576	93,832	95,298	93,468

Earnings per Common and Common Equivalent Share:				
Income before cumulative effect of accounting changes....	$ 1.93	$ 1.18	$ 3.35	$ 2.09
Cumulative effect of accounting changes.................	--	--	--	(0.05)
Net income..	$ 1.93	$ 1.18	$ 3.35	$ 2.04

Earnings per Common Share Assuming Full Dilution:

Weighted average common shares outstanding................	91,944	83,392	91,573	83,087
Weighted average common equivalent shares:				
Stock option and compensation plans...................	1,311	1,801	1,404	1,787
Convertible debentures................................	2,413	2,413	2,413	2,413
Series A conversion preferred.........................	--	6,544	--	6,610
Weighted average common and common equivalent shares.....	95,668	94,150	95,390	93,897

Earnings per Common Share Assuming Full Dilution:				
Income before cumulative effect of accounting changes....	$ 1.93	$ 1.18	$ 3.34	$ 2.08
Cumulative effect of accounting changes.................	--	--	--	(0.05)
Net income..	$ 1.93	$ 1.18	$ 3.34	$ 2.03

EXHIBIT 12

TEXAS INSTRUMENTS INCORPORATED AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Dollars in millions)

	1989	1990	1991	1992	1993	For Six Months Ended June 30 1993	For Six Months Ended June 30 1994
Income (loss) before income taxes and fixed charges:							
Income (loss) before cumulative effect of accounting changes, interest expense on loans, capitalized interest amortized, and provision for income taxes	$ 387	$ 14	$(250)	$ 433	$ 755	$ 328	$ 509
Add interest attributable to rental and lease expense	47	50	43	42	38	18	21
	$ 434	$ 64	$(207)	$ 475	$ 793	$ 346	$ 530
Fixed charges:							
Total interest on loans (expensed and capitalized)	$ 38	$ 47	$ 59	$ 57	$ 55	$ 28	$ 27
Interest attributable to rental and lease expense	47	50	43	42	38	18	21
Fixed charges	$ 85	$ 97	$ 102	$ 99	$ 93	$ 46	$ 48
Combined fixed charges and preferred stock dividends:							
Fixed charges	$ 85	$ 97	$ 102	$ 99	$ 93	$ 46	$ 48
Preferred stock dividends (adjusted as appropriate to a pretax equivalent basis)	47	36	34	55	29	23	--
Combined fixed charges and preferred stock dividends	$ 132	$ 133	$ 136	$ 154	$ 122	$ 69	$ 48
Ratio of earnings to fixed charges	5.1	*	*	4.8	8.5	7.5	11.0
Ratio of earnings to combined fixed charges and preferred stock dividends	3.3	**	**	3.1	6.5	5.0	11.0

* Not meaningful. The coverage deficiency was $33 million in 1990 and $309 million in 1991.

** Not meaningful. The coverage deficiency was $69 million in 1990 and $343 million in 1991.